EMTA Bulletin

20 YEARS

2010 EMTA's 20th Anniversary Year

1st Quarter 2010 Volume 2010: No. 1

EMTA EMTA Survey: EM Debt Trading Rises 7% in 2009 to US$4.445 Trillion in Reported Volume

Inside

(click on topic for link to page):

Emerging Markets debt trading volumes reached US$4.445 trillion in 2009, according to EMTA's 2009 Annual Debt Trading Volume Survey released on March 8, 2010. This represents an increase of seven percent compared to 2008 volume of US$4.173 trillion. EMTA noted that volumes remained at levels below the US$6.5 trillion reported in both 2007 and 2006 despite the rebound in the EM marketplace in 2009 following the global recession, credit crisis and near financial meltdown in 2008.

However, looking more closely at how trading developed over the course of 2009, EMTA's newly-released quarterly volume report for the fourth quarter confirmed that trading volumes increased steadily throughout the year. Survey participants reported trading US$1.422 trillion in the fourth quarter of 2009, compared with US$1.123 trillion in the third quarter, US$985 billion in the second quarter and US$915 billion in the first quarter.

"Emerging Markets debt trading volumes are set to expand further as the asset class is increasingly seen as a safe haven, especially in the worst global scenarios, from further deleveraging in the developed world," stated Jerome Booth, Head of Research and a Member of the Investment Committee at Ashmore Investment Management. "Whilst issuance is expected to balloon from developed market sovereigns, in some cases endangering their credibility, Emerging Markets issuance is going to be more measured in line with stronger fundamentals and fiscal performance, and this should help the performance of the asset class" he added.

Survey (continued)

Local Market Instruments at 65% of Volume

Turnover in local markets instruments stood at US$2.870 trillion in 2009, according to Survey participants. This represents a one percent increase compared to trading of US$2.837 trillion in 2008.

Local markets turnover accounted for 65% of total Survey turnover, compared to 68% in 2008. As reported by Survey participants, Hong Kong instruments were the most frequently traded local markets debt, at US$557 billion. Other frequently traded local instruments were those from Brazil (US$548 billion) and Turkey (US$301 billion).

Eurobond Volumes at US$1.513 Trillion

Eurobond trading stood at US$1.513 trillion in 2009, compared with US$1.281 trillion in 2008 (up 18%).

61% of Eurobond activity involved sovereign debt issues (US$925 billion in turnover, compared with US$856 billion in 2008, representing an 8% increase). Sovereign Eurobond activity accounted for 21% of overall Survey volumes, in line with its share in the previous two years.

Corporate bond trading stood at US$514 billion, compared to US$390 billion in 2008 (a 32% increase). Turnover in corporate debt accounted for 12% of overall Survey volume, vs. a 9% share in 2008. "Corporate issuance—as well as local currency issuance-- is where we expect most of the issuance growth in the medium term," according to Booth.

The most frequently traded EM Eurobonds in 2009 included Russia's 2030 bond (US$56 billion in turnover), Brazil's 2040 bond (US$44 billion), Venezuela's 2027 bond (US$27 billion) and Argentina's Par and Discount bonds (US$15 billion and $14 billion respectively). EMTA also noted that in the final quarter of 2009, new issues from Qatar and Lithuania were among the top ten frequently traded instruments.

In addition to local markets bonds, and sovereign and corporate Eurobonds, the Survey also includes turnover in options, loans and Brady bonds. Survey participants reported US$51 billion in option trades (1% of volume), US$9 billion in loan assignments (less than 1% of volume) and US$2 billion in Brady bond transactions (also less than 1% of Survey turnover).

Brazil, Hong Kong and Turkey Most Frequently Traded Countries

Brazilian instruments were the most frequently traded instruments according to the Survey, with US$747 billion in turnover. This compares with US$847 billion in 2008 (a 12% decline). Brazilian volumes accounted for 17% of total Survey trading.

Hong Kong instruments were the second most frequently traded instruments in the EMTA report, at US$590 billion, according to Survey participants. This represents a 148% increase on the US$238 billion reported in 2008. Hong Kong volumes accounted for 13% of total reported volume.

Third were Turkish assets, at US$401 billion in turnover. This compares to US$370 billion in Turkish volumes in 2008 (up 8%). Turkish volume accounted for 9% of Survey volume.

Other frequently traded instruments were securities from Mexico (US$250 billion), Russia (US$201 billion), Argentina (US$190 billion) and Poland (US$179 billion).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by 47 leading investment and commercial banks, asset management firms and hedge funds. For a copy of EMTA's 2009 Annual and Fourth Quarter 2009 Debt Trading Volume Surveys (free to participating firms), please contact Jonathan Murno at jmurno@emta.org or +1 (646) 289-5413.

EMTA's 20th Year - A Look Back to:

EMTA's Beginnings

by Bruce Wolfson, EMTA Director and
General Counsel of The Rohatyn Group

[EMTA was formally incorporated in December 1990. To help mark EMTA's 20th anniversary, EMTA's Bulletin is featuring a series reprinting articles on the early periods of EMTA's history. This issue contains Bruce Wolfson's nearly 'prehistoric' recollections of the informal meetings in the late 1980's that eventually led a group of leading Emerging Markets (then LDC!) debt traders to establish an industry trade association.

Bruce has been a leading EM lawyer and aficionado since the early 1980's, chaired EMTA's first Documentation Committee and has served as an EMTA Director since 1994. These recollections of EMTA's beginnings were first published in 2000, when Bruce was a Senior Managing Director at Bear Stearns.]

Not long after the first restructurings for Latin American debt were agreed in December 1982, the first loan trades were consummated. At first, the trades were for the limited purpose of allowing lenders to reallocate their portfolios of sovereign credits. Trades (called 'ratio' or 'cocktail' swaps) were structured as exchanges of assets, avoiding any mention of prices that might force the parties to adjust the value of billions of dollars of similar credits still on their books.

A few years later, provisions allowing creditors to exchange sovereign debt for equity or other assets were introduced into the new restructuring agreements. This brought added impetus to the trading markets, as prospective investors became purchasers of restructured debt. Financial institutions representing such investors often accumulated debt to be used in debt/equity and other swaps.

The restructuring process continued in Latin America throughout the 1980's and then spread to other Emerging Markets around the world. The first round of restructuring was succeeded by others, vastly increasing the supply of tradable loans. When Citibank established a significant reserve against its LDC debt in the spring of 1987, most other major lenders followed. Sales for cash by some lenders to generate tax losses occurred in late 1987, and throughout 1988 the cash market further developed. Loan trading volumes soared, heralding the creation of a new trading asset class and bringing considerable attention to this young industry.

Unfortunately, not all of the attention was favorable. Press coverage of the trading industry (as well as coverage of bank debt negotiations) was somewhat hostile, and market rumors abounded. Banking regulators had begun to express their concerns that sovereign loan trading resembled a 'Wild West Show'.

As book values of loans became more realistic, it became harder to get commercial banks to make the new money loans required under the Baker Plan. At the same time, public concerns were growing about the ability of sovereign borrowers to repay loans, and about the cost to the countries of doing so. Mexico's Aztec Bonds in 1988 represented one of the early efforts by a debtor country to 'capture the discount' that the trading markets had made plain to all.

EMTA's 20th Year (continued)

Against this backdrop, U.S. Treasury Secretary Nicholas Brady delivered an address at Bretton Woods in March 1989 proposing partial forgiveness of LDC debt in exchange for collateralized instruments that would be easier to trade. Mexico's negotiations began the next month, resulting in a deal by July and a term sheet in September. The deal was set to close in March 1990.

