



DIVISION OF  
TRADING AND MARKETS

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

June 24, 2008

Antonia E. Stolper, Esq.  
Shearman & Sterling LLP  
599 Lexington Avenue  
New York, New York 10022

**Re: The Republic of Uruguay ("Uruguay")**  
**File No.: TP 08-56**

Dear Ms. Stolper:

In your letter dated June 24, 2008, as supplemented by conversations with the staff, you request on behalf of Citigroup Global Markets, Inc. (the "Dealer Manager") and certain of its affiliates, an exemption from Rule 101 of Regulation M in connection with Uruguay's Exchange Offer with respect to several series of its existing bonds (the "Existing Bonds"), in which Uruguay may exchange Existing Bonds for an unlimited amount of reopened 2036 Bonds (the "Reopened Bonds"). The Reopened Bonds will have the same terms and conditions as, and will be consolidated and fungible with, Uruguay's outstanding U.S. \$1,277 million in principal amount of 7.625% Bonds due 2036 (the "Outstanding Bonds"), which are payable by their terms in U.S. dollars (the Outstanding Bonds, together with the contemplated Reopened Bonds, the "Bonds"). Specifically, you seek an exemption from Rule 101 of Regulation M with respect to the trading activities of the Dealer Manager and its affiliates relating to the Bonds, while participating in the distribution of the Reopened Bonds. We have attached a copy of your letter to avoid reciting the facts that it presents. Unless otherwise noted, each defined term in this letter has the same meaning as defined in your letter.

*Response:*

On the basis of your representations and the facts presented, but without necessarily concurring in your analysis, the Securities and Exchange Commission ("Commission") hereby grants an exemption from Rule 101 of Regulation M to permit the Dealer Manager and its affiliates, in connection with their role as market makers, to bid for, purchase, and solicit the purchase of the Bonds during the applicable restricted period for the distribution of the Reopened Bonds. In particular, this exemption is based on the facts that: Uruguay is a sovereign government whose financial affairs are widely reported on; the market for the Bonds is highly liquid and has considerable depth due to the U.S. \$1,277,000,000 aggregate principal amount of the Outstanding Bonds; the Dealer Manager estimates that at least 20 dealers regularly place bids and offers for the Outstanding Bonds, of which at least 10 are continuous market makers; the Dealer

Manager estimates that daily purchases and sales of the Outstanding Bonds by the Dealer Manager and its affiliates account for approximately 10% of the average daily trading volume ("ADTV") in the Outstanding Bonds, and they do not expect that their daily purchases and sales of the Bonds will account for more than 10% of the ADTV of the Bonds; the Outstanding Bonds trade (and after the Exchange Offer, the Bonds are expected to trade) primarily on the basis of a spread to U.S. Treasury securities with corresponding maturities in a manner similar to trading in investment grade debt securities; at present, Uruguay's aggregated gross public sector external debt is approximately U.S. \$8.2 billion in principal amount; the Bonds are payable by their terms in U.S. dollars; the bid and ask prices for the Outstanding Bonds are available on a widely disseminated electronic information service; and the Exchange Offer will be made pursuant to Uruguay's effective shelf registration statement filed with the Commission under the Securities Act of 1933.

This exemption is subject to the following conditions:

1. The Dealer Manager and its affiliates shall provide to the Division of Trading and Markets (the "Division") upon request, a daily time-sequenced schedule of all transactions in the Bonds made during the period commencing five business days prior to the launch of the Exchange Offer, and ending when the distribution in the U.S. is completed or abandoned, on a transaction-by-transaction basis, including:
  - a. size, broker (if any), time of execution, and price of the transactions,
  - b. the exchange, quotation system, or other facility through which the transactions occurred, and
  - c. whether the transactions were made for a customer account or a proprietary account.

The records required pursuant to this exemption shall be maintained by the Dealer Manager and its affiliates for at least two years from the date of the termination of the Exchange Offer.

2. The prospectus supplement for the Exchange Offer shall disclose that the Dealer Manager and its affiliates have been exempted, consistent with this letter, from the provisions of Rule 101 of Regulation M.

The foregoing exemption from Rule 101 of Regulation M is based solely on your representations and the facts presented, and it is strictly limited to the application of this rule to the proposed transactions. Such transactions should be discontinued, pending presentation of the facts for our consideration, if any material change occurs with respect to any of those facts or representations.

