

EFSF takes note of Greece's non-payment to IMF

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Press releases

ESM

Luxembourg – The European Financial Stability Facility (EFSF) takes note of a public statement of the International Monetary Fund (IMF) that a Greek non-payment has occurred. It is the EFSF's understanding that the IMF Managing Director has informed the IMF Executive Board. This will be confirmed by a meeting of the Executive Board, expected later today. For the EFSF, this would constitute an event of default for certain EFSF loans.

The EFSF also takes note of the fact that the IMF received a request yesterday from the Greek authorities for an extension of Greece's repayment obligation that fell due yesterday. The IMF's Executive Board intends to examine this request in due course.

In line with EFSF guidelines, EFSF CEO Klaus Regling must inform the chairman of the Eurogroup Working Group and the EFSF Board of Directors today of the non-payment and propose one of the following three options:

- acceleration of the loan: this means that the EFSF cancels the loan contract and requests immediate repayment of the principal and interest amounts;
- waiver of rights: this means that the EFSF irrevocably waives its right and remedies under the loan for this specific non-payment;
- reservation of rights: this means that the EFSF neither accelerates the loan nor waives its right to do so, but instead reserves the right to act at a later stage.

The EFSF will coordinate its next steps very closely with the Eurogroup Working Group, where its shareholders are represented, and with the European Commission and the IMF.

The Greek non-payment has no influence on the EFSF's capacity to repay its bondholders. Investors know that EFSF bonds benefit from a very strong guarantee

structure.

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