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Confidential Treatment Requested by Clifford Chance US LLP on Behalf of the Institute of International Finance

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May 14, 2019

Via Courier

Makan Delrahim
Assistant Attorney General
Office of the Assistant Attorney General
Antitrust Division
Department of Justice
Main Justice Building
Room 3109
950 Pennsylvania Avenue NW
Washington, DC 20530

Re: Institute of International Finance Request for Business Review Letter

Dear Mr. Delrahim:

Pursuant to 28 C.F.R § 50.6, our client, the Institute of International Finance ("**IIF**"), requests a business review letter concerning IIF's proposed publication of a set of voluntary Principles for Debt Transparency ("**Principles**") designed to enhance transparency in sovereign debt markets. Greater transparency across all debt transactions strengthens the credibility of sovereign fiscal plans and reduces the risk of adverse economic and social consequences resulting from undisclosed public liabilities. While there has been a positive trend in recent years of countries improving their own sovereign investor relations and data dissemination practices—much through the efforts of international organizations like the IIF, the International Monetary Fund ("**IMF**")[1], and the G20—transparency into medium to long-term financing provided by the private sector to sovereign debtors can still be improved especially in low income countries.

Recognizing this specific gap in best practices, IIF's proposed Principles provide public information disclosure guidelines for private sector lenders involved in certain financial

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[1] International Monetary Fund – The Fiscal Transparency Code (2019), *available at* https://www.imf.org/external/np/fad/trans/Code2019.pdf.

transactions with sovereign and sub-sovereign borrowers or guarantors. In so doing, the Principles complement the G20 Operational Guidelines for Sustainable Financing ("**G20 Guidelines**")[2] and other public sector initiatives aimed at improving transparency in public sector borrowing. This letter provides a summary of the proposed Principles and explains their pro-competitive benefits.

The Principles will be submitted to the G20 ahead of the June 2019 Ministerial Meeting in Fukuoka, towards the goal of formal endorsement by the G20.

Enclosed with this letter is a draft of the proposed Principles.

I. Background on the Institute of International Finance

IIF is the global association of the financial industry, comprised of approximately 450 members representing commercial and investment banks, asset managers, insurance companies, sovereign wealth funds, hedge funds, central banks, and development banks from 70 countries. IIF's mission is to support the financial industry by developing sound industry practices and risk management, and by advocating for regulatory, financial, and economic policies that are in the interest of its members and foster global financial stability and sustainable economic growth.

II. Scope and Implementation of Principles

The Principles contemplate the consistent and timely disclosure to a reporting entity hosted by an appropriate international financial institution ("**Reporting Host**") of certain commercial terms in connection with financial transactions (as defined below) that are either (a) entered into by the sovereign (central government); (b) entered into by sub-sovereigns (whether in the form of state, provincial, or regional government or local government) or any other public corporations or public entities; or (c) entered into by any other entity guaranteed by any of the above which represent debt liabilities of the sovereign debtor, sub-sovereign or any public corporation included in the sovereign balance sheet or explicit contingent liabilities of the sovereign debtor, sub-sovereign, or any public corporation.

The intended application of the Principles will be limited to specific types of financial transactions conducted with certain countries in foreign currency borrowings.

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[2] G20 Operational Guidelines for Sustainable Financing (March 2017), *available at* https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/world/G7-G20/G20-Documents/g20-operational-guidelines-for-sustainable-financing.pdf?__blob=publicationFile&v=1.

