EMTA

Bulletin

1st Quarter 2012 Volume 2012: No. 1

EU's "Can Kicked Down the Road"?

EMTA's Winter Forum was held in London on March 6, 2012. Once again, JPMorgan hosted the event in their Great Hall, which was attended by over 150 market participants.

Joyce Chang (JPMorgan) led the event's discussion of sell-side analysts. Chang began the session by noting that economic forecasts for 2012, as shown on a slide projected at the event, were in a narrow range, with the greatest variation in estimates on US GDP growth and G-3 FX specifically the USD/EUR and USD/JPY rates. (The slide of economic forecasts is available on the EMTA website at http://www.emta.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=7228.)

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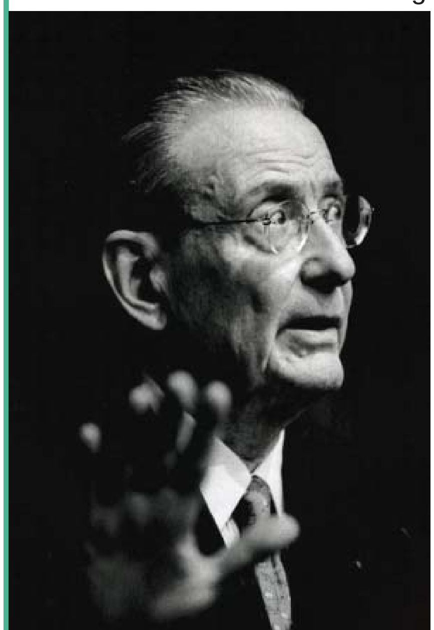
"Banker to the World" Bill Rhodes Delivers Keynote Speech at EMTA 2011 Annual Meeting

"Banker to the World" Bill Rhodes delivered the keynote speech at EMTA's Annual Meeting in New York on December 1, 2011. In his remarks, Rhodes reflected on his decades of experience in international financial crisis management, drawing parallels between the current Greek financial crisis and earlier crises in an array of countries. Rhodes reviewed the most important lessons, and shared some of his opinions on what policies Greece should follow to overcome its predicament.



Rhodes serves as president and CEO of William R. Rhodes Global Advisors, LLC and is also Professor-at-Large at Brown University. His book, "Banker to the World: Leadership Lessons From the Front Lines of Global Finance", was recently published to critical acclaim. Rhodes has distinguished himself as one of the leading bankers in the world during his more than 50 years at Citi, where he is now a Senior Advisor.

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Trade Association for the Emerging Markets

Greece Announces Its PSI Debt Exchange Offer

On February 24, 2012, Greece invited eligible bondholders to exchange their debt for new Bonds, GDP-Linked Securities (GDPs), EFSF one- and two- year notes and EFSF short-term six month notes. In order to facilitate when-issued trading, EMTA recommended three when-issued confirmation forms for the trading of (i) individual Bonds, (ii) GDPs, and (iii) a 'basket' of 20 Bonds, together with their corresponding GDPs.

As the confirmation form for the 'basket' trade indicates, the Bonds and the GDPs will each have their own different and unique security identification number (ISIN No.), and market participants will have to settle their 'basket' trade using such different ISIN Nos. Therefore, it is necessary to submit separate settlement instructions for the 20 Bonds and GDPs comprising a 'basket' trade. Click Here for the EMTA Memorandum and confirmation forms.

On March 9, the ISDA EMEA Determinations Committee determined that a Restructuring Credit Event had occurred with respect to the Greek deal as a result of the "exercise by [Greece] of collective action clauses to amend the terms of Greek law governed bonds issued by [Greece] such that the right of all holders of the Affected Bonds to receive payments has been reduced". Click Here for a copy of ISDA's Press Release and Click Here for the PSI Launch.

For more information, please contact Aviva Werner at awerner@emta.org.

EMTA Presents Panel on Greece

On March 30, 2012, EMTA will host a panel discussion "Greece and the Rule of Law". This event will be held at EMTA's offices at 360 Madison Avenue in NYC.

The ongoing Greek debt exchange -- the largest sovereign bond default and restructuring in contemporary history -- comes on the heels of troubling precedents set by Argentina and Ecuador in recent years that have eroded the validity of contracts, laid bare limitations in enforcement provisions, and arguably undermined the rule of law in sovereign international finance. Was Greece the product of unique circumstances or will it be considered a precedent for any subsequent sovereign debt restructurings that may take place elsewhere in Europe or beyond. This seminar will bring together experts from various perspectives who will reflect on the implications and lessons learned from the case of Greece and its predecessors.

Prof. Arturo Porzecanski from American University will present a background paper, "From Buenos Aires to Athens: The Road to Perdition", and moderate the presentations and subsequent discussion.

Other panelists and their topics include:

Diego Ferro (Greylock Capital Management) – Topic TBD

Anna Gelpern (American University Washington College of Law and Georgetown Law) – Sovereign Debt circa 2012: Going to Pot or Going in Circles?

Larry Goodman (Center for Financial Stability) – The Perils of Precedent: Threats to Sovereign Bond Markets

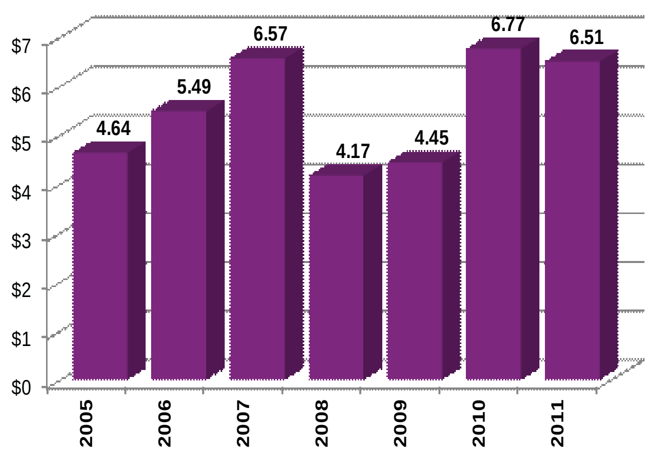
Dr. Robert Shapiro (Co-Chair, American Task Force Argentina) – The Costs of Disorderly Default - Lessons from Argentina

EMTA Survey: Full Year 2011 Emerging Markets Debt Trading Remained Strong At US$6.506 Trillion

Emerging Markets debt trading volumes remained at high levels in 2011, according to a report released on March 2, 2012 by EMTA. Participants reported US$6.506 trillion in overall EM debt trading for 2011, a 4% decrease from the US$6.765 trillion reported for 2010, (which remains the highest annual volume recorded since EMTA began publishing the report in 1992).

Eric Fine, Portfolio Manager at Van Eck Global, noted that "the attractiveness of Emerging Market bond markets, whether hard-currency or local-currency, rests on many pillars, but key among them are the simple facts that emerging economies have lower debt stocks and deficits, while their central banks are more responsive to inflationary pressures than those in the developed markets."

Aggregate Trading Volume
(in US$trillions)



However, trading volumes slowed in the final months of 2011. Participants in the Survey also reported volumes of US$1.302 trillion in the fourth quarter of 2011. This represents a 30% contraction vs. fourth quarter 2010 volume of US$1.861 trillion and a 26% decrease from the US$1.760 trillion reported to EMTA in the third quarter of 2011.

"The fourth quarter of 2011 was characterized by ongoing concerns over Europe, potential contagion, and high volatility in foreign exchange and other global markets; the increased investment in EM bond markets over prior quarters as a result of their strong performance during the 2008/2009 crisis perhaps planted some technical seeds of a retrenchment," Fine speculated, adding that that new heights in the EM debt asset class were easier to question during a time of increased concern over the global economy.

Local Market Instruments at 71% of 2011 Volume

Turnover in local market instruments stood at US$4.641 trillion in 2011, and represented 71% of total reported volume. This represents a 2% decrease compared to trading of US$4.743 trillion in 2010.

Hong Kong instruments were the most frequently traded local markets debt, at US$846 billion in 2011. Other frequently-traded local instruments were those from Mexico (US$704 billion), Brazil (US$528 billion), South Africa (US$380 billion) and Turkey (US$267 billion).

On quarterly basis, local markets volumes stood at US$965 billion in the fourth quarter (or 74% of overall fourth quarter trading volumes). This compares with $1.302 trillion reported to EMTA in the fourth quarter of 2010 (a 26% decrease) and US$1.337 trillion in the third quarter of 2011 (down 28%).

Survey (continued)

Eurobond Volumes at US$1.788 Trillion in 2011

Eurobond trading stood at US$1.788 trillion in 2011. This compares to US$1.967 trillion in 2010 (down 9%) and US$1.513 in 2009. On a quarterly basis, participants reported US$304 billion in Eurobond volume in the fourth quarter, a 44% decline from U$545 billion in the fourth quarter of 2010 and down 27% from US$414 billion in the third quarter of 2011.

53% of Eurobond activity involved sovereign debt issues in 2011, with Survey participants reporting US$941 billion in sovereign Eurobond turnover. This compares to a 55% share of Eurobond activity in 2010, when such volumes stood at US$1.089 trillion.

Corporate Eurobond trading stood at US$763 billion in 2011, compared to US$805 billion in 2010, or a 5% decrease. Sovereign Eurobond activity accounted for 15% of overall Survey volumes, with corporate trading at 12% of total turnover.

The most frequently traded individual EM Eurobonds in 2011 included Russia's 2030 bond (US$50 billion in turnover), Venezuela's 2022 bonds (US$17 billion), Venezuela's 2027 bond (US$17 billion), Mexico's 2020 bond (US$15 billion) and Mexico's 2040 bond (US$14 billion).

In addition to local markets bonds, and sovereign and corporate Eurobonds, the Survey also includes turnover in warrants, options, loans and Brady bonds. Survey participants reported US$74 billion in 2011 warrant and option trades, US$3 billion in loan assignments and less than half a billion in Brady bond trades. These categories combined represented less than two percent of total volume.

Hong Kong, Mexico, Brazil Instruments Most Frequently Traded

Hong Kong instruments were the most frequently traded instruments overall according to Survey participants, with US$896 billion in turnover. This compares with US$665 billion in 2010 (a 35% increase). Hong Kong volumes accounted for 14% of total Survey trading.

Mexican instruments were the second most frequently traded instruments in the EMTA report, at US$868 billion, according to Survey participants. This represents a 26% increase on the US$687 billion reported in 2010. Mexican volumes accounted for 13% of total reported volume.

Third were Brazilian assets, at US$722 billion in turnover. This compares to US$959 billion in 2010, a 25% decrease. Brazilian instrument trading accounted for 11% of Survey volume.

Other frequently traded instruments were securities from Russia (US$426 billion) and South Africa (US$419 billion).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by more than 50 leading investment and commercial banks, asset management firms and hedge funds.

For a copy of EMTA's Fourth Quarter or 2011 Annual Debt Trading Volume Surveys, please contact Jonathan Murno at jmurno@emta.org or +1 (646) 289-5413. Complimentary copies are available for all participating EMTA member firms.

Winter Forum (continued from page 1)

Chang further observed that the current economic forecasts were much more positive than those offered at the December 1, 2011 EMTA Annual Meeting, and sought explanations for the change in tone. Credit Suisse's Kasper Bartholdy found this rational and attributed it to ECB action that had led to sharply reduced concerns of a sovereign default by Italy or Spain, and thus decreased Eurozone risks in general, although the upcoming French elections and Greece's potential Eurozone exit could lead to market volatility. The fact that aggressive G4 central bank monetary support has generated traction in financial markets also had led to the adoption of a less pessimistic outlook.