There were many significant aspects of the so-called "Brady Plan". Principal maturities were to be extended to thirty years. Debt relief was provided by means of a reduction in principal (in the case of Mexico, by 35%) or interest (in Mexico's case, to 6.25% fixed). The U.S. Treasury sold borrowers zero-coupon bonds to be used as principal collateral. Interest was to be partially collateralized as well. Oil warrants, called Value Recovery Rights, were issued to Mexico's creditors, and Venezuela, Uruguay, Nigeria and Costa Rica issued similar instruments. Perhaps most importantly for purposes of this article, loans were to be exchanged for bonds in a variety of series and currencies, all of which were designed to be instruments capable of trading freely in the secondary markets.

From the term sheet, Brady Bonds looked like they would be complicated trading instruments, and the trading community pondered the approaching deadline for their creation. For years, Emerging Markets trading desks had devoted enormous amounts of time and money to preparing, negotiating and executing loan trading documentation on a trade-by-trade basis. Although a small group of commercial banks had worked out confirmation forms for the Aztec Bonds, there were no other standard documents or market practices, and loan trades routinely took weeks to settle. Most of the major players were commercial banks or former commercial bankers with just enough experience in bond trading to know that individually negotiated documentation and delayed settlements would not work for Brady Bonds.

A few traders had long harbored hopes of creating a trade association to bring greater efficiency and transparency to the markets. The advent of the Brady Plan, along with the added regulatory focus on the growing loan trading business, made the moment ripe. One afternoon in late 1989, Peter Geraghty, then head of the LDC debt trading business at NMB, invited a few of his colleagues around the Street to discuss procedures for trading Brady Bonds.

The urgent need to develop standard documents for trading Brady Bonds was recognized by all, but most firms were hesitant to confer any authority to enforce their use or define market practices. As the meeting adjourned, a small group of lawyers was formed to prepare draft confirmations, but no decision to form a trade association was taken.

In the weeks and months that followed, Peter Geraghty continued to lobby his colleagues to form a trade association to bring greater order and efficiency to the markets. Nick Rohatyn of JP Morgan argued that industry standards had to be above reproach and that such an association could address concerns of regulators that LDC loan trading was in need of increased regulation. As the effort to create standard bond confirmations proceeded, the firms seemed to grow more comfortable with the idea of working together under the auspices of a trade association. In due course, trade confirmation forms for Mexico's Brady Bonds were completed and put into use.

The first issuance of Brady Bonds [March 1990] gave further fuel to the market's growth and development. Before long, the first broker's screens were introduced. If LDC debt trading was still a club, its membership was growing.

EMTA's 20th Year (continued)

As interest in a trade association grew, many of the fears remained. There was widespread agreement on the wisdom of developing standard documentation that counterparties could use to facilitate settlement. There was also significant support for publishing standard market practices that would govern all trades unless the parties otherwise agreed. On the other hand, there was no appetite for a self-regulatory organization. Participation in the new trade group, provisionally called the LDC Debt Traders Association, was to be wholly voluntary. There was to be no authority to require members to use standard documents or to follow published market practices. The Association was to act only on matters as to which a broad consensus could be reached.

Thus, the decision was made to form the association that is today the Emerging Markets Traders Association. The eleven original Directors, which included a number of the traders who had attended the early Aztec and Brady Bond meetings, were Rick Haller of Morgan Grenfell, Kathy Galbraith of The Chase Manhattan Bank, Nick Rohatyn of JP Morgan, Peter Geraghty of NMB, Alex Rodzianko of Manufacturers Hanover, Peter Drittel of Bear, Stearns, Manuel Mejia-Aoun of Merrill Lynch, Steve Dizard of Salomon Brothers, Hugo Verdegaal of Citibank, Neil Allen of Bankers Trust, and Robert Trisciuzzi of Bank of Tokyo. Nick Rohatyn served as the first Chair and later contributed EMTA's first offices and Executive Director — Tom Winslade, a JP Morgan attorney, who was seconded to EMTA full-time from June 1992 through 1993. Following a 'beauty contest', Michael Chamberlin of Shearman & Sterling was named outside legal counsel in late 1990 and was charged with incorporating the Association.

In December 1990, the LDC Debt Traders Association was formally incorporated. What began the 1980's as a few heavily negotiated asset swaps greeted the 1990's as a major industry. The subsequent years have been challenging for EMTA, and for the business it represents. But through the many highs and lows, there can be little doubt that the efforts of those who met in that conference room at NMB just over a decade ago have contributed more to the stability and transparency of the Emerging Markets than even they could have imagined.

EMTA Board Meeting

EMTA's first Board Meeting for 2010 was held on February 3, 2010.

Elected to the Board at the beginning of the meeting were Karan Madan of Deutsche Bank (replacing Kay Haigh), Ritesh Dutta of UBS (succeeding Ruth Laslo (who will continue as Alternate Director)), Peter Marber of Halbis (who replaced his colleague, Michael Gagliardi), and Alex Garrard of BTG Pactual Asset Management (a new addition to EMTA's Board). Board officers for 2010 were also elected.

As a result, the full composition of EMTA's Board of Directors for 2010 is as follows:

Co-Chairs

Martin G. Marron (J.P. Morgan Chase)
Diego Gradowczyk (Barclays Capital)
Mark L. Coombs (Ashmore Investment Management)

Vice Chairs

Paul Reilly (Bank of America/Merril Lynch)
Alberto Agrest (Citigroup)
Karan Madan (Deutsche Bank)
Dean Menegas (Spinnaker Capital)

Other Board Members

Alex Garrard (BTG Pactual Asset Management)
Alejandro Vollbrechthausen (Goldman Sachs)
Peter Marber (Halbis Capital Management)
David Spegel (ING Financial Markets)
Sandy White (MarketAxess)
Bruce A. Wolfson (Rohatyn Group)
Ritesh Dutta (UBS)
Igor Arsenin (Credit Suisse)
Tung Siew Hoong (Gov't of Singapore Investment Corp.)
Bert van Keulen (HSBC Bank)
Rodolfo Fischer (Itau BBA)
Igor Mansour (Morgan Stanley)
Peter Urbanczyk (Royal Bank of Scotland)
Keith J. Gardner (Western Asset Management)

In addition to reviewing EMTA's 2008 Results against Budget, as well as EMTA's preliminary 2009 Results against Budget, the Board also discussed EMTA's decision-making process, as well as embarking on a strategic review of EMTA's direction and finances for 2010 and beyond.

Joint EMTA/IBRD Initiative to Promote Sub-Saharan African Local Markets

A joint EMTA/IBRD initiative to promote the efficient growth and development of local markets in Sub-Saharan Africa was launched in London on February 17 with an inaugural meeting of market participants and a representative of the World Bank. The goal of the initiative is to combine the strengths of the official and private sectors in a targeted push towards greater transparency, professionalism and improved standards in specific local markets in Africa in order to attract more sustained foreign investment to promote development and economic growth in these markets.

The joint initiative will involve a series of conference calls with market participants and World Bank representatives to discuss a specific local market or region in Sub-Saharan Africa. A working group of traders, fund managers and research and risk analysts from approximately 15 EMTA member firms and several local market participants will participate along with World Bank representatives implementing their Efficient Securities Markets Institutional Development (ESMID) program focusing on corporate bond market development, and the World Bank's GEMLOC program, focusing on government securities market development, in key markets and regions in Sub-Saharan Africa.

The conference calls will provide a forum for the World Bank to inform international market participants of the progress they are making in their technical assistance programs focusing on both the local government securities and corporate bond markets and provide market participants an opportunity to share their concerns and priorities.

Nigeria and the Kenya/East Africa region will be the first markets to be analysed by the working groups. The first Nigeria call is scheduled to take place on April 28.

For more information about this initiative or to join the Nigeria or Kenya/East Africa Working Groups, please contact Starla Griffin at sgriffin@emta.org.

