

Sovereign Debt Update

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On November 1, 2013, in a summary order without explanation, a three-judge panel of the U.S. Court of Appeals for the Second Circuit refused to lift a stay of execution, pending possible en banc or U.S. Supreme Court review, of its August 23, 2013, ruling upholding a lower court's order directing Argentina to pay holdout bondholders \$1.33 billion. On November 18, 2013, the Second Circuit rejected Argentina's request that a larger panel of circuit judges reconsider its August 23 ruling. The court also denied requests by groups holding restructured bonds to reconsider the case.

On October 7, 2013, the Supreme Court denied Argentina's seemingly premature petition for the court to review a nonfinal 2012 ruling by the Second Circuit (*NML Capital, Ltd. v. Republic of Argentina*, 699 F.3d 246 (2d Cir. 2012)) upholding a lower court's orders barring Argentina from paying holders of debt restructured in 2005 and 2010 without also paying holdout bondholders in full but remanding to the trial court on the issue of implementation of the remedy. The request to lift the stay was made on October 15 by holdout bondholders led by hedge funds NML Capital Ltd, a unit of Elliott Management Corp., and Aurelius Capital Management, LP. The U.S. Supreme Court is expected to have the opportunity to review another appeal from Argentina in the next four months.