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**IMMEDIATE**

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### **PRESS STATEMENT**

#### **IPMA Publishes Standard Form Collective Action Clauses**

The International Primary Market Association today announced that it is publishing a standard form of collective action clauses for use in emerging market sovereign bond issues which are governed by English law and use a fiscal agent structure. The clauses, which permit amendment of the economic and other terms of bond issues by a qualified majority of bondholders, are intended to make the process of restructuring sovereign debt more transparent and easier while protecting the legitimate interests of bondholders and preventing potential abuses of the exit consent mechanism.

Heretofore most emerging market sovereign debt restructurings have been accomplished by way of an exchange offer; issuers who use the IPMA clauses are not precluded from proposing an exchange if they believe that is preferable to seeking consents.

IPMA also adopted a new recommendation which requires lead managers of debt issues of sovereign issuers to inform co-managers when they are invited into a bond issue whether the issue will include the IPMA standard collective action clauses and financial or other information covenant. IPMA is also publishing a model information clause for use when issuers are prepared to agree to provide financial and other information including complying with the International Monetary Fund's Special Data Dissemination Standard, rolling 12 month forecasts of the central government budget and inflation figures required to be produced under the SDDS, and information about any Paris and London Club agreements.

Robert Gray, Chairman of IPMA, said "IPMA's standard form collective action clauses make an important contribution to a voluntary market based approach to sovereign debt restructuring. They reflect developments in best market practice since the Mexican Government's groundbreaking adoption of CACs in its global bond launched in February 2003. The release of these clauses follows extensive discussions between the private and official sectors and are endorsed by a broad range of global trade associations".

Following the United Mexican States issue almost all emerging market sovereigns have included CACs in their bond issues. Inevitably there have been differences in the precise drafting of the clauses used by various issuers. IPMA's standard clauses are intended to provide

a market standard and obviate the need for prolonged negotiations over what has become market practice.

The standard form CACs have been endorsed by six trade associations that have been actively engaged with IPMA in efforts to improve the prevention and resolution of emerging market debt crises. The trade associations are:

The Bond Market Association  
Emerging Markets Creditors Association  
Emerging Markets Traders Association (EMTA)  
Institute of International Finance  
International Securities Market Association  
Securities Industry Association

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