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135th IPU ASSEMBLY AND RELATED MEETINGS

Geneva, 23 – 27.10.2016

Panel discussion *The role of parliaments in countering the activities of vulture funds*

*Wednesday, 26 October 2016 (4.30 – 6.30 p.m.)
Room 2, level 0, CICC*

Concept note

"Vulture funds", also known as "litigant creditors", are investment funds, which buy up at a low price either State bonds or claims on States, in order to subsequently launch court proceedings and to require States to pay, with interest, the nominal value (the initial price of the claim) of those bonds or claims at the time that they were issued or arose.

Vulture funds are often registered in tax havens. Their modus operandi tends to follow a regular pattern: they buy up at very low prices claims on States which are heavily indebted or on the brink of insolvency; they then speculate on an improvement in the fortunes of those States, on the existence of recoverable assets, or else on the provision to those States of assistance or other sums that may be recoverable.

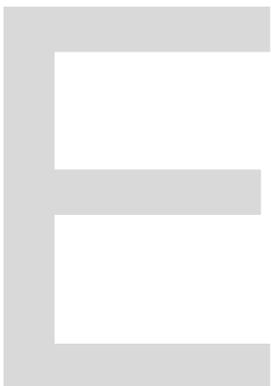
As soon as the circumstances are right, vulture funds initiate legal proceedings before whichever court is the most well-disposed to their arguments. Once a court ruling has been handed down, they give effect to it by seizing from anywhere in the world the assets of the State in question or the claims of that State on third parties. Those third parties are then required to pay what they owe directly to the vulture funds rather than paying the State, which is their creditor.

Vulture funds capitalize on the difficult circumstances of heavily indebted States in order to make profits that are disproportionate to what was initially invested. They also exploit weaknesses in the global financial system.

The panel discussion will discuss ways in which parliaments can take action to counter the activities of vulture funds.

Panellists:

- Mr. Tiago Stichelmanns de Castro Freire, Policy and Networking Analyst, European Network on Debt and Development (Eurodad)
- Mr. Andrew Gwynne, MP, United Kingdom
- Mr. Stéphane Crusnière, Member of the House of Representatives, Belgium



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