A. PRGT-Eligible Countries and Foreign Currency Transactions

The Principles contemplate application for all countries, but the initial priority will be for PRGT – Eligible Countries[3] as these countries are more likely to encounter problems with repayment of market-rate financing and debt sustainability. If subsequently those applying the Principles believe that the debt sustainability of other countries might materially benefit from the application of these Principles, then the scope of borrowing countries may be extended. Likewise, the Principles will initially cover foreign currency borrowings. If local currency borrowings could materially benefit debt sustainability analyses, then the Principles may also in future extend to include such transactions.[4]

B. Applicable Financial Transaction Types

Financial Transactions covered by the Principles include "any arrangements, irrespective of their form, which have the economic effect of borrowing; and any guarantee or other assurance provided against such arrangements" ("**Financial Transactions**"). Such arrangements or related assurances include, but are not limited to, the following types of financial transactions: loans; debt securities not subject to public disclosure; securities repurchase agreements; other forms of asset-backed lending or commercially equivalent arrangements, whether secured by commodities revenues; financial derivatives but excluding derivatives entered into solely for hedging purposes; Islamic financing transactions that are debt related; and financial transactions with private parties in public-private partnerships ("**PPP**") projects (including debt assumptions commitments or similar).

The Principles explicitly exclude the following types of transactions: (a) any transaction denominated solely in the local currency of the applicable sovereign; (b) any transaction where transparency is neither the norm nor appropriate (as described in the draft Principles); and (c) transactions that already benefit from existing transparency and disclosure standards based on international agreements or conventions or legal and regulatory requirements and market norms.

C. Scope of Disclosure – "Relevant Information"

For those Financial Transactions covered under the Principles, the contemplated scope of disclosure extends to the following types of information: (i) identification of the borrower (or

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[3] Poverty Reduction and Growth Trust (PRGT) – Eligible Countries are identified and published by the IMF, *available at* https://www.imf.org/external/Pubs/ft/dsa/DSAlist.pdf.

[4] *See* paragraph 3 of the Principles.

equivalent); (ii) identification of the guarantor or provider of indemnity (if any) or equivalent, the beneficiaries of the guarantees/indemnities or equivalent and maximum amount payable thereunder; (iii) type of financing; (iv) for bilateral financings, the lender (or equivalent) at signing; (v) for syndicated financings, the mandated lead arrangers and the facility agent (or equivalent) at signing; (vi) applicable agent/trustee/transaction intermediary (for syndicated deals or those with multiple providers of financing/underwrites); (vii) ranking (e.g., senior, subordinated, etc.); (viii) amount that can be borrowed/raised and details of disbursement period, if prolonged; (ix) applicable currency or currencies; (x) repayment or maturity profile; (xi) interest rate (or commercial equivalent) within ranges; (xiii) intended use of proceeds on drawdown; (xiv) governing law; (xv) extent of waiver of sovereign immunity; (xvi) dispute resolution mechanism; and (xvii) applicable collateral/security/assets subject to repo (together the "**Relevant Information**"). Variations and amendments thereof would be subject to the same disclosure parameters.

D. Mechanism and Timing of Disclosure

The Principles call for disclosure within a reasonable timeframe, which is defined as being no earlier than 60 days and no later than 120 days after the date on which funds first move in connection with the relevant Financial Transaction.[5] The disclosure would be provided by the private sector lender in a bilateral arrangement or an applicable agent/trustee/transaction intermediary in a syndicated arrangement. Because the intended disclosure under the Principles will require the cooperation of both the lender and the borrower, the Principles also suggest drafting the legal transactional documentation with the necessary legal carve outs, consents, and acknowledgements to enable the Relevant Information to be publicly disclosed to the Reporting Host.

Once received, the Reporting Host would make the information disclosed publicly available on a basis and on terms to be agreed between the lender(s) and the borrower. Separately, the IIF, under the auspices of the Group of Trustees of the IIF Principles for Stable Capital Flows and Fair Debt Restructuring (another set of important IIF Principles adopted in 2004 which set out the market leading private sector principles on sovereign debt restructuring), will produce an aggregated report on an annual basis on the take up of these Principles and any observable impact arising from their implementation.

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5 *See* paragraph 6 of the Principles.

III. The Principles Are Voluntary and Promote Competition and Consumer Welfare

Under the Department of Justice, Antitrust Division ("**Division**") and the Federal Trade Commission ("**FTC**")'s *Antitrust Guidelines for Collaborations Among Competitors*, [6] the Principles should be analyzed under the rule of reason to determine its overall competitive effect. Any potential anticompetitive effects of the Principles, which are negated by internal structural safeguards, are outweighed by the numerous procompetitive benefits as listed below.

