Sovereign Debt
Collective Action
Clauses

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Collective Action Clauses

What are they?

History

- English law bond terms
- New York law bond terms
  - Impact of Trust Indenture Act 1939 protection of bondholder unanimity right

Eurogroup Statement of 28 November 2010

- Context: establishment of ESM
- All Eurozone sovereign issues from mid 2013 onwards to have CACs, with aggregation
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Where are we now?
- English law and NY law sovereign issues routinely include CAC
- Limited use of trustee structures in sovereign context
- Generally no aggregation

Considerations
- Aggregation
- Trustee or trust like structure (management of litigation risk)
- Use of CACs and triggering Credit Events under CDS
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