Arnab Das (Roubini Global Economics) concurred that "catastrophic" risk had declined in recent months, but added, "let's call a spade a spade; eventually Greece will exit the Eurozone." EM players should know better than anyone, Das argued, that official denials of a devaluation were almost inevitably followed by a devaluation. The only question that remained was whether enough time had been bought to mitigate the effects of a Greek default.

David Lubin (Citi) rejected a suggestion that a potential Greek default had become a "non-event," and refused to rule out Portugal and Ireland as additional debt restructuring candidates. Chang summarized speaker comments that, at best, "the can has been kicked down the road, but the crisis is not over."

Discussing China's impact on global growth, Lubin stressed that "China is absolutely fundamental...and any Chinese shock would translate into a decrease in risk appetite." Chinese authorities were mistaken to believe they could squeeze the property sector without affecting the rest of the economy, according to Lubin, who asserted that officials would be subject to the same pressures and incentives as their democratic counterparts in order to ensure a smooth leadership transition. Das revealed that his forecast for Chinese growth was 4-6% in 2013, notably below street consensus.

On additional risks for 2012, Standard Bank's Stephen Bailey-Smith expressed his belief that the downside risk to growth is already priced in to the market, and that the DM linkages to frontier markets were mainly realized through commodities. Bailey-Smith observed that frontier markets have underperformed since the global financial crisis began in 2008.

Several panellists concurred that attacks on Iran were not a base case, and that recent US and Israeli comments indicated a decreased chance of a military intervention. Lubin suggested that the uptick in oil pricing could be due to "over-worrying," while increased demand from Japan and China provided fundamental support of oil pricing. Bailey-Smith noted his forecast for oil (WTI) in 2012 was $105.

Reviewing specific countries, Lubin noted that the IMF and EU had ample reasons to negotiate aggressively with Hungary, especially in light of the potential increased contributions to the IMF from Gulf countries, etc, which would be monitoring developments. Bailey Smith expected a reversal of the rand's appreciation, forecasting ZAR at 8.20/8.30 by year end. Das judged the Russian elections a "non-event," while warning if the status quo in Russia did not change, investment in the country would remain little short of an oil play.

The panel ended with trading recommendations. Lubin saw rates declining throughout the EM world, with the notable exception of South Africa. He added that that the recent run in EM equities still had room to continue. Bartholdy and Das voiced optimism that EM sovereign bonds would catch up (in terms of spread compression) after lagging other assets. Bartholdy also recommended Russian OFZs, Argentine GDP warrants, and the RUB, PLN and MXN.

Bailey-Smith acknowledged that his recommendation of Egypt was a contrarian view, while Nigeria remained a top selection. He saw opportunities in Kenya and Uganda, and spoke constructively on Cote d'Ivoire ("they will make the June coupon payment, and there are positive structural changes taking place in the country.") Chang highlighted her overweight EMBI recommendation. She favored Venezuela, while also seeing opportunities in Belize (even in a restructuring) and also spoke positively on the CNY and MXN.

Winter Forum (continued)

The event's Investor Panel followed, moderated by Kevin Daly of Aberdeen Asset Management. Jerome Booth (Ashmore Investment Management) continued his impassioned championing of the asset class. "Investors remain massively under-allocated to EM; there is much further compression to come in spreads on both sovereign and corporate debt, and any drop in asset pricing should be viewed as a buying opportunity," he proclaimed.

La Francaise AM's Tom Fallon concurred in the positive view of EM. Gene Frieda (Moore Capital) noted that a lot of tail risks had been removed from the market, while suggesting that a going into risk-off mode in the 2H was probably wise.

The effects of the Greek exchange were discussed. Moore polled attendees if they would buy post-exchange Greece, but a show of hands revealed no takers. "Greece is fundamentally irrelevant, the 120% debt/GDP ratio [post-exchange] is a joke, and Greece will default again," stressed Booth. The traditional goal of a restructuring--a boosting of private sector confidence--would not occur in this case, but that was of no importance to pension funds investing in EM, Booth argued. Other panelists agreed that market concerns should be limited to the potential for a Eurozone break up, and several predicted a short-term (if not short-lived) relief rally once the exchange was completed.

While recent US macro data had led to increasing investor confidence, Booth expressed scepticism. "The reality is that there is still a lot of deleveraging that must take place in the US and UK; there are several more years of slow growth in the US ahead of us...and we are probably doing the best that can be expected, simply because there has not been a blow up," he stated. John Carlson of Fidelity Investment Management adopted a more optimistic tone, "I think that US growth will be steady and will gain traction, although I am not predicting 4% growth," he noted.

The panel concurred that the chances of a hard landing in China were vastly exaggerated, with Fallon reminding attendees of the vast resources at Beijing's disposal. Booth suggested that the Chinese hard-landing story was mostly an excuse employed by those wishing to avoid allocations to EM. Daly disagreed with Das' earlier prediction of much slower-than-expected Chinese growth, agreeing with Fallon that the government "clearly has the ability to stimulate the economy if needed."

At 900-1000 bps over USTs, Venezuelan debt had room to rally, especially in a year of firm oil pricing, opined Fallon. He warned investors however that, following market speculation on a potential leadership change, the country's history of democratic governments was limited, and that investors should in any case wish for a continuation of the Chavez government's record of servicing external debt in any future administration. Daly predicted the credit could trade through Argentina under a new leader. Carlson labelled Venezuela a top recommendation.

The effects of the Volcker Rule and Basel III were also discussed. Fallon commented that larger firms would feel the liquidity contraction more than smaller funds, while Carlson predicted that EM corporate debt would increasingly be a buy-and-hold game. Traders would be hurt more by the reforms than investors, Booth stated, highlighting that EM banks would likely gain market share from traditional EM sell-side firms, which was "a healthy development."

On trading recommendations, Frieda observed that the 4Q 2011 sell-off was almost perfectly mirrored in the Q1 2012 rally. "There has been almost no differentiation in credits, so the macro trends are the most important factors," he commented, pointing out that the anticipated easing of rates in China in Q2 could be a market mover. Frieda would short India and Turkey and was not convinced that Hungary was "on the path to redemption."

Fallon recommended Argentina and Russia. He also favored the ZAR (while cautioning "we always get ZAR wrong at the EMTA meetings"). Daly joined Fallon and Carlson as members of the MXN fan club, with Daly also recommending Nigerian T-bills.

CNH: A Long Journey for the EM Market?

Speakers at EMTA's Seminar on the CNH Market expressed a range of opinions on the future prospects for offshore Chinese currency. The event, held in London on February 16, 2012, drew a crowd of 185 market participants and was sponsored by Thomson Reuters. Not all speakers were convinced the Chinese Renminbi would, inevitably, become fully convertible, yet all agreed the journey would be an interesting one.

Thomson Reuters' Alan Wheatley led the discussion. In his opening comments, Wheatley argued that Beijing had turned traditional sequencing for currency convertibility on its head. "Usually countries loosen the FX rate, liberalize interest rates and develop domestic financial markets before allowing their currency to be used offshore, yet China is doing the reverse by first encouraging trade settlement in Yuan," he ventured. He opened the floor to comments on why the CNH was being promoted by China, and why it was finding an audience.

Steve Haydon (Bank of China), who voiced the panel's most bullish long-term stance, argued that alternatives to the Dollar and the Euro were seen as necessary, while recognizing that volatility in 2011 served as a reminder that this was still a nascent market. Haydon suggested that issues with movement of currency during the Arab Spring had led some to think about alternatives to the Dollar and Euro, whose movement could be "linked to Western politics." He added that it was not only Asian countries that were using the CNH as a reserve currency.

Speakers such as Standard Chartered' s Thomas Harr viewed the CNH as being chiefly a means for firms doing business in China to mitigate currency risk. Tim Condon of ING joined Harr in stressing that he remained unconvinced that becoming a fully convertible reserve currency was Beijing's goal. "I take the government at their word; their only goal is to mitigate FX risk for Chinese companies; I am not sure if there is a next step, or a larger goal," Condon stated, with Harr echoing that China viewed CNH as a trade and investment currency, but not necessarily one to be used for Central Bank reserves.

Were Western importers starting to prepare invoices in CNH, Wheatley asked? Condon asserted that any CNH-invoicing would accelerate if importers believed the currency would depreciate. "Investors don't hold CNH because they see it as a store of value," he argued; "they hold for speculative value, which limits how much this experiment can be pushed."

Aviva Investors' Kieran Curtis also suggested there were limits to the external use of CNH, pondering how Renminbi could be used outside of China. "For example, could one use it on Bond Street?" he asked. Haydon conceded that CNH had a long way to go before such acceptance might occur…although he cautioned attendees not to "underestimate the number of Yuan-denominated accounts already in London."

The panel moved to a discussion of issuance forecasts for CNH-denominated debt in 2012. Harr predicted $170-$180 billion in CNH paper in 2012, a slight decline from 2011. Curtis specified that the majority of this was short-term debt, as investors shied away from greater duration risk. He explained that CNH-bond issuers included the Chinese government, looking to develop the market (rather than raise funds); multinationals which intended to move funds into China and which wanted to match income with expenses; and Chinese corporations which sought to take advantage of the cheaper funding cost in Hong Kong, as opposed to the mainland.

Liquidity remained an issue in CNH bonds, Curtis acknowledged, and Haydon stressed that investors should recognize the "slow evolutionary process of this market….we are on a journey, and we don't know how long the journey will take." Speakers did concur that the NDF market for the Yuan would decline as CNH liquidity increased.

CNH (continued)

Panelists discussed the rise of London as a CNH-trading center in the aftermath of Chancellor of the Exchequer George Osborne's promotional trip to China. Haydon believed that London could serve as a trading center for oil exporters and African countries with CNH interest. Curtis further specified that London would serve as a second CNH trading center on the currency side and not on the bond side, at least until there was "too much Renminbi in the European market."

Singapore's future as a secondary CNH trading center seemed questionable; the panel's two Singapore-based speakers agreed. Harr pointed out that there was little need for two trading centers in the same time zone, with Condon concurring.

The fact that Chinese banks are opening London branches (e.g. ICBC, Agricultural Bank of China) served as evidence of London as a CNH center, but "we have to be realistic about the speed…financial markets people like us are not known for our patience," noted Haydon. Haydon also noted that liquidity would be built as London bankers get educated on the CNH market ("…and the turnout today shows there is interest), as well as the ability to process deliveries via market payment systems.

The event concluded with a cocktail reception.

Bank of China and Standard Chartered provided additional support for the program.

EMTA will hold a similar event in New York in 2012.

Need for Better Covenants and Financial Reform Effects on Liquidity Discussed at EMTA's Corporate Bond Forum in London

Despite adding even more capacity for attendees, EMTA's Corporate Bond Forum in London remained a standing-room-only event, as it has for several consecutive years. ING hosted the event on Tuesday, January 24, 2012. ING's Head of Global EM Strategy David Spegel moderated the event's panel discussion, which focused on the effects of regulatory reforms, bond covenants, anticipated issuance and defaults, and investor recommendations.

Providing an overview of the asset class, Warren Mar (JPMorgan) noted that his firm had recently upgraded the asset class to neutral, while anticipated heavy supply in coming months and pockets of developing risks within EM itself were working against an "overweight" recommendation. Polina Kurdyavko (Blue Bay Asset Management) highlighted steady inflows to EM corporates for the past twelve months despite overhanging Eurozone concerns. She acknowledged that volatility remained in the EM corporate sector, "although these periods of volatility are becoming shorter." Kurdyavko believed that the Eurozone crisis had already reached its nadir, and that, going forward, investors would focus increasingly on EM corporate fundamentals.

VTB's Maxim Raskosnov noted that domestic politics are driving the Russian corporate bond markets. Russia's government budget was in deficit territory despite strength in oil pricing ("this won't help ratings"), and Russian sovereign paper was becoming an increasingly less conservative credit, although not anywhere close to the peripheral European credits yet.

