

Insights

## LATEST DEVELOPMENT IN THE USD 50 BILLION YUKOS SAGA

### ENGLISH COMMERCIAL COURT DISMISSES RUSSIA'S OBJECTIONS TO ENFORCEMENT OF THE YUKOS AWARDS

Mar 16, 2026

#### SUMMARY

On 2 March 2026, Mr Justice Bright of the English Commercial Court dismissed Russia's objections to enforcement of arbitration awards worth more than USD 50 billion in favour of the former shareholders of Yukos. Russia only succeeded in preventing the enforcement of costs awarded to the Yukos shareholders in the arbitrations, which totalled c. USD 50 million plus interest. This first instance judgment by the English court is another setback for Russia in the Yukos saga since the Dutch Supreme Court's conclusive dismissal in October 2025 of its attempt to set aside the awards.

In addition, Mr Justice Bright took this opportunity to provide important clarifications on the principles and approaches applicable in considering a public policy objection to enforcement under section 103(3) of the Arbitration Act of 1996. In confirming and summarising the pro-enforcement regime of the English courts, Mr Justice Bright commented that:

*"...litigation of this kind is not a moral beauty contest. Despite the references above to public policy and universal morality, it has not been the function of this judgment to grade either [the former shareholders of Yukos] or the Russian Federation for morality; nor for beauty. In investor-state disputes, these qualities are not always present in abundance.*

*The New York Convention and the implementing provisions in ss. 101-103 of the Arbitration Act 1996 are inherently pro-enforcement. Within the parameters set by the authorities that I have discussed, they can be relied on by sinners, no less than by saints. It is difficult for any defendant to resist enforcement of a valid New York Convention arbitration award; especially when (as here) the jurisdiction of the Tribunal is no longer open to challenge. The moral failings that the Russian Federation has alleged... whether or not they could be made out at trial, are simply incapable of affording any defence – save to the very limited extent that I have indicated in relation to costs."*

This note provides a brief background of the dispute between Russia and the Yukos shareholders. It focuses on Mr Justice Bright's articulation of the applicable principles to section 103(3) of the Arbitration Act and their wider implication for parties looking to rely on allegations of fraud, corruption or illegalities in resisting enforcement of an arbitration award under the New York Convention.

## **BRIEF BACKGROUND & RUSSIA'S ALLEGATIONS OF FRAUD AND CORRUPTION**

The dispute addressed by Mr Justice Bright concerns the Yukos shareholders' enforcement of three investment treaty arbitration awards issued by a tribunal seated in the Hague on 18 July 2014. These awards found in favour of the Yukos shareholders' claims under the Energy Charter Treaty that Russia unlawfully expropriated their shareholdings in OAO Yukos Oil Company, a former state-owned Russian oil company privatised in 1995-1996. Together, the awards ordered Russia to pay the Yukos shareholders just over USD 50 billion (plus interests and costs), which remains the largest sum awarded in the history of investment treaty arbitration.

Russia had been engaged in a decade-long attempt before the Dutch courts to set aside the awards. Those attempts failed, culminating in the Dutch Supreme Court's decision in October 2025 conclusively dismissing Russia's set-aside applications.

In objecting to the enforcement of the awards before the English court, Russia relied on s. 103(3) of the Arbitration Act, which provides that *"[r]ecognition or enforcement of the award may... be refused... if it would be contrary to public policy to recognise or enforce the award."*

In invoking this ground, Russia alleged two categories of fraud and corruption:

- **First Category of Allegations Relating to Historic Conduct:** Russia alleged that:
  - (a) the initial privatisation of Yukos and the acquisition of its shares by the beneficial owners of the Yukos shareholders in 1995-1996 involved bribery and corruption;
  - (b) the Yukos shareholders' subsequent acquisition of shares in Yukos in 1999-2001 was illegal and the Yukos shareholders' beneficial owners retained control over Yukos; and
  - (c) Yukos was operated through fraudulent tax evasion since privatisation.
- **Second Category of Allegations Relating to the Arbitrations:** Russia also alleged that the Yukos shareholders committed fraud during the arbitrations by:
  - (a) intentionally concealing documents from Russia and the tribunal; and

- (b) making improper payments to a witness of the arbitration, Dr Illarionov, without disclosure.

## APPLICABLE LEGAL PRINCIPLES

Throughout his judgment ([2026] EWHC 456 (Comm)), Mr Justice Bright emphasised the pro-enforcement attitude of English law and of the English courts. He confirmed that the New York Convention's purpose is to facilitate enforcement of arbitration awards and that English law and English public policy favour enforcing such awards. He held that "*the threshold for a public policy objection is high*", that "*the grounds for refusing enforcement are to be construed narrowly, and [that] the burden is on the party resisting enforcement [i.e. Russia] to establish that one of the exceptions applies*" (paras. 63-64).

Further, Mr Justice Bright observed the general principle that the New York Convention does not permit courts to refuse enforcement on the basis that the tribunal has made an error of law or fact, and held that, under s. 103(3) of the Arbitration Act, "*the English court is bound by the findings of fact and law that were made by the Tribunal*" unless those findings are tainted by fraud or other vitiating factors (para. 79).

