

**PRESIDENT DECREE No. 364 DATED 22.05.2023
ON SUBSTITUTE BONDS**

May 24, 2023

The President's Decree No. 364 dated 22 May 2023 on Amending the President's Decree No. 430 dated 5.07.2022 ("*On Repatriation by Residents – Participants of Foreign Economic Activity – of Foreign and Russian Currency*") (the "**Decree**") has been published.

The Decree requires Russian Eurobond issuers to perform their outstanding obligations owed to Eurobond holders whose securities are registered with Russian depositaries by way of offering of so-called "substitute bonds" by the end of the year 2023. The regulations applicable prior to the Decree (such as the President's Decree No. 430 dated 5th July 2022) contemplated the "substitute bonds" as one of the options for refinancing of the indebtedness of Russian Eurobond issuers.

However, the Decree is silent on the payments towards those Eurobond holders whose securities are kept outside Russia (e.g. within Euroclear / Clearstream). Furthermore, the Decree provides for an exemption from its general requirement to offer "substitute bonds" by the end of 2023 for (a) those issuers which have issued "substitute bonds" earlier but have not replaced their Eurobonds in full and (b) those issuers which continue servicing their Eurobonds pursuant to licences granted to them by the Government Commission for Control over Foreign Investments.

Thus, the following matters remain unclear further to the release of the Decree:

- the settlement mechanism applicable to those Eurobond holders who hold their securities outside Russian depository infrastructure; and
- options available to those issuers who have offered "substitute bonds" before in the principal amount lower than their outstanding Eurobond indebtedness.

We look forward to receiving clarifications from the Bank of Russia which may shed some light on the grey areas outlined above.



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