A. The Principles Are Not Anti-Competitive Agreement

First, the Principles provide a set of guidelines that parties can unilaterally adopt. Parties are not compelled to adopt the procedures and the IIF has no means to coerce compliance. Therefore, the Principles do not create an agreement among competitors. Moreover, the Principles do not impose any legally binding obligation on any party, whether as a matter of contract, comity, or otherwise, and nothing in the Principles shall be deemed to constitute a waiver of any such party's legal rights.[7] Rather, the Principles are voluntary provisions aimed at enhancing existing private sector practices and to fill gaps where existing disclosure and transparency standards are otherwise inadequate.[8]

Second, the disclosure guidelines are limited to certain categories of information necessary to provide an accurate picture of the debt holdings, and the dissemination of such information to a Reporting Host under a specified basis, mitigates the risk of exchanging any competitively sensitive information between competitors. Indeed, the 60-120 day "cooling off" period between fund movement and disclosure to the Reporting Host ensures that sufficient time passes before any third-party to a Financial Transaction might be able to utilize any of the Relevant Information. The IIF understands that this "cooling off" period is sufficient to ensure that the Relevant Information is no longer competitively sensitive.

B. The Principles Provide Pro-Competitive Benefits

Even if one were to assume that Principles create an agreement between competitors and further the Principles create some adverse effect on competition, the Principles are on balance pro-

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[6] United States Department of Justice and Federal Trade Commission, Antitrust Guidelines For Collaborations Among Competitors, 64 Fed Reg 54483 (1999), *available at* http://www.ftc.gov/os/2000/04/index.htm#7.

[7] *See* paragraph 1 of the Principles.

[8] *See* paragraph 5 of the Principles.

competitive.

The sovereign debt marketplace currently suffers from a lack of transparency, creating transactions costs and inefficient pricing. There are numerous benefits to improved transparency, and making financial transactional information publicly available promote sound practices in public debt management including, but not limited to (i) good governance; (ii) accountability; (iii) fiscal discipline and transparency; (iv) sound risk management practices; (v) facilitating the fight against corruption; (vi) improved efficiency and effectiveness in both public finances and public sector decision making; (vii) increased confidence of investors, lenders, international financial institutions, donors, and the general public in public sector decision making; and (viii) reducing vulnerability to market shocks.[9]

Thus, to the extent creditors may use the publicly available information to compete for loan servicing agreements with sovereign borrowers, they will be doing so on equal footing and reliable data.[10] And, as the positive outcomes of debt transparency begin to manifest, the market for sovereign debt financing will increase, as more creditors will be open to providing loans and guarantees of loans to countries previously deemed to be at high-risk for default.

IV. Conclusion

The proposed Principles provide a clear outline by which private lenders may facilitate greater transparency in sovereign debt financing in high-risk jurisdictions. By illuminating the amount of debt held by sovereigns and sub-sovereigns, creditors will be equipped to provide safer loans and credit terms to mitigate against unforeseen default and market shocks. In turn, local and regional economies will grow to create geopolitical stability and security, fostering these states' productive integration into the global economy. Ultimately, the public will reap the benefits of sound governance and fiscal policy.

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9 *See* paragraph 2 of the Principles; *see also* G20 Notes on Strengthening Public Debt Transparency (June 14, 2018), *available at* https://www.imf.org/external/np/g20/pdf/2018/072718.pdf (alluding to recent cases of hidden debt leading to adverse social, economic, and political consequences).

10 *See* Matthias Goldmann, *Good Faith and Transparency in Sovereign Debt Workouts*, submitted for the Second Session of the UNCTAD Working Group on a Debt Workout Mechanism (Jan. 23, 2014), at 18, *available at* https://unctad.org/en/PublicationsLibrary/gdsddf2014misc3_en.pdf (noting that disclosure obligations are not only a part of the principle of good faith, but are also a general principle of international law; increased transparency ensures the fairness of markets for all participants).

