



# Russian Federation Bondholders Presentation

New foreign currency denominated  
sovereign debt securities servicing mechanism



August 2022

# New external sovereign debt servicing mechanism

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In light of recent events foreign financial intermediaries refuse to cooperate and carry out their functions. Therefore new foreign currency denominated sovereign debt securities (Eurobonds) servicing mechanism was established<sup>1</sup>:

- The Ministry of Finance, in accordance with the Eurobonds issue documentation, will ensure the transfer of funds to the Payment (Fiscal) agent for Eurobonds, whose functions are to be performed by the National Settlement Depository (NSD), in accordance with Russian Federation Law (<http://publication.pravo.gov.ru/Document/View/0001202206220017>)
- In order to fulfill sovereign debt obligations, the Ministry of Finance will transfer the Russian roubles to the NSD in amounts equivalent to the amounts of the coupons and/or principal in the currency of the Eurobond

<sup>1</sup> By the Decree of the President of the Russian Federation No 394 of 22 June 2022 'On the temporary procedure for executing the obligations to residents and foreign holders of Russian Federation foreign currency denominated sovereign debt securities'.



# Groups of Bondholders of Russian Eurobonds

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3 groups of Bondholders were set to determine the method of payments execution:

- Group 1: Bondholders with depositary records kept within the Russian depositary infrastructure (directly at the NSD or with its sub-depositaries)
- Group 2: Bondholders with depositary records kept by Russian Depositaries that are clients of Foreign Depositaries
- Group 3: Bondholders with depositary records kept by Foreign Depositaries and who, thus, cannot be paid in compliance with the standard procedures according to the Russian Law



# Payments to Bondholders of Groups 1 and 2

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## Group 1

- Payments to Bondholders will be made directly through the NSD and/or other Russian Depositaries (sub-depositaries of NSD) in accordance with the Russian Law
- Payments to Bondholders will be in Russian roubles at the exchange rate of the Russian rouble to the nominal currency established by the Bank of Russia on the date of payment determined by the Prospectus
- No additional actions are required from Bondholders to receive payments

## Group 2

- Payments to Bondholders will be made through corresponding Russian Depositaries with no participation of Foreign intermediaries, on the basis of the information provided to the NSD
  - Payments to Bondholders will be in Russian roubles at the exchange rate of the Russian rouble to the nominal currency established by the Bank of Russia on the date of payment determined by the Prospectus
  - No additional actions are required from Bondholders to receive payments
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# Payments to Bondholders of Group 3

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## Group 3

- All payments to Group 3 Bondholders are to be deposited by the NSD on special rouble accounts opened in the NSD (type 'I' accounts)
- Payments in Russian roubles from type 'I' account to Group 3 Bondholders will be indexed at the foreign exchange rate for the nominal currency of the Eurobond on the day of actual settlements with the Bondholder
- To receive their funds from the type 'I' accounts, Group 3 Bondholders must go through the identification process, as set out in the steps hereunder



# Group 3 Bondholders: Identification process (1)

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- Step 1. Open an account in Russian roubles with any credit institution of the Bondholders' choice
- Step 2. Contact the NSD or any authorized Russian institutions, the requirements to which are determined by the Government of the Russian Federation<sup>2</sup> (for such authorized institutions the Bank of Russia depository or brokerage license is required)
- Step 3. If a Foreign Depository upon the NSD's request agrees to provide to the NSD all the relevant information of holdings for payments to be executed, then the Group 3 Bondholders do not have to provide any additional documents (except for the waiver mentioned in Step 5)

<sup>2</sup> By the Resolution of the Government of the Russian Federation of 30 June 2022 № 1779-r on the appointment of the authorized organizations



## Group 3 Bondholders: Identification process (2)

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- Step 4. If a Foreign Depository does not provide to the NSD all relevant information of holdings for payments to be executed, Group 3 Bondholders need to provide to the NSD (or other authorized institution):
  - documents confirming the rights to Eurobonds as of the date of fixing the register of Bondholders, according to the list of confirmation documents, approved by the Ministry of Finance Order № 245 of 24 June 2022 (the links to the relevant legal documents on slides 12-13)
  - relevant tax control documents (the list is published by NSD)
- Step 5. In any case, Bondholders shall provide a written waiver of all potential claims against the Ministry of Finance in the future regarding the relevant payment. The form of the written waiver shall be provided to the Bondholder by the NSD or the authorized Russian institution(s) that the Bondholder has contacted



# List of documents confirming the rights of the holders of Russian Federation Eurobonds (1)

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- 1. Documents identifying the person claiming the rights to Russian Federation Eurobonds