Update on U.K. Debt Relief Legislation

The U.K.'s efforts to legislate the extension of official sector Paris Club debt relief parameters to commercial creditors (in order to curtail the efforts of so-called "vulture funds") appeared to have gained ground and then fumbled in the last quarter, with the near passage through the House of Commons of a Private Member's bill submitted by MP Andrew Gwynne. The Gwynne bill was apparently modelled on the HMT legislative proposal that was the subject of a consultation last summer, and which would limit judgments of recoveries against HIPC's to the same percentage levels of debt relief granted to those countries by their official sector creditors.

While most would acknowledge the benefits of official debt relief to many HIPCs, EMTA participated in the HMT consultation process to raise objections to the legislation as it applies to commercial creditors. In particular, EMTA emphasized widespread market concern that the legislative proposal would undermine rule of law and the fundamental principles of a well-functioning debt market, and would ultimately retard development for the HIPC's and increase their financing costs.

The Gwynne bill differs from the prior HMT version in that it would narrow the scope of debt subject to mandatory reduction, for example, to exclude liabilities incurred from a sale of goods or provision of services. While perhaps an improvement (in that it would not act as a deterrent to trade creditors doing business in these markets) as a result of this narrowing, the alleged "benefits" of the bill to HIPCs are significantly less than proponents of the bill are claiming, but the potential negative consequences – both to the UK as a financial center and to the HIPCs and other developing countries in terms of their cost of and access to private financing that we raised as the basis of our objection to the HMT legislation – remain. This is because although the target debt has been narrowed, the proposed "remedy" – the sanctioning of judicial intervention to retroactively re-write the terms of private debt contracts - remains the same.

Another concern is that passage of this narrowly targeted bill by the U.K. parliament, while (possibly) well-intentioned, could provoke a flurry of less focused "debt relief" legislation aimed at commercial creditors in other jurisdictions.

The Gwynne bill can next be presented before the House of Commons for another vote in late April, but Parliamentary elections in the UK are looming and time may run out before final passage is possible. EMTA continues to monitor the situation.

For more information about this topic, please contact Starla Griffin at sgriffin@emta.org or Click Here to visit EMTA's website, New Developments area (see February 26, 2010 entry).

Special Events

Speakers at EMTA Forum in Dubai Discuss Dubai World Restructuring, Outlook for Gulf Economies

EMTA's first Forum in Dubai was held on March 10, 2010. Standard Chartered hosted the event, which drew over 150 market participants.

The event included a panel discussion of sell-side analysts moderated by Marios Maratheftis (Standard Chartered). The first topic to be debated was whether any sovereign defaults were looming in the aftermath of the global recession. Royal Bank of Scotland's Okan Akin noted his firm's constructive outlook, specifying that a deal would eventually be reached to solve the Greek crisis, and that "federal support of Dubai is even more firm than EU support for Greece." Igor Arsenin (Credit Suisse) noted that in Latin America, his area of expertise, the outlook was relatively benign, with only the "mostly voluntary" 2007 default of Ecuador having occurred in recent years.

Reviewing 2009's economic data, Simon Williams of HSBC observed that "most of us underestimated how bad growth would be," and that the year was marked by a "soundtrack of bursting bubbles across the Gulf." Williams forecast "uninspiring" growth for the region in 2010, at 4% vs. overall EM growth of 6%. Last year's downturn highlighted the need to reform monetary and fiscal policy in the region, and the need to develop local capital markets, he affirmed. "Until those concerns are addressed, we won't be able to get the growth in the Gulf that we should have," he stated. Prompted by Maratheftis on whether lower growth rates were a sign of a mature market, Williams responded that Gulf economies should be achieving 6-8% annual increases in GDP. "The potential is enormous," he concluded.

The main driver of Gulf economies is of course oil, and unless you believe in an Asian economic collapse, reasoned Alia Moubayed (Barclays Capital), pricing for oil should be well-supported. Demand from OECD countries is bottoming out, while there are concerns about non-OPEC supply, and Barclays is forecasting an average price of $85 in 2010 and $97 in 2011 for WTI crude.

Dubai Event (continued)

The panel's Russia expert, Ivan Ivanchenko (VTB Capital) noted that, although last year's oil price was relatively weak, and the Russian economy did not perform well, the appetite for Russian credits remained "unstoppable." Current oil pricing, which he admitted was higher than his own forecasts, mitigated any potential spillover effects from recent events in Ukraine and Kazakhstan.

Would any possible slowdown in Asia harm Brazil? Arsenin noted that Brazil was the first LatAm country to emerge from the global recession. "The old stereotype that Brazil is a commodity play is wrong; Brazil is a closed economy with a low ratio of exports to GDP," he stated. Thus, Arsenin continued, the recovery in Brazil was in fact domestic demand-driven rather than commodity-driven. Arsenin listed as main risks to the Brazilian economy a large drop in commodity prices (especially if Chinese demand drops) and the low rate of investment, which could hinder sustainable growth.

Panelists differed on their impressions of the ongoing Dubai World restructuring. Williams noted the "massive amount of confusion" and "lack of clarity." He added that the standstill announcement would make it more difficult to reach a creditor-friendly restructuring, and that he was "anxious" about the future because of an on-going funding squeeze. Akin sounded a more positive tone, stating he had been hearing positive news about the restructuring process.

Discussing their recommendations for Gulf instruments in 2010, Moubayed observed that the Dubai World incident had led to greater discrimination in investment choices by fund managers. "There are strong foundations in Qatar because of the expected doubling of gas production in 2010," she stated, pointing out the widening of Rasgas compared to the sovereign as "giving some opening." Moubayed also favored Egypt, citing accelerating growth, an improving balance of payments and increased tourism receipts. She added that those "comfortable with the politics" should consider Lebanon, including local bonds. Moubayed also recommended the Egyptian pound, the Russian ruble and the Kazakh tenge.

For a Gulf investor looking at LatAm assets, Arsenin acknowledged that in many cases (notably Brazil, Mexico and Chile), tight spreads meant "meager" total returns. As for higher-yielding credits, he suggested looking at Venezuela, likely to muddle through for the foreseeable future but for which an eventual default could not be ruled out. Argentina is a "better economic story"—albeit with political risk-- but 2011 elections offered potential improvements. Brazilian local instruments were also worth consideration, with more potential reward than the country's external debt, he concluded.

Akin recommended Ukraine local markets and Russian bank debt, while Egypt's local currency market was of interest to Williams. Ivanchencko favored Promsvyazbank and Alliance Oil external debt and RUB-denominated issues from Evraz, Mechel and Detsky Mir.

Finally moderator Maratheftis called attention to his firm's bullish stance on Asia. "Nothing is going on politically in Indonesia, which is great for any EM," and he praised the country's "prudent" economic management. He also spoke positively on India and Taiwan.

The investor panel was moderated by Abdul Kadir Hussain of Mashreq Capital. Hussain invited speakers to comment on the current state of the markets. Mohammed Hanif of Insparo Asset Management responded, "When I look at EM pricing, I am frightened…I really don't understand why we are here. We have priced in the best-case scenario although the markets seem to be skittish and waiting for a sovereign default."

Dubai Event (continued)

Algebra Capital's Dino Kronfol then discussed the outlook for new issues. He noted that issuance of local currency bonds have been on an upward trajectory while it would take some time before Eurobond new issue volumes returned to pre-Lehman crisis levels.

Discussing transparency, Hanif stressed "such concerns are not new" and not unique to the region ("transparency is also lacking in Africa and –dare I say it—was the case at Lehman as well.") Investors need to "do the work and really understand instruments before they purchase them," he underscored, adding "do people really think that sukuks are an insured obligation?"

How should investors handle limited disclosure? Nish Popat (ING Investment Management) agreed that "you have to do the homework, you have to go and see the companies and ask the questions they don't like." He voiced optimism that transparency will improve over time.

Kronfol praised ratings agencies for doing a "very difficult job in the Middle East," and having to address "opaqueness" as well as implicit guarantees. He urged that issuers take a more proactive and constructive approach to working with ratings agencies in the future.

