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Benefits of GDR Programmes

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Despite the fact that Ukrainian securities legislation changed substantially in recent years, share placements by Ukrainian issuers (“Issuer”) on foreign stock exchanges remain poorly regulated. This, together with a number of currency control restrictions, forces Issuers to resort to alternative ways of capital raising, e.g., placements of global depositary receipts (“GDRs”) on international stock exchanges. The increasing demand for GDRs has been driven by significant benefits realised by both Issuers and investors.

Benefits for Issuers

- no approval from the Ukrainian SEC for the share placement abroad is needed;
- unlike local shares, which can only be denominated in Hryvnia, GDRs may be denominated in U.S. dollars or Euros;
- access to capital outside of the Issuer’s home market is gained through global offerings (e.g., on the London Stock Exchange); and
- Issuer’s visibility, status and profile among international investors and consumers are increased.

Benefits for Investors

- permit investors to trade securities of Ukraine-based companies denominated in U.S. dollars or Euros;
- reduce or eliminate trading, clearing, currency control and settlement difficulties associated with direct investment in Ukrainian securities; and
- provide investors with ability to acquire underlying shares upon cancellation of GDRs.

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