

# Russian Obligors Are Required to Issue Russian Bonds Replacing their Eurobonds

24 May 2023

On May 22, 2023, the President of Russia signed Decree No. 364 (“Decree 364”) On Certain Amendments to Decree of the President of Russia No. 430 dated July 5, 2022 (“Decree 430”) requiring Russian businesses who have issued Eurobonds to issue replacement securities to enable holders whose bonds are held through Russian depositaries to receive payments.

Prior to these amendments, Decree 430 required Russian legal entities having obligations related to the Eurobonds (the “Russian Obligors”) to either (i) pay holders of their Eurobonds who hold through Russian depositaries (custodians) directly through such depositaries, bypassing foreign infrastructure, including international clearing systems, or (ii) issue Russian replacement bonds on the same commercial terms (interest, maturity, principal amount) as the Eurobonds (the “Replacement Bonds”). The Central Bank has clarified that legal entities “having obligations related to Eurobonds” comprise of any Russian legal entities of the same group as the issuer and any entities mentioned in the Eurobond transaction documentation, such as Russian guarantors under guaranteed Eurobonds or Russian borrowers under loan participation notes.

Holders of the Eurobonds through Russian depositaries, including Russian investors and foreign investors who are not investors from “unfriendly jurisdictions”, had an option to acquire the Replacement Bonds in exchange for their Eurobonds. The Replacement Bonds can be freely traded in Russia, unaffected by the restrictions imposed on the Russian clearing system, thus providing the holders of the Replacement Bonds with certainty of payment and liquidity.

If you have any questions concerning this memorandum, please reach out to your regular firm contact or the following authors

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Following the amendments, the issuance of the Replacement Bonds is no longer an option for Russian Obligors, but rather their obligation. Such Russian Obligors are now required to issue the Replacement Bonds before January 1, 2024 and offer them to the holders of the Eurobonds through Russian depositaries.

The holders of the relevant Eurobonds will still have the right to choose whether to acquire such Replacement Bonds in exchange for the relevant Eurobonds, and will still have an option to keep the Eurobonds and to continue to receive payments directly through Russian depositaries bypassing the foreign infrastructure in accordance with the procedure referred to in Decree 430. It is not clear at the moment if the Central Bank of Russia is going to introduce any changes to this procedure that has been in place for almost a year now.

For the holders of the Eurobonds held through non-Russian depositaries and for the holders from “unfriendly jurisdictions” holding through Russian depositaries the situation remains unchanged.

Holders in non-Russian depositaries neither have a right to receive the payment directly in Russia, nor are they required to be offered the Replacement Bonds, and holders from “unfriendly jurisdictions” holding through Russian depositories cannot claim the Replacement Bonds and any payments made to them directly in Russia bypassing foreign infrastructure shall be credited to a special restricted S-type account, where the funds are essentially frozen.

Russian Obligors and holders of the relevant Eurobonds may apply for a license of the Russian Governmental Commission for Control over Foreign Investments that provides a derogation from the abovementioned restrictions.

To read more about sanctions imposed by the U.S., UK and EU on Russian persons in connection with the Russia-Ukraine conflict and Russian countersanctions, please visit our blog [here](#).

#### *List of the affected Eurobonds*

No.	Issuer	Reg S / 144A ISIN	Initial Principal Amount	Coupon Rate	Maturity Date	Guarantor / Borrower
1.	<a href="#">Alrosa Finance S.A.</a>	XS1843441731 / US02109TAD46	\$500 mln	4.65%	09.04.2024	Guarantor – PJSC Alrosa
2.	<a href="#">Alrosa Finance S.A.</a>	XS2010030919 / US02109TAE29	\$500 mln	3.1%	25.06.2027	Guarantor – PJSC Alrosa
3.	<a href="#">Polyus Finance Plc.</a>	XS1713474325 / US73181LAA98	\$500 mln	4.7%	29.01.2024	Guarantors – JSC Polyus Krasnoyarsk; PJSC Polyus
4.	<a href="#">Polyus Finance Plc.</a>	XS2396900685 / US73181LAB71	\$700 mln	3.25%	14.10.2028	Guarantors – JSC Polyus Krasnoyarsk; PJSC Polyus
5.	<a href="#">RZD Capital Plc</a>	CH1100259816	CHF 450 mln	3.125	No fixed maturity date	Borrower – RZD OJSC