Panelists also addressed the lack of fresh money to prop up local economies. Would the Emirates Investment Authority consider investing in special situations? Its representative Paul Oliver noted that there are institutions that are set up for this. "Is there a TARP-like institution in the UAE or GCC? I don't know" he mused.

Panelists agreed that there probably wasn't sufficient interest to launch a GCC –specific distressed fund. "A lot of foreign investors fled after Nakheel and they won't be back for a while," commented Hanif. Kronfol added that judicial and legal issues would make such a fund difficult to market abroad.

There was much criticism of the handling of the Dubai World restructuring announcement. Hanif commented that "the speed and extent of the real estate bubble bursting was a surprise, though not the bursting itself." He voiced strong disapproval of the strategy in addressing investors, specifically the lack of engaging with creditors immediately after the standstill announcement. "Investors hate the lack of transparency," he underscored. The current lack of communication has also resulted in a fertile ground for rumors and contradictory messages he added. Popat concurred, adding that the six month timeframe for the restructuring was "silly." He seconded Hanif's assertion that there needs to be a clear channel of communication.

The panel discussed the local real estate sector. Kronfol described the short term outlook as uncertain, because of "the lack of decision making and leadership in resolving some of the debt problems." However, opportunities remain for wise investors.

Turning to recommendations, Hanif spoke positively on Qatari banks as well as opportunities in Ghana and Zambia. "There is value around but you have to be careful," he warned. Popat also recommended Qatari issues, as well as Egyptian paper and also indicated interest in the limited opportunities in Saudi Arabia. Oliver saw value in regional bonds. He noted that the EIA would like to see more local currency bonds available, as well as inflows of global capital returning to the Gulf region.

Following the panels, attendees were invited to a networking reception where speakers made themselves available to answer additional questions.

EMTA Winter Forum: Risk Remains in Developed Countries, not Emerging Markets

Speakers at EMTA's Sixth Annual Winter Forum remained generally constructive on the outlook for emerging countries, while at the same time expressing much greater concern for developed country economies. The event, sponsored by JPMorgan, was held in London on Tuesday, February 23, 2010.

JPMorgan's Joyce Chang began the event's Sell-side Panel by reminding attendees of the economic forecasts made at the same event last year. Chang noted that despite incidents such as the Dubai World payment crisis, a welcome surprise was the market's resilience and its dramatic rebound from credit-crisis lows. Chang then projected a slide listing the economic forecasts of panelist firms, pointing out a positive range of views on EMBI returns in 2010, and generally constructive views.

The panel began with a review of EM asset class risks. Phil Poole (HSBC) stressed that a key support to supporting EM overall would one day be consumption-led growth in China. The shift towards growth fueled by domestic consumption rather, historically, emphasis on export-led growth may be "generational rather than just a couple of quarters," he opined--a view with which most speakers readily agreed--while noting Chinese authorities are currently moving aggressively to stimulate domestic consumption.

Highlighting the fact that speakers' greater concern with developed market risks, the effects of the Greek debt crisis were also discussed. Igor Arsenin of Credit Suisse believed that any impact would be small and indirect. Although some market players were searching for EM countries with similar vulnerabilities, he viewed Spain as having more similar a profile to Greece than countries such as Hungary or Turkey. Poole concurred, noting that countries such as the Baltics, Hungary and Romania had already "slipped off the edge" and had subsequently been bolstered by IMF packages. Assuming a fairly smooth road on IMF packages, Poole didn't anticipate any further selloff.

Arnab Das (Roubini Global Economics) emphasized "the Greek debt crisis has exposed structural design flaws of the euro," as the currency of a monetary—but not political or fiscal—union. Greece cannot avail itself of the traditional solutions to debt crises (devaluation or default) and a package from ECB seriously undermines the credibility of an institution with a no-bailout policy. Chang observed that the situation in Greece, and even the financial difficulties of American states, only serve to highlight the more attractive potential for economic growth and performance of EM countries.

Most panelists echoed Arsenin's forecast of GDP growth in Russia of 3-3.5% in 2010 following a dramatic contraction last year (Chang standing out as the most optimistic with a 5.5% growth forecast). Arsenin attributed the forecast less-than-stellar performance to "anemic" domestic consumption, itself a result of real-wage stagnation. Poole stressed Russia as increasingly a commodity play, describing it as "becoming more dependent on commodity pricing, rather than less." He recommended both equities and external debt to investors.

Winter Forum (continued)

Timothy Ash (Royal Bank of Scotland) acknowledged his bullish view on Russia over most of the past decade. However, he expressed concern about the "demographic time bomb" Russia now confronts; and also was increasingly troubled about willingness to pay among Russians. "Why are Russian non-performing loans so high when oil is still at relatively high levels," he pondered. Finally, Moscow's increased role in the economy in recent years will serve as an impediment to luring back some foreign investors, he reasoned.

Chang also solicited commentary from speakers on whether the market could be overly sanguine about Brazilian politics. "We are still living in the second term of the first leftist government in Brazil in hundreds of years," Das commented, "so don't expect a major paradigm shift." Poole expected up to 300 bps in Brazilian rate hikes.

The panel concluded, as tradition dictates, with speaker recommendations. Poole reiterated his positive outlook on Russia, as well as Brazil '17s. He also favored rupiah vs. the ringgit, shekel vs. dollar and zloty vs. crown. Arsenin spoke positively on the high yielders, including Argentina GDP warrants, and receiving short-end rates in Brazil. Several panelists, including Ash, also recommended Ukraine.

Jerome Booth (Ashmore Investment Management), moderator of the event's Investor Panel, began the session with an impassioned plea to audience members to "lobby anyone you can" in opposition to the Debt Relief Bill currently being reviewed in the UK parliament, which would potentially "bail-in" EM investors in HIPC instruments.

John Carlson (Fidelity Investment Management) voiced his "100% support" of Booth's campaign against the bill, and noted his increasing concern such political risks, post-crisis (which Booth noted was more of a concern in developed markets than in EM countries where "they understand the importance of not having unorthodox economic policy, they understand contract law.").

Booth also warned that "no one should talk about the credit crunch in the past tense," citing the recent study by Reinhart and Rogoff which found that—based on financial crises over the last several hundred years--it took on average over 4 years for growth to recover following a financial crisis.

In stark contrast to his comments at the 2009 Winter Forum, where he boldly predicted a 50% return in EM equities, Carlson voiced much greater caution at this year's event. "The recovery has reached a plateau; US unemployment is not 9.7%, it is 17% and getting worse." On the other hand, Carlson noted there are no signs of US inflation. Brett Diment (Abderdeen Asset Management) followed that the near-term inflation outlook would lead to no more than perhaps a "token rate hike" by the US FOMC in 2010.

Which EM markets are over-valued? Helene Williamson (F&C Investment Management) suggested Mexican debt probably had little further upside, while Diment viewed the Philippines as potentially over-valued, due to the deteriorating fiscal situation. Carlson seconded both viewpoints, and added that Brazilian equity might now be at fair value after previous volatility.

Winter Forum (continued)

The panel also discussed what they would advise EM funds looking to invest in developed countries. Diment acknowledged that many EM investors had been seeking his advice on whether Greece was a buying opportunity; however the panel was unanimous in its view that default was not currently priced into Greek debt.

Speakers were not convinced that Argentina would launch a new debt offer for holders of untendered debt in the next two months. Wiliamson estimated the chances at 60%, with other panelists, metaphorically, shrugging their shoulders.

Protectionism remains a risk for EM countries, although panelists did not see it as having a high probability. “It’s great news that we really haven’t seen a move towards protectionism in light of the global situation,” Diment observed.

Rebalancing will occur “slow and hesitatingly,” Carlson predicted. “Why would China change the current export-driven model that has worked so well for them?”

