

REGULATORY DEVELOPMENTS IN RELATION TO EUROBONDS

5 July 2023

Earlier we informed you about Presidential Decree No. 364 dated 22 May 2023 on Amending Presidential Decree No. 430 dated 5 July 2022 (“*On Repatriation by Residents – Participants of Foreign Economic Activity – of Foreign and Russian Currency*”), which established a procedure for the so-called substitution in relation to Eurobonds held through Russian depositories/custodians.

Decree No. 364 provided an exemption, from its general requirement to offer “substitute bonds” by the end of 2023, available to those Russian issuers of Eurobonds (a) which had issued “substitute bonds” earlier but had not replaced their Eurobonds in full and/or (b) which continued servicing their Eurobond debt on the basis of specific approvals by the Government Commission for Control over Foreign Investments.

Until recently, the official procedure for granting such approvals established by Government Resolution No. 295 dated 6 March 2022 was not fully aligned with Presidential Decree No. 364. Consequently, this created practical difficulties.

On 29 June 2023, Government Resolution No. 295 was amended with a view to such alignment.

The amendments:

- confirm the option of servicing Eurobond debt on the basis of a specific Government Commission approval, thus within the exemption from the requirements of Decree No. 430; and
- clarify the procedure for applying for such an approval, should the relevant Eurobond issuer choose to continue servicing its Eurobond debt.

However, the regulatory framework applicable to Eurobonds held outside the Russian depository infrastructure (e.g., within Euroclear / Clearstream) remains unclear.



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