Spegel discussed the drop in market liquidity, attributing these to Basel III and Volcker Rule concerns, and cited EMTA bond trading statistics which help to reveal the marked decline of secondary liquidity with turnover ratios on EM bonds a third of what they were a few years ago. Esther Chan of Aberdeen Asset Management commented that these regulations have clearly affected risk-taking and dealer inventories, and that all debt classes would suffer under financial market reforms. "You need to think much more about time horizons on holding bonds…and you also need to be more conscious of the size of holdings in thinner markets," she stated.

Kurdyavko argued that, relative to the high-yield and investment-grade asset classes in developed markets, liquidity in EM corporates has actually improved, noting the increased role of several dealers in 2012. However, she acknowledged overall liquidity and resources remained an issue, with the need for more analysts and more resources for EM corporates. She urged investors to become more involved in speaking to regulators, and believed that it would be hard to adopt a long-term view of liquidity for portfolio managers.

Mar added that liquidity was also a function of the still relative newness of the asset class, noting that although the growing number of investors in the audience each year highlighted the growth of the investor base, we still lacked the level of sponsorship enjoyed by other credit asset classes. He noted that the level of resources dedicated to covering the asset class on both the sell- and buy-side was important to underpinning the market during times of uncertainty and crisis.

Turning to a discussion of bond covenants, Kurdyavko voiced concern that these have not improved, and attributed this to factors such as inexperienced investment bankers, increased dealer competition, the strength of the "retail bid" (which focused more on yield than structure) and lower fees (which all combined, reduces pressure for better bond structures). "If we don't work to change this, it will hurt our asset class...we need to be much more disciplined," she asserted. Chan concurred, citing a recent Banco do Brasil deal which she feared could set a poor precedent for the future. Raskosnov added that how covenants actually fared in practice was also an issue, and referred to conflicting interpretations of clauses in defaulted BTA bonds.

Corporate (continued)

Analysts' predictions on issuance varied, with Mar at $185 billion (given the outlook for the US Dollar and low yield environment) to Kurdyavko's $250 billion. Raskosnov predicted light issuance in the Russian/CIS orbit due to political tensions, as well as borrowers' sensitivity to pricing, as the local debt market has grown into a competing source of funding. Spegel argued that a significant proportion of the $227 billion worth of EM bank loan maturities might find themselves funded in bond capital markets. Consequently, he argued that corporate bond issuance could reach new records (possibly above $240 billion) with much more than expected coming from EM European and CIS corporates, "where European banks' loan books are most heavily exposed." On expected defaults, Mar forecast a 3.9% default rate (ex-BTA recovery notes), or 2.6% for the remainder of 2012 with BTA already recorded, with Spegel a bit more positive (at below 3%) and Kurdyavko at 1.9%.

Concluding with investor recommendations, the panel had similar views on the four regions favouring Latin America over Asia followed by EM Europe and the Middle East. Both Mar and Chan recommended the higher-quality Chinese property bonds, while the oils were favoured by Kurdyavko and Raskosnov. Mar also suggested that investors consider Mexican homebuilders and Indonesian corporates on the heels of the sovereign upgrade. Telecoms and utilities were among Kurdyavko's selections.

EMTA Board Meeting

EMTA's first Board Meeting for 2012 was held on March 5, 2012. Several firms requested changes to their Board representative, and these changes were approved: Mehmet Mazi for Burt van Keulen (HSBC Bank), Eduardo Ikuno for Rodolfo Fischer (Itaú BBA) and Robert Milam for Martin Marron (J.P. Morgan Chase). With the election of Board officers, EMTA's Board of Directors for 2012 is as follows:

Co-Chairs

Matthew Clinton (Barclays Capital)
Robert H. Milam (J.P. Morgan Chase)
Mark L. Coombs (Ashmore Investment Management)

Vice Chairs

Brian Weinstein (Bank of America/Merrill Lynch)
Alberto Agrest (Citigroup)
Igor Arsenin (Credit Suisse)
Christian Binaghi (Deutsche Bank)
Dean Menegas (Spinnaker Capital)

Other Board Members

Alex Garrard (BTG Pactual Asset Management)
Siew Hoong Tung (Gov't of Singapore Investment Corp.)
Mehmet Mazi (HSBC Bank)
Eduardo Ikuno (Itaú BBA)
Sandy White (MarketAxess)
Bruce A. Wolfson (Rohatyn Group)
Ian Dalglish (Standard Bank)
Ritesh Dutta (UBS)
Ricardo Mora (Goldman Sachs)
Peter Marber (Halbis Asset Management (USA), Inc.)
David Spegel (ING Financial Markets)
Matias Silvani (JP Morgan Asset Management)
Rashique Rahman (Morgan Stanley)
Peter Urbanczyk (Royal Bank of Scotland)
Mohammed Grimeh (Standard Chartered Bank)
Keith J. Gardner (Western Asset Management)

EMTA's Executive Director, Michael Chamberlin on behalf of the Board, thanked Martin Marron for his leadership as an EMTA Co-Chair since 2007 on behalf of J.P. Morgan Chase.

Chamberlin then explained that EMTA's 2011 preliminary results came out ahead of budget. Against a budgeted Surplus of $94,260, EMTA's Surplus for 2011 will be about $176,779, as compared with a 2010 deficit of (-38,701). Membership Revenues exceeded our target by about $98,866, Investment Income fell short (about $28,000) due to continuing historically low interest rate levels applying to a greater portion of EMTA's Reserve, Other Revenue (mostly Event Revenue) was higher than budgeted (by about $35,000) and Operating Expenses came in slightly lower (about $8,000) than budgeted.

EMTA's Budget for 2012 shows a projected Operating Surplus for the year of about $66,000.

EMTA's business plan continues to be guided by the strategy discussions with the Co-Chairs that occurred in late 2010, which concluded that EMTA's Core Business in the EM fixed income area should be accompanied by efforts to (1) trim some of EMTA's administrative duties in the FX area (particularly in connection with back-up rate-setting), (2) make the Events business somewhat more profitable and (3) reduce somewhat and target London-based activities to areas of greatest need and demand.

EMTA's activities for 2012 will be focused in these three areas, together with a careful monitoring of the implementation of the Dodd-Frank Act and Volcker Rule (EMTA's activities in this area have been limited to monitoring the regulatory process and making information available to the EM marketplace), which is likely to continue to have a very significant effect on the EM debt trading business, as well as monitoring developments in the EuroZone (similar to the Volcker Rule, EMTA's role has been limited to observing and distributing information when it seemed relevant to EM market participants and hosting meetings on the topic – see page 2 for the upcoming meeting on Greece and the Rule of Law).

Murillo De Aragao Warns of 2012 Brazilian Government "Friendly Fire" at EMTA Miami Forum

Noted Brazilian political analyst Murillo De Aragao of Arko Advice and Global Source Partners delivered the keynote address at EMTA's first Forum in Miami. The event, which was held on Tuesday, January 17, 2012, was hosted by Bonds.com at the Mondrian Hotel in Miami Beach. Over 100 market participants attended the event.

In his remarks, De Aragao promised to provide a commentary of Brazil "free of MBA disease," noting that he had earned his Ph.D. in sociology, not in economics. He reviewed President Dilma Rousseff's performance in 2011, calling the results "not extraordinary compared to [former president] Lula's; but definitely composed of continued improvements." Such progress has kept up popular approval of the government.

The Brazilian economic situation should be considered very good or even excellent, De Aragao argued, with 2.3 million new jobs created in Brazil in 2011, unemployment at 5.2%, and GDP growth at approximately 3.5%. However, politically, 2011 was a more lacklustre year, as De Aragao pointed out various scandals which resulted in the replacement of a number of government ministers. Popular support has allowed the government to pass bills on the minimum wage, anti-trust rules and small business tax rules; on the other hand, the most important reform bills did not get approval due to a lack of consensus among the various inter-party factions, chieftains and power brokers among the governing parties.

Former president Lula remains a sort of "chairman of the Board," De Aragao commented. "He is not Putin; he is not in a day-to-day role, but he has input on any critical situation."

Looking forward to 2012, Brazil was likely to grow another 3 to 3.5% in 2012, allowing for new job creation, while inflation would remain under control. On a political level, De Aragao rated as "high risk" the possibility of increased "friendly fire" between the governing parties and their factions.

Following De Aragao's remarks, Goldman Sachs' Paulo Leme moderated a panel discussion on the outlook for EM in the context of the global economic environment.

Marty Schubert (Eurinam) voiced his concerns on the gravity of the financial crisis in Europe. "The EU numbers are huge compared to Latin American numbers during the 1980s," he stated, and the inability to find a solution could lead to the collapse of the Eurozone. Schubert expected the current situation to "get worse before it gets better, and he noted that Greece's efforts at privatization had proven a "dismal failure." Schubert was concerned that the current debt trend is unsustainable unless sovereigns can grow themselves out of the problem. He cited the extent of the Greek haircut and the potential retroactive collective action clause, as 90% of the bonds were covered by Greek law to prevent holdouts a la Argentina and the likelihood that more countries will require huge debt haircuts. However, Schubert, a veteran of the 1980's restructuring added: "there is just too much debt, but there is life after debt!

"It's hard to see a scenario where Greece and Portugal remain in the Eurozone," commented Nomura's Tony Volpon, who assessed the risk of a "hard default" as high. Historically, there was no precedent for such highly-indebted countries escaping their debt crisis without a devaluation, he argued. Volpon expressed greater confidence in a less painful outcome for Italy and Spain, pointing out their more competitive sectors (and northern Italy's economic integration with Germany). A large devaluation of the Euro will alleviate some of the Eurozone's woes by "solving the problem of missing demand...by sucking in demand," he suggested. This could either lead to a currency war with countries such as China, Japan, the US and Brazil; or it could have a positive result by serving as a positive confidence shock.

Miami (continued)

Tulio Vera of Bladex Asset Management expressed a more optimistic view. A multi-year, partial dismantling of the welfare state in Greece and the other crisis countries might be underway, but it must be accompanied by either lower real wages or gains in competiveness if countries are to stay in the Eurozone; the alternative is an exit from the common currency with a devaluation. A Greek default was inevitable, with the size of the haircut remaining a question. Vera agreed that Italy and Spain would avoid restructurings, while venturing that Portugal could still avoid a default. He voiced less criticism of the ECB than some commentators, opining it was starting to move in the right direction. The IMF was unable to play a major role due to resource constraints, Vera concluded.

Discussing potential global ramifications of a European recession, Bulltick Capital's Alberto Bernal expressed confidence that the US could still avoid a double-dip recession. "We are so lean in the US that we can't fire anyone else," he stated. In contrast, Vera remained concerned that the American economy was "not out the woods," and predicted a decline in some upcoming US economic data.

Anne Milne of Bank of America Merrill Lynch remained relatively upbeat on the outlook for EM corporate debt, despite ongoing market concerns with Europe. She predicted a turbulent year for the asset class that would ultimately lead to a 10.5% return, highlighting that 70% of the asset class is investment grade. EM corporate debt issuance would only decline 5% to US$180 billion in 2012, while defaults would rise to 3.5% on the high-yield segment of the market (vs. a 0.4% default rate in 2011).

Leme prompted panelists to address the effects of financial industry reforms. Volpon expressed concern that if proposed regulations weren't diluted, the importance of Singapore, Shanghai and Sao Paulo as financial centers would rise, at the expense of New York and London. Milne observed that buy-side assets under management were increasing while the dealer side was in contraction mode. This would lead to changes, as "buy-side firms will come up with their own solution if regulators continue to suppress the sell-side."

Leme concluded by requesting speaker recommendations on EM assets for 2012. EM currencies are likely to appreciate vis-a-vis the Dollar and Euro, according to Vera, who recommended the MXP, CLP and BRL. He also would sell 2-year CDS on Argentina and 1-year CDS on Italy, assuming neither would default during those tenors.

