

Luxembourg, 19 January 2017

Annotated agenda¹

Board of Directors

Meeting of 23 January 2017

ESM short-term debt measures for Greece: specification of rules

The ESM developed proposals for short-term debt measures to improve Greek debt sustainability. More details on these measures can be found [on the ESM website](#).

The Board of Directors will first consider the rules applicable to all ESM short-term debt measures, including their pricing and funding, ensuring that the costs relating to the measures are isolated and passed on to Greece, and that other ESM Members do not incur additional costs.

The Board of Directors will also consider the rules applicable to each of the following measures:

1. Bond Exchange

New fixed-rate notes will be issued and cash will be raised to replace the floating-rate notes used in the past to recapitalise certain Greek banks. Given that the new bonds will be issued at fixed rates, Greece's interest rate risk will be reduced.

2. Interest Rate Swaps

The ESM will enter into interest rate swap arrangements to stabilise the cost of funding for Greece and reduce the risk that Greece will need to pay higher interest rates in the future.

3. Matched Funding

The ESM will finance future disbursements to Greece with long-term notes that closely match the maturity of the Greek loans. This will also stabilise the interest rate cost for Greece.

Background

In its statement of 25 May 2016, the Euro Group mandated the ESM to work on a set of debt relief measures for Greece, referred to as short-term debt measures. On 5 December 2016, the ESM presented detailed plans for the short-term debt measures.

In January 2017, the ESM short-term debt measures were submitted to the ESM Board of Governors for approval.

Kalin Anev Janse
Member of the Management Board
Secretary General

¹ As a draft agenda this document is provisional and subject to change until adopted.