EMTA

Bulletin

3rd Quarter 2015 Volume 2015: No. 3

EMTA's Newest Members

see pg 25

25th Anniversary
1990-2015

Inside

(click on topic for link to page):

US Rate Hike Dominates Discussion at EMTA's 19th Annual Summer Forum in London

EMTA's 19th Annual Summer Forum in London was held on Tuesday, June 23. Over 150 market participants attended the event, which was once again hosted by Bank of America Merrill Lynch.

David Hauner moderated the event's investor panel, starting the session by polling speakers for their thoughts on China and expected US interest rate hikes. Pierre-Yves Bareau (JPMorgan Asset Management) replied that, with US rate hikes clearly in the offing, China was the most important story. "China is the country where we can see changes, for better or for worse," he stated.

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EMTA Advisory Council for Argentina Weighs in on a New Argentine Bond Market Practice

Following consultations with EMTA's Advisory Council for Argentina (the first local market Advisory Council established by EMTA, with EMTA Member representatives from Banco Itaú Argentina, Black River Asset Management, Bunge, BNP Paribas, Citibank, JP Morgan and TPCG Valores), as well as major market participants, and further to EMTA's Market Practice recommendation dated August 8, 2014, EMTA confirmed on July 7, 2015 that the local law governed USD denominated par and discount bonds identified by the ISIN Codes listed will continue to trade "clean" (unless otherwise agreed) with the accompanied payment for accrued interest. Customarily, following a coupon payment default (or the expiration of the grace period for such payment), the market will

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Trade Association for the Emerging Markets

Advisory Council for Argentina (continued)

commence trading of a fixed income instrument on a "flat" or dirty" basis. In this case, on the recommendation of the EMTA Advisory Council for Argentina, and after taking into consideration the conditions and circumstances of the Buenos Aires marketplace, EMTA determined to issue its recommendation that the bonds continue to trade "clean".

EMTA Members may Click Here for the full text of this Bond Market Practice No. 148 recommendation.

Because of the extremely complicated nature of Argentina's debt situation, EMTA Members are encouraged to contact Aviva Werner at awerner@emta.org or Leslie Payton Jacobs at lpjacobs@emta.org with any questions on the Market Practice recommendation or otherwise.

ICMA Press Release on Sovereign Debt Restructuring Clauses

The International Capital Market Association (ICMA) published revised standard New York governing law model collective action, *pari passu* and creditor engagement clauses to facilitate future sovereign debt restructuring. EMTA Members may Click Here for the Press Release, which contains a link to the suggested standard clauses.

Ukraine and Oschadbank Request Disclosure of Security Holdings Information

In order to comply with certain targets set by the IMF and to facilitate the implementation of the reprofiling of Oschadbank's 2016 Eurobonds and the 2018 Eurobonds, Ukraine has appointed DFKing Limited as an identification agent, and requests beneficial owners or investment managers to disclose their identity and holding to such Identification Agent. EMTA Members may Click Here for more information regarding Ukraine's disclosure request and may Click Here for more information regarding Oschadbank's disclosure request. More general information regarding Ukraine can also be found by Clicking Here.

EMTA Monitors Ukrainian Debt Discussions for Potential Market Practice Recommendation

EMTA is closely monitoring events in the Ukraine in connection with a possible restructuring and otherwise. Please visit EMTA's Market Page on Ukraine (which contains statements from public officials and bondholders, as well as articles of interest) for more information: http://www.emta.org/template.aspx?id=5100. Any new Market Practice recommendations or when-issued bond and warrant trade confirmations will also be included on that page.

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

ISDA Publishes Recommendation for an Amendment to the Single-Name CDS Roll Frequency

Following EMTA's consultation with major market participants for EM sovereign names, ISDA published its recommendation for an amendment to the single-name CDS roll frequency from a quarterly to semi-annual basis. EMTA Members may Click Here for the full text of this recommendation.

FX Currency & Derivatives

Upcoming Updates to Annex A

Pending review and sign-off by EMTA, ISDA and the FXC, as Co-Sponsors, Annex A is proposed to be amended to delete two long-standing rate source definitions: the SFEMC PKR Indicative Survey Rate and the SFEMC VND Indicative Survey Rate. In each case, the Singapore Foreign Exchange Market Committee (SFEMC) has indicated that it was or is no longer in a position to support the back-up (Indicative) survey and has requested that the definitions be withdrawn from Annex A for purposes of clarity.

In 2013, the SFEMC/EMTA/FXC Template Terms for VND/USD Non-Deliverable FX Transactions were deleted from the websites of each of the Co-Sponsors following a determination that there was inadequate interest in the trading of the VND/USD currency pair to support the continued recommended documentation. The VND/USD Template Terms were removed from the Co-Sponsors' websites at that time and, at the present, there are no current recommended Template Terms for this currency pair. The amendment to remove the rate source definition for the back-up survey from Annex A for this currency pair is in the category of a "clean-up" amendment to Annex A.

More recently, the SFEMC determined that trading in the PKR/USD currency pair is not strongly supported in the Asian markets and concluded that its sponsorship of the PKR/USD back-up survey is not well-placed (certain institutions may, in fact, trade this currency pair from their MENA-based desks). As a consequence, the rate source definition will be removed from Annex A. Along with this amendment to Annex A, EMTA also plans to remove the recommended PKR/USD Template Terms for NDFs and NDOs and will, at a later point, assess EMTA member interest in restoring a set of revised recommended terms for this currency pair. EMTA Members wishing to weigh in on this topic should contact Leslie Payton Jacobs at lpjacobs@emta.org.

Market Practices for Emerging Market Barrier Options

The project to develop industry consensus around standardization of observation hours for barrier options is nearing completion and should be available to the EMTA Membership for comment shortly.

The CME-EMTA Russian Ruble Reference Rate Transition

The EMTA Ruble Traders Working Group continues to debate the transition away from the CME EMTA Russian Ruble Reference Rate Survey (the "Survey") as the primary settlement rate option for the valuation of Ruble Dollar Non-Deliverable Forward FX Transactions. The Survey, developed and instituted in 1998 following the suspension by MICEX of its fixing rate in connection with the Russian financial crisis at that time, is derived from a poll of onshore banks that deal spot in the Moscow marketplace. The Working Group is looking at possible alternatives to the Survey as the primary rate-source option for these contracts and has been investigating all possible alternatives with a view to ensuring continuity and minimizing the potential for market disruption during the transition. No consensus has yet been reached by the Working Group as to a new recommended primary settlement rate option.

EMTA's 25th Year—A Look Back to:
EMTA 1999 to 2007: The EM Debt Trading and Investment Market Matures and Mainstreams

[EMTA was formally incorporated in December 1990, in the wake of the so-called LDC Debt Crisis and the pioneering Brady bond debt restructurings by Mexico and Venezuela. To help mark EMTA's 25th Anniversary, EMTA's Bulletin this year has featured a series of articles on EMTA's history.

The 1st Quarter Bulletin reprinted Bruce Wolfson's recollections of the informal meetings of LDC debt traders beginning in 1989 that, with some 'encouragement' from then-FRBNY President Gerald Corrigan, eventually led to EMTA's formation in 1990 as the LDC Debt Traders Association. The 2nd Quarter Bulletin reprinted Tom Winslade's article on EMTA's Early Years (1992 and 1993), when it emerged as an independent trade association with a growing agenda of activities, and also Michael Chamberlin's perspective on the evolution of the EM debt trading and investment markets and the growth and diversification of EMTA's activities during the period 1994 through the auspicious year of 1998.

This series continues in this 3rd Quarter Bulletin with Michael Chamberlin's reflections on the development of EMTA, and the market that it represents, following the Asian crisis and Russian debacle of 1997/98 up until the first signs of the mortgage crisis and global market slowdown in 2007. Formerly a Partner at Shearman & Sterling with a law practice split between public and private sector debt restructurings and capital market transactions in Latin America, Michael Chamberlin led Shearman & Sterling's representation of the international banking community in Mexico's Brady bond debt restructuring and worked on many financings, refinancings and debt swaps in the 1980's and early 1990's, before becoming EMTA's Executive Director at the beginning of 1994.

