CHAPTER 505

PARTICIPATION AND GUARANTEES UNDER THE EUROPEAN FINANCIAL STABILITY FACILITY ACT

To authorize and regularize the participation within the European Financial Stability Facility and to issue guarantees for the payment of the financial instruments or agreement issued or entered into by the European Financial Stability Facility.

3rd August, 2010*

ACT XIV of 2010, as amended by Act XVIII of 2011.

Short title.

1. The short title of this Act is the Participation and Guarantees under the European Financial Stability Facility Act.

Interpretation. *Amended by: XVIII. 2011.2.*

2. In this Act, unless the context otherwise requires -

"the European Financial Stability Facility" means a corporate structure in the form of a public limited liability company known as a societe' anonyme, incorporated in Luxembourg, with its registered office in Luxembourg-City and bearing registration number R.C.S. Luxemburg B153.414;

"the European Financial Stability Facility Framework Agreement" means the agreement entered into in Luxembourg on the 7th June 2010, which is reproduced in the First Schedule, between the Euro Area Member States and the European Financial Stability Facility regarding the terms and conditions upon which the European Financial Stability Facility may make loans to Euro Area Member States who are in financial difficulties, finance such loans backed up by guarantees issued by the other Euro Area Member States, and other matters regulated therein, as amended by the European Financial Stability Facility Framework Agreement signed in Malta by the Minister of Finance on the 6th September, 2011, which Agreement is reproduced in the Second Schedule. Both agreements being reproduced in the English language;

"Malta" has the same meaning assigned to it by article 124 of the Constitution of Malta;

"Member States" means the Euro Area Member States of the European Union.

Authority to participate in the European Financial Stability Facility.

3. (1) Subject to the provisions of this Act, the Government of Malta may participate in the European Financial Stability Facility as a shareholder in the subscribed share capital and authorized share capital, and as a director on the board of directors, in accordance with the terms and conditions set out in the memorandum and articles of association, for the purpose identified under sub-article (2), and as approved by the House of Representatives.

(2) The European Financial Stability Facility shall facilitate or

*See article 1(2) of the Act as originally enacted, and Legal Notice 377 of 2010.

provide financing to Member States in financial difficulties through the raising of money by the issuing of financial instruments or entering into financial arrangements with the shareholders or third parties.

Payment and issuing of guarantees. *Amended by: XVIII. 2011.3.*

4. (1) Any financial instrument or financial arrangement issued or entered into by the European Financial Stability Facility for the purpose of article 3(2), shall be guaranteed by the Government of Malta subject to the terms incorporated in the European Financial Stability Facility Framework Agreement:

Provided that the guarantee issued by the Government of Malta shall not exceed the aggregate amount of euro 704.33 million.

(2) Any guarantee issued by the Government of Malta for financial instruments or financial arrangements issued by the European Financial Stability Facility beyond the purpose specified under sub-article (1) may only be done in such manner and for such purpose as the House of Representatives may by resolution determine.

FIRST SCHEDULE

Added by: XVIII. 2011.4.

The European Financial Stability Facility Framework Agreement entered into in Luxembourg on the 7th June 2010

EFSF FRAMEWORK AGREEMENT
between
KINGDOM OF BELGIUM
FEDERAL REPUBLIC OF GERMANY
IRELAND
KINGDOM OF SPAIN
FRENCH REPUBLIC
ITALIAN REPUBLIC
REPUBLIC OF CYPRUS
GRAND DUCHY OF LUXEMBOURG
REPUBLIC OF MALTA
KINGDOM OF THE NETHERLANDS
REPUBLIC OF AUSTRIA
PORTUGUESE REPUBLIC
REPUBLIC OF SLOVENIA
SLOVAK REPUBLIC
REPUBLIC OF FINLAND
HELLENIC REPUBLIC
AND
EUROPEAN FINANCIAL STABILITY FACILITY

7 June 2010

EFSF FRAMEWORK AGREEMENT (the "**Agreement**") is made by and between:

(A) Kingdom of Belgium, Federal Republic of Germany, Ireland, Kingdom of Spain, French Republic, Italian Republic, Republic of Cyprus, Grand Duchy of Luxembourg, Republic of Malta, Kingdom of the Netherlands, Republic of Austria, Portuguese Republic, Republic of Slovenia, Slovak Republic, Republic of Finland and the Hellenic Republic (the "**euro-area Member States**" or "**EFSF Shareholders**"); and

(B) European Financial Stability Facility ("**EFSF**"), a *société anonyme* incorporated in Luxembourg, with its registered office at 3, rue de la Congrégation, L-1352 Luxembourg (the euro-area Member States and EFSF referred to hereafter as the "**Parties**").