IIF would be pleased provide any additional information requested by the Division, and we look forward to the Division's response to IIF's request for a business review.

Sincerely,

Timothy Cornell E.L.

Enclosures

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Pursuant to 28 C.F.R. § 50.6(10)(c), Section 552(b)(4) of the Freedom of Information Act ("FOIA"), Department of Justice Regulation 28 C.F.R. § 16.7, and 15 U.S.C. § 1311-1314, IIF requests confidential treatment of this letter and enclosures on the ground that the letter and enclosures contain trade secrets, commercial and financial information, and other privileged and confidential information exempt from disclosure under FOIA. Furthermore, disclosure of the letter and enclosure may violate IIF's, or its member's, proprietary rights and grant competitors unfair competitive advantages or compromise competitive advantages possessed by IIF or its members. IIF further requests that this statement requesting confidential treatment not be disclosed for the aforementioned reasons. To ensure confidentiality, this latter has been labeled "Confidential Treatment Requested by Clifford Chance US LLP on Behalf of the International Institute of Finance" to indicate its confidential status.

In addition, we respectfully request that as counsel for IIF, we receive advance notice in the event that the DOJ for any reason considers disclosing the letter in any form to a third party, and that we be given an opportunity to object to the disclosure.

13 MAY 2019

PRINCIPLES FOR DEBT TRANSPARENCY

A new set of private sector principles to enhance transparency in sovereign debt markets

1. PREAMBLE

In recent years, a number of well-regarded public-sector initiatives have promoted transparency in sovereign debt markets including the IMF's Fiscal Transparency Code. In this context, since the launch of the *Principles for Stable Capital Flows and Fair Debt Restructuring (Principles)* in 2004, supported by the IIF under the auspices of the Group of Trustees of the *Principles*, the IIF has been increasingly active in advancing good practices in sovereign investor relations (IR) and data dissemination in emerging markets, publishing rankings of such practices since 2005. Many countries have made progress in enhancing IR and data dissemination practices, helping develop the investor base and build capital markets. However, transparency in respect of medium to long-term financing provided by the private sector to sovereign debtors could still be improved. Accordingly, this new set of voluntary **Principles for Debt Transparency**—conceived within the framework of the above-mentioned *2004 Principles* and to be subject to the same governance—relate to financial transactions with both sovereigns and sub-sovereigns. While transparency and debt sustainability concern the full spectrum of lenders and borrowers, these new voluntary Principles for Debt Transparency are intended to apply to the private sector. They are designed to complement G20 and other public sector initiatives (notably the G20 Operational Guidelines for Sustainable Financing (G20 Guidelines)) aimed at improving transparency in public sector borrowing (whilst avoiding duplication). Robust implementation of such guidelines by both public and private sector creditors will be an essential element of the quest for better transparency in sovereign debt markets.

Greater transparency across all debt transactions should improve the flow of information and reduce the risk of adverse shocks arising as a result of undisclosed public liabilities appearing in central government liabilities. Greater transparency will assist borrowers, creditors and the official sector in the ongoing assessment of debt dynamics and debt sustainability. In this respect these Principles also complement the World Bank Group and International Monetary Fund (IMF) multipronged approach addressing emerging debt vulnerabilities.

Private sector lenders fully recognise the importance of debt sustainability, believing it to be a fundamental element in the evaluation of creditworthiness. Lenders value and regularly refer to the data, analysis and guidelines of the IMF and the World Bank IDA Non-Concessional Borrowing Policy (NCBP), including Article IV consultation reports (which benefit from greater disclosure of debt coverage), the debt sustainability analysis (DSA) framework and the medium-term debt management strategy (MTDS) as recommended by G20 Guidelines. This publicly available data and analysis is important information considered in the decision-making process for credit extension together with other third-party sources and in-house credit risk assessment.

These considerations parallel the recommendations of the G20 Guidelines, which highlight the responsibility of borrowing countries to maintain sustainable debt levels as well as the important role of lenders in this regard.