The views expressed in this series of articles are personal views only, and do not represent official EMTA views or necessarily reflect the views of any of its member firms.]

At the time, the Asian financial crisis and Russian meltdown in August 1998 resulted in a big setback for the EM debt trading and investment industry. Asset values and debt trading volumes plummeted, and investor confidence in the Emerging Markets fell considerably. Among other things, these events changed EMTA's priorities, resulting in several important new projects, greater emphasis on certain existing ones, and the postponement of several others. As always, however, setbacks lead to new opportunities, and from these events soon came a gradual and strong recovery of the EM debt markets that, supported by a long period of low interest rates and continuing economic and financial reforms and reserves accumulation in many EM countries, continued for nearly a decade. The EM debt markets grew, matured and prospered, and the overall period from 1999 through 2007, despite a shock or two, was generally characterized by a strengthening of many EM economies and a steady mainstreaming of the EM debt markets into the broader capital marketplace. With this mainstreaming came a much broader class of new investors in the EM debt markets and debate about the adequacy of the architecture for resolving financial crises in the Emerging Markets.

During this time, EMTA diversified its activities to keep pace with the evolution of the marketplace, incorporated a new class of market participants into its membership—the EM buyside—and added a variety of investor-oriented activities to its more traditional sellside agenda.

Please Click Here for the full text of Michael Chamberlin's article, "EMTA 1999 to 2007: The EM Debt Trading and Investment Market Matures and Mainstreams".

EMTA Survey: Second Quarter Emerging Markets Debt Trading at US$1.211 Trillion

Emerging Markets debt trading volumes stood at US$1.211 trillion in the second quarter of 2015, according to EMTA's quarterly report released on August 18, 2015. This compares with US$1.668 trillion reported for the second quarter of 2014, a 27% decrease, and down one per cent from US$1.226 trillion reported in the first quarter.[1]

"A confluence of events explains such a dramatic drop in volumes – ranging from lower trading volumes globally, EM difficulties and idiosyncratic developments, and regulatory bottlenecks," stated Drausio Giacomelli, Managing Director and Head of Emerging Markets Research at Deutsche Bank. He added that, "EM's weakening fundamentals have also played an important role, underpinning relentless outflows from both local and hard currency funds; and the implementation of the "Volcker Rule" starting in July is also a key factor, as dealers may have been forced to scale back their inventories and market-making activities to conform with the new regulations."

Local Markets Instruments at 60% of Volume

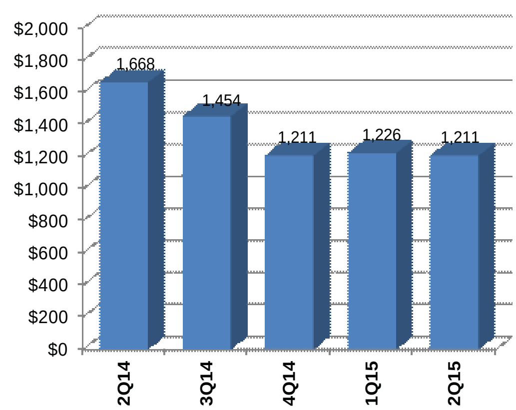
Turnover in local markets instruments stood at US$721 billion in the second quarter, accounting for 60% of total reported volume. This compares to US$1.033 trillion in the second quarter of 2014, a 30% decrease, and US$652 billion in the first quarter, representing an 11% increase. EMTA noted that the share of local markets volume rose for the first time in over two years.

Mexican instruments were the most frequently traded local markets debt in the second quarter, at US$219 billion. Other frequently-traded local instruments were those from Brazil (US$93 billion), South Africa (US$82 billion), India (US$69 billion) and South Korea (US$38 billion).

Eurobond Volumes at US$487 Billion

Eurobond trading stood at US$487 billion in the second quarter, down 23% compared with second quarter 2014's US$632 billion, and down 15% vs. US$571 billion in the first quarter.

Figures in Millions of US Dollars



[1] EMTA noted that quarter-on-quarter comparisons were somewhat skewed by an increased number of Survey participants in the second quarter 2015 report compared to the previous quarter (the second quarter 2015 report includes a net addition of 7 participants vs. the first quarter 2015 report). Year-n-year comparisons were not affected as the number of participants in the second quarter 2015 survey was equal to the number of participants in the second quarter 2014 survey.

2nd Quarter Debt Survey (continued)

51% of Eurobond activity involved sovereign debt issues in the second quarter of 2015, with Survey participants reporting US$249 billion in sovereign Eurobond turnover. This compares to a 56% share of Eurobond activity in the previous quarter, when such volumes stood at US$319 billion.

Corporate Eurobond trading stood at US$223 billion in the second quarter, accounting for 46% of total Eurobond activity (compared to 42% in the previous quarter). Sovereign Eurobond activity accounted for 21% of overall Survey volumes, with corporate trading at 18% of total turnover.

The most frequently traded individual EM Eurobonds in the quarter included Russia's 2030 bond (US$8 billion in turnover), Brazil's 2025 bond (US$8 billion), Brazil's 2045 bond (US$4 billion), Mexico's 2025 bond (US$3 billion) and Ukraine's 2017 bond (also US$3 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 over US$2 billion in warrant and option trades during the quarter, US$229 million in loan assignments and no trading of the industry's few remaining Brady bonds.

Mexico, Brazil and South Africa Instruments Most Frequently Traded Overall

Mexican instruments were the most frequently traded instruments overall, according to Survey participants, with US$266 billion in turnover. This compares with US$258 billion in the second quarter of 2014 (a 3% increase) and up one per cent vs. first quarter volumes of US$264 billion. Mexican volumes represented 22% of overall volumes.

The increase in Mexican trading on both a year-on-year and quarter-on-quarter basis – bucking the general Survey trend – was possibly a result of "less inventory and liquidity in EM generally, favoring more stable and deeper markets, such as Mexico's," Giacomelli reasoned.

Brazilian instruments were the second most frequently traded instruments in the EMTA report, at US$159 billion, according to Survey participants. This represents a 36% decrease on the US$248 billion reported in the second quarter last year and a 15% decrease on first quarter volumes of US$188 billion. Brazilian volumes accounted for 13% of total reported volumes.

Third were South African assets, which also defied the general downturn trend, at US$92 billion in turnover. This compares to US$77 billion in the second quarter of 2014, a 20% increase, and a two per cent increase on first quarter volume of US$90 billion. South African instrument trading accounted for 8% of Survey volume.

Other frequently traded instruments were securities from India (US$76 billion) and Russia (US$54 billion).

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

For a copy of EMTA's Second Quarter 2015 Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 646 289 5413.

EMTA Survey: Emerging Markets CDS Trades at US$275 Billion in Second Quarter

Reported Volumes Down 29% Compared to 2Q 2014

Emerging Markets CDS trading stood at US$275 billion in the second quarter of 2015, according to EMTA's quarterly Survey of 12 major dealers released on August 5, 2015. This represents a 29% decrease in volume compared to the US$389 billion in reported transactions in the second quarter of 2014, and a 28% contraction from first quarter's US$383 billion.

Prior to the current quarter, reported volumes had remained somewhat steady at approximately US$380 billion per quarter for the past year. The 2Q results show CDS volume was at its lowest quarterly level since the fourth quarter of 2013.