In the worst-case scenario of a depression, panelists agreed that EM assets would perform best. Carlson specified he would look for closed, diversified Asian economies such as Indonesia. Booth agreed, adding countries with large Central Bank reserves would also be good bets such as India.

Top trade recommendations from Carlson included the high yielders (Argentine, Ukraine and Venezuela) as well as Indonesia. Diment saw value in the Baltics and Williamson recommended Russian quasi-sovereigns such as Gazprom. Booth cited the Indian and Korean local currency markets.

EM Corporates Still Have Room for Further Spread Compression, Say EM Corporate Bond Panelists

EMTA's fourth annual Corporate Bond Forum in London was held on Tuesday, January 27, 2010. ING hosted the event, which attracted a standing room only crowd.

Moderator David Spegel of ING opened the panel by polling speakers for their thoughts on whether the corporate bond market had reached "bubble" status. BlueBay Asset Management's Polina Kurdyavko still found corporate bonds attractive at current levels. However, she reiterated her concerns, expressed at several previous EMTA Corporate Forums, on bond covenants that fail to adequately protect bondholders, and described several examples of bond covenants being more lenient than in 2007. "I would urge bondholders to push to improve covenants," she stated, while adding that she would "forego the spread for better covenants."

Esther Chan of Aberdeen Asset Management reviewed the history of corporate bond pricing and reasoned that while "we are not now in a bubble, we are setting ourselves up for one. We probably have a few months--not years--of tightening before we can argue the asset class is at the bubble stage." She urged investors to be selective when buying corporate issues.

JPMorgan's Victoria Miles agreed that there is "still room for spread compression and it doesn’t feel to us like we are in a bubble." 'She commented that even those recent issues perceived as covenant-lenient have still attracted strong interest from US high-yield buyers.'

With panelists largely concurring that the asset class was not in a bubble, Spegel asked panelists the remaining risks facing EM corporate bondholders. Miles admitted that the recent Dubai incident "blind-sided" investors; as a result a more discerning approach to quasi-sovereigns had generally been adopted. She viewed commodity pricing as a risk, specifically a China-driven slowdown in oil pricing could harm CIS and Middle East issuers, although she assigned a low probability to this concern. Miles also discussed supply risk, with potentially increased supply coming from CIS issuers needing to refinance.

VTB's Ivan Ivanchenko discussed a strong dollar being a potential issue for corporate issuers. He also highlighted the political uncertainty in the Ukraine, which could possibly trigger a new round of risk aversion. Kurdyavko added event risk, with much more M&A activity likely to take place, and the execution risk of corporate management. She also expressed concerns that quasi-sovereigns could be harmed by political interference, with governments using them as vehicles to advance social policies.

How should investors position themselves for the expected rate tightenings by the US FOMC and ECB? "I am worried by a potential bubble if tightening is too little, or not done quickly enough," noted Chan, who advised investors that "short duration, high carry is a good place to be...but you still have to like the company's fundamentals." Miles noted that since investors in EM corporates are "generally not over-leveraged and are more dominated by real money accounts," the asset class should hold up better in a tightening environment.'

London Corporate Bond Forum (continued)

The panel also agreed that the worst of the default cycle was in the past. Chan commented that weak issuers were “weeded out” in the 4Q of 2008 and 1Q of 2009. Miles added that “if the peak of the default cycle has not passed, there would be big problems with prices in the market.” Spegel concurred, noting that only $2 billion in EM corporate paper is priced at levels suggesting possible default.

As for the long-term effects of the crisis, Miles noted that post-crisis, there has been a pick-up in competition on the sell-side as more firms enter or come back to the business. Crossover and high-yield players are returning and the increase in dedicated real-money accounts has provided an anchor to an asset class which has proved its resilience. Chan and Kurdyavko commented that they had received more inquiries in recent months as more investors became convinced of the EM story.

The panel concluded with investor recommendations. Ivanchenko recommended Alfa, Gazprom and Russky Standart "for those with a bit of courage." He expressed greater scepticism for steel producers. 2010 will be a "wobbly" year in general, he advised.

Miles agreed that there is value in Russian corporates in the high-grade sector rather than high-yield. LatAm issues are "fairly priced" while Central American and Caribbean utilities are more attractive albeit less liquid. Kurdyavko preferred the bank, retail, and food-processing sectors and is cautiously optimistic on metals and mining. She recommended avoiding Chinese real estate ("equity risk for fixed income return" she argued)."

Chan saw value in Indonesian utilities and Mexican homebuilders. Spegel's own selections included Bertin, Globo and Brascan.

EMTA Spring Forum

EMTA's Spring Forum will be held in New York City on April 7, 2010 with HSBC Securities (USA) Inc. as its host.

Pablo Goldberg of HSBC Securities (USA) Inc. will moderate a discussion of conditions in the EM marketplace. Other speakers include Guillermo Mondino (Barclays Capital), Alberto Bernal (Bulltick Capital Markets), Jose Luis Daza (QFR Capital Management) and Jim Valone (Wellington Management Company).

Invitations were sent to EMTA members in March. Attendance for members is complimentary. Non-members may attend at a fee of US$295. For further information, please contact Jonathan Murno of EMTA at jmurno@emta.org.

EMTA São Paulo Forum Scheduled for April 13, 2010

EMTA's third annual Forum in São Paulo will be held on Tuesday, April 13, 2010. Itaú BBA will host the event at Itaú Cultural Center.

The event will feature a presentation by Affonso Pastore, former President, Central Bank of Brazil, now at A.C. Pastore & Associados and GlobalSource.

In addition, Ilan Goldfajn of Itaú BBA will moderate a panel of other former Brazilian Central Bank and government officials, including Alexandre Schwartsman (Banco Santander), Eduardo Loyo (BTG Pactual), Luiz Fernando Figueiredo (Mauá Investimentos Ltda.) and Luis Carlos Mendonça de Barros (Quest Asset Management Ltda.).

The discussion will be conducted in Portuguese with simultaneous translation into English for non-Portuguese-speakers.

Invitations were sent to EMTA members in mid-March. Attendance for members is complimentary; there is a US$500 registration fee for non-members.

EMTA's Forum in Buenos Aires Set for April 15, 2010

EMTA's third annual Forum in Buenos Aires will take place on Thursday, April 15, 2010. Banco Itaú will host the event, which will be in Spanish with simultaneous translation into English.

Carlos Pagni, noted poltical columnist for La Nacion, will deliver a political overview at the event, while the renowned independent economic consultant Miguel Broda will deliver a presentation on the outlook for the Argentine economy.

The event will also include a panel discussion moderated by Fernando Ferrari of Banco Itaú. Panelists will include Ricardo Maxit of Gailieo Argentina SGFCI, Javier Finkman of HSBC Global Research, Juan Veron of HSBC Global Asset Management and Claudio Achaerandio of TPCG Valores Sociedad de Bolsa.

Invitations were sent to EMTA members in late March. Attendance for members is complimentary; there is a US$500 registration fee for non-members.

Over $400,000 Raised for EM Charities at New York Benefit on December 3, 2009

Members of the EM debt trading community raised over $400,000 at the annual New York Emerging Markets industry charity benefit held on Thursday, December 3, 2009, at the Marriott Marquis Hotel in midtown Manhattan. This was a slight increase on 2008 proceeds, due in large part to the cost-cutting measures adopted by this year's planning committee.

The charity committee proudly announced that 84% of revenues were distributed to charity, an exceptionally high percentage for a charity gala. The exceedingly low expense ratio was a result of the event being run by approximately 45 volunteers, including committee members.

At press time, the EM Charity Benefit (EMCB) was in the process of distributing the proceeds of the event to the evening's beneficiaries.