These voluntary Principles for Debt Transparency acknowledge the importance of private sector lenders and the part every such lender can play to support transparency and official sector debt sustainability objectives and hence the stability of the global financial system. These Principles require the public disclosure by private sector lenders of certain commercial terms of underlying transactions to a reporting entity hosted by an appropriate international financial institution (to be determined) (Reporting Host).

Consistent with G20 efforts and other initiatives aimed at improving transparency in public sector borrowing, the expectation is that borrowers, guarantors and other relevant obligors will facilitate and support this private sector transparency initiative. Such assistance from public sector lenders as well as borrowers will also be key to the success of this debt transparency initiative. These Principles are well supported by the relevant cohort of the IIF membership, and every effort will be made to promote adherence more broadly.

2. IMPORTANCE OF TRANSPARENCY IN FINANCIAL TRANSACTIONS

The purpose of these voluntary Principles for Debt Transparency is to promote consistent and timely disclosure in connection with financial transactions:

(a) entered into by the sovereign (central government)

(b) entered into by sub-sovereigns (whether in the form of state, provincial, or regional government or local government) or any other public corporations[1]

(c) entered into by any other entity which are guaranteed by any of the above

which represent debt liabilities of the sovereign debtor, sub-sovereign or any public corporation including in the context of public-private partnerships (PPP), in each case, included in the sovereign balance sheet or explicit contingent liabilities of the sovereign debtor, sub-sovereign, or public corporation.[2]

All such entities listed in (a) to (c) are referred to in these Principles as 'Public Sector Entities'.

The benefits of improved transparency and public access to information relating to financial transactions are known to support sound practices in public debt management and include:

- good governance;
- holding government and other key decision makers to account;
- fiscal discipline and transparency;

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1 As defined in the IMF's Public Sector Debt Statistics Guide for Compilers and Users.

2 This is intended to include explicit but not implicit contingent liabilities as understood under the IMF's Public Sector Debt Statistics Guide for Compilers and Users.

- sound risk management practices;
- facilitating the fight against corruption;
- improved efficiency and effectiveness in both public finances and, more broadly, public sector decision making;
- increased confidence of investors, lenders, international financial institutions (IFIs), donors and the general public in public sector decision making; and
- reducing vulnerability to market shocks.

As noted above, greater transparency across all debt transactions should improve the flow of information and mitigate against the risk of an adverse shock arising as a result of undisclosed public liabilities appearing in central government liabilities. Greater transparency will assist borrowers, creditors and the official sector in the ongoing assessment of debt dynamics, which will greatly aid in supporting debt sustainability.

3. SCOPE OF PRINCIPLES

These voluntary Principles for Debt Transparency aim to support and enhance existing private sector practices which those contemplating arranging or otherwise entering into Financial Transactions (as defined below) with a Public Sector Entity follow. These typically include, as noted above, consideration of the repayment profile of other known outstanding transactions made to Public Sector Entities of the same country as well as other elements of applicable DSA and MTDS frameworks. Where relevant, careful consideration would typically be given to any aggregate debt ceiling recommended by the IMF or the IDA Non-Concessional Borrowing Policy, with particular attention to low-income countries (LICs) reliant on concessional financing.

Whilst these new voluntary Principles for Debt Transparency are relevant for all countries, initially the priority will be to apply them in respect of financial arrangements entered into with PRGT – Eligible Countries[3]. Under adverse circumstances, these countries are more likely to encounter problems with repayment of market-rate financing and ultimately with debt sustainability. Should it be considered that the debt sustainability of a wider group of countries would materially benefit from application of these Principles, the potential extension of the borrowing countries in scope could be considered by the adherents.

Similarly, although potentially relevant for transactions in all currencies, these Principles will initially relate to foreign currency borrowings. In stressed economic or market circumstances, foreign currency borrowing (given the currency mismatch) may be more problematic than local currency borrowing, particularly in countries that do not have ready access to foreign currency revenues. Moreover, sovereign borrowing in local currency is more often conducted in bond markets, where transparency is generally adequate. Should it be considered that inclusion of local currency would materially benefit debt sustainability analyses, potential inclusion of local currency transactions could also be considered.