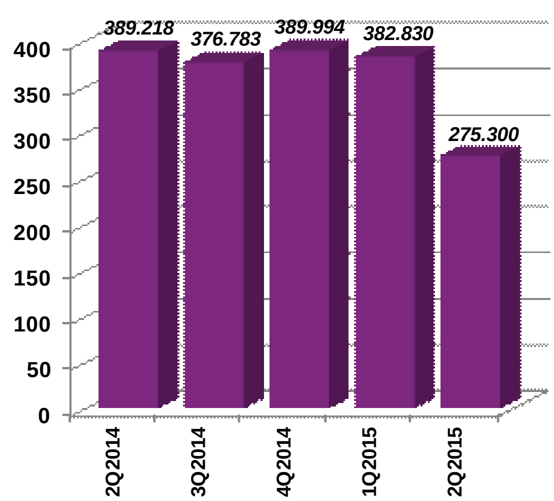
Simon Sassenberg, CDS Trader at Bank of America Merrill Lynch, sees the decline in CDS trading volume as transitory. "I expect volumes to rebound, as deteriorating credit fundamentals in EM are generating a renewed interest to hedge exposure." Sassenberg added that, "a higher interest rate environment will contribute to increase macro volatility."

The largest CDS volumes in the Survey during the quarter were those on Brazil, at US$55 billion. EMTA Survey participants also reported US$34 billion in Russian CDS; Turkish volumes followed at US$30 billion.

The Survey also included volumes on nine corporate CDS contracts, with the highest reported quarterly volume on Gazprom (US$2 billion). Participants also reported US$1.9 billion in Pemex contracts and US$1.4 billion in Petrobras CDS.

For a copy of EMTA's Second Quarter 2015 CDS Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org.

Figures in Billions of US Dollars



1Q 2015 EM Debt Trading Volume at $1.226 Trillion

Emerging Markets debt trading volumes stood at US$1.226 trillion in the first quarter of 2015, according to a report released on June 11, 2015 by EMTA. This compares with US$1.589 trillion reported for the first quarter of 2014, a 23% decrease, while up one percent compared to US$1.210 trillion reported in the fourth quarter.[1]

“Emerging Markets had a rather bumpy start to 2015. Many large countries have seen a sharp increase in financial market volatility, as a result of a stronger dollar, uncertainties surrounding the monetary policies--both in EM and DM--and a deteriorating growth outlook,” stated Dr. Murat Ulgen, Managing Director and Global Head of Emerging Markets Research at HSBC. Ulgen cited the fallout of weak global trade on EM, falling prices for commodity producers and post-“taper tantrum” erratic capital flows as sources of additional headwinds to the asset class.

Local Markets Instruments at 53% of Volume

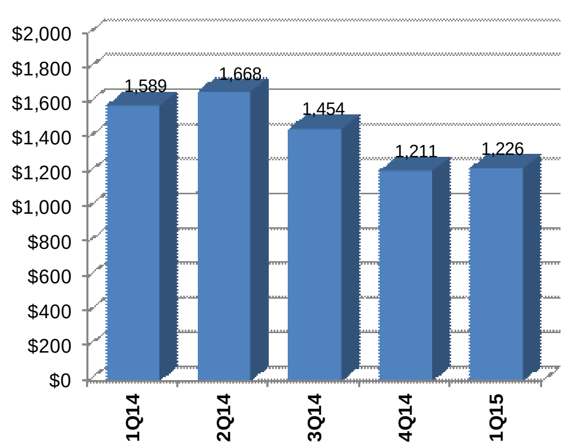
Turnover in local markets instruments stood at US$652 billion in the first quarter, accounting for 53% of total reported volume. This compares to US$984 billion in the first quarter of 2014, a 34% decrease and US$688 billion in the fourth quarter, representing a 5% decrease. EMTA noted that the share of local markets volume has declined steadily for the past eight quarters.

Mexican instruments were the most frequently traded local markets debt in the first quarter, at US$201 billion. Other frequently-traded local instruments were those from Brazil (US$109 billion), South Africa (US$74 billion), India (US$38 billion) and South Korea (US$32 billion).

Eurobond Volumes at US$571 Billion

Eurobond trading stood at US$571 billion in the first quarter, down 4% compared with first quarter 2014’s US$596 billion, while up 10% vs. US$519 billion in the fourth quarter.

Figures in Millions of US Dollars



[1] EMTA noted that the comparison was somewhat skewed by a decreased number of Survey participants in the first quarter 2015 report. The first quarter 2015 report includes, net, 4 less participants than the fourth quarter 2014 report and, net, 7 less participants than in the first quarter of 2014, with some firms joining the Survey as other did not participate.

1st Quarter Debt Survey (continued)

56% of Eurobond activity involved sovereign debt issues in the first quarter of 2015, with Survey participants reporting US$319 billion in sovereign Eurobond turnover. This compares to a 51% share of Eurobond activity in the previous quarter, when such volumes stood at US$264 billion.

Corporate Eurobond trading stood at US$241 billion in the first quarter, accounting for 42% of total Eurobond activity (compared to 45% in the previous quarter). Sovereign Eurobond activity accounted for 26% of overall Survey volumes, with corporate trading at 20% of total turnover.

The most frequently traded individual EM Eurobonds in the first quarter included Russia's 2030 bond (US$28 billion in turnover), Brazil's 2025 bond (US$10 billion), Brazil's 2045 bond (US$4 billion), Mexico's 2046 bond (US$4 billion) and Colombia's 2045 bond (also US$4 billion).

EMTA's report includes expanded listings of individual corporate bonds. With these additions, two PDVSA issuances and Petrobras' 2024 bond were included in the ten most frequently traded EM Eurobonds in the first quarter.

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 over US$3 billion in warrant and option trades during the year, US$250 million in loan assignments and no trading of the industry's few remaining Brady bonds.

Mexico, Brazil and South Africa Instruments Most Frequently Traded

Mexican instruments were the most frequently traded instruments overall, according to Survey participants, with US$264 billion in turnover. This compares with US$273 billion in the first quarter of 2014 (a 4% decrease) and up 17% vs. fourth quarter volumes of US$226 billion. Mexican volumes accounted for 21% of total Survey trading, compared to 19% in the previous quarter.

Brazilian instruments were the second most frequently traded instruments in the EMTA report, at US$188 billion, according to Survey participants. This represents a 27% increase on the US$148 billion reported in the first quarter last year and a 43% increase on fourth quarter volumes of US$131 billion. Brazilian volumes accounted for 15% of total reported volume (up from 11% in the prior quarter).

Third were South African assets, at US$90 billion in turnover. This compares to US$71 billion in the first quarter of 2014, a 27% increase, and a 21% increase on fourth quarter volume of $75 billion. South African instrument trading accounted for 7% of Survey volume.

Other frequently traded instruments were securities from Russia (US$83 billion) and Turkey (US$48 billion).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by 43 leading investment and commercial banks, asset management firms and hedge funds.

For a copy of EMTA's First Quarter 2015 Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 646 289 5413.

Summer Forum (continued)

Sergio Trigo Paz (Blackrock) believed that EM investors had recently moved from "crying wolf to becoming too complacent on China...the country is now flying on a single engine," he warned. Factors such as high real wages were starting to affect Chinese exports, and the anti-corruption campaign was acting as a brake on some projects.

Jan Dehn (Ashmore Investment Management) argued that the renminbi would eventually become the strongest currency globally. He also asserted that the Chinese bond market would skip a medium stage, and would eventually be on par with the Japanese and US domestic bond markets.

Turning to the dollar, the strong US currency has been a theme for four years, Dehn affirmed, and its effects on the US economy were beginning to cause concern. The broad consensus trade of a strong dollar/weak euro has met constraints, however, and he predicted greater volatility as "the herd still has this trade in place."

Lupin Rahman (PIMCO) argued for the EM debt asset class on a fundamental basis. Recent shocks, such as the Eurozone or commodity price decline, have not prompted sell-offs as in EM's early days. In general, EM debt valuations were fair, "but there is added spread to be had in special situations and frontier African markets." Sticky institutional allocations continue to flow into the asset class, and these inflows might be waiting for market dips. "You may have cyclical bouts of weakness, but there are still lots of reason to be in EM," she concluded.

Her argument was buttressed by Trigo Paz who underscored that "in a world where US rates will go higher, it will be more difficult to make money in fixed income unless you go into spread assets. He added that "there is enough for us to look at [in EM] for alpha."