Antonia E. Stolper, Esq.  
Shearman & Sterling LLP  
June 24, 2008  
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In addition, persons relying on this exemption are directed to the anti-fraud and anti-manipulation provisions of the federal securities laws, including Sections 9(a) and 10(b) of the Securities Exchange Act of 1934 (Exchange Act), and Rule 10b-5 thereunder. Responsibility for compliance with these and any other provisions of the federal or state securities laws must rest with the Dealer Manager and its affiliates. The Division expresses no view with respect to any other questions that the proposed transactions may raise, including, but not limited to, the adequacy of disclosure concerning, and the applicability of other federal and state laws or Exchange Act rules to, the proposed transactions.

For the Commission, by the  
Division of Trading and Markets,  
pursuant to delegated authority,



Josephine J. Tao  
Assistant Director

Enclosure

SHEARMAN & STERLING RECEIVED

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SEC / MR

christopher.ross@shearman.com  
212-848-4110

June 24, 2008

Via FedEx

Liz Sandoe  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

Dear Ms. Sandoe:

Enclosed, please find the original no action request letter on behalf of Citigroup Global Markets, Inc. in connection with its role as dealer manager with respect to the exchange offer by the Republic of Uruguay. I understand that upon receipt of this original letter we should expect to receive an original response letter (I have already received a pdf version from Joan Collopy). Please feel free to contact me with any questions.

Regards,



Christopher G. Ross

Enclosure

cc: Joan Collopy

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Regards,



Christopher G. Ross

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cc: Joan Collopy

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CONFIDENTIAL TREATMENT REQUESTED

~~astolper@shearman.com~~  
(212) 848-5009

June 24, 2008

Via Email and FedEx

Josephine J. Tao  
Assistant Director  
Division of Trading and Markets  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

Republic of Uruguay ("Uruguay")  
Securities Exchange Act of 1934  
Rule 101 of Regulation M

Dear Ms. Tao:

We are writing on behalf of Citigroup Global Markets, Inc., (the "Dealer Manager,"<sup>1</sup>) and certain of its affiliates<sup>1</sup> to request an exemption from Rule 101 ("Rule 101") of Regulation M under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with respect to the trading activities of the Dealer Manager and its affiliates in connection with Uruguay's intended exchange offer with respect to several series of its existing bonds (the "Existing Bonds"), in which Uruguay may exchange Existing Bonds for an unlimited amount of reopened 2036 Bonds (the "Reopened Bonds"). The Reopened Bonds will be covered by an effective shelf registration statement and will have the same terms and conditions as, and will be consolidated and fungible with, Uruguay's outstanding U.S.\$1,277 million in principal amount of 7.625% Bonds due 2036 (the "Outstanding Bonds"), which are payable by their terms in U.S. dollars. The Outstanding Bonds and contemplated Reopened Bonds together are hereinafter referred to as the "Bonds."

<sup>1</sup> For purposes of this letter, affiliate means any person that directly or indirectly controls, is controlled by, or is under common control with, the Dealer Manager.

## I. FACTS

### The Exchange Offer

The Outstanding Bonds originally were issued on March 21, 2006 in the aggregate principal amount of U.S.\$500 million and reopened for additional aggregate principal amounts of U.S.\$500 million on October 19, 2006 and approximately U.S.\$277 million on November 14, 2006. The Staff, on November 1, 2006, granted no action relief in respect of the two reopenings. Uruguay is proposing to make separate offers for each eligible Existing Bond to either tender for cash or to exchange for a new bond that is not the subject of this no action relief or Reopened Bonds through an exchange conducted by the Dealer Manager that will consist of a fixed-spread offer (the "Exchange Offer") pursuant to Uruguay's effective shelf registration statement on Schedule B to the U.S. Securities Act of 1933, as amended (the "Securities Act"). The terms and conditions of the conditional cash tender offer and Exchange Offer will be described more fully in a prospectus supplement, the accompanying prospectus and related electronic letter of transmittal to be prepared in connection with the conditional cash tender offer and Exchange Offer. Settlement of the conditional cash tender offer and Exchange Offer is expected to occur ten business days after the date the Exchange Offer expires.