Bernal predicted the S&P index to reach 1400, and would buy Italian debt while shorting French paper. He recommended underweighting hard-currency sovereign EM debt and overweighting its local-currency counterpart. The MXP could appreciate to 11.5 per Dollar by year-end, he added.

"There will be a time when the best trade is to buy southern Europe...but it is not yet," Schubert mused. He would sell the Euro vs. the US Dollar now, while adding that he would likely buy Euros later in 2012. Volpon anticipated the ECB would eventually begin an aggressive (non-sterilized) quantitative easing program which could either solve the EU crisis, or would lead to a speculative attack on the Euro. Milne noted her firm's 1350 S&P forecast and optimism for Brazilian equities. In the EM corporate arena, investors should overweight the oil and gas sector and top-tier EM financials while underweighting steel and food producers.

In addition to Bonds.com, additional support for the event was provided by Bank of America Merrill Lynch, Goldman Sachs and Nomura.

Annual Meeting (continued from page 1)

Sr. Rhodes began his formal remarks by noting that he had often heard people say that the experiences of EM countries would not apply to Greece and Europe, with its mature economies. He then refuted this argument through concrete examples.

The first lesson Rhodes offered was that each country and situation is unique. The factors that led to the current financial crisis in Greece differ from those of past crises, and even those of Ireland, Portugal, Spain and Italy. The common thread through all of these, however, is the element of contagion. Rhodes repeatedly emphasized the importance of acting quickly in a crisis, in order to limit contagion. In the case of Greece, policymakers did not take action quickly enough, he argued. Many had assumed that the Eurozone would not be subject to contagion, but that was clearly not the case.

Another key lesson, according to Rhodes, was the importance of strong leadership. Leaders must be able to convince their people that austerity measures are truly in their interest, and that they will eventually result in growth. He offered early 1990s Brazil, Turkey in 2001, and South Korea in 1997-98 as examples where leaders successfully communicated austerity needs to their populations with positive results: he reminisced about seeing Korean women waiting to melt down their gold jewelry, to prevent Korea from going into default, offering a case where such a need for a common goal had proven effective.

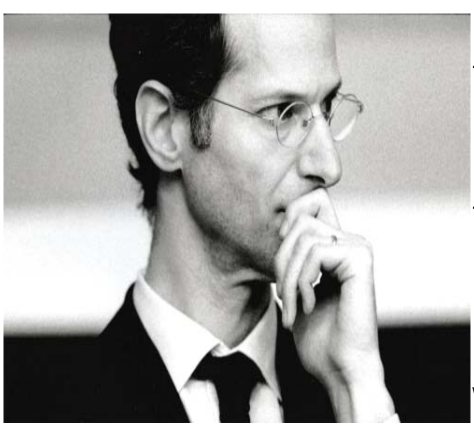
The importance of involving the private sector from the outset is another lesson, since it is the private sector which must ultimately bring countries back to the market. Rhodes again drew a comparison to Greece, where the private sector was not called in early enough.

Rhodes noted that, in the past, the IMF was the major actor in international financial crises, while the Eurozone situation was more complicated because one must also take the ECB and the EU into consideration. He argued that the IMF should play a greater role in the current crisis because it has the stability, experience and credibility; and he raised the idea of a trust fund, through the IMF, for some EM countries.

In closing, Rhodes said that, as the fear of a collapse of Greece had become widespread, policymakers would take the actions needed for the country to pull out of its crisis. He stressed that they should develop a fiscal structure and fiscal discipline, and that such action can no longer be delayed. He did not believe this will result in a worldwide recession, although many market participants were concerned about this.

A Q&A session followed the presentation. Rhodes answered questions on a variety of topics, including controversy about the role of the ECB, the IMF trust fund idea, the lack of international accounting standards, stress tests and the liquidity statement by the major central banks.

Investor Discuss Eurozone Prognosis

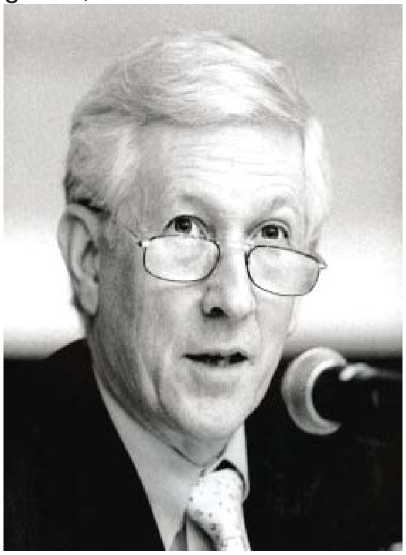


David Lubin of Citi moderated a panel of investor speakers at the event. Tulio Vera (Bladex Asset Management), Jim Barrineau (ICE Canyon), Dave Rolley (Loomis Sayles) and Hari Hariharan (NWI Management) offered their perspectives on the Eurozone crisis and its effects on EM.

The panel kicked off with a discussion of whether the Eurozone crisis would result in a "lost decade" for Europe. Hariharan argued that a common Eurobond solution would not work, and panelists agreed that the ten days following the panel would be crucial for determining how bad the crisis could get. Rolley pointed out that, at one point, the "lost decade" was presented as the worst case scenario, but it had since become more of a base case. Without ECB help, a depression (and not a recession) would be possible for Europe.

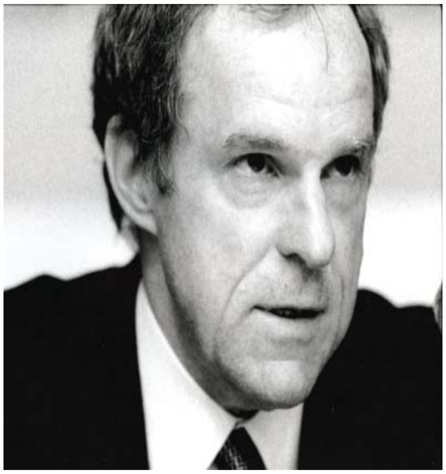
Annual Meeting (continued)

Lubin compared the crisis to Latin America in the 1980s, but Vera saw more similarities with 1990s Japan. Barrineau suggested the best prism to use was a Rogoff framework: "Heavily indebted countries, post financial crises, grow much slower than one would expect for 5-10 years….this happened to the US and it will happen in Europe," he commented. He believed that the implications for EM were unambiguously negative, and warned that some Eurozone members might leave the common currency within two years. Lubin polled the audience on this point, and a show of hands revealed that most EMTA members in attendance agreed.



The role of the IMF was also debated. Rolley commented that the IMF did not have enough resources to solve the Eurozone crisis, and changing IMF rules to give more power to China and Brazil was not realistic. Barrineau did not believe it was appropriate policy to increase the financial resources of the IMF in order to bail out a wealthy Europe if it meant doing it on the backs of people from far-poorer regions. He offered that the IMF could be used to get around ECB restrictions. Vera picked up on the theme of the shift in geopolitics, with EM wanting more representation in multinational institutions as they became a larger piece of the global economy.

Lubin then asked the panelists their thoughts on inflation, and whether an inflationary period would be on the horizon. Vera thought a deflationary environment would occur during the next 12 months, but over the next five years it was less clear. Barrineau forecast moderate disinflation over the next 12 months, and inflation over the next five years.



In terms of future predications, Hariharan and Rolley were positive on Mexico, while Hariharan expressed uncertainty about the CNH currency. Barrineau disagreed on Mexico, and offered Venezuela as a potential outperformer. Vera viewed the main themes of 2012 as Euro weakness and Europe's vulnerability.

Annual Meeting (continued)

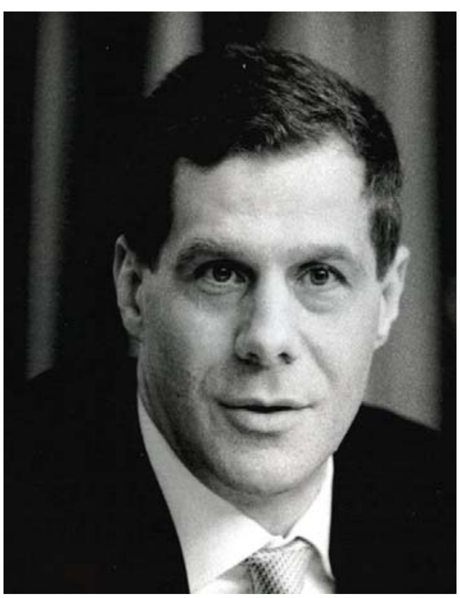
Sell Side Panel Discusses 2012 Economic Outlook

Joyce Chang of JPMorgan led a panel on the Economic Outlook for the Emerging Markets in 2012 following Rhodes' keynote address. Alberto Ades (Bank of America Merrill Lynch), Piero Ghezzi (Barclays Capital), Kasper Bartholdy (Credit Suisse), Drausio Giacomelli (Deutsche Bank) and Paulo Leme (Goldman Sachs) discussed varying degrees of pessimistic expectations for 2012, focusing largely on the Eurozone.

Chang opened by commenting that 2011 was ending with the most vulnerable global financial outlook since the 2008 crisis. On the other hand, she noted that, despite the tumultuous year, EM debt had outperformed many other asset classes. Chang invited her panelists to describe their 2012 outlooks.

Ades laid out three scenarios, but believed that the most likely cases were the "bad" (some improvement in second half of 2012, with 3.5% global growth) and the "ugly" (economic growth not gaining any traction in second half). He expected the Eurozone would end the year with 0.6% growth after a period of contraction, with US growth at 1.9% in 2012.

Ghezzi commented that, although the market was still negative on Europe, he suspected that the situation might be reaching a turning point, and that further fiscal integration could occur over the next 18-24 months. He acknowledged, however, that a break-up of the Eurozone and sovereign defaults could not be ruled out. Some sort of quasi-Eurobond issuance would make sense, according to Ghezzi.

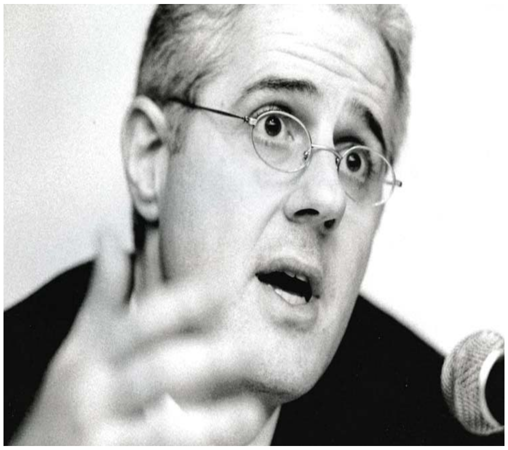


While there was more of an understanding of what needed to be done on Europe, Chang reasoned, she remained concerned that little would be accomplished at the December 9 EU summit which followed the EMTA Meeting, an opinion shared by other panelists. Bartholdy agreed that Europe would move towards fiscal integration, and adopted a slightly more optimistic note on the US than other participants.

Giacomelli voiced relative optimism that the Eurozone crisis would be resolved, and highlighted the key role of fiscal integration. Leme expected the road ahead to be rocky, and warned investors to be prepared for additional complications. He stressed the importance of structural reforms in the Eurozone, while acknowledging that, ultimately, he expected it to survive.

Regarding Greece, Ghezzi argued that no action would take place until there was a sufficient shield created around Italy and Spain. The tragedy of Greece, he stressed, was that the country's 5% permanent deficit meant that even a 100% debt reduction would not theoretically work. Defaults in Portugal and Ireland remained possibilities, Ghezzi warned.

