

**IN THE MATTER OF AN ARBITRATION
BEFORE A TRIBUNAL CONSTITUTED IN ACCORDANCE WITH
THE ARBITRATION RULES OF THE UNITED NATIONS COMMISSION ON
INTERNATIONAL TRADE LAW 1976
(the “UNCITRAL Rules”)**

AND

**THE AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND THE
GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS FOR THE
PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS
(the “BIT”)**

- between -

**VOLGA-DNEPR AIRLINES LLC (THE RUSSIAN FEDERATION)
(the “Claimant”)**

- and -

**CANADA
(the “Respondent”, and together with the Claimant, the “disputing parties”)**

PROCEDURAL ORDER NO. 1-A

The Arbitral Tribunal

Professor Lawrence G S Boo (Presiding Arbitrator)
Professor Georges Affaki
Ms Jean E. Kalicki

3 April 2025

1. The Tribunal had directed in Procedural Order No. 1 paragraph 9 that –
“ 9. Administrative Institution

9.1 The Hong Kong International Arbitration Centre (HKIAC) shall act as an Administrative Institution and shall manage disputing party deposits to cover the costs of this arbitration, subject to the Tribunal’s supervision. The Administrative Institution’s fees and expenses shall be paid in the same manner as the Tribunal’s fees and expenses, without prejudice to the decision of the Tribunal as to which disputing party or disputing parties shall ultimately bear those costs.

9.2 The Tribunal may seek the Administrative Institution’s assistance in securing services required for the arbitration.”
2. Pursuant to the above, the Tribunal approached HKIAC to seek its assistance to act as the fundholder.
3. The HKIAC responded substantively on 15 March 2025 offering 2 options that: (1) Using HKIAC’s bank services provider: it advised that “HKIAC’s bank services provider reviews transaction on a case-by-case basis based on its own policy requirements, and the relevant bank has taken an inconsistent approach in the past with respect to cases involving SDN entities. Despite there being no legal hurdles, there is a possibility that HKIAC’s usual bank services provider may choose not to process payments in this matter.; or (2) Using HKIAC’s sub-fundholding arrangement with the Tashkent International Arbitration Centre (TIAC): whereby HKIAC provides the administrative services (e.g. monitoring of deposits, liaising with the tribunal/TIAC on payments) but the funds will be deposited at TIAC’s bank account.
4. The Tribunal relayed HKIAC’s options to the Parties’ consideration on 18 March 2025 but received differing responses to HKIAC’s proposal from the Parties on 20 March 2025 and 21 March 2025, respectively.
5. The Tribunal thereafter approached the PCA and the SIAC to inquire of their willingness to act as the fundholder and render such possible services as may be required and received positive responses and relayed them to the Parties on 24 March 2025 for consideration. A reminder was sent on 31 March 2025 seeking their responses.
6. [REDACTED]
7. [REDACTED]
8. The Tribunal considered the Parties’ responses and decided that it should approach HKIAC again to assess the realistic possibility of adopting its Option 1.
9. On 2 April 2025, a Zoom meeting was arranged with HKIAC Secretary-General Ms Joanne Lau and two other colleagues who frankly expressed that they would not be able to give any assurance about funds transfer relating to an OFAC-sanctioned party.
10. The Tribunal having fully considered the views of the Parties and made a realistic assessment of the ability of the various possible institutions that could undertake the role as fundholder and render further administrative services as may be required by the Tribunal, has decided that the Permanent Court of Arbitration (“PCA”) shall be the designated fundholder and may be called upon (if so required by the Tribunal) to carry out certain administrative tasks.

The Tribunal hereby **ORDERS and DIRECTS** that:

11. Paragraph 9 of Procedural Order No. 1 shall be amended by deleting the same wholly and be replaced by the following -

9. Fundholder

9.1 The Permanent Court of Arbitration (PCA) shall act as the Fundholder in accordance with the PCA Terms for fund-holding (annexed hereto as “Annex II”), to manage disputing party deposits to cover the costs of this arbitration, subject to the Tribunal’s supervision. The PCA’s fees and expenses shall be paid in the same manner as the Tribunal’s fees and expenses, without prejudice to the decision of the Tribunal as to which disputing party or disputing parties shall ultimately bear those costs.

9.2 The Tribunal may seek the PCA’s assistance in securing services required for the arbitration. In the event that the PCA be engaged to render further services as administering institution, the PCA has agreed that the annual fee applicable for acting as fundholder only shall be waived.

12. This order shall be read with and be deemed part of PO-1.

Place of Arbitration: Singapore

Date: 3 April 2025



Lawrence G'S Boo
(Presiding Arbitrator)
On behalf of the Tribunal

Annex II

(to Procedural Order 1A)

TERMS FOR PCA MANAGEMENT OF DEPOSITS OF ARBITRATION COSTS

1. The Permanent Court of Arbitration (“PCA”) shall manage amounts deposited by the Parties to cover Tribunal fees and expenses. The contact details of the PCA are as follows:

Permanent Court of Arbitration

Attn: Dr. Túlio Di Giacomo Toledo, Senior Legal Counsel

Ms. Nadhrah Naela Abdullah, Case Manager

Peace Palace PCA Singapore Office

Carnegieplein 2 28 Maxwell Road

2517 KJ The Hague Maxwell Suites #02-07

The Netherlands Singapore 069120

Tel.: +65 650 99034

Mob.: +31 6 1511 5726 / +65 9738 5085 (Dr. Toledo)

E-mail: ttoledo@pca-cpa.org;
nabdullah@pca-cpa.org

2. Deposits shall be made by wire transfer to the following account:

Bank:	ABN Amro Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam Netherlands
Account number:	0480 4373 51
IBAN:	NL56 ABNA 0480 4373 51
BIC/SWIFT:	ABNANL2A
Name of beneficiary:	Permanent Court of Arbitration
Reference:	2025-09 / <i>[Name of party]</i>

Or

Beneficiary	Banco de Galicia y Buenos
Bank:	Aires SAU Tte. Gral. Juan D. Perón 430 Buenos Aires Argentina
BIC/SWIFT:	GABAARBA
Account No:	0070175031009750559066
Beneficiary:	Corte Permanente de Arbitraje
Reference:	2025-09 / <i>[Name of party]</i>

3. The PCA will review the adequacy of the deposit from time to time and, at the request of the Tribunal, may invite the Parties to make supplementary deposits.
4. Time spent by PCA staff on the management of the deposit, any hearing, or on other administrative tasks carried out at the request of the Tribunal shall be billed in accordance with the PCA Schedule of Fees.¹ The PCA’s fees and expenses shall be paid in the same manner as the Tribunal’s fees and expenses.

¹ PCA Schedule of Fees and Costs, available at: <https://pca-cpa.org/en/fees-and-costs/>.

5. Any transfer fees or other bank charges incurred will be charged by the PCA to the deposit. No interest will be paid on the deposit. The PCA shall charge a EUR 3,000 annual fee for holding the deposit.
6. The unused balance held on deposit upon the termination of the arbitration shall be returned to the Parties as directed by the Tribunal.
7. If agreed by the Parties or requested by the Tribunal, the PCA shall make its hearing and meeting rooms at the Peace Palace in The Hague or elsewhere available to the Parties and the Tribunal free of charge.² Costs of catering, court reporting, or other technical support associated with hearings or meetings shall be borne by the Parties. A PCA legal officer shall be designated to attend any hearing held at PCA facilities.

² For information on PCA hearing facilities, see: <https://pca-cpa.org/en/services/hearing-facilities/>.