In the week prior to Greece's default on IMF debt, Trigo Paz also accurately predicted a muted impact from Greece on the market. Any deal with Greece would be subject to its actual implementation, and would likely be viewed as a "kicking the can down the road" agreement.

Summer Forum (continued)

Brazil appeared to be taking the appropriate steps on both the fiscal and monetary sides, Rahman believed, although she expressed concern that such actions appeared to be a "one-man show by Finance Minister Levy." It was also not absolutely clear that growth would follow the adjustments. Rahman anticipated further weakening of the Brazilian real.

Like Brazil, another "key trade to get right," in Bareau's view, was Russia. "The big value move, the big power trade, in Russia has gone," he declared. Bareau pointed out that economic variables continued to deteriorate, and he expressed increased caution on Russian corporates (although quasi-sovereigns might still offer value in his opinion). "The market for Russia has become 'cleaner' and bifurcated – there are the long-termers, and there are those who don't want to touch it," he affirmed.

Of the high-alpha credits, Trigo Paz selected Venezuela as his preferred trade. With a yield of approximately 24% at the time of the event, he judged this an appealing return of capital...if they pay their coupons." The possibility of post-National Assembly election political changes offered another possible carrot. Dehn concurred, believing that oil prices have reached their nadir.

The recent Turkish elections were also discussed on the panel. The vote was positive in Dehn's assessment, and had altered the country from "going down a bad path." The country's institutional framework appeared to be holding up well, and a macro adjustment was likely.

Dehn also questioned some of the status quo in EM. He criticized the influence indices have on EM investment, and the movement they encourage towards indexed credits, rather than the vast supply of excluded instruments. He also called for EM central banks to show more boldness in their holdings. "The vast majority of Central Bank reserves are invested in countries whose central banks are printing currencies. The world will soon be short of healthy reserve currencies; I'd like to see Mexico and others follow in the footsteps of China by working towards making their currencies eligible for global reserve currency status," he affirmed.

Summer Forum (continued)

A panel of sell-side analysts followed, moderated by Brett Diment of Aberdeen Asset Management. Diment contrasted the 1994 and 2004 US rate hiking cycles, and asked speakers for their assessment of likely EM market reaction to the long-anticipated Fed move.

Christian Keller (Barclays) reviewed the fundamental improvements in EM countries that have occurred since the 1994 rate hike (e.g., the flotations of many EM currencies), and argued that the clear warnings have helped avoid a surprise. However, he did not expect its effects to be as benign as the 2004 rate hiking cycle, and several EM economies could prove vulnerable.

The 2013 'temper tantrum' served as a trial run, agreed Robert Burgess (Deutsche Bank) and as a result some EM countries prudently adjusted their economic policies. The after-effects of the rate hike would likely be felt gradually, as the US move would be mitigated by continued loose EU and Japanese monetary policy. "I am relatively optimistic on EM in a rising US rate environment," he summarized.

Michael Marrese (JPMorgan) reminded investors not to think of EM as a single asset class, and that different instruments would fare differently. His firm was underweight EM corporates , in anticipation of a sell-off post-Fed action. Finally, Ahmet Akarli (Goldman Sachs) noted that the expected rate hike was one of a number of currents, including a change in the terms of trade, that have recently turned against EM after many years of flowing in its favor.

The panel turned to individual credits, and first discussed Brazil's prognosis. Marrese expected the country to retain its investment-grade rating. "We are constructive on Brazil, but we do see some dangers, and it's perhaps not optimal to go into Brazilian debt now," he commented. "Locals have been enormously negative, and they were right...the corruption scandals were deep, and they appear to be unending," he stressed.

"Stagflation is the key word for Brazil right now, but there might be an opportunity in the future," in Akarli's view. Keller concurred, and speculated that inflation might not peak until 2016.

Akarli expressed a short-term tactical view on Turkey, although he remained bearish longer-term. He listed high net foreign liabilities, a large current account deficit and weak growth as underpinning his concerns. Akarli also believed that no coalition government would prove sustainable.

Summer Forum (continued)

Burgess agreed on a short-term opportunistic trade, citing the potential for an election-related relief rally. “The news was good for institutions and for democracy...but no one can see the path from here.” Longer-term, he predicted “populist-tinged posturing, as collation parties all keep an eye out for new elections.”

Marrese called the Turkish Central Bank the biggest winner in the elections, with its independence now preserved. He expressed an overweight view of Turkish equities and corporates, while remaining neutral on the currency (although new elections would be bearish for the lira, he added).

On Ukraine’s debt restructuring, Marrese was clear. “Ukraine doesn’t have the money, and the current IMF program is not enough,” he declared. If adequate haircuts were not achieved, there would inevitably be future restructurings, “or an international donor conference!” Both he and Keller confirmed underweight recommendations.

As for Russia, Burgess noted the arguments for a bearish stance were lengthy, and a de-escalation of sanctions didn’t seem likely. However, he noted client interest in local rates despite the decline in foreign ownership of OFZs, and recognized that “many investors will stay on the sidelines for now.” He forecast the ruble as range-bound, between 50 and 60 per dollar, for the next twelve months.

Akarli noted that the market had priced in approximately 200 bps in Russian rate cuts. “The exchange rate weakness is a boon to many local firms, and the Russian corporate sector is long hard currency,” he advised. He added that Goldman’s oil price forecast for oil was $55 per barrel.

Marrese noted “Russians are screaming for a weaker ruble,” and stated his own forecast of 57 per dollar. He expressed positive stances on Russian external sovereign debt, as well as quasi-sovereigns and corporates. In contrast, Keller warned that, “the Russian trade is gone...I wouldn’t run after it now.” He expected the Russian recession to worsen in 2016.

Other topics covered by the panel included South Africa (“so little has changed since I began covering it 15 years ago,” according to Burgess, while praising the Central Bank for its work on containing inflation) and India (Keller remaining constructive long-term, while Marrese’s enthusiasm had declined).

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Argentina Update Panel in London

A discussion of the latest developments in Argentina and its lawsuits in the US and UK took place at Allen & Overy's offices in London on June 5, 2015. Balanz Capital sponsored the event, with additional support from Allen & Overy. Yannis Manuelides (Allen & Overy) moderated the panel, and other panelists included Stephen Fang (Aberdeen Asset Management PLC), Walter Stoeppelwerth (Balanz Capital), Matthew McGill (Gibson, Dunn & Crutcher LLP) and Elena Duggar (Moody's Investors Service).

Delving directly into the question of whether the recent Bonar 2024 bond issuance can be successfully challenged, Mr. Manuelides asked the panelists how the New York injunction would impact such issuance. Mr. McGill explained that papers were filed in New York to amend the complaint, such that these bonds would be subject to Judge Griesa's *pari passu* clause interpretation (and attendant injunction) on the rationale that the clause covers all of Argentina's "external indebtedness", which is defined as any dollar-denominated debt (issued in a foreign currency). With respect to Argentine law governed bonds, he reiterated that the exclusion for *pari passu* coverage only applies if the bonds were offered exclusively in Argentina (not simply first offered in Argentina), and he posited that the Bonar 2024 Bonds were not exclusively offered in Argentina (and the Boden 2015 and Bonar 2017 Bonds may also be covered if offered outside of Argentina). He also cautioned third parties (like indenture trustees, paying agents and clearing systems) from assisting in the violation of any court-ordered injunction with any movement of any monies for Argentina or other work-around designs that are likely risky and may subject those architects of such design and their customers to the jurisdiction of a New York court judge.

Mr. Stoeppelwerth suggested that Argentina consider a bond swap or payment out of its reserves to fix its current dilemma, and McGill replied that the issuance of the 2024 Bonds were probably meant to pay the 2015 Bonds, but any swap is difficult since the bonds would likely be subject to the injunction and offered at a high discount because of the likely applicability of the injunction.