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[3] https://www.imf.org/external/Pubs/ft/dsa/DSAlist.pdf

4. THE RANGE OF APPLICABLE FINANCIAL TRANSACTIONS

Included

For the purposes of these voluntary Principles for Debt Transparency, Financial Transactions include:

(a) any arrangements, irrespective of their form, which have the economic effect of borrowing; and

(b) any guarantee or other assurance provided against such arrangements[4],

which, in each case, is entered into or provided by one or more Public Sector Entities.

This therefore includes, without limitation:

- Loans
- Debt securities which are not subject to public disclosure
- Securities repurchase agreements (repos)
- Other forms of asset backed lending or commercially equivalent arrangements, whether secured by commodities revenues, in the form of margin loans, gold loans or gold swaps or otherwise
- Financial derivatives but excluding derivatives entered into solely for hedging purposes
- Islamic financing transactions which are debt related
- Financial transactions with private parties in PPP projects (including debt assumptions commitments or similar).

All such transactions, but not including those listed below as excluded, are referred to as 'Financial Transactions'.

Excluded

1. Any transaction denominated solely in the local currency of the applicable sovereign.[5]

2. Any transaction where transparency is neither the norm or appropriate. These include:

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[4] Including explicit but not implicit contingent liabilities as understood under the IMF's Public Sector Debt Statistics Guide for Compilers and Users.

[5] Any transaction in local currency governed by foreign law would not be regarded as a local currency transaction.

(a) Transactions conducted by a central bank in classic monetary policy arrangements (e.g. purchases or sales of government securities to influence the domestic interest rate through open market operations)

(b) Trade finance transactions with an original duration of one year or less involving the import or export of goods and/or services including through the issuance of documentary letters of credit

(c) Short term financings in the form of overdrafts or working capital facilities which are repayable on demand and have a maturity not exceeding one year

(d) Transactions undertaken by commercial banks to comply with local liquidity or regulatory requirements by placing assets with a local central bank or other public sector body.

3. Transactions which already benefit from existing transparency and disclosure standards based on international agreements or conventions or legal and regulatory requirements and market norms, for example:

(1) To the extent cover is provided, transactions with an official export credit agency as a party

(2) Transactions with development financial institutions and multilateral organisations including multilateral development banks or agencies as parties

(3) Internationally or domestically placed, listed, public bond issuances.

In the context of export credit agencies, it is understood that if any such export credit agency requests private sector lenders to permit disclosure in the context of public sector initiatives to improve transparency in public sector borrowing then that request would be favourably considered.

5. SCOPE OF DISCLOSURE

As referred to above, whilst the intention is not to attempt to add to the disclosure burden where existing disclosure and transparency standards are adequate (as is generally the case in international bond and export credit markets), these voluntary Principles for Debt Transparency aim to enhance transparency by promoting public disclosure of the following information for each Financial Transaction:

- Borrower (or equivalent)
- Guarantor/provider of indemnity (if any) or equivalent, the beneficiaries of the guarantees/indemnities or equivalent and maximum amount payable thereunder
- Type of financing (e.g. loan, bond, repo etc.)
- For bilateral financings, the lender (or equivalent) at signing.

- For syndicated financings, the mandated lead arrangers and the facility agent (or equivalent) in each case at signing
- Applicable agent/trustee/transaction intermediary (for syndicated deals or those with multiple providers of financing/underwrites)
- Ranking (e.g. senior, subordinated etc.)
- Amount which can be borrowed/raised and details of disbursement period, if prolonged
- Applicable currency or currencies
- Repayment or maturity profile (including any puts or calls where applicable)
- Interest rate (or commercial equivalent), specified as falling within one of a number of specified ranges[6]
- Intended use of proceeds on drawdown
- Governing law
- Extent of waiver of sovereign immunity
- Dispute resolution mechanism
- Applicable collateral/security/assets subject to repo

All such information is referred to as 'Relevant Information'.