### Uruguay's External Debt

At December 31, 2007, Uruguay's total debt securities that are unsecured and payable by their terms in United States dollars were at least U.S.\$ 8.2 billion dollars in principal amount.

### Market for the Bonds

Based on conversations with the Dealer Manager, we understand the following to be true with respect to the market for the Bonds:

The principal market for trading in the Outstanding Bonds in the United States and outside the United States is expected to be the over-the-counter interdealer market (the "OTC Market").

The Dealer Manager estimates that more than twenty dealers regularly place bids and offers for the Outstanding Bonds and are expected to regularly place bids and offers after the issue of the Reopened Bonds. Of these dealers, at least ten are continuous market makers and are expected to be continuous market makers after the issue of the Reopened Bonds. The Dealer Manager acts as market maker in the Outstanding Bonds and other debt securities issued by Uruguay in connection with its general trading activities. The Dealer Manager estimates that the daily purchases and sales of the Outstanding Bonds by the Dealer Manager and its affiliates account for approximately 10% of the average daily trading volume ("ADTV") in the Outstanding Bonds, and they do not expect that their daily purchases and sales of the Bonds will

account for more than 10% of the ADTV of the Bonds. Bid and ask prices for the Outstanding Bonds in the OTC Market are widely available, via display on interdealer broker screens, display on Telerate and Bloomberg electronic information services and otherwise. The Dealer Manager expects that bid and ask prices for the Bonds in the OTC Market will be widely available, via the same sources.

Although the Outstanding Bonds are not rated investment grade by a nationally recognized statistical rating organization (the Outstanding Bonds are rated B1 by Moody's Investor Services, Inc., BB- by Standard & Poor's Corporation and BB- by Fitch), the Dealer Manager has informed us that the Outstanding Bonds trade primarily on the basis of a spread to United States Treasury securities with corresponding maturities in a manner similar to trading in investment-grade debt securities and in contrast to trading in many issues of high-yield debt securities. Moreover, the Dealer Manager has informed us that the Outstanding Bonds generally trade with a bid-ask spread of less than 1%, which is consistent with bid-ask spreads for debt securities of sovereigns rated BB or better but tighter than the typical bid-ask spreads for high-yield debt securities.

## II. REQUESTED RELIEF AND POLICY BASIS

Rule 101 is an anti-manipulation rule that, subject to certain exceptions, prohibits persons involved in a distribution of securities from bidding for or purchasing, or inducing others to bid for or purchase, such securities until they have completed their participation in the distribution.

Absent exemption therefrom, Rule 101 will force the Dealer Manager to be absent from the market for the Outstanding Bonds, and be unable to make a market in, the Outstanding Bonds from the period beginning five business days prior to the launch of the Exchange Offer until the day after the expiration date of the Exchange Offer (analogous to the completion of the distribution of the Reopened Bonds), which could result in the Dealer Manager being out of the market for close to two weeks, in this case disrupting an otherwise orderly market with potentially serious consequences.

In order to avoid these serious consequences, and because we believe that the policies and purposes underlying Rule 101 would not have been furthered by applying Rule 101 in this context, we hereby request the Securities and Exchange Commission, acting pursuant to paragraph (d) of Rule 101, to exempt the Dealer Manager and its affiliates from the prohibitions of Rule 101 with respect to trading activities relating to the Bonds during the restricted period specified in Rule 101.

Exemption from the prohibitions of Rule 101 in the context of this transaction is, in our view, warranted for the following reasons:

(a) Purchases by the Dealer Manager are unlikely to have a significant impact on the price of the Bonds due to:

- (i) the high liquidity and significant depth of the trading market in the Outstanding Bonds, particularly in light of the large aggregate principal amount outstanding of the Outstanding Bonds, and after giving effect to the Exchange Offer, the Bonds, (in excess of U.S.\$1,277 million for the Bonds),
- (ii) the large number of dealers expected to regularly place bids and offers for, or continuously make markets in, the Bonds,
- (iii) the Dealer Manager's belief that the Bonds are expected to trade primarily on the basis of spreads to the United States Treasury securities with the most nearly equal maturity date (in a manner similar to trading in investment-grade debt securities and in contrast to trading in many issues of high-yield debt securities), and
- (iv) the Dealer Manager's belief that the Bonds are expected to generally trade with a narrow bid-ask spread consistent with that for investment grade debt securities but tighter than that typical for high-yield debt securities, all as described in greater detail in the preceding section of this letter.

