

## EMEA DC Meeting Statement 25 January 2023

### regarding the Potential Repudiation/Moratorium in relation to the Republic of Ghana

Issue number: 2022122001

#### 1. EXECUTIVE SUMMARY

1.1 The EMEA DC has resolved that:

- (a) a Potential Repudiation/Moratorium has occurred with respect to the Republic of Ghana (the **Reference Entity**) in respect of 2014 Transactions with a Scheduled Termination Date falling on or after 19 December 2022;
- (b) the Potential Repudiation/Moratorium with respect to the Reference Entity and such 2014 Transactions occurred on 19 December 2022; and
- (c) the date on which the DC Secretary first effectively received both a request to convene the DC and Publicly Available Information that satisfies the requirements of Section 2.1(b) of the DC Rules for the Potential Repudiation/Moratorium in respect of the Republic of Ghana was 21 December 2022.

Capitalised terms used but not defined in this Meeting Statement have the meanings given to them in the Credit Derivatives Determinations Committees Rules (September 28, 2018 version, as most recently amended on October 3, 2020) (the **DC Rules**) (including in the 2014 Definitions as defined therein).

#### 2. BACKGROUND

2.1 On 19 December 2022, the Ministry of Finance of the Republic of Ghana issued a press release (the **19 December Announcement**) that stated (emphasis added):<sup>1</sup>

*“In the interim, additional emergency measures are necessary to prevent a further deterioration in the economic, financial, and social situation in Ghana. As it stands, our financial resources, including the Bank of Ghana’s international reserves, are limited and need to be preserved at this critical juncture.*

*That is why we are announcing today a suspension of all debt service payments under certain categories of our external debt, pending an orderly restructuring of the affected obligations.*

*This suspension will include the payments on: our Eurobonds; our commercial term loans; and on most of our bilateral debt. This suspension will not include the payments of our multilateral debt, new debts (whether multilateral or otherwise) contracted after 19th December 2022 or debts related to certain short term trade facilities. We are also evaluating certain specific debts related to projects with the highest socio-economic impact for Ghana which may have to be excluded. This suspension is an interim emergency measure pending future agreements with all relevant creditors.*”

2.2 The categories of debt subject to such suspension include the Eurobonds. Whilst the 19 December Announcement does not include a list of Eurobonds, the EMEA DC noted that the Ministry of Finance of the Republic of Ghana produced a 2021 annual public debt report which included a list of Ghana’s outstanding Eurobond issuances (as at end of 2021) on page 20 (using the page numbers printed on

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<sup>1</sup> <https://mofep.gov.gh/sites/default/files/news/Suspension-of-Payments-on-Selected-External-Debts-of-The-GoG.pdf>

the pages).<sup>2</sup> Amongst others, the list included the USD 8.125 per cent. 2026 Amortised Notes (Reg S ISIN: XS1108847531, Rule 144A ISIN: US374422AC70) (the **2026 Notes**).

### **3. PUBLICLY AVAILABLE INFORMATION**

The DC considered that there was sufficient Publicly Available Information on the basis that the information submitted included information that had been published by the Specified Number (two) of Public Sources in accordance with Section 1.35(a)(i) of the 2014 Definitions and also satisfied the requirements of Section 1.35(a)(ii) of the 2014 Definitions.

### **4. POTENTIAL REPUDIATION/MORATORIUM AND APPLICATION OF OBLIGATION CHARACTERISTICS**

4.1 The Transaction Type applicable to the Reference Entity is Standard Emerging European and Middle Eastern Sovereign / Emerging European and Middle Eastern Sovereign.

4.2 The EMEA DC concluded that the 19 December Announcement satisfied the requirement in Section 4.6(a)(i) of the 2014 Definitions for “an authorized officer of the Reference Entity or a Governmental Authority [...] declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure”.

4.3 The EMEA DC then considered whether the Eurobonds subject to the 19 December Announcement constituted one or more Obligations in an aggregate amount of not less than the Default Requirement (USD 10,000,000 or its equivalent in the relevant Obligation Currency). This will be satisfied in respect of a 2014 Transaction that specifies an outstanding Eurobond as a Reference Obligation that has an outstanding amount in excess of the Default Requirement. If no such Reference Obligation is specified, it is necessary to consider whether the Eurobonds constitute Obligations under Section 3.13 of the 2014 Definitions – i.e. whether the Eurobonds satisfy the relevant Obligation Category (Bonds) and the following Obligation Characteristics:

(a) Not Subordinated;

(b) Not Domestic Currency;

(c) Not Domestic Law; and

(d) Not Domestic Issuance.

4.4 On the basis of its review of the 2026 Notes, the EMEA DC concluded that such 2026 Notes satisfied the relevant Obligation Category and Obligation Characteristics and are therefore Obligations of the Reference Entity. Accordingly, the EMEA DC concluded that a Potential Repudiation/Moratorium had occurred.

4.5 The EMEA DC notes that a Potential Repudiation/Moratorium is not a Credit Event. A Repudiation/Moratorium Credit Event will only occur if Section 4.6(a)(ii) of the 2014 Definitions is satisfied on or prior to the Repudiation/Moratorium Evaluation Date. The occurrence of a Potential Repudiation/Moratorium is of relevance to Transactions that had a Scheduled Termination Date that occurred on or after 19 December 2022. This is because the Repudiation/Moratorium Extension Condition is satisfied in respect of such Transactions as (i) a valid question was received by the EMEA DC prior to the date that is fourteen calendar days after the Scheduled Termination Date of such Transactions; and (ii) the EMEA DC has determined that a Potential Repudiation/Moratorium occurred on 19 December 2022. A Credit Event may still occur with respect to such Transactions although the Scheduled Termination Date has occurred, provided that the Credit Event relates to the

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<sup>2</sup> <https://mofep.gov.gh/sites/default/files/reports/economic/2021-Annual-Public-Debt-Report.pdf>

Potential Repudiation/Moratorium and occurs on or prior to the Repudiation/Moratorium Evaluation Date.