- **NESST**, which provides financial and capacity-building support to social enterprises in Central Europe and Latin America www.nesst.org;
- **Orphaned Starfish Foundation**, dedicated to working with orphans and disadvantaged children throughout Latin America www.orphanedstarfish.org;
- **Sri Lanka Care Foundation**, which rebuilds and restores homes lost and damaged by the Asian Tsunami www.srilankacare.org;
- **Trickle Up**, which works to alleviate poverty by providing seed capital for people in EM countries to start small businesses www.trickleup.org;
- **WorldFund**, which provides financial, managerial and technical assistance to partner schools in impoverished Latin American neighborhoods www.worldfund.org.

The EMCB continues to welcome new members. If you are interested in joining the Planning Committee, please contact Jonathan Murno of EMTA at jmurno@emta.org. Members of the EM debt trading community should also contact Jonathan Murno by April 30 if you would like to nominate a potential beneficiary.

EMTA/ISDA Working Group Standardizing EM CDS Contracts

To prepare for the eventual inclusion of EM CDS products in any clearinghouse(s), EMTA and its members have been working with ISDA on issues relating to the trading standards applicable to EM CDS contracts. The ISDA/EMTA CDS Emerging Markets working group has held discussions on standardization of the CDS contract for Emerging Markets, in line with the discussions that are taking place for other CDS contracts.

Recently, the working group agreed to market practice changes for AEJ and Japan (effective for the December 20, 2009 roll date). Click Here for the full text of this market convention for EM CDS contracts.

For more information about this working group, please contact Aviva Werner (awerner@emta.org).

EMTA Provides Forum for EM Global Corporate Bondholders

It is critically important to the proper functioning of the EM capital markets that global investors have a mechanism to permit them to discuss their concerns about particular corporate credits, especially in an era where the willingness of some debtors to honor their obligations, apart from their capacity to do so, is under question. To that end, EMTA has launched a forum for corporate investors last year, which has been used by investors in bonds issued Asia Aluminum, Independencia and Davomas.

* * * * *

If you would like more information, are interested in understanding more about EMTA's initiative to provide a forum for global holders of corporate bonds, or would like to request EMTA's assistance with a particular credit or corporate action, please contact Starla Griffin at sgriffin@emta.org or Aviva Werner at awerner@emta.org.

Bond & Warrant Trading & Settlement

Ivory Coast

Ivory Coast has made an exchange offer for its outstanding Brady bonds. The new bonds are expected to be issued on April 16, following an investor due diligence meeting on March 23 and a final deadline for submission of tender offers on April 6. Click Here for EMTA's recommended when-issued confirmation forms for the new bonds. Holders of Côte d'Ivoire Brady Bonds are required to confirm their eligibility to participate in the Exchange Offer by visiting www.dfking.com/RCI, or contacting D.F. King, the Information Agent, at D. F. King (Europe) Ltd., One Ropemaker Street, London EC2Y 9AW, +44 (0) 20 7920 9700, RCI@dfking.com.

BTA Bank

BTA Bank is expected to restructure its debt in the next few months. The Press Release on Revised Terms can be located at http://www.bta.kz/en/investor/ and the Trade Finance Adjudication Press Release can be accessed by Clicking Here.

If anyone is interested in participating in the working group to review draft confirmation forms for when-issued trading, please contact Aviva Werner at awerner@emta.org.

Venezuela

The April 15, 2010 Oil Obligations payment is expected to be made to holders of record as of March 31, 2010, and EMTA recommended that trades be "ex-dividend" on March 29. (A copy of the Fiscal Agent's notice regarding the payment's calculation will be published in the New Developments area of EMTA's website as soon as it is made available.)

Nigeria Payment Adjustment Rights Payment

Click Here for the Fiscal Agent notice regarding the calculation of the November 16, 2009 payment.

Uruguay VRR Payment

Click Here for the Fiscal Agent's notice regarding the January 2, 2010 VRR payment's calculation of zero.

To date, no payments have ever become due on the VRRs.

* * * * *

Please note that all EMTA Documents may be found in the Documentation area of EMTA's website (http://www.emta.org/doc.aspx), including EMTA Primers for Warrants and Market Practices. For further information, please visit the New Developments area of EMTA's website or contact Aviva Werner at awerner@emta.org.

FX & Currency Derivatives

Working Group Begins Effort to Address Non-Deliverable Swaps For Latin American Inflation Indices

A group of interested EMTA and ISDA members has been organized to work on market practices and standardization for Latin American Inflation-Indexed swaps. This group is a subset of the Joint EMTA-ISDA Latin America Non-Deliverable Swap Working Group. Some preliminary working materials have been sent out to the group for review and consideration. The preliminary conclusion of the group was to start by developing standard definitions for all of the Latin American inflation indices and consider market practices that would be appropriate generally for this type of product. The inflation indices initially identified by this group for possible inclusion in this exercise include ARS-CER, CLP-UF, COP-UVR, PEN-VACU and MXN-UDI.

BRL Options Working Group To Re-Issue Market Practice #45

The BRL Options Working Group had reviewed and substantially revised FX and Currency Derivatives Market Practice No 45, originally published in 2007. This revision is soon to be published in its final form. The revisions were occasioned in large part by changes in regulations and practices in the local BRL/USD spot market.

Egyptian Pound NDF Architecture Close to Publication

The EMTA FX and Currency Derivatives Working Group tasked with developing market practices for the Egyptian Pound/USD NDF and NDO market has substantially completed the design and development of the documentation for these products and looks forward to their near-term publication.

EMTA Issues FX and Currency Derivatives Market Practice No. 52 for Brazilian Real NDFs and NDOs

On March 3, 2010, EMTA issued FX and Currency Derivatives Market Practice No. 52. This Market Practice recommended a May 31, 2010 Valuation Date for certain NDF and NDO contracts notwithstanding that May 31 is a US holiday. This recommendation was based on a concern that because May 31 is a termination date on the Brazilian futures exchange, a lack of a fixing in the NDF and NDO market on that same date could cause a high level of basis risk to the market.

African NDFs

A working group to look at African currency NDFs and NDOs is currently being organized. Look for announcements to come regarding the first steps.

* *

For further information regarding the above, as well as FX & Currency Derivatives matters generally, please contact Leslie Payton Jacobs at lpjacobs@emta.org or (301) 838-4552.

EMTA Members:
To obtain the password for the Members Only area, please e-mail sortiz@emta.org

Website Updates and Additions

Key Industry Views

EMTA continues to recognize publications by leading research analysts and others that highlight noteworthy industry topics. In recent weeks, EMTA has made the following addition to the Key Industry Views area of EMTA's website:

- "Venezuela Devalues." January 11, 2010 – Diego Sasson, Kasper Bartholdy and Alonso Cervera (Credit Suisse).
- "Emerging Market Corporates: 2010 Outlook: Hurry Up Before it's Too Late!" January 7, 2010 – Anne Milne, Marcelo Menusso, Gene Cheon, Devinda Paranathanthri, Mathura Yogarajah and Marie-Anne Garcia (Deutsche Bank).
- Latin American Outlook for 2010." December 18, 2009 – (LatAm Fixed Income, FX Strategy, and Economics Teams – HSBC Securities (USA) Inc.).

New Developments

These and other recent news items can be found in the New Developments area of EMTA's website.

