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COMMUNICATION TO THE COMMISSION

Main terms of the EFSF Amendment Agreement with Ireland on the extension of maturities

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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 providing stability support to euro area Member States.

By a decision of the representatives of the governments of the euro area Member States of 7 June 2010 the Commission was tasked with duties and functions, including, *inter alia*, 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 and amended in September 2011. It refers to certain tasks of the Commission pursuant to the decision of the representatives of the governments of the euro area Member States of 7 June 2010.

On 28 November 2010, the Eurogroup and the ECOFIN Ministers unanimously decided to grant financial assistance in response to the Irish authorities' request submitted on 21 November 2010. A Loan Facility Agreement (LFA) was signed between the EFSF and Ireland on 22 December 2010 in line with the Proposal by the Commission adopted on 3 December 2010 (SEC(2010) 1522).

Two new Financial Assistance Facility Agreements (First FFA and Second FFA) were concluded with Ireland on 27 October 2011 and on 9 December 2011 respectively in line with the Proposal by the Commission adopted on 19 October 2011 (SEC(2011) 1272) and on 5 December 2011 (SEC(2011) 1548) respectively. On 30 March 2012 a Master Financial Assistance Facility Agreement (Master FFA) was signed covering the remaining disbursements to Ireland in the amount of up to EUR 8.5 billion. The main terms for the Master FFA were provided in the Proposal by the Commission adopted on 21 March 2012 (SEC(2012) 215).

In order to support Ireland’s efforts to regain full market access and successfully exit its programme, the Eurogroup decided on 12 April 2013 to lengthen the maturities of the EFSF loans by increasing the weighted average maturity limit by seven years. As a result, the terms of the above mentioned EFSF facilities need to be modified.

In accordance with 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 loan facilities to be proposed to Ireland, based on its assessment of market conditions and provided that the terms of such assistance contain financial terms compatible with the relevant Memorandum of Understanding and the compatibility of maturities with debt sustainability.

The following main terms of the loan facilities to Ireland are proposed:

(1) The average maturity of the financial assistance made available under the loan facilities provided by the EFSF shall be increased up to 22 years, provided that the

weighted average maturity of the financial assistance made available under the facilities provided by the EFSF shall not be extended by a period in excess of 7 years.

(2) The financial terms as set out in the Master FFA, including the interest rate and the components of the EFSF cost of funding, shall apply starting from the initial final repayment date and until the revised final repayment date.

In line with the tasks assigned to it by the euro area Member States referred to above, the Commission is invited to agree that the proposal is submitted to the Eurogroup Working Group.