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**PCA PRESS RELEASE**

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**ARBITRATION BETWEEN PJSC CB PRIVATBANK AND FINANCE COMPANY FINILON LLC AS  
CLAIMANTS AND THE RUSSIAN FEDERATION**

**THE HAGUE, 30 MARCH 2016**

**UNCITRAL Arbitration Commenced under the Ukraine-Russia Bilateral Investment Treaty; Russian Federation Raises Objection and Fails to Submit a Statement of Defense; Tribunal Decides to Proceed and Bifurcate Issues of Jurisdiction and Admissibility; Hearing on Jurisdiction and Admissibility to be Held Concurrently with *PCA Case No. 2015-07: Aeroport Belbek LLC and Mr. Igor Valerievich Kolomoisky v. The Russian Federation* from 12-14 July 2016.**

On 1 April 2015, arbitral proceedings were commenced by PSJC CB PrivatBank and Finance Company Finilon LLC against the Russian Federation pursuant to the Agreement between the Government of the Russian Federation and the Cabinet of Ministers of Ukraine on the Encouragement and Mutual Protection of Investments, dated 27 November 1998 (“Ukraine-Russia BIT”), under the UNCITRAL Arbitration Rules 1976 (“UNCITRAL Rules”).

In the Notice of Arbitration, the Claimants assert that the Russian Federation breached its obligations under the Ukraine-Russia BIT by taking, as of February 2014, measures that prevented them from operating their banking business in Crimea.

The Tribunal was constituted on 30 June 2015. It is comprised of Professor Pierre Marie-Dupuy (Presiding Arbitrator), Sir Daniel Bethlehem, KCMG, QC (appointed by the Claimants), and Dr. Václav Mikulka (appointed by the appointing authority, Mr. Michael Hwang, on behalf of the Respondent). The same Tribunal was constituted in *PCA Case No. 2015-07: Aeroport Belbek LLC and Mr. Igor Valerievich Kolomoisky v. The Russian Federation*.

Following consultation with the Parties, on 18 August 2015, the Tribunal issued a first procedural order, in which the Permanent Court of Arbitration (“PCA”) was appointed as registry. On the same date, the Tribunal issued Rules of Procedure fixing the procedural timetable for the proceedings.

The Russian Federation has not appointed any representatives. By letters dated 16 June 2015 and 1 July 2015 (received by the PCA on 2 July 2015), the Russian Federation indicated, *inter alia*, that the “[Ukraine-Russia BIT] cannot serve as a basis for composing an arbitral tribunal to settle [the Claimants’ claims]” and that it “does not recognize the jurisdiction of an international arbitral tribunal at the [PCA] in settlement of the [Claimants’ claims].” It also stated that nothing in its correspondence “should be considered as consent of the Russian Federation to constitution of an arbitral tribunal, participation in arbitral proceedings, or as procedural actions taken in the framework of the proceedings.” The Tribunal has informed the Parties that it considers the content of the Respondent’s correspondence to constitute an objection to the jurisdiction of the Tribunal and the admissibility of the Claimants’ claims under Article 21 of the UNCITRAL Rules.

On 30 November 2015, the Claimants filed their Statement of Claim. The Respondent failed to submit a Statement of Defense by 29 February 2016, the deadline fixed in the procedural timetable.

On 8 March 2016, the Claimants requested that the Tribunal order these proceedings to continue and adjust the procedural timetable to set a date for a hearing on the jurisdictional issues in this arbitration. The Claimants further suggested that the Tribunal set the jurisdictional hearing in this arbitration for the same dates as the jurisdictional hearing scheduled in *PCA Case No. 2015-07: Aeroport Belbek LLC and Mr. Igor Valerievich Kolomoisky v. The Russian Federation*, i.e., from 12-14 July 2016.

Having sought the Respondent's views on the Claimants' requests but having received no response, on 19 March 2016, the Tribunal issued Procedural Order No. 2, by which it notified the Parties of its decisions that:

- (1) pursuant to Article 28(1) of the UNCITRAL Rules, these proceedings shall continue;
- (2) the Tribunal shall proceed on the basis of a bifurcated proceeding that will address in a preliminary procedure issues of jurisdiction and admissibility; and that,
- (3) the hearing on jurisdiction and admissibility in this case shall be heard concurrently with the hearing on jurisdiction and admissibility in *PCA Case No. 2015-07: Aeroport Belbek LLC and Mr. Igor Valerievich Kolomoisky v. The Russian Federation* from 12-14 July 2016.

The Tribunal also posed questions to the Parties, inviting them to reply by 22 April 2016.

Under the instructions of the Tribunal, the PCA will issue press releases from time to time containing information on the procedural steps taken by the Tribunal in this matter. Basic information about the proceedings is available on the PCA Case Repository <http://www.pcacases.com>.

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