- March 31, 2010 - Good Friday Early Close.
- March 30, 2010 - Revised Holiday Schedule for EM Bond Trades for Good Friday/Easter Monday Holidays.
- March 26, 2010 - Carlos Pagni, Political Columnist, La Nacion and Miguel Broda, Estudio Miguel A.A. Broda to Speak at EMTA's Third Annual Forum in Buenos Aires, Argentina on April 15, 2010.
- March 25, 2010 - Dubai World Announces Restructuring Proposal. Market reaction from Fitch and Royal Bank of Scotland.
- March 24, 2010 - Holiday Schedule for EM Bond Trades for Good Friday/Easter Monday Holidays.
- March 24, 2010 - Argentina Shelf Registration.
- March 23, 2010 - Fitch Upgrades Panama's Long-Term Foreign Currency Issuer Default Rating from BB+ to BBB- (Investment Grade).
- March 19, 2010 - EMTA Recommends When-Issued Bond Confirm for When-Issued Trading in the New Ivory Coast Bond.
- March 17, 2010 - BTA Bank Restructuring – Press Release on Revised Terms can be located at http://www.bta.kz/en/investor/ and Trade Finance Adjudication Press Release.
- March 17, 2010 - Holders of Côte d'Ivoire Brady Bonds Are Required to Confirm Their Eligibility to Participate in the Exchange Offer by Visiting www.dfking.com/RCI, or Contacting D.F. King, the Information Agent, at D. F. King (Europe) Ltd., One Ropemaker Street, London EC2Y 9AW, +44 (0) 20 7920 9700, RCI@dfking.com.
- March 12, 2010 - EMTA Spring Forum in NYC to be Held on April 7, 2010.
- March 12, 2010 - Standard & Poor's Raises Indonesia's Long-Term Foreign-Currency Sovereign Rating from BB- to BB.
- March 11, 2010 - Standard & Poor's Raises Ukraine's Foreign Currency Sovereign Credit Rating from CCC+ to B-.
- March 8, 2010 - EMTA Announces 2009 Annual Emerging Markets Debt Trading Stood at US$4.445 Trillion.

Website (continued)

- March 5, 2010 - Dr. Affonso Pastore, former President of the Central Bank of Brazil, to Deliver Keynote Address at EMTA's Third Annual Forum in São Paulo, Brazil on April 13, 2010.
- March 2, 2010 - Venezuela Oil Obligations Record Date of March 31 and Payment Date of April 15 Expected. Trades are "Ex-Dividend" on March 29. Calculations for Payments on the Oil Obligations will be Announced by the Fiscal Agent Shortly.
- March 2, 2010 - Moody's Upgrades Jamaica's Foreign-Currency Government Bond Rating from Caa1 to B3.
- February 26, 2010 - UK Debt Relief Legislation Update
  - HMT's Response to Legislative Consultation; and Consultation Submissions
  - Andrew Gwynne Private Member's Bill and Explanatory Notes
  - EMTA Talking Points
- February 23, 2010 - EMTA Winter Forum – Sell Side Panel Slide on Key Economic Variables.
- February 19, 2010 - "Capital Inflows: The Role of Capital Controls" IMF Staff Position Note.
- February 17, 2010 - EMTA Forum in Dubai to be Held on March 10, 2010.
- February 16, 2010 - Fitch Upgrades Jamaica's Long-Term Foreign Currency Issuer Default Rating from CCC to B-.
- February 3, 2010 - Holiday Schedule for EM Bond Trades for US Presidents' Day Holiday.
- February 3, 2010 - Fitch Downgrades Jamaica's Long-Term Foreign Currency Issuer Default Rating to RD, then Subsequently Upgrades to CCC.
- January 27, 2010 - EMTA Winter Forum in London to be Held on February 23, 2010.
- January 14, 2010 - Plaintiffs' Motions and Memorandum and Defendant's Memorandum in EM Ltd. and NML Capital v. Argentina.
- January 14, 2010 - Standard & Poor's Revises Jamaica's Sovereign Credit Rating to "Select Default."
- January 14, 2010 - Moody's Statement on Jamaica Debt Exchange Constituting an Act of Default.
- January 13, 2010 - Attachment Orders for EM Ltd. and NML Capital v. Argentina and Aurelius Capital Partners v. Argentina.
- January 13, 2010 - Restraining Order in EM Ltd. and NML Capital v. Argentina.
- January 8, 2010 - 2010 Holiday Schedule.
- January 8, 2010 - 2010 Batch Settlement Schedule for Certain Class I Loan Assets.
- January 8, 2010 - Holiday Schedule for EM Bond Trades for Martin Luther King, Jr. Holiday.
- January 8, 2010 - Moody's Upgrades Turkey's Government Bond Rating from Ba3 to Ba2.
- January 4, 2010 - EMTA Corporate Bond Forum in London to be Held on January 26, 2010.
- December 22, 2009 - Calculations for Payments on Uruguay VRR's Announced.
- December 17, 2009 - Coupon Standardization for Asia CDS Markets.
- December 16, 2009 - Moody's Raises Peru Foreign-Currency Government Rating from Ba1 to Baa3.
- December 15, 2009 - EMTA's Fourth Quarter Bulletin is Now Available in our Bulletin Section.
- December 15, 2009 - EMTA Announces 3Q 2009 EM Debt Trading Stood at US$1.123 Trillion.
- December 14, 2009 - Standard & Poor's Downgrades Mexico's Foreign-Currency Sovereign Credit Rating from BBB+ to BBB.
- December 10, 2009 - Holiday Schedule for EM Bond Trades for Christmas, Boxing Day and New Year's Holidays.
- December 8, 2009 - Presentation by Mexican Finance Minister Carstens at EMTA Special Meeting.
- December 3, 2009 - Fitch Upgrades Turkey's Long-Term Foreign Currency Issuer Default Rating from BB- to BB+.

Website (continued)

Reminders: Visit the *Employment, From the Market* and *Litigation* areas

There are a few relatively new and updated areas of EMTA's website: Employment in the Job Opportunities area, From the Market in the Activities and Services area and Litigation in the EM Background area.

Because of the difficult employment environment resulting from the credit crunch, EMTA has revised the Job Opportunities area of its website to include both:

- listings of employment opportunities in the EM trading and investment community posted (for a fee) by prospective employers (Job Opportunities); and
- summary resumes posted (free of charge) by individuals seeking employment positions in the EM trading and investment industry (Jobs Wanted).

For the sake of accommodating individual preferences and sensitivities, postings may contain as much, or as little, detail as desired, and initial contact between prospective employers and employees may be arranged through EMTA.

The Job Opportunities/Employment area includes opportunities and applicants from around the globe in the EM trading and investment community. We especially encourage you to pass along the address of this site to former colleagues who are currently seeking positions in the EM debt industry.

To post an employment opportunity, please contact Jonathan Murno of EMTA at (646) 289-5413 or at jmurno@emta.org. To post a summary resume, please contact Suzette Ortiz of EMTA at (646) 289-5414or at sortiz@emta.org.

From the Market contains items submitted to EMTA that are deemed of general interest to the Emerging Markets trading and investment community. Decisions to post items are at EMTA's discretion, and the responsibility for content of each posted item lies solely with its author. Items in a variety of formats such as articles, opinions, transcriptions, and graphics, among others, are appropriate for this area. To submit postings to this area, please contact Suzette Ortiz at sortiz@emta.org or (646) 289-5414.

Litigation is where various legal cases are posted that may be of interest to the EM trading and investment community. Cases can be viewed alphabetically in the more comprehensive List of Cases, as well as by specific subject matter category in reverse chronological order. If you are aware of any pertinent information which would be useful to post here, please contact Aviva Werner at awerner@emta.org or (646) 289-5412.

Miscellaneous

EMTA Membership Update

EMTA's newest members include:

- **The Bank of New York Mellon**
- **BTG Pactual Asset Management**
- **BTIG**
- **Chadbourne & Parke LLP**
- **KPMG**
- **LW Securities Ltd.**
- **Roubini Global Economics**
- **VTB Capital**

If you are interested in EMTA Membership, or if you know of prospective Members, please contact Michael M. Chamberlin at mchamberlin@emta.org or (646) 289-5411, Jonathan Murno at jmurno@emta.org or (646) 289-5413 or Suzette Ortiz at sortiz@emta.org or (646) 289-5414. Also, in the Membership area of EMTA's website, we offer information about our various Membership categories and benefits and about how to join the Association.

