



EUROPEAN COMMISSION

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COMMUNICATION TO THE COMMISSION

Main terms of the EFSF financial assistance facility agreement with Ireland

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The euro area Member States agreed in May 2010 to create a European Financial Stability Facility (EFSF) in order to financially support euro area Member States in difficulties caused by exceptional circumstances beyond their control. The EFSF was incorporated on 7 June 2010 for the purpose of making stability support to euro area Member States.

By a decision of the representatives of the governments of the 16 euro area Member States of 7 June 2010 the Commission was tasked with carrying out duties and functions, including i.a. providing proposals to the euro area Member States on the loan facility agreement to be signed with the beneficiary Member State(s).

The EFSF Framework Agreement was signed in June 2010. Amendments to the EFSF Framework Agreement were signed in September 2011 but have not yet entered into force. The EFSF Framework Agreement refers to certain tasks of the Commission in line with the decision of the representatives of the governments of the 16 euro area Member States of 7 June 2010.

On 21 November 2010, Ireland requested financial assistance.

On 28 November 2010, the Eurogroup and the ECOFIN Ministers unanimously decided to grant financial assistance in response to the Irish authorities' request. A Loan Facility Agreement was signed with Ireland on 22 December 2010.

Following the Amendments to the EFSF Framework Agreement, a new Financial Assistance Facility Agreement should be proposed to Ireland.

According to the EFSF Framework Agreement the Commission, in liaison with the ECB, shall make a proposal to the Eurogroup Working Group of the main terms of the Financial Assistance Facility Agreement to be proposed to Ireland, based on its assessment of market conditions.

The main terms of the EFSF Financial Assistance Facility Agreement shall be:

1. The EFSF shall make available to Ireland a net loan disbursement amount of maximum EUR 3 billion, with a maximum maturity of 15 years.
2. The financial assistance shall be made available until 15 November 2011.
3. The EFSF financial assistance shall be made available to Ireland in one instalment. The instalment may be disbursed in one or several tranches.
4. Ireland shall pay the actual cost of funding of the EFSF for each tranche.
5. Interest will be charged annually and principal will be repaid *in fine* (bullet loan).
6. An upfront service fee of 50 basis points shall be charged to Ireland. After 7 years, an annual service fee of 7 basis points shall be charged to Ireland.

The Commission is invited in line with the tasks assigned to it by the euro area Member States referred to above to agree that the proposal is submitted to the Eurogroup Working Group after the entry into force of the Amendments to the EFSF Framework Agreement signed in September 2011.