In response to Manuelidis' question on the "me-toos" litigants, Stoeppelwerth stated that the government would want a comprehensive solution so it wouldn't have to contend with any hanging litigation. McGill agreed that it would be in Argentina's interest, as well as the market's, and Griesa's wish, to have a global resolution, and that, while the "me-toos" are a large and diverse group, they are cohesive, and a convincing argument can be made that all such plaintiffs should receive the benefits of the injunction.

McGill also explained that the current motion had two parts – part one's argument at the end of May related to the question of whether Argentina violated the *pari passu* clause, such that plaintiffs have rights to such clause (a ruling on part one is expected in the near term), while part two arguments related to whether all plaintiffs should get the benefits of the same injunction so they are all on the "same footing" (the timeframe for that ruling is a few months). For McGill, Argentina is erroneously arguing that the "merger doctrine" applies, which prevents plaintiffs from incurring any rights in a contract if they already have obtained judgments. With the political complications to getting any deal done, it is likely that the new Administration will be handling the "me-too" topic, given Argentina counsel's recent letter, which demonstrated that the current Administration is not ready or interested in reaching a deal.

Argentina Update (continued)

On the question of whether there will be holdouts to the hold-out deal, McGill responded that there was no world court or forum to bring all bondholders together, with no judicially enforced worldwide settlement, and Griesa will only decide the fate of the New York law bondholders before him (which may be a template for the remaining *pari passu* clauses under European or Argentine law debt). However, he also stated that, after creditors banded together in “me-too” litigation, it is unlikely that Griesa would “look too kindly” on litigants that do not agree to an all-inclusive deal. And, finally, he pointed out that there are currently $10 billion in New York judgments outstanding, but the size of foreign law judgments is not easily ascertainable or publicly available because Argentina, in his opinion, is strategically withholding such information in their own best interest.

Stoeppelwerth discussed the interplay between the underlying fundamentals and the upcoming election. With an unleveraged economy, the optimistic view is that the continued lack of access to capital would propel the current Administration that is running out of time to move forward past the litigation. He thought that the ingenuity of the Bonar issuance contributed to holding off a dipping into the reserves. However, the next President will not have the choice or luxury of continued isolation from the rest of the world. Printing money, causing inflation, spending $500 million per month will all be too high of a cost to be cut off from the international markets. A new economic regime approach was necessary for 2016/2017 as the currency is currently overvalued. Stoeppelwerth’s “dream scenario” was Presidential candidate Mauricio Macri, who would attack subsidies, do his political homework and settle with the holdouts to effect global acceptance. He thought Presidential candidate Daniel Scioli was more concentrated on his priority of winning the election first, then he’d turn to the second phase of dealing with the holdouts. While a veteran politician with political skills and power to win with Cristina’s endorsement and sponsorship, change under his direction will not be quick. How much is Scioli his own man, how much does the populace want change, whether Kiciloff would be the Vice President (where the market would not be as affected as if he’d remain the Economy Minister) – are all interesting questions to ponder, but with 30% inflation, Stoeppelwerth posits that change is inevitable (even though Cristina is very popular, even though Peronists usually get 30-35% of the vote no matter what and even though if Massa drops out of the race, Sciloli is likely to gain more votes).

Stoeppelwerth was confident that Macri’s team would eliminate capital controls and set forth a path of consolidation, with the primary area to come from subsidies, as gas and electricity is too low. How the new government will articulate a fiscal plan and plan for the holdouts will be crucial. Argentina has to “grow its way out of its problems, have a shock of confidence, a reality check and a population that has to accept change”.

Mr. Fang agreed with Stoeppelwerth and was cautiously optimistic that, with the shale and mining projects, it was likely that there would be some resolution to the litigation in the second half of 2016.

Ms. Duggar stated that the probable duration of default in relation to expected losses, the legal risks and the restructuring process all influenced the rating agency analysis. The main credit drivers were a drop in official reserves and political and legal risk. The underlying fundamental challenges included the fiscal deficit, inflation, capital controls and misaligned exchange rates.

Panelists at EMTA Forum in Zurich Debate Effects of US Rates, Chinese Growth and Weak Commodities on EM Assets

EMTA's Second Annual Forum in Zurich was held on Wednesday, June 3, 2015. MarketAxess sponsored the event, which drew an audience of 50 market participants. CIBC, ICBC Standard Bank and UBS provided additional support.

Demetrios Efstathiou (ICBC Standard Bank) served as the panel's moderator. The session began with Efstathiou asking speakers for their opinions on recent dollar strength and its effects on EM.

Bhanu Baweja (UBS) had his own take on the strong US currency. "The pulls and pushes on EM assets would change completely if the stronger USD were to be propelled by higher US rates, rather than lower European rates." When US rates went higher, the weakness in EM currencies would also infect other asset classes such as rates, credit and the equity market. According to Baweja, the Fed, not the ECB, was a driver of EM's cost of capital.

Luc D'hooge (Vontabel Asset Management) recalled disappointing US growth data in previous months, while acknowledging much of it could be attributed to weather.

John Welch (CIBC) stressed that Latin currencies had been oversold, and suggested there was value to be found. Finally, Gonzalo Borja (Credit Suisse Asset Management) predicted further dollar appreciation, although he admitted he was unsure how much stronger the dollar could go. Borja added that many EM corporate debt issuers were net exporters with dollar revenues, and lower local-currency costs would help such companies in Brazil and Russia, among others.

Efstathiou asked if the market had sufficiently priced in the upcoming Fed rate hike. Welch commented that the long anticipation of a Fed move had created a "Chicken Little" scenario. When rate hikes finally come, he advised investors to view it as a buying opportunity for LatAm assets.

Baweja asserted that the market had not adequately factored in the entire hiking cycle, and argued that EM credits were driven more by China than any other factor. He worried that lower Chinese growth could prove more detrimental to the asset class than US rates. Baweja expressed increasing bearishness on China ("it is not the same old, same old"), and underscored that significant further downside risk existed. D'hooge commented that local currencies would feel the rate hikes most and that during the 2004 hiking cycle, EM external debt spreads actually tightened. "I'm not too worried," he summarized, and concurred that a Chinese slowdown was of greater concern.

Zurich (continued)

The panel also addressed commodity prices. D'hooge drew a comparison between the apparent attempts by Saudi Arabia to squeeze shale producers out of the market to similar moves by large iron producers to squeeze out marginal iron producers. While the oil market seemed to be reaching a new stability, he was less confident that iron prices would not fall further.

Welch saw Brent reaching $70 per barrel by year-end, and a potential small upwards move in copper. The market had erred in not differentiating between commodity-exporting countries, he stated, citing as an example that 40% of Brazil's imports were linked to commodity prices, offsetting the more-widely discussed commodity-related exports (while contrasting Brazil with Colombia, which does not have a significant offset on the import side). Caribbean countries were profiting from the commodity price slide (with the exception of Trinidad & Tobago), and at the same time tourism revenues to the Caribbean were increasing.

Borja commented that sovereign wealth funds appeared to be buying commodity-importing country bonds, and he questioned how this could affect the market. Finally, Baweja noted that because of their dependence on commodities, he could not recommend investing in Russian or South African FX.

Efstathiou brought up Petrobras for discussion, following the company's successful 100-year bond issuance. Welch first reviewed Brazil's economic situation, noting that increases in electricity costs, bus fares and gasoline prices had resulted in inflation, which then weakened Brazilian growth. He anticipated growth bottoming out in the 3Q, and predicted the SELIC rate would be hiked as high as 14%. The Petrobras deal demonstrated the large amount of cash chasing yield in the markets in his analysis. "The deal was a smart and audacious move; the buyside wants duration and spread, and the coupon was also attractive," he stated. Welch deemed prosecutions of corrupt officials a very positive development for Brazil. D'hooge admitted to finding the Petrobras issuance attractive: some investors have concentrated on the very remote maturity, and the possibility one might never see one's money back, but he focused on the "fantastic mathematics of the bond; the modified duration (at issuance) was the same as the Petrobras 2044 bond, showing that those very remote cashflows hardly matter, and you get a much higher spread almost for free."