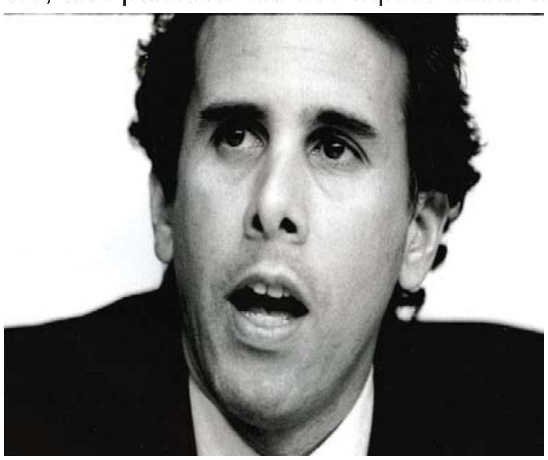
Annual Meeting (continued)



The panel also covered the degree of policy flexibility in EM countries. Ades said that under the “bad” scenario there would be some room for countries to cut interest rates and to do some fiscal easing, with Latin America having the most room. If the “ugly” scenario became a reality, however, this would not work: “With the exception of some of the countries with very high interest rates, interest rates are relatively low already, so I don’t see a lot of room for cuts,” he commented.

Leme reviewed the Brazilian economy, and discussed how it had slowed more dramatically than the other LatAm countries. Brazil’s goals were contradictory: they wanted big growth, but without a lot of inflation, according to Leme. Leme expected further easing in a “bad” scenario. Giacomelli recommended that that President Dilma Rousseff be bolder in terms of promoting Brazilian growth, although he noted that she had outperformed market expectations.

The importance of China in the global economy was emphasized by speakers, and panelists did not expect China to ease credit as much as it had done in 2008-2009. The Chinese economic slowdown was debated, with speakers concurring that a soft landing was the most likely scenario.



The panel concluded with speakers revealing their top trade recommendations for 2012. Ades favored a basket of Asian currencies against EMEA currencies, as well as short-dated Korean bonds and MXN. Ghezzi pointed out that, because of new financial reforms, liquidity was important to consider when buying an asset. He favored Mexico, Brazil and Malaysia and the BRL and RUB.

Chang noted that President Chavez’ health could seriously affect JPMorgan’s views on Venezuela, and believed that EM sovereigns would outperform EM corporates in 2012. Bartholdy agreed on Venezuela, and reiterated a bearish near-term view on Europe.

Giacomelli recommended a cautious approach in general, and seconded a recommendation on the RUB. Leme also recommend Brazil and Mexico and noted that, despite volatility, the case for EM long-term remained strong.

EMTA Presents Panel on Mexican Bankruptcy

On December 7, 2011, EMTA hosted a panel discussion on "The Vitro Effect: Troubling Developments in Mexican Insolvency Law" at its offices at 360 Madison Avenue in NYC.

The interpretation of Ley de Concursos Mercantiles (LCM, best translated as the Business Reorganization Act of 2000), which incorporated most of the best international practices, with its main objectives to preserve and protect the rights of the various local and foreign constituencies typically involved in a Mexican insolvency proceeding, maximizing the value of company assets and their eventual distribution among creditors, is being put to the test by a potentially precedent-setting case involving Vitro, a leading glass manufacturer, whose intra-company loans from subsidiaries have become a major point of contention.

This panel presentation discussed Vitro and its effects, as well as more general matters relating to the LCM.

Dennis Hranitzky (Dechert) moderated the panel discussion, and other panelists and their topics included:

- Alejandro Sainz (Cervantes y Sainz) – Rigging the Game in Mexico: The Role of Intercompany Claims
- Dennis Hranitzky (Dechert) – Vitro's Mexico Strategy vs. U.S. Law and Public Policy: A Game of Chicken
- Robert Rauch (Gramercy Advisors) – Practical Considerations about Concurso Mercantil for Bondholders
- Jose Coballasi (Standard & Poor's) – How Did Recovery Ratings on Mexican Corporate Issuers Perform Through the Financial Crisis?
- Claudio Loser (Senior Fellow, Inter-American Dialogue; President, Centennial Group Latin America; Former IMF Western Hemisphere Director (1994 – 2002)) – Without Effective Rule of Law, Where is Mexico's Future?

The Agenda and Presentations, together with a document containing other relevant articles and cases of interest, as well as audio and video links to the meeting, can be found in the New Developments area of EMTA's website (http://www.emta.org/newdev.aspx).

Additional support for this event was provided by Standard & Poor's.

EMTA Publishes Individual Cross-Currency Templates

In an effort to assist the market, EMTA has begun to prepare and post individual cross-currency non-deliverable FX Template Terms ("Template Terms") for specific currency pairs in the FX and Currency Derivatives Documentation area of its website. These are derived from, and compatible with, the terms of the User's Guide to Documenting Non-Deliverable Cross-Currency FX and Currency Option Transactions dated May 31, 2011 (the "Users Guide"); each has been dated May 31, 2011 to indicate that its terms are in line with the User's Guide as of that date. If, in the future, any updates are made to the Guide, the Guide itself, and any individually published Templates that are affected, will be identified by the new date for clarity in tracking current forms.

This effort on EMTA's part is not intended to preclude any effort on the part of any industry participant to prepare documentation for any transaction (or any currency pair) as its needs arise, using the User's Guide for any currency pair. In theory, all templates individually prepared by market participants or EMTA should be consistent and substantively similar, if the terms of the User's Guide are followed.

At the time of this Bulletin, individual Template Terms for the following currency pairs have been posted on the EMTA website: for forwards, BRL/EUR, CLP/EUR, CNY/EUR, COP/EUR, INR/EUR, INR/GBP and KRW/JPY, and for options, RUB/EUR. Additional forms may from time to time be added to the list.

EMTA reminds market participants that the User's Guide and its terms were effective as of May 31, 2011, and EMTA recommended that industry participants commence using these terms and the User's Guide to document their transactions commencing as of that date. However, please note that no effort has been made at this time to organize any industry effort to amend the terms of transactions with trade dates BEFORE May 31, 2011.

CLICK HERE to see the User's Guide and the currency-specific Templates, which are posted in the FX and Currency Derivatives Documentation area of the EMTA website

For questions on these Templates, please email Aviva Werner (awerner@emta.org).

Third Annual EMTA Dubai Forum Set for March 27

The Third Annual EMTA Dubai Forum will be held on Tuesday, March 27, 2012. Standard Chartered will host the event, which will start at 2:30 pm, at The Ritz Carlton in Gate Village in the Dubai International Financial Centre.

The event will include two panels and a cocktail reception. Featured sell-side speakers include: Marios Maratheftis (Standard Chartered), Farouk Soussa (Citi), Ghassan Chehayeb (Exotix), Simon Williams (HSBC), and Marcel Kfoury (Nomura). The buy-side panel will follow and include Abdul Kadir Hussain (Mashreq Capital), Dino Kronfol (Franklin Templeton Investments), Matt Epstein (ICE Canyon), Biswajit Dasgupta (InvestAD), and Tony Hchaime.

Attendance is free for EMTA members, and $495 for non-members. Additional support is provided by Citi, Exotix, HSBC and Nomura. To register, please contact Jonathan Murno at EMTA at jmurno@emta.org.

Keynote Speaker Esteban Fernández Medrano to Address EMTA Forum in Buenos Aires on April 19, 2012

The Fifth Annual EMTA Forum in Buenos Aires will be held on Thursday April 19, 2012 and will be hosted by Banco Itaú Argentina. The keynote speaker at this event with be Esteban Fernández Medrano of GlobalSource Partners and Macrovision Consulting, S.A. EMTA's Buenos Aires event will also include a panel discussion and a networking cocktail reception. Fernando Ferrari of Banco Itaú Argentina will moderate the discussion, which will also feature Ricardo Maxit (Galileo Argentina), Javier Finkman (HSBC), Juan Verón (Independent Consultant) and Claudio Achaerandio (TPCG).

Admission for EMTA members is complimentary; the fee for non-members is $295. Please contact Leslie Payton Jacobs lpjacobs@emta.org for more information.

Murillo De Aragão, Brazilian Central Bankers to Headline EMTA Forum in São Paulo

Murillo De Aragao, one of Brazil's leading experts on political analysis, congressional affairs and public policies, will deliver the keynote address at EMTA's Fifth Annual São Paulo Forum, to be held on Monday, April 23, 2012. The event will be hosted by Itau BBA at the Itau Cultural Museum. De Aragao previously spoke at EMTA's Forum in Miami in January 2012 (see article on page 9).

EMTA's São Paulo event also features a panel of former Central Bank Directors. Itau BBA's Ilan Goldfajn will lead a discussion featuring Affonso Pastore (A.C. Pastore & Associados), Eduardo Loyo (BTG Pactual), Luiz Fernando Figueiredo (Maua Sekular Investismentos) and Alexandre Schwartsman (Schwartsman & Associados). Only at a COPOM meeting will the SELIC debates be more intense!

Admission for EMTA members is complimentary; the fee for non-members is $495. Please contact Jonathan Murno at jmurno@emta.org for more information.

Recent Court Orders on Argentina

EMTA's Litigation area on its website contains various court decisions and related litigation materials (including amicus curiae) 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.

The most recent Court Orders relating to NML Capital v. Argentina (filed December 7, 2011 and February 23, 2012, respectively) reflect Judge Griesa's rulings on the application of pari passu clause and how it should be enforced in connection with future payments on Argentina's Exchange Bonds.

It is EMTA's understanding that these two Court Orders have been stayed pending their appeal by Argentina to the Second Circuit Court of Appeals.

Among other things, the first Order held that:

(1) Argentina violates the pari passu covenant whenever it "lowers the rank of its payment obligations under NML's Bonds" below that of other External Indebtedness, including by "relegating NML's bonds to a non-paying class by failing to pay the obligations currently due under NML's Bonds, while at the same time making payments currently due" to holders of other External Indebtedness;

(2) Argentina "lowered the rank of NML's bonds in violation of [the pari passu covenant] when it made payments currently due under the Exchange Bonds, while persisting in its refusal to satisfy its payment obligations currently due under NML's Bonds"; and

(3) Argentina "lowered the rank of NML's bonds in violation of [the pari passu covenant] when it enacted Law 26,017 [the so-called "Lock Law" preventing Argentina from any settlement on bonds eligible to participate in the 2005 Exchange Offer] and Law 26,547 [which suspended the Lock Law for purposes of the 2010 Exchange Offer]".

The second Order held that:

(1) Whenever Argentina pays any amount due under the Exchange Bonds, it must make a Ratable Payment to NML (ie, payments in the same proportions then due); and

(2) Argentina is enjoined from making any payment under the Exchange Bonds without making such a Ratable Payment to NML,

such Order to be binding upon certain Agents and Participants in preparing, processing or facilitating payments on the Exchange Bonds.

For more information on EMTA's litigation area, please contact Aviva Werner at awerner@emta.org.

EMTA African Currency NDF Group Moves Ahead with Its Focus on Ghana Cedi

As noted in our last Bulletin, the EMTA African Currency FX Working Group had been meeting by conference calls that span four time zones, to discuss the market's need for an exchange rate quotation for the Ghanaian Cedi. This was seen by the Group as an essential precursor to the potential development of the Cedi market, in line with EMTA's mission to develop fair and transparent trading markets for Emerging Market assets.

Over the course of several months, the Group debated how best to accomplish the task of supporting the development of an exchange rate quotation, taking into consideration, among other things, timing, logistics, and ability and willingness to commit resources to what is a nascent market, and, in the process, evaluated several options. ICAP Broking Services South Africa, an EMTA member, indicated their willingness to support an industry-driven poll-based GHS/USD fixing, and, the Group voted to encourage ICAP to move ahead. Following this decision, the Group worked with ICAP to outline parameters for an ICAP-sponsored survey methodology and to identify and reach out to a group of potential participant banks in the local market. Once the survey methodology and the participant banks were in place, a test survey was commenced which was conducted over a period of several months. The test survey was monitored by the Group through daily reports of the fixings. Several changes and clarifications to the methodology and the conduct of the survey were made during the test period.