***For individuals:*** duly certified copies of documents proving the identity of an individual and listed in Appendix 1 to Regulation of the Bank of Russia No. 499-P of 15 October 2015, "On the identification by credit institutions of customers, customer representatives, beneficiaries and beneficial owners in order to counter the legalization (laundering) of proceeds from crime and the financing of terrorism" (page 49 <https://www.cbr.ru/publ/vestnik/ves151216115.pdf>) (hereinafter referred to as the Regulations of the Bank of Russia)

***For legal entities and other persons without the formation of a legal entity:*** duly certified copies of documents containing information for the purpose of identifying clients - legal entities and foreign structures without forming a legal entity, or beneficiaries - legal entities and foreign structures without forming a legal entity, in accordance with paragraph 1 Annex 2 to the Regulations of the Bank of Russia





# List of documents confirming the rights of the holders of Russian Federation Eurobonds (2)

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- 2. One of the following documents confirming, as of the date of fixing List of the holders of Russian Federation Eurobonds and persons exercising rights under Russian Federation Eurobonds (at the end of the second business day prior to the Payment Date or earlier in accordance with the Eurobonds issue documentation), the corresponding number of Russian Federation Eurobonds accounted for in the account of a holder of Russian Federation Eurobonds opened with a Foreign Depository
  - ✓ A document (statement) on the status of the depo account for the purpose of confirming ownership (Account statement for the purpose of proving the holding), provided by the Foreign Depository
  - ✓ A format MT 535 SWIFT message (Statement of Holdings), sent by the Foreign Depository to its depositor
  - ✓ Another document provided by the Foreign Depository and containing information on the number of Russian Federation Eurobonds accounted for in the account of the holder of Russian Federation Eurobonds, as reflected in the documents specified in the second and third paragraphs of this clause



# List of documents confirming the rights of the holders of Russian Federation Eurobonds (3)

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- 3. Documents confirming the ownership of the Russian Federation Eurobonds specified in Clause 2 on the previous slide on the accounts of all Foreign Depositories with the participation of which the rights to Russian Federation Eurobonds are recorded. If a Foreign Depository has refused to issue the documents mentioned above, such refusal shall be formally provided
- 4. A document containing a link to the official website of the authorized body that issued the license (permit) or included the Foreign Depository specified in Clause 2 of the previous slide in the register of organizations authorized to record and transfer rights to securities
- 5. Written waiver by the holder of Russian Federation Eurobonds of all potential claims, in the form established by the NSD and confirmed with the Ministry of Finance of the Russian Federation, in respect of payments on Russian Federation Eurobonds, the rights to receive which were confirmed by the holder of Russian Federation Eurobonds, subject to the transfer of these payments to the holder of Russian Federation Eurobonds
- 6. Bank account details of the holder of Russian Federation Eurobonds for transferring debt servicing payments in Russian roubles

*Note. The documents specified in paragraphs 1-3 of this list, compiled and issued on paper in foreign states outside the Russian Federation in accordance with foreign law in relation to Russian organizations and citizens or foreign persons, are accepted in compliance with the requirements for the legalization of these documents and must be drawn up in Russian or English (with translation into Russian).*

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# Group 3 Bondholders: payments execution process

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- After completing the document verification procedure within 10 days after full set of confirmation documents is provided the NSD executes payments to the rouble bank accounts of Group 3 Bondholders in amounts equivalent to the amounts of the payments in the currency of the Eurobond face value on the date of the actual funds transfer
- All payments to Group 3 Bondholders are to be made in accordance with the order in which the full sets of confirmation documents were received from the Bondholders
- Bondholders have the right to execute any transactions with the received rouble funds at their own discretion, including conversion and repatriation
- Group 3 Bondholders have to decide whether they apply to the NSD or to any authorized Russian institutions on their own or transfer the necessary information through Foreign Depository; the amount of the payment to the Bondholder (its nominal holder) will be reduced by the amount that has already been transferred to the respective nominal holder (Bondholder)



# Relevant legal documents (1)

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1) Decree of the President of the Russian Federation No 394 of 22 June 2022 ‘On the temporary procedure for executing the obligations to residents and foreign holders of Russian Federation foreign currency denominated sovereign debt securities’

<http://publication.pravo.gov.ru/Document/View/0001202206220017>

2) Resolution of the Government of the Russian Federation of 30 June 2022 № 1779-r on the appointment of the authorized organizations

