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212 404 6100

**NEW YORK, NEW YORK - NOVEMBER 21, 2011-**

**Peter Niculescu of Capital Market Risk Advisors to speak on Lehman Derivatives Framework, "Flip" clauses, and Greek CDS**

Peter Niculescu, Partner, Capital Market Risk Advisors ([www.CMRA.com](http://www.CMRA.com)) will participate in an advanced level discussion on derivatives at the 18th Annual Distressed Investing Conference on November 28.

Against the backdrop of Greece and, most recently, Italy's sovereign debt issues, the panel will discuss the long term outlook for the credit default swap (CDS) market. The panel will also address the Lehman Derivatives framework and its impact on the valuation and risk management of OTC derivatives with distressed counterparties and the impact of the "flip clause" rulings on the structured finance market.

For now, it is an open question as to whether the credit insurance that investors bought on the debt of distressed Eurozone countries will pay off or not. In other words, even if investors have to take a 50 percent haircut on that debt, they may not be able to collect on the credit insurance they bought to cover that risk.

So far, the International Swaps and Derivatives Association (ISDA) has taken the position that the proposed 50% discount on Greek debt is "voluntary" and therefore will not trigger a credit event for credit default swap payment purposes. This would mean credit default swaps would have no value as a hedge against investor losses in a Greek debt restructuring. Fitch Ratings, one of the top credit rating agencies, recently announced that they disagree with ISDA completely; saying that 50 percent haircuts on Greek debt would constitute a default, and other commentators have agreed with Fitch.

"Another hot topic is the controversial valuation formula which the Lehman estate is trying to establish as a precedent for valuing derivative claims against it" said Dr. Niculescu. Still another unresolved Lehman issue is the dispute over whether the "flip clause", which provides that if a counterparty who normally would be paid out first defaults as Lehman did, then the payment waterfall for its structured derivative contracts is reversed (i.e., "flips") so that the other non-defaulting party is paid out first.

"There are many distressed investing conferences, though most speak to a general audience. This conference will take things to the next level, a graduate course, if you will," said J. Andrew Rahl, Jr., Partner at Reed Smith LLP and Co-Chair of the event. He will offer opening remarks at the conference, as well as moderate the Distressed Derivatives panel.

Dr. Niculescu is a Partner at CMRA and a derivatives and structured finance expert. Before joining CMRA he was EVP in charge of Fannie Mae's Capital Markets Division where his responsibilities

included a \$1T derivatives portfolio as well as for acquisition of securities and loans on balance sheet and for their hedging and funding. During the 1990's, he was a Managing Director at Goldman Sachs, where he was responsible for Mortgage and Fixed Income Research. He has a Ph.D from Yale in Economics and is a Chartered Financial Analyst charter-holder.

Mr. Rahl is a partner in Reed Smith's Commercial Restructuring and Bankruptcy practice and its Financial Institutions Group and has been active for many years in the representation of financial institutions and companies acquired by institutional clients for their investment portfolios. He has led more than 60 constituency engagements on behalf of debtors, committees and agents for lenders. In addition, he has been named one of the nation's Outstanding Bankruptcy Lawyers six times by Turnarounds & Workouts.

Joining Dr. Niculescu and Mr. Rahl on the panel are: Mark C. Ellenberg, Partner, Cadwalader Wickersham & Taft LLP; and Alexey Surkov, Partner, Financial Instrument Valuation & Securitization, DeLoitte & Touche LLP.

## ABOUT THE CONFERENCE

The 18th Annual Distressed Investing Conference will be held at the Helmsley Park Lane Hotel in New York City on November 28. This year's topic is Maximizing Profits in the Distressed Debt Market. Interested participants may register online at <http://bankrupt.com/DI2011> or by calling 1-240-629-3300.

**Complimentary media passes are available.**

## ABOUT CAPITAL MARKET RISK ADVISORS (CMRA)

Capital Market Risk Advisors (CMRA) is a pre-eminent risk advisory, derivatives, structured finance, risk governance, expert witness, and litigation support boutique. Celebrating our 20th year, we offer clients a unique perspective based on founder Leslie Rahl, partner Peter Niculescu, and CMRA's Managing Directors Dave Tyson, Frank Iacono, and Richard Horwitz's years of hands-on experience in the evolution of derivatives, risk management, hedge funds, risk governance, structured securities and other complex financial instruments and capital markets issues. We work with asset managers, banks, plan sponsors, and other market participants.

Our advisory services includes assessing risk exposures and advising on risk management and strategy, the valuation of complex or illiquid instruments, benchmarking risk management and risk governance practices against best practice, performing comprehensive investment, operational and risk due diligence, advising senior managers and boards with respect to all types of risk management and risk governance issues, developing risk appetite statements, advising on risk reporting and communication, and reviewing and drafting risk management and policies and procedures.

Our litigation support/expert witness/internal investigations practice deals with all aspects of derivatives, structured finance and other complex financial issues.

The synergy between our advisory and litigation practices helps us provide advisory clients with insight about what can and does go wrong and provide litigation clients with insight about prevailing industry standards.