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IMF Urges Investors to Participate in Ukraine Debt Exchange

By The Moscow Times

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Ukraine has agreed the debt deal with a group of its largest creditors in order to plug a $15 billion funding gap under an IMF-led $40 billion bailout program, but remaining creditors still need to approve the plan.

The International Monetary Fund urged all of Ukraine's creditors on Tuesday to support a debt restructuring deal, saying it was critical that investors holding the country's Eurobonds participate in an upcoming debt exchange.

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"High participation by all concerned Eurobond holders in the upcoming debt exchange is paramount," IMF Managing Director Christine Lagarde said in an open letter to the "financial

community."

Ukraine has included a $3 billion Eurobond held entirely by Russia among the sovereign and sovereign-guaranteed bonds to be restructured, but the Kremlin has repeatedly said it will not participate in the process.

On Tuesday, Russian Finance Minister Sergei Storchak said Ukraine had not contacted Russia about restructuring the Eurobonds that Russia holds and suggested that other bondholders could vote against the deal.

"There are hedge funds that are very doubtful of whether this deal needs to be accepted," he said.

Hedge fund Aurelius, which has used courts to secure better debt repayment terms from Argentina, has accumulated Ukraine sovereign bonds and formed a group seeking improvements to the recent debt workout, a source told Reuters last week.

Ukraine's bonds do not have cross-default clauses, meaning holders of one bond cannot sink the entire restructuring deal if those holding other issues vote in favor of the swap.

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