<http://publication.pravo.gov.ru/Document/View/0001202207010041>

3) Official clarifications of the Ministry of Finance on the Decree of the President of the Russian Federation No 394 of 22 June 2022 ‘On the temporary procedure for executing the obligations to residents and foreign holders of Russian Federation foreign currency denominated sovereign debt securities’

of 24 June 2022 № 04-01-05/60092

[https://minfin.gov.ru/ru/press-center/?id\\_4=38003-ofitsialnoe\\_razyasnenie\\_minfina\\_rossii\\_po\\_voprosam\\_primeneniya\\_ukaza\\_prezidenta\\_rossiiskoi\\_federatsii\\_ot\\_22\\_iyunya\\_2022\\_g.\\_394](https://minfin.gov.ru/ru/press-center/?id_4=38003-ofitsialnoe_razyasnenie_minfina_rossii_po_voprosam_primeneniya_ukaza_prezidenta_rossiiskoi_federatsii_ot_22_iyunya_2022_g._394)

of 26 July 2022 № 04-01-05/71815

[https://minfin.gov.ru/ru/press-center/?id\\_4=38037-ofitsialnoe\\_razyasnenie\\_minfina\\_rossii\\_po\\_voprosam\\_primeneniya\\_ukaza\\_prezidenta\\_rossiiskoi\\_federatsii\\_ot\\_22\\_iyunya\\_2022\\_g.\\_394](https://minfin.gov.ru/ru/press-center/?id_4=38037-ofitsialnoe_razyasnenie_minfina_rossii_po_voprosam_primeneniya_ukaza_prezidenta_rossiiskoi_federatsii_ot_22_iyunya_2022_g._394)



## Relevant legal documents (2)

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4) Order of the Ministry of Finance of the Russian Federation № 240 of 22 June 2022 ‘On the temporary procedure for fulfilling sovereign debt obligations of the Russian Federation on foreign currency denominated sovereign debt securities’

[https://minfin.gov.ru/ru/performance/public\\_debt/npa/external/?id\\_65=136716-prikaz\\_minfina\\_rossii\\_ot\\_22.06.2022\\_240\\_o\\_vremennom\\_poryadke\\_ispolneniya\\_gosudarstvennykh\\_dolgovykh\\_obyazatelstv\\_rossiiskoi\\_federatsii\\_po\\_gosudar](https://minfin.gov.ru/ru/performance/public_debt/npa/external/?id_65=136716-prikaz_minfina_rossii_ot_22.06.2022_240_o_vremennom_poryadke_ispolneniya_gosudarstvennykh_dolgovykh_obyazatelstv_rossiiskoi_federatsii_po_gosudar)

With changes approved by the Order of the Ministry of Finance of the Russian Federation № 315 of 26 July 2022

[https://minfin.gov.ru/ru/performance/public\\_debt/npa/external/?id\\_65=136860-prikaz\\_minfina\\_rossii\\_ot\\_26.07.2022\\_315\\_o\\_vnesenii\\_izmenenii\\_v\\_prikaz\\_ministerstva\\_finansov\\_rossiiskoi\\_federatsii\\_ot\\_22\\_iyunya\\_2022\\_g.\\_240\\_o\\_vre](https://minfin.gov.ru/ru/performance/public_debt/npa/external/?id_65=136860-prikaz_minfina_rossii_ot_26.07.2022_315_o_vnesenii_izmenenii_v_prikaz_ministerstva_finansov_rossiiskoi_federatsii_ot_22_iyunya_2022_g._240_o_vre)

5) Order of the Ministry of Finance of the Russian Federation № 245 of 24 June 2022 ‘On the approval of the list of documents confirming the rights of holders of Russian Federation foreign currency denominated sovereign debt securities’

[https://minfin.gov.ru/ru/performance/public\\_debt/npa/external/?id\\_65=136723-prikaz\\_minfina\\_rossii\\_ot\\_24.06.2022\\_245\\_ob\\_utverzhenii\\_perechnya\\_dokumentov\\_podtverzhdavayushchikh\\_prava\\_derzhatelei\\_gosudarstvennykh\\_tsennykh\\_bum](https://minfin.gov.ru/ru/performance/public_debt/npa/external/?id_65=136723-prikaz_minfina_rossii_ot_24.06.2022_245_ob_utverzhenii_perechnya_dokumentov_podtverzhdavayushchikh_prava_derzhatelei_gosudarstvennykh_tsennykh_bum)

With changes approved by the Order of the Ministry of Finance of the Russian Federation № 316 of 26 July 2022

[https://minfin.gov.ru/ru/performance/public\\_debt/npa/external/?id\\_65=136861-prikaz\\_minfina\\_rossii\\_ot\\_26.07.2022\\_316\\_o\\_vnesenii\\_izmenenii\\_v\\_prikaz\\_ministerstva\\_finansov\\_rossiiskoi\\_federatsii\\_ot\\_24\\_iyunya\\_2022\\_g.\\_245\\_ob\\_ut](https://minfin.gov.ru/ru/performance/public_debt/npa/external/?id_65=136861-prikaz_minfina_rossii_ot_26.07.2022_316_o_vnesenii_izmenenii_v_prikaz_ministerstva_finansov_rossiiskoi_federatsii_ot_24_iyunya_2022_g._245_ob_ut)