Specifically, on the inquiry required to be undertaken by the English courts under a s. 103(3) public policy objection, Mr Justice Bright held that "***the critical question is whether the enforcement of the award would be contrary to English public policy; it is not whether the underlying subject-matter is in some way contrary to English public policy***" (para. 67, emphasis added).

Mr Justice Bright also highlighted the distinction between English law domestic public policy and English law notions of international public policy, which are based on universal principles of morality. He clarified that showing a breach of English law domestic public policy is not sufficient and instead a defendant must show that the enforcement of the award would be a breach of English law notions of international public policy (paras. 70-71).

With respect to fraud affecting the arbitration process itself, Mr Justice Bright held that (a) fraud in this context is defined to be conduct dishonestly intended to mislead and which includes dishonest omission, e.g. dishonest concealment of documents; (b) the fraud must show that the findings of the tribunal cannot be relied upon or be treated as conclusive; and (c) noting potential issue estoppel considerations, it is for the defendant to show that the fraud could not or should not have been raised to the tribunal nor to the supervisory court. (See paras. 84-91.)

As for fraud affecting the underlying subject matter, helpfully, Mr Justice Bright in analysing past jurisprudence of the English courts set out a list of examples in paragraph 77 of his judgment:

- An award may be refused enforcement under s. 103(3) if the contract (or the underlying investment) that is the subject matter of the arbitration is to bribe foreign public officials.

- An award will not be refused enforcement under s.103(3) despite the following:
  - the contract/investment is to influence foreign public officials but such action is not illegal under law governing the contract/investment or the law of the seat of the arbitration;
  - the contract/investment is obtained through bribery but the contract/investment itself is not unlawful and is not sufficiently closely connected to the bribery so that international public policy is engaged; and
  - the contract/investment does not require bribes to be paid though it is in fact performed by bribery but in circumstances where the bribery is merely incidental to the contract/investment (rather than necessary or integral).

It is important to emphasise here that the above list of examples, though helpful, are limited to the consideration of a public policy objection under s.103(3) of the Arbitration Act. Parties must take care in considering whether the above circumstances listed may affect, for example, the jurisdiction of a tribunal, the admissibility of their claims in arbitration, and their exposure to potential civil or criminal sanctions in the jurisdictions concerned.

## APPLICATION TO RUSSIA'S ALLEGATIONS

In applying these principles, Mr Justice Bright held, with respect to each of Russia's allegations of fraud and corruption, that:

- Russia's allegations of corruption in the initial acquisition of shares in Yukos would, even if proven, not show that the investment was illegal or criminal. Therefore, Russia's argument would not render the enforcement of the awards contrary to international public policy. (See paras. 201-223.)
- Russia's complaints concerning the acquisition of shares in Yukos by the Yukos shareholders must also fail given the arbitral tribunal's finding that such acquisition of shares was legal. (See paras. 224-228.)
- On tax fraud, the arbitral tribunal had already accounted for complaints based on tax fraud, with a 25% reduction in the amounts awarded. (See paras. 244-248.)
- As to allegations of concealed documents, Mr Justice Bright held that there was no basis to conclude that the tribunal's decisions on admissibility, liability and quantum "*could ever have been different*" should the tribunal have discovered the disclosable documents had been intentionally, unlawfully and dishonestly concealed. However, he noted that Russia's allegations, if proven true, would instead affect the tribunal's award of costs in the amount of USD 50 million. That being the case, Russia would therefore have suffered substantial injustice and met the required standard in the Arbitration Act. As such, Mr Justice Bright

refused to enter judgment for enforcement of the part of the awards on costs. (See paras. 263-266 & 353.)

- With respect to Russia's complaints regarding payments to a witness, Mr Justice Bright held that such payment was not wrongful or illegal under Dutch law or international arbitration rules or practice. As such, enforcement of the awards would not be contrary to international public policy. (See paras. 306-344 & 353.)

## CONCLUSION

Mr Justice Bright held that the Yukos shareholders are entitled to enforce the awards, with the exception of USD 50 million in costs.

Mr Justice Bright's approach may appear to be at odds with the approach taken by Mr Justice Knowles in his decision to set aside an USD 11 billion award against Nigeria in *Nigeria v P&ID* [2023] EWHC 2638. However, the role of the English court in this Yukos case is that of an enforcing court; whereas, in *P&ID*, the English court was performing the role of the supervisory court of that arbitration. Noting this difference in roles, the New York Convention regime requires enforcing courts to take a more deferential approach in considering and following existing findings made by the arbitration tribunal.

Further, there is also a significant difference in the magnitude of the fraud during the arbitration as alleged in this Yukos case and the fraud found in *P&ID*. To be clear, the fraud during the arbitration in *P&ID* is shocking; it involved misconduct by legal professionals, and the illicit acquisition and retention of Nigeria's internal legal documents. Under s. 103(3) of the Arbitration Act, a similar extent of fraud during the arbitration will most likely render the enforcement of an award contrary to international public policy.

Ultimately, this Yukos judgment provides valuable guidance on the high threshold for resisting enforcement of arbitration awards on the public policy ground under s.103(3) of the Arbitration Act. It confirms the limited circumstances in which English courts will look behind tribunal findings. It once again reiterates the pro-arbitration and pro-enforcement approach under English law and of the English Courts with respect to investment treaty arbitrations and more broadly arbitrations conducted under the New York Convention regime.

## RELATED CAPABILITIES

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