



## Kobre & Kim's Claim Monetization & Dilution Team



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## New York Court Reaffirms Bondholders' Standing

**Kobre & Kim won a second ruling by a New York court granting a motion for summary judgment. This not only reaffirms bondholders' standing to directly enforce a global note but also removes important barriers to executing multijurisdictional monetization strategies in defaulted bond enforcement campaigns.**

Kobre & Kim won a second ruling by a New York court granting a motion for summary judgment, reaffirming bondholders' standing to directly enforce a global note issued by Chinese property developer Glory Health without going through the bond trustee.

### The Decision

Justice Joel Cohen of the Supreme Court of the State of New York granted the bondholders' motion for more than US \$126M plus interest after Glory Health challenged the bondholders' standing to enforce the defaulted note without going through the bond trustee. Kobre & Kim successfully argued that the bondholders were authorized to enforce the bonds directly by Euroclear, the clearing system for the notes.

In his ruling, Justice Cohen said, "Euroclear is more of a procedural outfit. The brokers are really just there to facilitate, this is the way this is supposed to work, and ... it worked the way it was supposed to. ... [P]laintiffs have done what they needed to under the indenture to transform from being indirect holders to being the only entities that would have any incentive to and are permitted to enforce these notes."

### What it Means for Bondholders

Kobre & Kim attorney, John Han, noted, "The NY court has now weighed in a second time, ruling that bondholders have standing to enforce their rights directly. Given the importance of NY law-governed bonds in global distressed debt markets, this suite of decisions will have significant ramifications, including when the issue of bondholder standing is re-examined in Hong Kong, the Cayman Islands, and the BVI. The momentum of these authorities puts bondholders in the driver's seat."

This removes another barrier to executing aggressive, multijurisdictional monetization strategies in defaulted bond enforcement campaigns, which have been uncertain in offshore financial centers due to the issue of bondholder "standing."

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The summary judgment win was recognized in ALM's Litigator of the Week. [Click here](#) to read the full article.

### **About Kobre & Kim**

Kobre & Kim is a conflict-free global law firm focused on disputes and investigations, often involving fraud and misconduct. The firm:

- Can act in cases involving closely coordinated, cross-border proceedings in Cayman and BVI and across North and South America, EMEA, and Asia.
- Acts on behalf of creditors to monetize high-value bonds, loans, judgments, and arbitration awards.
- Has extensive experience handling restructuring-related disputes and issues on behalf of distressed debt and private credit investors.