Finally, Borja reviewed the environment for EM corporates. The $100 billion in Russian 'fallen angels' was one of the largest moves in the EM corporate space, and "some issues have macros that would be envied by investment grade issuers." Kazakh corporates have been hurt "by being in the wrong neighbourhood," he stated. In general, technicals supported corporates, with declining issuance (as much as down 60% in LatAm), while cash inflows continued. Even Asian corporates, which could appear expensive on a relative value basis, had positive technical support. Middle Eastern corporates had been expensive, "but this is an area you want to be in when there is market volatility."

EM Markets Prepared for US Rate Hike, According to EMTA Frankfurt Panelists

EMTA's second annual Frankfurt Forum was held on Monday, June 1, 2015 with over 50 EM market participants in attendance. The event was hosted by MarketAxess, with additional support from Nomura and Societe Generale. The panel featured discussions of US rates, the Chinese currency and specific investment opportunities.

Kit Juckes of Societe Generale led the event's panel discussion. He kicked off the session by inquiring if, two years post-'taper tantrum,' the market was now ready for a buying opportunity.

Allianz Global Investors' Andreas Hahner expected a US FOMC rate hike in September, and argued that the financial markets have been well-prepared for higher rates, "as long as the Fed does it right." Other speakers concurred - Nicholas Schlotthauer of Deutsche Asset & Wealth Management highlighting as risk scenarios larger-than-expected Fed hikes, and any idiosyncratic issues that arise. Frank Ehrich of Union Investment expected the Fed to move in 25 bp increments, while expressing some concern that the Fed could be overaggressive, and possibly crowd-out high yield corporates.

The panel addressed the Chinese renminbi, following IMF's recent determination that the currency was fairly valued. Ehrich acknowledged he maintained a small short position, and viewed the renminbi as still overvalued, while moderator Juckes was more vocal in his assessment that the currency was too expensive. As for Chinese growth, Schlotthauer didn't expect China "to fall off a cliff," and thus it was unlikely that China could pose a big negative for the market.

On Russia, Hahner did not foresee a lifting of sanctions in the near-term, and believed that the current risk/reward ration was unfavorable. He added that the country was likely to lose its one remaining investment-grade rating. Ehrich found it "tough to be optimistic on Russia, especially with expansion of the banned persons list and the increasing isolation of Russia."

The Ukraine restructuring process was probably disappointing to the country's finance minister, opined Dmitri Petrov of Nomura. In his assessment, Kiev would increase the pressure on creditors to accept a hair cut, and he saw the debt trading in the 40s or higher 30s.

Frankfurt (continued)

Panelists disagreed on their view on Turkey, in the weeks prior to the country's elections. Hahner discussed Turkish dependence on capital inflows, and deemed Turkey vulnerable to ratings agency downgrades. Other participants had more positive assessments. Schlotthauer thought that Turkish fundamentals were improving, and that opportunities existed. Ehrich underscored that the Turkish current account deficit had been narrowed because of decreased commodity pricing, and ventured that debt could outperform in the second half of 2015. Petrov commented that it wasn't clear what the next direction of Turkish rates would be.

Latin American countries were also debated. Hahner viewed Mexico as an interesting story, but one which is "postponed" because of oil pricing. "Mexico has to deliver what markets are expecting," added Schlotthauer. On Argentina, Hahner warned of over-optimism. "The market is expecting too much, too fast after the elections," he stated.

"The market is expecting too much, too fast…and one cannot rule out the possibility that elections won't be carried out," he stated.

"It's hard to like Brazil," commented Ehrich. "We are far away from their potential growth rate of 3 to 3.5%...when you go there, you see that not much is going on." He urged Brasilia to invest more in educating its youth.

Despite the end of the 2014 election cycle, and the reduced political risk in the EM asset class, Ehrich noted that there are always geopolitical situations an EM investor needed to monitor. Currently, North Korea, as well as China's territorial disputes with its Southeast Asian neighbors, were issues to be followed, in his view.

Turning last to Africa, "sentiments on the continent seem to have ebbed and flowed over the past two years," noted moderator Juckes. He asked panelists if investment in African debt was attractive. Schlotthauer observed that, for investors who can own non-investment grade paper, Africa probably offered the "last frontier of EM opportunities," although he rued that many investors misperceive Africa as a continent comprised exclusively of commodity exporters. Recent political developments in Nigeria and Ivory Coast were positive, he added.

In Ehrich's view, African Eurobonds were no longer cheap, while liquidity could be a concern in the more attractive local bonds. Hahner would avoid South Africa, while Ehrich was "not as optimistic as I had been, but not pessimistic…the question is who will take over after President Zuma?"

EM Corporate Bond Opportunities to be Debated at Annual New York Forum

Opportunities and challenges in the EM corporate bond arena will be the focus of EMTA's annual EM Corporate Bond Forum. BNP Paribas will host the event at The Yale Club at 50 Vanderbilt Avenue (at 45th Street) in New York City, on Thursday, September 10, 2015.

BNP Paribas' Mark Howard will serve as the Forum's panel leader. Confirmed speakers will include Anne Milne (Bank of America Merrill Lynch), Sarah Leshner Carvalho (Barclays), Jonathan Prin (Greylock Capital Management) and Katherine Renfrew (TIAA-CREF). A cocktail reception will follow the discussion.

Attendance for EMTA members is complimentary. A registration fee of US$695 applies to non-members who wish to attend the event.

Please contact Jonathan Murno of EMTA at jmurno@emta.org for more information.

UBS to Host EMTA Fall Forum on September 16th in New York

EMTA's Fall Forum, hosted by UBS, will take place on Wednesday, September 16, 2015. The event will take place at UBS' offices at 1285 Avenue of the Americas (at 51st Street) in New York City.

The event will include a panel of speakers moderated by UBS' Rafael de la Fuente. Joining de la Fuente on the podium will be Gunter Heiland (Gramercy), Chris Tackney (Greylock Capital Management), Gordian Kemen (Morgan Stanley) and Javier Kulesz (Nomura).

Invitations have now been sent to EMTA members, who may attend at no cost. There is an attendance fee of $695 for employees of non-member firms. For more information, please contact Jonathan Murno of EMTA at jmurno@emta.org.

ICBC Standard to Sponsor EMTA's Fourth Sub-Saharan African Forum in London

ICBC Standard will host EMTA's Fourth Forum on Sub-Saharan Africa. The event will take place on Thursday, September 24, 2015, at the ICBC Standard office at 20 Gresham Street in London.

Stephen Bailey-Smith (Standard Advisory) will lead a panel discussion on investment opportunities in the region. Additional speakers include Kevin Daly (Aberdeen Asset Management), Andreas Kolbe (Barclays), Alex Garrard (BTG Pactual Asset Management) and Nema Ramkhelawan-Bhana (Rand Merchant Bank).

Invitations have been sent to EMTA members, who may register for the event at www.emta.org. Non-members may also attend, with a US$695 registration fee.

In addition to the panel discussion, the Forum event will also include a cocktail reception. Barclays and Rand Merchant Bank are providing additional support for the event.

For more information, please contact Jonathan Murno of EMTA at jmurno@emta.org.

Seminar in New York "Argentina Elections – What the Future Will Hold" on the Upcoming Argentine Elections

This Special Seminar will be sponsored by Banco Mariva and will take place at EMTA's offices in NYC on October 16, 2015. Arturo Porzecanski (American University) will moderate the panel, and other panelists will include Fernando Losada (AllianceBernstein), Patrick Esteruelas (EMSO), Matthew McGill (Gibson Dunn & Crutcher), Siobhan Morden (Jefferies LLC) and Alejandro Catterberg (Poliarquía Consultores).

