

# Sovereign Debt Collective Action Clauses

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May 2011

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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

# Collective Action Clauses

## ■ 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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UK-2758232-v1