EMTA is Your Forum

Questions arise from time to time about EMTA's policies regarding views expressed in items posted on its website or by speakers or panelists at EMTA events.

For the record, EMTA, by long-standing custom, does not necessarily endorse such views. Items posted on EMTA's website and speakers and panelists at EMTA events are selected because EMTA believes that they will be of topical interest to our Members and to the broader market and will contribute to the expression and free exchange of views and information in the marketplace.

EMTA is always interested in getting market feedback on the effectiveness of our website, events and activities generally. Please take the time to let us know whether or not you agree with what you see on our website or hear at one of our events and, most important, whether there is more that EMTA should be doing, or doing differently, to better serve the EM marketplace.

Information for Volume Survey Participants

As a reminder, EMTA collects volume data from market participants for its Debt Trading Volume Surveys on a quarterly schedule. EMTA contacts its survey participants approximately one week before the end of each quarter. Look for the EMTA Volume Survey e-mails!

If you are not currently a participant in the EMTA Volume Survey and believe you can contribute data for this purpose, or wish to find out more about being a survey participant, please contact Jonathan Murno at jmurno@emta.org or (646) 289-5413. Individual Survey responses are kept strictly confidential.

EMTA Hotlines

Topic	Contact	Telephone
Asia	Jonathan Murno/Leslie Payton Jacobs	(646) 289-5413/(301) 838-4552
Bond/Loan Trading	Aviva Werner	(646) 289-5412
Clearing Corp.	Michael Chamberlin/Starla Griffin	(646) 289-5410/(44-207) 996-3165
Corporate Bonds	Jonathan Murno/Leslie Payton Jacobs/ Aviva Werner	(646) 289-5413/(301) 838-4552/ (646) 289-5412
Credit Derivatives	Leslie Payton Jacobs/Aviva Werner	(301) 838-4552/(646) 289-5412
EM Bond Charts	Aviva Werner	(646) 289-5412
EM Charity Benefits	Jonathan Murno	(646) 289-5413
EM Litigation	Aviva Werner	(646) 289-5412
EMTA Annual Meeting/Forums	Jonathan Murno	(646) 289-5413
EMTA Governance	Michael Chamberlin	(646) 289-54100
EMTA Rate Quotation Services	Leslie Payton Jacobs	(301) 838-4552
FX and Currency Derivatives	Leslie Payton Jacobs	(301) 838-4552
International Financial Architecture	Michael Chamberlin	(646) 289-5410
Investor Issues	Michael Chamberlin/Aviva Werner	(646) 289-5410/5412
Legal/Compliance	Aviva Werner	(646) 289-5412
Library and Archive Requests	Evelyn Ramirez	(646) 289-5415
Local Markets	Aviva Werner/Leslie Payton Jacobs/ Starla Griffin	(646) 289-5412/(301) 838-4552/ (44-207) 996-3165
Market Information/Research	Jonathan Murno	(646) 289-5413
Membership	Jonathan Murno/Suzette Ortiz	(646) 289-5413/5414
Netting: Multilateral Netting Facilities	Aviva Werner	(646) 289-5412
Paris Club	Starla Griffin	(44-207) 996-3165
Press Inquiries	Jonathan Murno	(646) 289-5413
Repos/Securities Lending	Aviva Werner	(646) 289-5412
Volume Survey	Jonathan Murno	(646) 289-5413
Warrants/VRR's	Aviva Werner	(646) 289-5412
Website	Suzette Ortiz	(646) 289-5414

EMTA staff can also be reached through the general telephone number (646) 289-5410, at the following e-mail addresses or through EMTA's website (www.emta.org).

Michael Chamberlin	mchamberlin@emta.org
Monika Forbes	mforbes@emta.org
Starla Griffin	sgriffin@emta.org
Leo Hsu	lhsu@emta.org
Jonathan Murno	jmurno@emta.org
Suzette Ortiz	sortiz@emta.org
Leslie Payton Jacobs	lpjacobs@emta.org
Evelyn Ramirez	eramirez@emta.org
Aviva Werner	awerner@emta.org

EMTA Calendar

Fri., Jan. 1, 2010	Recommended Market Close
Mon., Jan. 18	Recommended Market Close (NYC) Martin Luther King Jr. Day Recommended 12:00 Noon (London) Early Market Close
Tues., Jan. 26	**Corporate Bond Forum (London) ING Bank NV 60 London Wall London**
Wed., Feb. 3	**Board Mtg (NYC/London)**
Mon., Feb. 15	Recommended Market Close (NYC) Presidents' Day Recommended 12:00 Noon (London) Early Market Close
Tues., Feb. 23	**Winter Forum (London) JPMorgan The Great Wall, 60 Victoria Embankment London**
Wed., March 10	**EMTA Forum - Dubai Hosted by Standard Chartered Shangri-La Hotel, Al Bader Ballroom Sheikh Zayed Road (Dubai)**
Fri., April 2	Recommended Market Close (London) Good Friday Recommended 12:00 noon (NYC) Early Market Close
Mon., April 5	Recommended Market Close (London) Easter Monday
Wed., April 7	**Spring Forum (NYC) Hosted by HSBC Securities (USA) Inc. 452 Fifth Avenue, 11th Floor (at 40th St.) NYC**
Tues., April 13	**EMTA Forum - São Paulo Hosted by Itaú BBA Itaú Cultural Institute Av. Paulista n° 149 - São Paulo (Brazil)**
Thurs., April 15	**EMTA Forum - Buenos Aires Hosted by Banco Itaú Cerrito 740, 18th Floor (Argentina)**
May*	**Board Mtg (NYC/London)**
Mon., May 3	Recommended Market Close (London) May Day Bank Holiday
Fri., May 28	Recommended 2:00 p.m. (NYC) Early Market Close
Mon., May 31	Recommended Market Close (NYC/London) Memorial Day/Spring Bank Holiday

***Details TBA**

EMTA Calendar (continued)

Thurs., June 24	**Summer Forum (London)** **Merrill Lynch** **2 King Edward Street** **London**
Mon., July 5	Recommended Market Close (NYC) Independence Day Recommended 12:00 Noon (London) Early Market Close
Mon., August 30	Recommended Market Close (London) Summer Bank Holiday
September/October*	**Corporate Bond Forum (NYC)**
September/October*	**Fall Forum (NYC)**
Mon., Sept. 6	Recommended Market Close (NYC) Labor Day Recommended 12:00 Noon (London) Early Market Close
October/November*	**EMTA Singapore Forum** **Hosted by ING Wholesale Banking**
October/November*	**EMTA Hong Kong Forum** **Hosted by ING Wholesale Banking**
Mon., Oct. 11	Recommended Market Close (NYC) Columbus Day Recommended 12:00 Noon (London) Early Market Close
Thurs., Nov. 11	Recommended Market Close (NYC) Veterans' Day Recommended 12:00 Noon (London) Early Market Close
Thurs., Nov. 25	Recommended Market Close (NYC) Thanksgiving Day Recommended 12:00 Noon (London) Early Market Close
Fri., Nov. 26	Recommended 2:00 p.m. (NYC) Early Market Close
Thurs., Dec. 2	**EMTA Annual Meeting** **Citigroup, 388 Greenwich Street (NYC)** **2010 Emerging Markets Benefit (NYC)**
Thurs., Dec. 23	Recommended 2:00 p.m. (NYC) Early Market Close
Fri., Dec. 24	Recommended Market Close (NYC) Christmas Day (observed)
Mon., Dec. 27	Recommended Market Close (London) Christmas Day (observed)
Tues., Dec. 28	Recommended Market Close (London) Boxing Day
Fri., Dec. 31	Recommended 2:00 p.m. (NYC) Early Market Close
Mon., Jan. 3, 2011	Recommended Market Close (London) New Year's Day (2011)

***Details TBA**