EMTA Celebrates Ten Years in Asia

EMTA is pleased to mark, in 2015, the ten year anniversary of its Forums in Singapore and Hong Kong, respectively. In 2006, EMTA, in partnership with ING, decided to host an EMTA Forum in each of Singapore and Hong Kong. This was the first EMTA Forum presented outside of New York or London and presaged a subsequent outreach by EMTA to the Emerging Market investor base in financial centers around the world. (Today, EMTA outreach to its Membership involves events for the Emerging Market community in 11 financial centers around the world.) Traditionally a sit-down lunch time format, the Forums in Singapore and Hong Kong feature panels of Emerging Market experts largely drawn from the EMTA membership.

EMTA's Forum in Singapore will be held on Wednesday, October 21, 2015 at the Fullerton Hotel and the EMTA Forum in Hong Kong will be held on Friday, October 23, 2015 at the JW Marriott. Details and registration for the Forums will be announced shortly by separate email to the EMTA membership.

Arbitration Panel

EMTA is excited to be presenting a panel of legal experts on EM arbitration matters on October 26, 2015 at its NYC offices. Whitney Debevoise (Arnold & Porter) will be moderating the panel, and other panelists will include Jeffrey Sullivan (Allen & Overy), Mark Cymrot (BakerHostetler) and Alexandre de Gramont (Dechert). More details on the topics that will be addressed will be available shortly.

EMTA to Host Corporate Bond Forum in Boston

Due to member demand, EMTA will host a special forum dedicated to the EM corporate bond market in Boston on Tuesday, November 3, 2015. EMTA has held corporate bond-specific Forums in London and New York since 2007.

MarketAxess will sponsor the event, which will be held at the Langham Hotel, 250 Franklin Street in Boston, MA. Additional support is being provided by Bank of America Merrill Lynch and JPMorgan.

Bank of America Merrill Lynch's Anne Milne will lead the panel discussion. At press time, additional confirmed speakers included Jacob Steinfeld (JPMorgan), David Cole (MFS Investment Management) and Sam Epee-Bounya (Wellington Management Company). A cocktail reception will follow the discussion.

Discounted attendance for EMTA members is US$75; a registration fee of US$695 applies to non-members who wish to attend the event.

Please contact Jonathan Murno of EMTA at jmurno@emta.org for more information.

EMTA Annual Meeting Set for December 3, 2015

Capping off a turbulent year for EM debt -- marked by the Petrobras scandal, a Chinese slowdown, continued weakness in commodity prices, speculation over US interest rates and asset class outflows -- EMTA's Annual Meeting will be hosted by Citi, at its 399 Park Avenue office in New York City. The Meeting will take place on Thursday, December 3, 2015 with 300 EM professionals expected to attend.

As in prior years, the event will include two panels of EM experts, one moderated by Citi's David Lubin and composed of investors, with JPMorgan's Joyce Chang leading a sell-side analyst discussion. This year will mark Chang's 20th consecutive appearance at the EMTA Annual Meeting.

Joining both Lubin and Chang on the podium will be Pablo Goldberg (BlackRock), Alberto Ramos (Goldman Sachs), Dave Rolley (Loomis Sayles), Alberto Ades (Bank of America Merrill Lynch), Christian Keller (Barclays), Drausio Giacomelli (Deutsche Bank) and Will Oswald (Standard Chartered). Additional speakers are expected to be confirmed shortly.

Invitations will soon be sent to EMTA members, who may attend at no cost. There is an attendance fee of $1000 for employees of non-member firms. For more information, please contact Jonathan Murno of EMTA at jmurno@emta.org.

EMTA's 25th Anniversary Panels

EMTA's 25th Anniversary Panels "Emerging Markets - Then and Now" will take place on December 7 at EMTA's NYC offices. Martin Schubert (European InterAmerican Finance Corp.) will moderate one of the panels, and at press time the following speakers have been confirmed: Arturo Porzecanski (American University), Charles Blitzer (Blitzer Consulting), Lee Buchheit (Cleary Gottlieb Steen & Hamilton), Hans Humes (Greylock Capital Management), Terrence Checki (recently retired from the Federal Reserve Bank of New York) and EMTA's Founding Chair Nicolas Rohatyn (The Rohatyn Group).

Panelists will likely discuss how the EM investor base has changed; the evolving role of the major banks, the crises of the past vs more recent ones and how globalization and/or contagion has affected the market, including the Eurozone crisis and what can be learned from EM; the impact of the Brady plan and are we once again approaching a new debt restructuring era - is there just too much debt and how do we get to "life after debt"; creditors' rights and rule of law/enforceability of contracts – how have recent cases changed the way we look at these; how is the asset class now viewed vs in its earlier stages; the changing role of rating agencies; CACs, the *pari passu* clause and tools of crisis resolution in sovereign debt restructurings through international financial architecture; the Argentina saga; the Eastern Europe impact; the Mexico upgrade vs Brazil downgrade; foray into frontier markets; and increased volumes in local markets instruments, EM corporate and CDS on EM names..and more.

EMTA is very pleased to be presenting these panelists, and we hope you join us in our celebration!

EM Charity Ball in London to Raise Funds for EM Health and Education Projects

At press time, a very limited amount of tickets still remained for the annual industry charity benefit in London, to be held at the Marriott Grosvenor Square on Friday, October 2, 2015.

For the eleventh consecutive year, MarketAxess will sponsor the Benefit with proceeds from its annual Charity Trading Day, set for September 24, 2015. MarketAxess' Annual Charity Trading Day has raised over US$800,000 for the annual New York and London Charity Balls since its inception in 2004.

Argentine broker TPCG will also provide sponsorship support for the ball.

The EM Ball London has distributed over GBP 3.25 million since 2004 to organizations working to improve health and education in emerging countries. Proceeds from the 2015 event will benefit:

- **Children of the Andes**, which supports street children in Colombia www.childrenoftheandes.org,
- **Cotlands**, which provides support for children affected by the HIV/AIDS pandemic in South Africa www.cotlands.org,
- **EMpower**, a grant-making foundation which connects the Emerging Markets community with innovative grassroots organizations enabling young people to lead healthy, productive lives www.empowerweb.org,
- **Facing the World**, which provides life-changing craniofacial surgery to some of the world's most disadvantaged and vulnerable children www.facingtheworld.net, and
- **Health Poverty Action**, which provides basic health care to rural communities around the globe www.healthunlimited.org.

The Ball is a black-tie event, featuring a champagne reception, a seated dinner, a wide assortment of entertainment and a live band. A live auction will also be held; among the items up for grabs this year is an autographed 18th hole flag from Rory McIroy's dramatic 2014 PGA championship.

For further information, please contact Clare Turnbull of Nomura at clare.turnbull@nomura.com, or Jonathan Murno of EMTA at jmurno@emta.org.

Emerging Market Benefit NYC Set for December 3, 2015 at Marquee

The Emerging Markets Charity Benefit (EMCB) Planning Committee continues to work on the annual New York Benefit. This year's event will be held on Thursday, December 3, 2015. The fundraiser will be held at Marquee, 289 Tenth Avenue (at 27th Street), and will run from 5:30 pm to 10 pm, immediately following the EMTA Annual Meeting.

The EMCB Planning Committee held monthly meetings in the first half of the year to discuss a new venue, and to narrow a list of beneficiaries down to a final selection. At its May 18, 2015 meeting, after meeting with finalists, the committee voted to select four charities as 2015 event beneficiaries:

- **Children of Peru Foundation**, which makes grants to selected not-for-profit organizations to provide better healthcare and education for disadvantaged children in Peru www.childrenofperu.org,
- **Containers 2 Clinics**, which provides containerized maternal and child health clinics in Haiti and Namibia to provide long-term, sustainable health service www.containers2clinics.org
- **Miracle Foundation**, which empowers orphans in India to reach their full potential www.miraclefoundation.org, and
- **Orphaned Starfish Foundation**, which works with orphans and disadvantaged children throughout Latin America and Ethiopia www.orphanedstarfish.com.

Invitations to buy tickets for the 2015 Charity Benefit have been sent to all EMTA members. Discounted packages of ten admissions (US $12,500) or fifteen admissions (US$15,000) are available, and must be settled by November 1, 2015 to qualify. In addition, the Committee welcomes donations of auction items to support the event's beneficiaries.