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6.	<a href="#">RZD Capital Plc</a>	XS2318748956	RUB 20 bln	7.450	18.09.2028	Borrower – RZD OJSC
7.	<a href="#">RZD Capital Plc</a>	XS2271376498	RUB 25 bln	6.598	02.03.2028	Borrower – RZD OJSC
8.	<a href="#">RZD Capital Plc</a>	CH0522690715	CHF 250 mln	0.84	12.03.2026	Borrower – RZD OJSC
9.	<a href="#">RZD Capital Plc</a>	CH0419041634	CHF 150 mln	1.195	03.04.2028	Borrower – RZD OJSC
10.	<a href="#">RZD Capital Plc</a>	CH0419041618	CHF 350 mln	0.898	03.10.2025	Borrower – RZD OJSC
11.	<a href="#">RZD Capital Plc</a>	XS1843431690	RUB 15 bln	7.675	10.09.2026	Borrower – RZD OJSC
12.	<a href="#">RZD Capital Plc</a>	XS1843437036	RUB 500 mln	2.2	23.05.2027	Borrower – RZD OJSC
13.	<a href="#">RZD Capital Plc</a>	XS1843442465	RUB 20 bln	8.8	04.10.2025	Borrower – RZD OJSC
14.	<a href="#">RZD Capital Plc</a>	XS1701384494	RUB 15 bln	7.9	19.10.2024	Borrower – RZD OJSC
15.	<a href="#">RZD Capital Plc</a>	CH0379268748	CHF 450 mln	2.1	02.10.2023	Borrower – RZD OJSC
16.	<a href="#">RZD Capital Plc</a>	XS1574787294	RUB 15 bln	8.99	03.03.2024	Borrower – RZD OJSC
17.	<a href="#">RZD Capital Plc</a>	XS1574068844	USD 500 mln	4.375	01.03.2024	Borrower – RZD OJSC
18.	<a href="#">RZD Capital Plc</a>	XS1502188375	RUB 15 bln	9.2	07.10.2023	Borrower – RZD OJSC
19.	<a href="#">RZD Capital Plc</a>	XS1041815116	EUR 500 mln	4.6	06.03.2023	Borrower – RZD OJSC
20.	<a href="#">RZD Capital Plc</a>	XS0764220017	USD 1.4 bln	5.7	05.04.2022	Borrower – RZD OJSC
21.	<a href="#">RZD Capital Plc</a>	XS0609017917	GPB 650 mln	7.487	25.03.2031	Borrower – RZD OJSC
22.	GTLK Europe Capital DAC	XS1577961516	\$500 mln	5.125%	31.05.2024	Borrower – JSC GTLK

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23.	GTLK Europe Capital DAC	XS1713473608	\$500 mln	5.95%	17.04.2025	Borrower – JSC GTLK
24.	GTLK Europe Capital DAC	XS2010044381	\$550 mln	4.949%	18.02.2026	Borrower – JSC GTLK
25.	GTLK Europe Capital DAC	XS2131995958	\$600 mln	4.65%	10.03.2027	Borrower – JSC GTLK
26.	GTLK Europe Capital DAC	XS2249778247	\$500 mln	4.8%	26.02.2028	Borrower – JSC GTLK
27.	GTLK Europe Capital DAC	XS2010027451	\$600 mln	4.349%	27.02.2029	Borrower – JSC GTLK
28.	Celtic Resources Holdings DAC	XS2060792236	\$400 mln	4.125%	09.10.2024	Borrower – [Nordgold group]
29.	<a href="#">Steel Capital SA</a>	XS2046736919 / US85805RAE80	\$800 mln	3.15%	16.09.2024	Borrower – PJSC Severstal
30.	Phosagro Bond Funding DAC	XS2099039542 / US71922LAC37	\$500 mln	3.05%	23.01.2025	Borrower – PJSC Phosagro
31.	Phosagro Bond Funding DAC	XS2384719402 / US71922LAD10	\$500 mln	2.6%	16.09.2028	Borrower – PJSC Phosagro
32.	Metalloinvest Finance Limited	XS2400040973	\$650 mln	3.375%	22.10.2028	Borrower – JSC HC Metalloinvest

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