

EFSF Board of Directors reserves its rights to act upon Greece's default

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Press releases

ESM

Luxembourg – The Board of Directors of the European Financial Stability Facility (EFSF) decided today to opt for a Reservation of Rights on EFSF loans to Greece, after the non-payment of Greece to the International Monetary Fund (IMF). Following the IMF Managing Director's notification of the IMF Executive Board, this non-payment results in an Event of Default by Greece, according to EFSF financial agreements with Greece.

In line with a recommendation by the EFSF's CEO Klaus Regling, the EFSF Board of Directors decided not to request immediate repayment of its loans nor to waive its right to action – the other two possible options. By issuing a Reservation of Rights, the EFSF keeps all its options open as a creditor as events in Greece evolve. The situation will be continuously monitored and the EFSF will consider its position regularly.

Mr Regling said: "The EFSF is Greece's biggest creditor. This event of default is cause for deep concern. It breaks the commitment made by Greece to honour its financial obligations to all its creditors, and it opens the door to severe consequences for the Greek economy and the Greek people. The EFSF will closely coordinate with the euro area Member States, the European Commission, and the IMF on its future actions."

The EFSF loans concerned are €109.1 billion under the Master Financial Assistance Facility Agreement, €5.5 billion under the Bond Interest Facility Agreement and €30 billion under Private Sector Involvement Facility Agreement.

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

structure.

The EFSF Board of Directors is composed of deputy finance ministers and senior officials of each EFSF Member. It is chaired by Hans Vijlbrief, Treasurer-General at the Ministry of Finance of the Netherlands.

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