The event is made possible by the generous support of MarketAxess. MarketAxess will hold its annual charity trading day in September 2015, with all proceeds to be split between the New York and London EM debt industry charity benefits.

The Planning Committee continues to welcome new members, and is open to all members of the EM debt trading community. Please contact Jonathan Murno of EMTA at jmurno@emta.org if you are interested in joining the committee.

Membership Update

EMTA warmly welcomed 2 new members during the Third quarter of 2015. EMTA's members now include over 170 banks, broker-dealers, money management firms, hedge firms, and others.

Our most recent new members include:

- **Eurex Frankfurt**
- **Gibson, Dunn & Crutcher LLP**

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.

Stay Current to Stay in Touch!

If you have recently changed emails or moved offices, please update your information.

You can update your information at https://netforum.avectra.com/eWeb/DynamicPage.aspx?Site=EMTA.

EMTA Notifies Members of Warrant Payments

For many years, EMTA has routinely monitored information on various warrants issued in Brady bond exchanges.

During the third quarter, EMTA notified its Members of the zero payment amount in respect of Uruguay warrants.

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 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.

Website Updates and Additions

New Developments

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

August 18, 2015
- Holiday Schedule for EM Bond Trades for UK Summer Bank and US Labor Day Holidays.

August 18, 2015
- EMTA Announces 2Q 2015 EM Debt Trading at US$1.211 Trillion.

August 11, 2015
- Moody's Downgrades Brazil's Government Bond Rating from Baa2 to Baa3.

August 7, 2015
- Fitch Assigns Iraq a Long-Term Foreign Currency Issuer Default Rating of B-.
- Moody's Downgrades Mozambique's Government Issuer Rating from B1 to B2.

August 6, 2015
- EMTA Corporate Bond Forum in New York to be Held on September 10, 2015.

August 5, 2015
- EMTA Announces 2Q 2015 EM CDS Volume Stood at US$275 Billion.

August 4, 2015
- IMF Publishes Its First Review Under Ukraine's Extended Arrangement.

August 3, 2015
- Additional U.S. Sanctions Imposed on Russian and Ukrainian Persons, But No Significant Escalation – Dechert Memorandum.

July 22, 2015
- Looking Ahead to Lifting Sanctions Against Iran – Shearman & Sterling Memo.

July 21, 2015
- Sanctions Against Iran: Changing, Not Gone – Cleary Gottlieb Memo.

July 10, 2015
- Moody's Upgrades Nicaragua's Foreign-Currency Government Issuer Rating from B3 to B2.

July 8, 2015
- ISDA Publishes Recommendation for an Amendment to the Single-Name CDS Roll Frequency to Semi-Annual Rolls.

July 7, 2015
- Market Practice for Argentina Local Law Discount and Par Bonds.

July 6, 2015
- Standard & Poor's Downgrades Mozambique's Long-Term Sovereign Rating from B to B-.

July 1, 2015
- Moody's Downgrades Greece's Government Bond Rating from Caa2 to Caa3.

June 29, 2015
- Standard & Poor's Downgrades Greece's Long-Term Ratings from CCC to CCC-.

June 26, 2015
- Calculations for Payments on Uruguay VRR's Announced.

June 18, 2015
- Moody's Comment on Cuba's Paris Club Debt.

June 17, 2015
- Holiday Schedule for EM Bond Trades for US Independence Day Holiday.

June 15, 2015
- Ukraine Debt Restructuring: The Right Way is the Middle Way.
- Emerging Markets Charity Benefit to be Held on December 3, 2015.

June 12, 2015
- Ministry of Finance Welcomes the Successful Negotiations on Oschadbank's External Debt.
- IMF Managing Director Issues Statement on Ukraine.

June 11, 2015
- EMTA Announces 1Q 2015 EM Debt Trading at US$1.226 Trillion.
- Moody's Upgrades Pakistan's Foreign Currency Issuer Bond Rating from Caa1 to B3.
- Ukraine Ministry of Finance Newsletter #3: Progress for Ukraine on Bondholder Negotiations.

June 9, 2015
- Readout from a Treasury Spokesperson on the Meeting between Secretary Lew and Ukrainian Prime Minister Arseniy Yatsenyuk and Finance Minister Natalie Jaresko.
- MSCI Announces China A-Shares on Track for Inclusion in Index.

June 5, 2015
- Fitch Downgrades Bahrain's Long-Term Foreign Currency Issuer Default Rating from BBB to BBB-.

June 4, 2015
- Press Release Related to Ukraine Bonds.

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 Hotlines

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Africa	Jonathan Murno/Leslie Payton Jacobs	(646) 289-5413/(301) 838-4552
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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
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/Board/Policy	Michael Chamberlin	(646) 289-5410
EMTA Membership	Jonathan Murno/Suzette Ortiz	(646) 289-5413/5414
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
Netting Facilities	Aviva Werner	(646) 289-5412
OFAC Sanctions	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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EMTA Calendar

Fri., July 3	Recommended Market Close (NYC/London) Independence Day
Mon., August 31	Recommended Market Close (London) Summer Bank Holiday
Fri., Sept. 4	Recommended 2:00 p.m. (NYC) Early Market Close
Mon., Sept. 7	Recommended Market Close (NYC/London) Labor Day
Thurs., Sept. 10	**Corporate Bond Forum (NYC) Sponsored by BNP Paribas Yale Club 50 Vanderbilt Avenue (at 45th Street)**
Wed., Sept. 16	**Fall Forum (NYC) Hosted by UBS 1285 Avenue of the Americas (at 51st Street) 14th Floor**
Thurs., Sept. 24	**EMTA Forum on Sub-Saharan Africa (London) Hosted by ICBC Standard Bank 20 Gresham Street**
Fri., Oct. 2	**EM Benefit - London Marriott Grosvenor Square**
Mon., Oct. 12	Recommended Market Close (NYC/London) Columbus Day
Fri., Oct. 16	**EMTA Special Seminar: Argentina Elections (NYC) Sponsored by Banco Mariva 360 Madison Avenue, 17th Floor (on 45th St. between Madison and 5th Aves.)**
Wed., Oct. 21	**EMTA Forum in Singapore Hosted by ING Bank The Fullerton Hotel**
Fri., Oct. 23	**EMTA Forum in Hong Kong Hosted by ING Bank JW Marriott**
Mon., Oct. 26	**EMTA Arbitration Panel (NYC) 360 Madison Avenue, 17th Floor (on 45th St. between Madison and 5th Aves.)**
Tues., Nov. 3	**Corporate Bond Forum (Boston) Sponsored by MarketAxess The Langham Hotel - Chase Room 250 Franklin Street**
Mon., Nov. 11	Recommended Market Close (NYC/London) Veterans' Day
Wed., Nov. 25	Recommended 2:00 p.m. (NYC) Early Market Close
Thurs., Nov. 25	Recommended Market Close (NYC/London) Thanksgiving Day
Fri., Nov. 27	Recommended 2:00 p.m. (NYC) Early Market Close

Calendar (continued)

Thurs., Dec. 3	**EMTA Annual Meeting (NYC)** **Hosted by Citi** **399 Park Avenue** **Emerging Markets Benefit (NYC)** **Marquee** **289 Tenth Avenue (at 27th Street)**
Mon., Dec. 7	**EMTA 25th Anniversary Panel (NYC)** **360 Madison Avenue, 17th Floor** **(on 45th St. between Madison and 5th Aves.)**
Thurs., Dec. 24	Recommended 2:00 p.m. (NYC) Early Market Close
Fri., Dec. 25	Recommended Market Close (NYC/London) Christmas Day
Mon., Dec. 28	Recommended Market Close (London) Boxing Day
Thurs., Dec. 31	Recommended 2:00 p.m. (NYC) Early Market Close
Fri., Jan. 1, 2016	Recommended Market Close (NYC/London) New Year’s Day (2016)