Where the amount which can be borrowed, the interest rate or the repayment profile of a Financial Transaction is amended or varied, the amended or varied elements which fall above should, on the effective date of such amendment or variation, be subject to the same disclosure requirements.

6. TRANSPARENCY RECOMMENDATIONS AND TIMING

Private sector lenders involved in a Financial Transaction should ensure that Relevant Information in connection with a Financial Transaction is disclosed to the Reporting Host within a reasonable time frame.

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[6] A matrix with various ranges will be included in a disclosure template document to be provided as part of an implementation memorandum; i.e., the disclosure template will specify possible financing cost ranges (e.g. "1% to 3%", "4% to 7%", "8% to 11%"). The disclosure template would require the submitting party to specify the range applicable to the Financial Transaction being disclosed.

A reasonable time frame is taken to be no earlier than 60 days and no later than 120 days[7] after the date on which funds first move in connection with such Financial Transaction[8].

This disclosure should be provided by (i) the private sector lender where the arrangement is bilateral or (ii) an applicable agent/trustee/transaction intermediary where the arrangement is syndicated or involves multiple providers of financing/underwriters. Where there is no such party, the lead arranger or equivalent party should make the disclosure.[9]

The implementation of these new voluntary Principles for Debt Transparency by the private sector will require a sense of shared responsibility between the private sector, public sector lenders and Public Sector Entities; the expectation is that public sector lenders and Public Sector Entities will facilitate and encourage the disclosure contemplated herein by private sector lenders whether adherents to these Principles or otherwise. Accordingly, the legal documentation relating to each relevant Financial Transaction should contain the necessary legal carve outs, consents and acknowledgements (including in respect of confidentiality provisions) to enable the Relevant Information to be publicly disclosed to the Reporting Host in the manner contemplated herein.

Encouraging the broadest possible disclosure among creditors should, together with any disclosures made by borrowers, have the added advantage of facilitating cross-checks for consistency.

It is contemplated that these new voluntary Principles for Debt Transparency will become operational no later than a year from such time as the Reporting Host is able to receive the disclosures from private sector lenders contemplated under these Principles and thereupon make the information disclosed publicly available on a basis and on terms to be agreed.

Separately, the IIF under the auspices of the Group of Trustees of the *Principles* shall at least annually thereafter report on an aggregate basis on the take up of these voluntary Principles for Debt Transparency, the scope of applicability and any observable impact arising from their implementation and at the appropriate time shall assess whether it would be beneficial to update them following a review process.

7. DISSEMINATION AND DISCLAIMER

As noted above, these Principles are well supported by the relevant cohort of the IIF membership, and every effort will be made to promote adherence more broadly. Private sector lenders will adopt and implement these Principles voluntarily and independently

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[7] The formulation of this cooling off period is driven by antitrust considerations. Where there are no antitrust concerns, the private sector lenders may be able to disclose earlier.

[8] The structure contemplated assumes there will be disclosure of information after execution of the transaction but, in the absence of any amendment or variation, this information will not be updated periodically to reflect, for example, principal repayments. It is therefore important that the information specified in paragraph 5 is sufficient for the debt profile of the Financial Transaction to be accurately projected.

[9] The disclosure template document will set out all required fields of information to allow these elements to be made operational.

without reliance or recourse to the IIF. As implementation proceeds, it is hoped that the efforts of those "leading by example" will promote adherence in the broader global financial community. Inevitably, some members of that community may apply these Principles earlier than others, while some may need more time to consider the Principles in the context of their specific business models.

These voluntary Principles for Debt Transparency do not create any rights in, or liability to, any person, public or private. No private sector lender is legally bound by any of the provisions of these Principles, whether as a matter of contract, comity, or otherwise. Nothing in these Principles shall be deemed to constitute a waiver of any private sector lender's legal rights. In a situation where there would be a clear conflict between applicable laws and regulations and requirements set out in these Principles, the local laws and regulations prevail.