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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, 15 AUGUST 2016**

**Tribunal Appoints Experts on Ukrainian and Russian Law; Ukraine Makes Submission as Non-Disputing Party to the Ukraine-Russia BIT; Hearing on Jurisdiction and Admissibility Held in Geneva**

As reported previously (Press Release dated 30 March 2016), on 19 March 2016, the Tribunal in the above-referenced matter issued a procedural order in which it: (i) ordered that the proceedings continue notwithstanding the Russian Federation's failure to communicate a Statement of Defense; (ii) scheduled the hearing on jurisdiction and admissibility in this case to be held from 12 to 14 July 2016, concurrently with the hearing in *PCA Case No. 2015-07: Belbek Aeroport LLC and Mr. Igor Valerievich Kolomoisky v. the Russian Federation* ("PCA Case No. 2015-07"), which is being heard by a tribunal composed of the same arbitrators; and (iii) posed questions to the Parties.

On 22 April 2016, the Claimants submitted their responses to the Tribunal's questions. The Russian Federation did not submit any responses within the time limit granted (by 22 April 2016). Nor did it indicate whether it wished to comment on the Claimants' responses within the time limit granted (by 20 May 2016).

On 24 May 2016, having consulted the Parties on the identity and terms of reference of the experts to be appointed, the Tribunal notified the Parties of the appointment of an expert in Ukrainian civil law and an expert in Russian civil law in accordance with Article 27(1) of the UNCITRAL Arbitration Rules 1976. Thereafter, each Tribunal-appointed expert produced a report on specific issues identified by the Tribunal, which was communicated to the Parties for their comments. The Claimants provided their comments on the two reports on 24 and 28 June 2016, respectively. The Russian Federation did not provide any comments.

On 3 June 2016, having sought the views of the Parties, the Tribunal granted an application from Ukraine to make submissions in this arbitration as a non-disputing party to the Ukraine-Russia bilateral investment treaty ("BIT"). Upon the Tribunal's invitation to all Parties, the Claimants provided comments on Ukraine's submissions on the same date; the Russian Federation did not provide any comments. A subsequent request from Ukraine to attend and make oral submissions at the hearing was denied by the Tribunal on 7 July 2016.

As scheduled, the hearing on jurisdiction and admissibility was held from 12 to 14 July 2016 in Geneva, Switzerland. Although the hearing was held, as planned, concurrently with the hearing in *PCA Case No. 2015-07*, the two cases remain separate and have not been consolidated. A delegation of party representatives and counsel attended the hearing for the Claimants. Mr. John Townsend of Hughes, Hubbard and Reed LLP and Professor Kaj Hobér addressed the Tribunal in opening and closing statements. Although invited, the Russian Federation did not attend or otherwise participate.

At the hearing, the Claimants presented fact and expert witnesses to the Tribunal for examination: namely, the General Director of Aeroport Belbek LLC, an expert on Russian law, and an expert on Ukrainian law. The Tribunal-appointed experts also appeared for examination. The Tribunal posed several questions to the Claimants, which they partly addressed during the hearing. The Parties were further granted leave to address questions raised by the Tribunal in the hearing, as well as other matters arising out of the hearing, in post-hearing submissions to be filed by 14 October 2016. The Claimants were also requested to provide additional information and evidence in respect of certain matters.

The transcript of the hearing has been delivered to the Parties.

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**Background:** The arbitration was commenced by the Claimants against the Russian Federation pursuant to the Ukraine-Russia BIT and in accordance with the UNCITRAL Arbitration Rules 1976 on 13 April 2015. The Claimants submit 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 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).

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

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