

ESM to start issuing long-term bonds in October

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Press releases

ESM

Luxembourg – The European Stability Mechanism (ESM) will launch its inaugural long-term bond issue in October, subject to market conditions. Investor marketing activities are currently being held in preparation for this inaugural bond. The ESM successfully started its bill programme in January 2013, which was taken over from the European Financial Stability Facility (EFSF). The ESM long-term funding programme is scheduled to be €9 billion in 2013 and €17 billion in 2014. However, the actual yearly funding volume will depend on the programmes to be financed and the rollover of existing debt.

Klaus Regling, Managing Director of the ESM, said: "With this debut ESM bond we will start building a liquid bond curve offering an attractive investment opportunity in different maturities to a wide investor base. The ESM will apply the same diversified funding strategy as the EFSF, which consists of the use of a variety of instruments and maturities. The flexibility of this strategy to react to market needs and investor demand enabled the EFSF to establish an excellent and loyal investor base. For the ESM this investor base is expected to be even wider as the strong capital structure should attract additional investors."

Alongside the ESM, the EFSF will remain very active in the long-term bond market in order to finance the ongoing programmes for Portugal, Ireland and Greece. This will continue beyond the end of these programmes as the existing EFSF bonds will have to be rolled over. Therefore, the ESM and EFSF, managed by the same team from Luxembourg, will both be active in the debt markets for the years to come.

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