

LEGAL INSIGHTS

SOVEREIGN IMMUNITY IN A GREEK SOVEREIGN DEFAULT SCENARIO

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A detailed overview and analysis of the effect of a potential Greek sovereign insolvency on third party contracts with the State and the extent to which sovereign immunity applies

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Although Greece has been successful to conclude an Agreement with the EU, ECB, IMF as well as successfully concluding the PSI, still a number of foreign investors and financing institutions require to be made aware of potential risks and mitigating measures in the event that a potential Greek sovereign insolvency scenario becomes more possible.

This paper analyses the legal framework applicable to, and effect of, a Greek sovereign default and subsequent insolvency on the rights of third parties arising out of existing contracts with the State. It examines the extent to which sovereign immunity may apply, itemises the creditors which may take priority over a secured creditor of the State and analyzes the relevance of contractual terms and the extent to which these can be overridden by the law. The paper goes on to look at the possibility of a change in law after a sovereign default that would render existing creditors pari-passu with senior unsecured sovereign creditors.

Sovereign Immunity examines the limitations to creditors' rights to enforce against collateral assets owned by the State, the possibility of an automatic stay of litigation proceedings being granted to the State and enforcement options available over collateral, including cash in account, receivables and future earnings.

Please contact Katerina Dalamara at kdalamara@papapolitis.com for a more information on **Sovereign Immunity in a Greek Sovereign Default Scenario**.

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