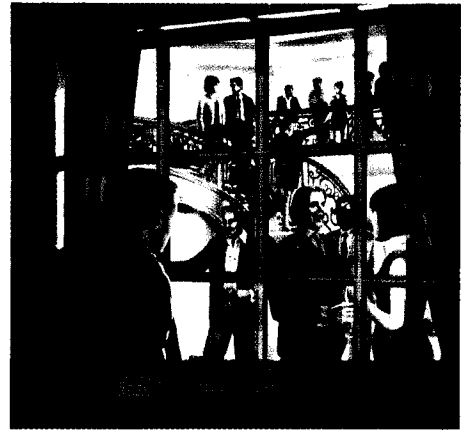




Banks' internalized securities trad



**Cover story**

**M&A revival without investment bankers**

44

Economic recovery and rallying equities have triggered a revival in M&A activity in the final quarter of 2003. But bankers' celebration of the upturn is tinged with the realization that corporates are tending to take as much as possible of the M&A process in house. *Kathryn Tully*

**Fund management**

**Gartmore finds a good alternative**

32

At one stage in the 1990s it seemed that Gartmore might disappear as an investment force. But the firm has been climbing back by reinventing itself. It now focuses on alternative investments, especially hedge funds and unusual techniques such as managers running long-only and hedge funds simultaneously. It is not yet done with making changes. *Julie Dalla-Costa*

**Equity markets**

**Discontented Dutch brokers prompt foreign intervention**

38

The first direct competition between Europe's major exchanges has been instigated by Dutch brokers seeking an alternative to Euronext. But perversely, even the Dutch themselves do not hold out much hope for attempts by both the London Stock Exchange and the Deutsche Börse to take Dutch equities business away from their pan-European rival. *Peter Koh*

**EU in a twist about internalization**

42

Equity trading in Europe could suffer if the EU's draft revised Investment Services Directive is adopted unchanged. Instead of promoting greater transparency, liquidity and fair pricing for investors, the measures would force investment banks to turn away from internalization, removing an important source of liquidity. *Ian Mackenzie*

**Western Europe**

**Leader tipped to fall back in growth race**

51

Greece has been leading the EU pack in GDP growth since 1996. But its lead looks set to falter under the weight of fiscal imbalances and tardy privatization. *Dimitris Kontogiannis*

**Emerging Europe**

**The man who brought Nato east**

58

Less than a decade ago, many western countries were against the expansion of Nato, yet today the eastern European countries that have not already joined are on the waiting list to do so. Membership has helped to give investors the confidence to put their money into these countries. Amazingly, one man is credited with making it all happen. *Julian Evans*

**Latin America**

**Bond recovery takes hold**

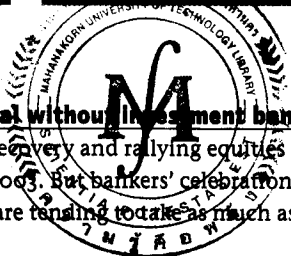
64

Even the optimists have been surprised by the recovery of Latin American bond markets. The comeback started with imaginative sovereign issues, but as sovereign yields fall corporates are picking up the tempo. *Felix Salmon*

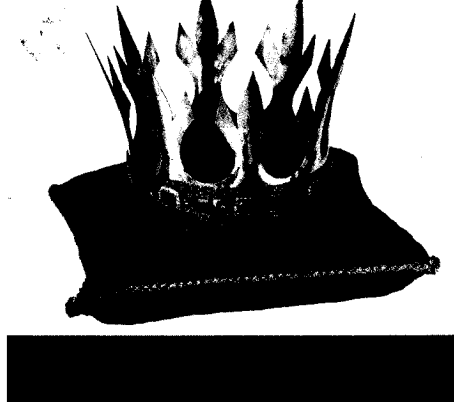
**Veteran traders take Latin path to growth**

70

As big Wall Street players have moved into Mexico, where BCP cut its teeth, the firm has turned to other Latin countries where its small size and agility means it matches up well with the companies it trades - those that are too small to show up on the big boys' radar screens. *Felix Salmon*



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**Asia**

**Asia's corporate governance pioneers**

**74**

Despite numerous exposés of corporate scandals in recent times, it appears that many companies are paying scant attention to the tough calls by governments and regulators for more rigorous corporate governance. They might profit from following the examples of a few Asian companies that are setting their own high standards - which seem to be paying off. *Chris Leahy*

**India dethrones Hong Kong for top spot**

**77**

A growth rate that's the second-fastest in the world after China's has helped create a favourable climate that allowed Indian corporates to outshine in the region in 2003. *Euromoney's* poll of analysts reveals how much they have been impressed by the investor-friendly qualities of Indian companies. *Kathryn Tully, Andrew Newby, Paul Pedzinski and David Skalinder*

**Foreign exchange**

**Dollar fall will continue**

**84**

US recovery is finally here for real. But now that weak growth is no longer a major concern, long-term issues, such as the US current account deficit and output gap, have come to the fore. And they will have crucial effects on the dollar exchange rate. *Lara Rhame*

**Debt markets**

**Infrastructure drives market growth**

**88**

Mortgage-backed deals continue to be the mainstay of European structured finance but complex deals to finance infrastructure projects, especially transport, have begun to build up steam, and monoline insurers are playing a key role in this trend. *Mark Brown*

**Middle East**

**Struggling for dominance**

**92**

Bahrain can no longer take its position as the Middle East's premier financial centre for granted. With Dubai and Saudi Arabia wooing financiers, a contest is developing that can only end with one dominant player in the region. *Nigel Dudley*

**Columns**

<b>Editorial</b> Full speed ahead for Basle II - like it or not	<b>5</b>
<b>Front End</b> Ripper tours bond bankers, Soros hits out, Quants slips on Wilko factor, From base metal to bongos	<b>6</b>
<b>Breaking Views</b> Parmalat turns sour, Battle of the bonus, Kings of binge set for a fall	<b>8</b>
<b>Market Monitor</b> German securitization, Corporate governance data, An Islamic hedge fund, New-issue pricing	<b>12</b>
<b>Emerging Markets</b> Russia keeps growing, Indian borrowing squeeze, Lebanon's budget deficit	<b>18</b>
<b>Against the tide</b> David Roche	<b>24</b>
<b>Deal insider</b> Castilla-La Mancha blazes international trail, Commerzbank pulls off an unlikely trick	<b>26</b>
<b>Financial lawyer</b> Venture capitalists ease terms for Silicon Valley start-ups	<b>28</b>
<b>People</b> Andrew Garner, Susan Segal	<b>30</b>
<b>Flipside</b> Aussie peso strengthens but England sets the gold standard	<b>96</b>