(b) The Outstanding Bonds and the Reopened Bonds are expected to be actively traded securities, as currently the ADTV of the Outstanding Bonds is approximately U.S.\$50 million with a public float of approximately U.S.\$1,277 million in aggregate principal amount. These figures are many orders of magnitude larger than the minimum ADTV (U.S.\$1 million) and minimum public float value (U.S.\$150 million) that would qualify common equity securities for the exemption afforded by Rule 101(c)(1). The release adopting Rule 101 stated, with respect to that exemption, the following:

“The Commission continues to believe that an exclusion for actively-traded securities is appropriate. The costs of manipulating such securities generally are high. In addition, because actively-traded securities are widely followed by the investment community, aberrations in price are more likely to be discovered and quickly corrected.”

If the foregoing is true for a common equity security with an ADTV of only U.S.\$1 million and a public float value of only U.S.\$150 million, it is far truer with respect to large issues of fixed-income securities such as the Bonds.

(c) Although the Bonds are not rated investment grade (but, rather, are rated B1/BB-/BB-), the Dealer Manager believes the Bonds will trade in a manner similar to that of investment grade debt securities (see paragraph (a) above). Accordingly, the same considerations that led to the exemption for investment grade debt securities contained in Rule 101(c)(2) would apply to the Bonds as well.

(d) Uruguay is a sovereign whose financial, economic and political affairs are widely reported on, including widespread research coverage by the investment community, and the Exchange Offer is expected to be global in nature rather than domestic, and the investor base is expected to be highly institutional, with the result that the investors generally do not need and would not expect the protections afforded by Rule 101.

(e) Previously, when Uruguay, Argentina, Brazil, Colombia, Panama, Peru and Venezuela conducted global bond offerings, the Commission granted exemptions from Rule 101 and, in some cases, Rule 102 (or then-existing Rule 10b-6 under the Exchange Act) to allow trading in the securities being distributed under similar circumstances.<sup>2</sup> The policy reasons underlying the exemptions given in those transactions should apply in this case as well.

Pursuant to 17 C.F.R. 200.81(b), we respectfully request on behalf of the Dealer Manager that this exemptive request and the response be accorded confidential treatment until 120 days after the date of the response to such request or such earlier date as the Staff of the Commission is advised that all of the information in this letter has been made public. This request for confidential treatment is made on behalf of the Dealer Manager for the reason that certain of the facts set forth in this letter have not been made public.

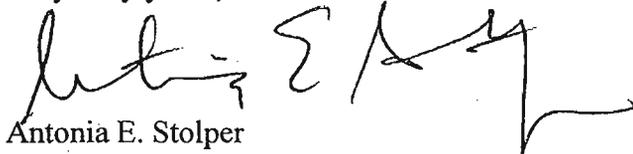
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<sup>2</sup> See, e.g., *Republic of Uruguay*, SEC No-Action Letters (November 1, 2006; August 4, 2006; January 24, 2006; June 2, 2005; June 20, 2003); *Republic of Argentina*, SEC No-Action Letter (January 14, 2005); *Federative Republic of Brazil*, SEC No-Action Letters (July 7, 2004; June 21, 2004; January 12, 2004; October 15, 2003; September 9, 2003; July 3, 2003; June 13, 2003, April 29, 2003; March 22, 2000, and January 21, 2000); *The Republic of Colombia*, SEC No-Action Letters (November 19, 2003, December 2, 2002); *Republic of Panama*, SEC No-Action Letters (January 16, 2004; July 5, 2000; November 18, 1998); *Republic of Peru*, SEC No-Action Letter (February 8, 2007); and the *Bolivarian Republic of Venezuela*, SEC No-Action Letter (September 22, 2004).

June 24, 2008

Please call me at (212) 848-5009 or my colleague Christopher Ross at (212) 848-4110 with any questions you may have concerning this request.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Antonia E. Stolper', written in a cursive style. The signature is positioned to the right of the typed name 'Antonia E. Stolper'.

Antonia E. Stolper

cc: Joan Collopy