The daily Cedi fixings are now available on a newly developed, publicly accessible Thomson Reuters Screen ICAPFIXINGS Page.

With this first, necessary step accomplished, the Group has turned its attentions to the matter of addressing a need for documentation and has begun the process of developing Market Practices, including the eventual publication of standard Template Terms for GHS/USD non-deliverable forward FX transactions. This work is in process and will take place over the next several months. Following the normal EMTA processes, once the Group has designed the Market Practices and the forms of confirmation, these will be circulated to the wider EMTA community for review, comment and approval.

EMTA Members wishing to be involved in this process should contact Leslie Payton Jacobs at lpjacobs@emta.org.

EMTA African Currency NDF Group Discusses Kenyan Shilling

Following the successful launch of its Ghanian Cedi project, Members of the EMTA African Currency NDF Group have indicated a similar interest in the development of an infrastructure for trading the Kenyan Shilling on a non-deliverable basis. The Group is currently looking at supporting similar efforts for the Kenyan Shilling market.

EMTA Members interested in participating in this project should contact Leslie Payton Jacobs at lpjacobs@emta.org.

EMTA Website to Highlight Africa Materials

Seeking to build on previous efforts, EMTA has undertaken to develop a more integrated focus on Africa local markets and, as a result, EMTA is working on some updates to its website to consolidate and make more accessible its materials on the African markets. Look for these website changes in the coming months.

Suggestions from EMTA Members on what types of information would be useful to them are welcome. Please email Leslie Payton Jacobs (lpjacobs@emta.org) or Leo Hsu (lhsu@emta.org) with your suggestions.

EMTA Discusses Issues in the Ruble Options Market

On December 12, 2011, EMTA organized a conference call for those interested in the Russian options market to discuss disagreements being experienced by market participants in observation periods for Ruble barrier options following the September 2011 change by MICEX in its trading hours, which may have been causing mismatch and/or basis risk issues for the market.

The call was held to discuss the extent of these issues and propose solutions. Specifically, participants in the conference call focused on mismatch issues arising out of timing (MICEX hours, which MICEX hours or 24 hours) and price (MICEX prices or other market sources).

EMTA Members participating in the discussion agreed that it made sense from a confirmation perspective to attempt to standardize the provisions in the contract dealing with these issues and suggested that preparing a draft for discussion (without necessarily arriving at a firm conclusion on the issues raised on the call) among a wider group would be a constructive first step in sorting out the preferred approach.

A small group of lawyers involved in the EMTA call agreed to take on the task of preparing an initial draft for discussion which will be circulated among all of the Ruble options traders.

EMTA continues to work to promote efficiency in the EM markets. For further information on the issues discussed on the call, please contact Leslie Payton-Jacobs at lpjacobs@emta.org.

CLICK HERE to see the MICEX Trading Hours New Development.

BRL Barrier Options Note – EMTA Working Group to Review Market Practice Number 45

Following feedback from Members concerned that EMTA Recommended FX and Currency Derivatives Market Practice Number 45 needs review to address a potential need for clarification on the applicable Expiration Time and Barrier Event End Time for BRL continuous barrier options, EMTA is organizing a Working Group of interested options traders, lawyers and operations personnel to discuss the issue.

Please email Leslie Payton Jacobs at lpjacobs@emta.org with comments or questions.

CLICK HERE to see Market Practice No. 45.

Cote d'Ivoire Informs EMTA Members that It Will Make Payments in June 2012

The Finance Minister of the Cote d'Ivoire asked EMTA to forward to its Members on January 13 an invitation to participate in a meeting on January 23 in London where he informed the Republic's 2032 bondholders of the latest developments in the normalization of Cote d'Ivoire's relationships with the International financial community.

At the meeting, the Republic advised its investors that it will make a 'good faith' payment in June 2012 of US$2.1 million, as well as a payment of US$87.5 million related to the December 31, 2010, June 30, 2011 and December 31, 2011 coupon payments ($29,153,662 each) in arrears. Click Here for the full text of the Republic's Presentation.

When the first interest payment was not made on December 31, 2010, EMTA, upon the expiration of the 30-day grace period, issued a recommendation for flat trading of the bonds, beginning on February 1, 2011. Click Here for the full text of this Market Practice recommendation, which remains in effect.

EMTA had circulated other memoranda to its Members at the request of the Cote d'Ivoire government on January 10, April 29, June 1, July 8 and November 21. From time to time, EMTA has also circulated communiqués from other EM governments, at their request, detailing information about restructurings or other information of interest to the investment community.

For further information, please contact Aviva Werner at awerner@emta.org.

EMTA Issues Flat Trading Summary

In a continued effort to increase transparency in the EM debt marketplace, EMTA has prepared a summary description of "flat" trading for its Members. In addition to this general guide on flat trading, EMTA also issues specific Market Practice guidelines from time to time.

Among the highlights of the document is a discussion of the following two questions in relation to a potential non-payment of interest on a bond: (1) at what price is the bond traded and settled and when and how does the method for determining that price change and (2) who is entitled to receive interest payments, or any particular interest payment, on the bond. While not purporting to answer these questions in any particular instance (that answer often depends on very specific facts, such the circumstances surrounding an upcoming or past-due interest payment and the wording of the applicable bond documentation), the Summary is intended to provide some general guidance to EMTA Members for addressing these questions in different cases.

Click Here for the full text of the Flat Trading Summary.

EMTA Members with questions on the Flat Trading Summary should contact Aviva Werner at awerner@emta.org.

EMTA Notifies Members of Warrant Payments

EMTA routinely monitors information on various warrants issued in Brady bond exchanges.

In recent months, EMTA has posted on its website information regarding ex-dividend dates and payments by Venezuela on its outstanding Oil Obligations, Nigeria on its Payment Adjustment Rights and Uruguay on its Value Recovery Rights.

This information can be found on EMTA's website in the New Developments area (http://www.emta.org/newdev.aspx), as well as in the individual relevant countries' Market pages (http://www.emta.org/markets.aspx).

For further information, please contact Aviva Werner at awerner@emta.org.

EMTA Survey: Emerging Markets CDS Trades at US$234 Billion in Fourth Quarter, Annual Volume Down 28%

Trading in Emerging Markets Credit Default Swaps (CDS) stood at US$234 billion in the fourth quarter of 2011, according to a report released on February 9, 2012 by EMTA. This compares to US$207 billion in Emerging Markets CDS contract volume in the fourth quarter of 2010 (representing a 13% increase), and US$274 billion in third quarter 2011 volumes (a 15% decrease).

However, on an annual basis, the 13 participants in the Survey, all EMTA Board firms, reported a sharp decrease in EM CDS trading to US$1.053 trillion in 2011, down 28% compared to US$1.452 trillion in 2010.

“The annual EMTA volume numbers confirm the collapse of secondary market liquidity we are seeing across all credit products as broker-dealers slash limits in preparation for the implementation of the new Basel III and Dodd-Frank regulations,” stated David Spegel, Global Head of Emerging Markets Strategy for ING Wholesale Banking. He added that, “the decline in 2011 volume compared to 2010 might also reflect the loss of market faith in CDS thanks to the manner in which Greek debt is being restructured, whereby some market participants are questioning the value of CDS protection in the case of sovereign restructurings.”

The largest CDS volumes in the Survey during the quarter were those on Brazil, at US$43 billion. EMTA Survey participants also reported US$25 billion each in Mexican, Turkish and Russian sovereign CDS.

The highest reported volumes of nine corporate CDS contracts included in the Survey were those on Gazprom (over US$7 billion). Participants also reported US$3 billion in Pemex CDS trades during the quarter.

For a copy of EMTA’s Fourth Quarter 2011 CDS Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 (646) 289-5413.

Emerging Markets Debt Trading Volumes at US$1.760 Trillion in 3Q2011

Emerging Markets debt trading volumes stood at US$1.760 trillion in the third quarter of 2011, according to a report released on December 15, 2011 by EMTA. This represents a 10% decline from third quarter 2010 volume of US$1.950 trillion, but a 3% increase from US$1.704 trillion reported for the second quarter of 2011.

In November, EMTA reported that participants in a similar survey--albeit more limited in scope to only EMTA Board firms--had reported US$274 billion in EM CDS volumes in the third quarter of 2011. This represented a decline of 30% from US$394 billion in CDS transactions reported in the third quarter of 2010.

Local Market Instruments at 76% of Volume

Turnover in local market instruments stood at US$1.337 trillion in the third quarter, representing 76% of total reported volume. This represents a 5% decline compared to trading of US$1.404 trillion in the third quarter of 2010, while a 10% increase from second quarter volume of US$1.213 trillion.

Mexico instruments were the most frequently traded local markets debt, at US$282 billion. Other frequently-traded local instruments were those from Hong Kong (US$176 billion), Brazil (US$160 billion), South Africa (US$113 billion) and Turkey (US$69 billion).

Eurobond Volumes at US$414 Billion

Eurobond trading stood at US$414 billion. This compares to US$531 billion in the third quarter of 2010 (down 22%) and US$481 billion in the second quarter of 2011 (down 14%).

57% of Eurobond activity involved sovereign debt issues, with Survey participants reporting US$237 billion in sovereign Eurobond turnover. This compares with a 47% share of Eurobond trading in the previous quarter, when participants reported trading US$228 billion in sovereign Eurobonds (a 4% decrease).

Corporate Eurobond trading stood at US$162 billion for the third quarter, compared to US$204 billion in the third quarter of 2010, or a 20% decrease. Corporate bonds represented 39% of Eurobond trading.

The most frequently traded individual EM Eurobonds in the third quarter included Russia's 2030 bond (US$14 billion in turnover), Venezuela's 2022 bond (US$4.7 billion), Venezuela's 2027 bonds (US$4.6 billion), Mexico's 2040 bond (US$4.2 billion) and Venezuela's 2031 bond (US$3.8 billion).

In addition to local markets bonds, and sovereign and corporate Eurobonds, the Survey also includes turnover in warrants, options, loans and Brady bonds. Survey participants reported US$8 billion in warrant and option trades, US$750 million in loan assignments and US$142 million in trades of the remaining Brady bonds.

Mexico, Brazil and Hong Kong Instruments Most Frequently Traded

Mexican instruments were the most frequently traded instruments in the report, at US$322 billion, according to Survey participants. This represents a 136% increase on the US$136 billion reported in the third quarter of 2010 and a 33% increase vs. $242 billion in the second quarter of 2011, and driven largely by local instrument trading. Mexican volumes accounted for 18% of total reported volume.

Survey (continued)

Brazilian instruments were the second most frequently traded instruments overall according to Survey participants, with US$196 billion in turnover. This compares with US$277 billion in the third quarter of 2010 (a 29% decrease) and US$172 billion in the second quarter of 2011 (a 14% increase). Brazilian volumes accounted for 11% of total Survey trading.

Third were Hong Kong assets, at US$182 billion in turnover. This compares to US$201 billion in the third quarter of 2010, a 9% decrease and US$344 billion in the second quarter of 2011 (down 47%). Hong Kong instrument trading accounted for 10% of Survey volume.

Other frequently traded instruments were securities from South Africa (US$121 billion) and Russia (US$117 billion).

The Survey includes trading volumes in debt instruments from over 90 Emerging Market countries. Data was collected from 56 leading investment and commercial banks, asset management firms and hedge funds. For a copy of EMTA's Third Quarter Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 (646) 289-5413.

