

EMEA DC Meeting Statement – 12 May 2023

in respect of whether a Failure to Pay Credit Event has occurred with respect to Evraz Group S.A.

DC Issue: 2023042501

1. The EMEA Credit Derivatives Determinations Committee (the **DC**) discussed whether a Failure to Pay Credit Event had occurred with respect to Evraz Group S.A. (the **Reference Entity**) following the announcement by Evraz plc dated 20 March 2023 announcing that its 5.375% Notes due on 20 March 2023 (ISIN: Reg S: XS1533915721; 144A: US30050AAG85) (the **2023 Notes**) would not be redeemed on their maturity date (the **Announcement**).
2. For the reasons set out below, the DC determined that no Failure to Pay Credit Event had occurred in respect of the Reference Entity.
3. Capitalised terms used but not defined herein have the meanings given to them in the 2014 ISDA Credit Derivatives Definitions.
4. The DC noted that the 2023 Notes were issued by the Reference Entity on 20 March 2017. An announcement dated 13 March 2019 made by the Reference Entity and Evraz plc (<https://www.investegate.co.uk/evraz-plc--evr-/rns/eurobonds-issuer-substitution/201903131440537860S/>) states that pursuant to clause 19 (Substitution) of the Trust Deed and Condition 3.8 of the 2023 Notes, the Reference Entity transferred to Evraz plc all the obligations under the 2023 Notes and Evraz Group S.A. was released from all of its obligations. No reasons are given for the substitution having taken place. The notice does not state that a guarantee was given by the Reference Entity at the time of such substitution of issuer. The transfer is also referenced in the Evraz Group SA FY 2019 annual accounts (<https://www.evraz.com/files/en/investors/reports-and-results/evraz-group-sa/evraz-group-sa-fy-2019.pdf>) which state that "On 13 March 2019, in accordance with the terms and conditions of outstanding notes and Eurobonds Issuer Substitution Agreement, all outstanding notes of the Company were transferred to EVRAZ plc." The transfer also included three other series of notes that have since redeemed.
5. Given the substitution occurred in 2019, such substitution could not give rise to a Successor (as the Successor Backstop Date has passed) unless such Successor is a Universal Successor. Based on information obtained from the Luxembourg Trade and Companies Register, the Reference Entity continues to exist and the DC is not aware of any Eligible Information that would indicate the Reference Entity is in the process of being dissolved. Accordingly, the DC was of the view that Evraz plc is not a Universal Successor to the Reference Entity.
6. The relevant Transaction Type is Standard Emerging European Corporate LPN. These Transactions incorporate the Additional Provisions for LPN Reference Entities published on 5 September 2014 (the **LPN Additional Provisions**).
7. The LPN Additional Provisions:
 - (a) Enable multiple Reference Obligations to apply to a single Transaction.
 - (b) Provide that "Each Reference Obligation will be an Obligation notwithstanding anything to the contrary in the 2014 ISDA Credit Derivatives Definitions (the "Credit Derivatives Definitions"), and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity".
 - (c) Defines Reference Obligations as:

""Reference Obligation" means, as of the Trade Date, each of the obligations listed as a Reference Obligation of the Reference Entity in the Confirmation or set forth on the relevant LPN Reference Obligations List (each, a "Markit Published LPN Reference Obligation"), as published by Markit Group Limited, or any successor thereto, which list is currently available at <http://www.markit.com/marketing/services.php>, any Additional LPN, determined in accordance with section 5 below, and each Additional Obligation. Each Reference Obligation determined in accordance with the foregoing will be a Reference Obligation notwithstanding anything to the contrary in the Credit Derivatives Definitions, and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity. Standard Reference Obligation shall be Not Applicable. The proviso in Section 2.8 of the Credit Derivatives Definitions shall not apply. It is intended that there may be more than one Reference Obligation, as a result of which all applicable references in the Credit Derivatives Definitions to "the Reference Obligation" shall be construed as a reference to "a Reference Obligation", and all other provisions of the Credit Derivatives Definitions shall be construed accordingly. Sections 2.10 and 2.11 of the Credit Derivatives Definitions shall not be applicable to LPN Reference Obligations."

8. The DC notes that:
 - (a) The list currently published on S&P Global's website does not currently include any obligations of either Evraz Group SA or Evraz plc. Therefore, in respect of Transactions entered into whilst the currently published list has been available, the 2023 Notes are not Reference Obligations and are not Obligations of the Reference Entity.
 - (b) From and including 10 November 2017 to and excluding 13 November 2019, the 2023 Notes were included as "Additional Reference Obligations" on the LPN list published by IHS Markit. The DC was of the view that "Additional Reference Obligations" should be read as being "Additional Obligations" under the LPN Additional Provisions.
9. Notwithstanding the inclusion of the 2023 Notes as Additional Obligations from November 2017 to November 2019, the DC determined that no Failure to Pay Credit Event had occurred in respect of the Reference Entity. This was because the Reference Entity had not failed to make a payment under the 2023 Notes (in this regard the DC noted that the 2023 Notes are not LPNs and there is no inherent nexus between the Reference Entity and the 2023 Notes). In addition, some DC Members were of the view that the disapplication of the substitution provisions under the LPN Additional Provisions was only intended to operate in respect of the position as at the Trade Date – and did not override such mechanics for the term of the Transaction.
10. The DC noted that only the current version of the list published by S&P Global is available on S&P Global's website. However, on the basis of the above, it was not necessary for the DC to determine whether the list published by IHS Markit / S&P Global applicable to a Transaction is set as of the Trade Date for the life of the Transaction or whether such list can be updated during the life of the Transaction by IHS Markit / S&P Global re-publishing the list.