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Emerging Market Charity Benefit in New York Breaks Fundraising Record

The 2011 Emerging Markets Charity Benefit (EMCB) was a rousing success, raising nearly $600,000 for our non-profit beneficiaries and breaking all previous EMCB fundraising records. The annual event returned to the Marriott Marquis Hotel in midtown Manhattan on December 1, immediately following EMTA's Annual Meeting. Over 500 EM professionals attended the 2011 event, making it one of the largest gatherings of EM market participants annually in New York City.

VTB Capital sponsored the event, and EMCB members salute VTB for its leadership role in the 2011 event. MarketAxess' Annual Charity Trading Day in September raised $35,000 in additional support. Now in its eighth year, MarketAxess' Annual Charity Trading Day has raised over $500,000 for non-profit organizations since its inception in 2004!

The funds raised at the benefit will be distributed to five charities, all of which are doing important work in EM countries all over the world. The Planning Committee selected the five beneficiaries for the 2011 gala after reviewing the financial statements and other materials submitted by a long list of nominees, as well as final interviews. The 2011 beneficiaries were:

- **NESsT**, which provides financial and capacity-building support to social enterprises in Central Europe and Latin America www.nesst.org;
- **Orphaned Starfish Foundation**, which works with orphans and disadvantaged children throughout Latin America and Ethiopia www.orphanedstarfish.com;
- **Shared Interest**, which mobilizes resources for South Africa's economically disenfranchised communities to sustain themselves www.sharedinterest.org;
- **Sri Lanka Care Foundation**, which rebuilds and restores homes lost and damaged by the Asian Tsunami www.srilankacare.org; and
- **Trickle Up**, which works to alleviate poverty by providing seed capital for people in EM countries to start small businesses www.trickleup.org.

In addition to an open bar and buffet dinner, the event included a silent auction. Prizes included use of a vacation home in Punta del Este, Uruguay; a ride in a Cessna 177 Cardinal airplane; a meeting with Matthew Bishop, American Business Editor and New York Bureau Chief of The Economist; golf outings; fine wines; collector prints and photographs; a private tour at the Rubin Museum; a visit to the Bloomberg TV studio; sailing excursions; tickets to Yankees games and Broadway; a spa treatment; and collector item bonds.

The event also featured three wonderful raffle prizes, all won by members of the EM community. Harry Wool of Gleacher & Company won a week at a condo in Playa del Carmen, Mexico; Manfred Wolf of Unicredit Bank AG received a $250 gift certificate to Nick & Toni's Restaurant; and a bottle of Dom Perignon champagne went to Pat Kelly of Standard Bank NY.

Thank you to everyone for another successful year! If you are interested in getting more involved, the EMCB Planning Committee welcomes new members, and is open to all members of the EM debt trading and investment community. Please contact Jonathan Murno of EMTA at jmurno@emta.org if you are interested in joining the committee.

Volunteers Needed for 2012 London EMBL Event

Following yet another highly successful 2011 EM London Ball, in which £355,000 ($568,000) was raised for selected EM charities, the Planning Committee has already started working on this year's event. The Committee is currently looking for volunteers and sponsors to help with preparations for the 2012 EMBL, which will take place in September.

Please contact Jonathan Murno at jmurno@emta.org if you are interested in participating. For more information, please visit the event website at www.emball.net.

School children in Laos who are beneficiaries of EMBL grants. (Soe Thant Aung)

Membership Update

EMTA warmly welcomed four new members during the first quarter of 2012. EMTA's members now include over 175 banks, broker-dealers, money management firms, hedge firms, and others. Our new members include firms with offices in Belgium, Bulgaria, China, France, Germany, US and UK and range from hedge fund and legal services firms to other EM investment firms.

Our most recent new members include:

- **CEEMarketWatch**
- **La Francaise des Placements**
- **Schulte Roth & Zabel LLP**
- **The Seaport Group**
- **Taconic Capital Advisors**
- **WilmerHale**

EMTA membership benefits include access to the EMTA website and to EMTA's staff, invitations to EMTA's many events around the globe, eligibility to participate in working groups or other EMTA initiatives, and much more.

If you are interested in EMTA membership, or if you know of prospective members, please contact Jonathan Murno at jmurno@emta.org or (646)289-5413 or Suzette Ortiz at sortiz@emta.org or (646)289-5414.

Information on the different categories of membership and annual dues may also be found on the EMTA website at www.emta.org.

EMTA Members:
To obtain a password for the Members Only area, please CLICK HERE

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 additions to the Key Industry Views area of EMTA's website:

To submit materials for posting to this area, please contact EMTA by email at jmurno@emta.org.

- "Greece's Debt Exchange – Buying Greece, and Europe, More Time." February 27, 2012 - Yiagos Alexopolous, Igor Arsenin, Kasper Bartholdy, Michelle Bradley, Panos Giannopolous, Helen Haworth, Florian Weber and Giovanni Zanni (Credit Suisse).
- "So, what would your plan for Greece be?" February 16, 2012 – Daniel Davies.
- "What Did Belize's Prime Minister Mean?" February 10, 2012 – Joe Kogan (Scotiabank).
- "GDP-linked Bonds – A Case for Broader Market Acceptance?" February 2012 - Starla Griffin (Slaney Advisors).
- "Market Prospects 2012." January 2012 – Jerome Booth and Jan Dehn (Ashmore Investment Management).
- "2012 Outlook: Waiting for Calmer Waters." January 2012 – Pablo Goldberg and GEMS Research Team (HSBC).
- "Venezuela (VENZ): Not So Fast." January 26, 2012 – Richard Segal (Jefferies).
- "Argentina Could Halt Capital Flight Easily." January 20, 2012 – Center for Financial Stability.

New Developments

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

March 6, 2012
- Predictions for Key Economic Variables, Slide from EMTA Winter Forum.
- When-Issued Confirmation Forms for Greece Bonds and GDPs.

March 2, 2012
- EMTA Announces Annual Emerging Markets Debt Trading Stood at US$6.506 Trillion.

March 1, 2012
- ISDA EMEA Determinations Committee Determines Credit Event Has Not Occurred with Respect to Greek Restructuring.
- NML Capital v. Argentina (Order and Transcript).

February 24, 2012
- ICMA Letter Relating to Retroactive Legislation in the Greece Restructuring.

February 22, 2012
- Fitch Downgrades Greece's Long-Term Foreign Currency Issuer Default Rating from CCC to C.

February 21, 2012
- Press Release of the Hellenic Republic On Terms of Private Sector Debt Exchange.
- Eurogroup Statement on Greece Agreement.
- Statement by IMF Managing Director Christine Lagarde on the Meeting of the Euro Group.
- IIF Statement on Greek Debt Exchange.
- Press Release of the Steering Committee of the Private Creditor-Investor Committee for Greece (PCIC).

February 17, 2012
- Fitch Upgrades Iceland's Long-Term Foreign Currency Issuer Default Rating from BB+ to BBB-.

February 16, 2012
- Moody's Downgrades Belize's Government Bond Rating from B3 to Caa1.

February 14, 2012
- CFTC Proposal With Comment Period Ending on April 16, 2012.
- Moody's Downgrades Six European Sovereigns including Italy, Portugal, Slovakia, Slovenia and Spain.

February 13, 2012
- Volcker Rule Proposal Draws Thousands of Comments: SIFMA, SIFMA AMG, SEC Website.
- Other Industry Comments: Paul Volcker Letter, John Reed Letter.

February 10, 2012
- EMTA Winter Forum in London to be Held on March 6, 2012.
- Standard & Poor's Downgrades Egypt's Long-Term Foreign Currency Sovereign Credit Rating from B+ to B.

February 9, 2012
- EMTA Announces 4Q 2011 EM CDS Volume Stood at US$234 Billion.
- Update and Reminder to EMTA Members on Dodd-Frank Legislation (Volcker Rule).

February 8, 2012
- Holiday Schedule for US Presidents' Day Holiday.

February 6, 2012
- Standard & Poor's Downgrades Belize's Long-Term Foreign Currency Sovereign Credit Rating from B- to CCC+.
- Foreign Exchange Committee Releases 15th Annual Survey of North American FX Volumes.

February 3, 2012
- Flat Trading Summary.

January 31, 2012
- Bank of Canada's Carney Says Volcker Rule Might Damage Markets (may require Bloomberg subscription).
- Volcker Rule Stirs Up Opposition Overseas (may require NY Times subscription).

January 27, 2012
- EU Red-Flags 'Volcker' (may require Wall Street Journal subscription).
- Venezuela Withdraws from ICSID (Sullivan & Cromwell Memo).
- Fitch Downgrades the Long-Term Issuer Default Ratings of Belgium, Cyprus, Ireland, Italy, Slovenia and Spain.

January 26, 2012
- In Memoriam, Ruth Mazzoni, 1965-2012.
- Venezuela Withdraws ICSID Membership. English / Spanish
- The Sovereign Crisis: When Debt is No Longer Risk Free (Lawrence Goodman, Center for Financial Stability).

January 23, 2012
- Ivory Coast Investor Meeting Presentation.

January 19, 2012
- The Volcker Rule - Restrictions on Proprietary Trading - Implications for the US Corporate Bond Market (Oliver Wyman Report).

January 18, 2012
- Moody's Upgrades Indonesia's Foreign-Currency Sovereign Credit Rating from Ba1 to Baa3.

January 17, 2012
- GFMA's Global FX Division Warns How Proposed Transaction Tax Would Affect FX Markets.

January 16, 2012
- Market Making Under the Proposed Volcker Rule (Darrell Duffie, Stanford University Study).
- FT Article: Egypt Asks IMF for $3.2bn Standby Facility.
- FT Article: S&P Downgrades Eurozone Bail-Out Fund, EFSF.
- Standard & Poor's Downgrades the European Financial Stability Fund's Long-Term Sovereign Credit Rating from AAA to AA+.

January 14, 2012
- UK Faces Volcker Rule Clash (may require Telegraph subscription).

January 13, 2012
- Ivory Coast Meeting Invitation to Creditors.
- Standard & Poor's Downgrades the Long-Term Ratings on 9 EU Sovereigns (including downgrade of France from AAA to AA+).
- CFTC Issues Final Order Amending Effective Date for Swap Regulation.

January 12, 2012
- Financial Stability Oversight Council Study and Recommendations on Prohibitions on Proprietary Trading & Certain Relationships with Hedge Funds & Private Equity Funds.

January 11, 2012
- Japan and Canada Have Issued Warnings on the Adverse Effect that the Implementation of the Volcker Rule, As Currently Proposed, is Likely to Have on World Fixed Income Markets (may require Financial Times subscription).

February 1, 2012
- U.K.'s Osborne Lodges 'Volcker Rule' Complaint (may require Wall Street Journal subscription).
- New Policy Library and Position Limits Feature on Center For Financial Stability Website.
- EU Council Broadens Sanctions Against Iran - Cleary Gottlieb Memo.

January 6, 2012
- Fitch Downgrades Hungary's Long-Term Foreign Currency Issuer Default Rating from BBB- to BB+.

January 4, 2012
- Holiday Schedule for EM Bond Trades for Martin Luther King, Jr. Holiday.

January 3, 2012
- Office of the Comptroller of the Currency, Treasury, Federal Reserve Board, FDIC and SEC Extend Comment Period on Dodd-Frank Act to February 13.
- EMTA Corporate Bond Forum, Sponsored by ING, to be Held in London on January 24, 2012.

January 2, 2012
- President Obama Signs New US Sanctions Targeting Foreign Banks Dealing with Iran (Cleary Gottlieb Memo).

December 23, 2011
- Calculations for Payments on Uruguay VRR's Announced.

December 21, 2011
- Approaching Deadline for Comments on the Volcker Rule under Dodd-Frank.
- Moody's Downgrades Egypt's Government Bond Rating from B1 to B2.
- Standard & Poor's Downgrades Hungary's Long-Term Sovereign Credit Rating from BBB- to BB+.
- Moody's Downgrades Slovenia's Foreign-Currency Government Bond Rating from Aa3 to A1.

December 16, 2011
- Moody's Downgrades Belgium's Foreign-Currency Government Bond Rating from Aa1 to Aa3.

December 15, 2011
- EMTA Announces 3Q 2011 Debt Trading Stood at US$1.760 Trillion.
- BM&F and BOVESPA Press Release on New Reference Rates.
- Fitch Upgrades Indonesia's Long-Term Foreign Currency Issuer Default Rating from BB+ to BBB- (Investment Grade).

December 12, 2011
- EMTA Letter Requesting Extension of Comment Period under Volcker Rule.

December 9, 2011
- Statement by the Euro Area Heads of State or Government.
- Europe's Disastrous Summit (Felix Salmon).

December 7, 2011
- Holiday Schedule for EM Bond Trades for Christmas, Boxing Day and New Year's Holidays.
- EMTA Special Presentation: The Vitro Effect: Troubling Development in Mexican Insolvency Law
    - Rigging the Game in Mexico: The Role of Intercompany Claims (Alejandro Sainz, Cervantes y Sainz)
    - Mexico's Concurso Mercantil from an International Bondholder's Perspective - Should There be a "Vitro Premium?" (Robert Rauch, Gramercy Advisors)
    - How Did Recovery Ratings on Mexican Corporate Issuers Perform Through the Financial Crisis? (Jose Coballasi, Standard & Poor's)
    - Mexico: Can it Have a Prosperous Future Without Effective Rule of Law? (Claudio Loser, Senior Fellow, Inter-American Dialogue; President, Centennial Group Latin America; Former IMF Western Hemisphere Director (1994 – 2002))
    - Document containing links to the above presentations and other articles and cases of interest
    - Video/Download audio

Website (continued)

Reminders: Visit the *New Developments, Key Industry Views, Employment, Litigation, Responses to Market Conditions, Documentation* and *From the Market* areas

EMTA would like to remind its Members to visit the following areas of its website, which are updated frequently: New Developments, Key Industry Views, Employment, Litigation in the EM Background area, Responses to Market Conditions in the New Developments area, Documentation and From the Market in the Activities & Services area.

In the New Developments area, EMTA posts current information regarding EMTA projects and other matters deemed of interest to participants in the Emerging Markets trading and investment community. To submit materials for posting to this area, please contact EMTA by email at sortiz@emta.org. EMTA generally disclaims responsibility for the content of materials received for posting from outside sources.

The Key Industry Views area contains key industry perspectives and market commentary deemed to be of particular importance or relevance in understanding today's Emerging Markets. EMTA has obtained the information posted in this area from sources it believes to be reliable and credible, but EMTA disclaims any and all responsibility for the content of materials received for posting from outside sources. Neither EMTA nor the author of any publication posted in this area has assumed any obligation to update any materials posted herein, and each item is deemed to be dated the date of its publication as stated therein or, in the absence of a date, the date of its posting. To submit materials for posting to this area, please contact EMTA by email at jmurno@emta.org.

The Employment area includes industry positions currently available around the globe for members of the EM trading and investment community. Because of the difficult employment environment resulting from the credit crunch, EMTA has revised the Employment area to include both:

- listings of employment opportunities posted (for a fee) by prospective employers (CLICK HERE for Job Opportunities); and
- summary resumes posted (free of charge) by individuals seeking employment positions (CLICK HERE for Jobs Wanted).

Postings may contain as much, or as little, detail as desired, and initial contact between prospective employers and employees may be arranged through EMTA. To post an employment opportunity, please contact EMTA by email at jmurno@emta.org. To post a summary resume, please contact EMTA by email at sortiz@emta.org.

The Litigation area contains various court decisions and related litigation materials (including amicus briefs) 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. A specific attempt has been made to collect as many cases as possible in the on-going litigation against Argentina so creditors are aware of the enforcement and collection challenges facing them. If you are aware of any pertinent information which would be useful to post here, please contact EMTA by email at awerner@emta.org.

Website (continued)

In an inter-connected global economy, the various regulatory proposals to address the market turmoil of 2008/2009 provide important context to the activities of the EM trading and investment community. Because of the diversity of these proposals, and their sheer volume and complexity, EMTA has tried to maintain an area of its website Responses to Market Conditions that tracks regulatory developments. Included in this area are various items of interest generated by regulatory agencies, law firms and other trade associations, etc. This area will be updated from time to time as new information becomes available, and contains, among other sections, the sub-categories of Regulation of the Financial Sector, Europe, IMF and CDS so Members can access those topics more directly. To submit materials for posting to this Responses area, please contact EMTA by email at awerner@emta.org.

EMTA offers Market Practice recommendations and documentation relating to a range of EM activities as well as to EM generally. In the Documentation area, EMTA Members have access to EMTA Standard Documentation (including Bonds and Loans Documentation (which include Primers, When-Issued and Bond Confirmations, Standard Terms for Assignments and Participations and Bilateral Netting Agreements), FX and Currency Derivatives Documentation (which include Master Confirmation Agreements and Practice Notes, Template Terms for Non-Deliverable Forward FX Transactions, Template Terms for Non-Deliverable Options, Standard Definitions, Survey Methodologies, User's Guides and Multilateral Amendments and Documentation Protocols), Bond and Loan Market Practices, FX and Currency Derivatives Market Practices, Credit Derivatives and Swaps Market Practices, Industry Principles and Guidelines and EM Sovereign Bond Documentation Charts). Please contact Aviva Werner (awerner@emta.org) or Leslie Payton Jacobs (lpjacobs@emta.org) for any questions you may have regarding the documents in this Documentation area.

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 EMTA by email at sortiz@emta.org.

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 importantly, whether there is something that EMTA should be doing, or doing differently, to better serve the EM marketplace.

EMTA Hotlines

Topic	Contact	Telephone
Africa	Jonathan Murno/Leslie Payton Jacobs	(646) 289-5413/(301) 838-4552
Asia	Jonathan Murno/Leslie Payton Jacobs	(646) 289-5413/(301) 838-4552
Bond/Loan Trading	Aviva Werner	(646) 289-5412
CNH	Leslie Payton Jacobs	(301) 838-4552
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
Dodd-Frank/Volcker Rule	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/Policy	Michael Chamberlin	(646) 289-5410
EuroZone	Michael Chamberlin/Aviva Werner	(646) 289-5410
FX Derivatives	Leslie Payton Jacobs	(301) 838-4552
International Financial Architecture	Michael Chamberlin	(646) 289-5410
Investor Rights	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	(646) 289-5412/(301) 838-4552
Market Information/Research	Jonathan Murno	(646) 289-5413
Membership	Jonathan Murno/Suzette Ortiz	(646) 289-5413/5414
Netting Facilities	Aviva Werner	(646) 289-5412
Paris Club	Aviva Werner	(646) 289-5412
Repos/Securities Lending	Aviva Werner	(646) 289-5412
Volume Surveys	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 email addresses or through EMTA's website (www.emta.org).

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Evelyn Ramirez	eramirez@emta.org
Aviva Werner	awerner@emta.org

EMTA Calendar 1st Quarter 2012

Mon., Jan. 2	Recommended Market Close (NYC/London) New Year's Day (2012)
Mon., Jan. 16	Recommended Market Close (NYC) Martin Luther King Jr. Day Recommended 12:00 Noon (London) Early Market Close
Tues., Jan. 17	**EMTA Forum in Miami Hosted by BONDS.com Mondrian Hotel 1100 West Avenue Miami**
Tues., Jan. 24	**EMTA Corporate Bond Forum (London) Hosted by ING Bank NV 60 London Wall London**
Thurs., Feb. 16	**EMTA Special Seminar on The Offshore Renminbi (CNH) Market (London) Hosted by Thomson Reuters The Thomson Reuters Building 30 South Colonnade London**
Mon., Feb. 20	Recommended Market Close (NYC) Presidents' Day Recommended 12:00 Noon (London) Early Market Close
Tues., March 6	**Winter Forum (London) Hosted by JPMorgan The Great Hall, 60 Victoria Embankment London**
Tues., March 27	**EMTA Forum in Dubai Hosted by Standard Chartered The Ritz-Carlton Gate Village, Dubai International Financial Centre United Arab Emirates**
Fri., March 30	**EMTA Special Seminar: Greece and the Rule of Law 360 Madison Avenue, 17th Floor (on 45th St. between Madison and 5th Aves.) NYC**
Fri., April 6	Recommended Market Close (NYC/London) Good Friday
Mon., April 9	Recommended Market Close (London) Easter Monday
Thurs., April 19	**EMTA Forum in São Paulo Hosted by Itaú BBA Avenida Paulista 149 São Paulo, Brazil**
Mon., April 23	**EMTA Forum in Buenos Aires Hosted by Itaú BBA Cerrito 149, 18˚ Piso Buenos Aires, Argentina**
Tues., May 1	**Spring Forum (NYC) Hosted by HSBC Securities (USA) Inc. 452 Fifth Avenue between 39th and 40th Streets Americas Room - 11th Floor NYC**
Mon., May 7	Recommended Market Close (London) May Day Bank Holiday
Tues., May 15*	**EMTA Special Seminar on The Offshore Renminbi (CNH) Market (NYC) Hosted by Standard Chartered NYC**

***Details TBA**

Fri., May 25	Recommended 2:00 p.m. (NYC) Early Market Close
Mon., May 28	Recommended Market Close (NYC) Memorial Day Recommended 12:00 Noon (London) Early Market Close
Mon., June 4	Recommended Market Close (London) Spring Bank Holiday
Tues., June 5	Recommended Market Close (London) Queen's Diamond Jubilee
Tues., June 26	**Summer Forum (London) Hosted by Bank of America Merrill Lynch 2 King Edward Street London**
Wed., July 4	Recommended Market Close (NYC) Independence Day Recommended 12:00 Noon (London) Early Market Close
Mon., August 27	Recommended Market Close (London) Summer Bank Holiday
Fri., August 31	Recommended 2:00 p.m. (NYC) Early Market Close
Mon., Sept. 3	Recommended Market Close (NYC) Labor Day Recommended 12:00 Noon (London) Early Market Close
September/October*	**Emerging Markets Benefit London**
September/October*	**Corporate Bond Forum (NYC)**
September 24*	**Fall Forum (NYC) Hosted by UBS NYC**
October*	**EMTA Forum in Singapore**
October*	**EMTA Forum in Hong Kong**
Mon., Oct. 8	Recommended Market Close (NYC) Columbus Day Recommended 12:00 Noon (London) Early Market Close
Mon., Nov. 12	Recommended Market Close (NYC) Veterans' Day Recommended 12:00 Noon (London) Early Market Close
Wed., Nov. 21	Recommended 2:00 p.m. (NYC) Early Market Close
Thurs., Nov. 22	Recommended Market Close (NYC) Thanksgiving Day Recommended 12:00 Noon (London) Early Market Close
Fri., Nov. 23	Recommended Market Close (NYC) Thanksgiving Recommended 12:00 Noon (London) Early Market Close
Thurs., Dec. 6	**EMTA Annual Meeting (NYC) Hosted by Citi 388 Greenwich Street NYC**
	2012 Emerging Markets Benefit (NYC)*
Mon., Dec. 24	Recommended 2:00 p.m. (NYC) Early Market Close
Tues., Dec. 25	Recommended Market Close (NYC/London) Christmas Day
Wed., Dec. 26	Recommended Market Close (London) Boxing Day
Mon., Dec. 31	Recommended 2:00 p.m. (NYC) Early Market Close
Tues., Jan. 1, 2013	Recommended Market Close (NYC/London) New Year's Day (2013)

***Details TBA**