PREAMBLE

Whereas:

(1) On 9 May 2010 a comprehensive package of measures has been decided including (a) a Council Regulation establishing the European Financial Stabilisation Mechanism ("**EFSM**") based on Article 122(2) of the Treaty on the functioning of the European Union and (b) the EFSF in order to financially support euro-area Member States in difficulties caused by exceptional circumstances beyond such Member States' control. It is envisaged that financial support to euro-area Member States shall be provided by EFSF in conjunction with the IMF and shall be on comparable terms to the stability support loans advanced by euro-area Member States to the Hellenic Republic.

(2) EFSF has been incorporated on 7 June 2010 for the purpose of making stability support to euro-area Member States in the form of loan facility agreements ("**Loan Facility Agreements**") and loans ("**Loans**") made thereunder of up to EUR 440 billion within a limited period of time. The availability of such Loan Facility Agreements will be conditional upon the relevant euro-area Member States which request such loans entering into memoranda of understanding (each an "**MoU**") with the European Commission, acting on behalf of the euro-area Member States, in relation to budgetary discipline and economic policy guidelines and their compliance with the terms of such MoU. With respect to each Loan Facility Agreement, the relevant beneficiary euro-area Member State shall be referred to as the "**Borrower**".

(3) By a decision of the representatives of the governments of the 16 euro-area Member States dated 7 June 2010, acting on the basis of the conclusions of the 27 Member States of 9 May 2010, the Commission was tasked with carrying out certain duties and functions as contemplated by the terms of this Agreement.

(4) EFSF shall finance the making of such loans by issuing or entering into bonds, notes, commercial paper, debt securities or other financing arrangements ("**Funding Instruments**") which are backed by irrevocable and unconditional guarantees (each a "**Guarantee**") of the euro-area Member States which shall act as guarantors in respect of such Funding Instruments as contemplated by the terms of this Agreement. The guarantors (the "**Guarantors**") of Funding Instruments issued or entered into by EFSF shall be comprised of each euro-area Member State (excluding any euro-area Member State which is or has become a Stepping-Out Guarantor under Article 2(7) prior to the issue of such Funding Instruments).

(5) A political decision has been taken by all euro-area Member States to provide Guarantee Commitments (as defined in Article 2(3)) pursuant to the terms of this Agreement.

(6) The euro-area Member States and EFSF have entered into this Agreement to set out the terms and conditions upon which EFSF may make Loans to euro-area Member States, finance such Loans by issuing or entering into Funding Instruments backed by Guarantees issued by the Guarantors, the terms and conditions on which the Guarantors shall issue Guarantees in respect of the Funding Instruments issued by or entered into by EFSF, the arrangements entered into between them in the event that a Guarantor is required to pay under a Guarantee more than its required proportion of liabilities in respect of a Funding Instrument and certain other matters relating to EFSF.

Now, therefore, the Parties have agreed as follows:

1. ENTRY INTO FORCE

(1) This Agreement (with the exception of the obligation of euro-area Member States to issue Guarantees under this Agreement) shall, upon at least five (5) euro-area Member States comprising at least two-thirds (2/3) of the total guarantee commitments set out in Annex 1 (the "**Total Guarantee Commitments**") providing written confirmation substantially in the form of Annex 3 to EFSF that they have concluded all procedures necessary under their respective national laws to ensure that their obligations under this Agreement shall come into immediate force and effect (a "**Commitment Confirmation**"), enter into force and become binding between EFSF and the euro-area Member Sates providing such Commitment Confirmations.

(2) The obligation of euro-area Member States to issue Guarantees under this Agreement shall enter into force and become binding between EFSF and the euro-

area Member States which have provided Commitment Confirmations only when Commitment Confirmations have been received by EFSF from euro-area Member States whose Guarantee Commitments represent in aggregate ninety per cent (90%) or more of the Total Guarantee Commitments. Any euro-area Member State which applies for stability support from the euro-area Member States or which benefits from financial support under a similar programme or which is already a Stepping-Out Guarantor shall be excluded in computing whether this ninety per cent (90%) threshold of the Total Guarantee Commitments is satisfied.

(3) This Agreement and the obligation to provide Guarantees in accordance with the terms of this Agreement shall enter into force and become binding on any remaining euro-area Member States (which have not provided their Commitment Confirmations at the time the Agreement or the obligation to provide Guarantees comes into force pursuant to Article 1(1) or 1(2)) at the time when such euro-area Member States provide their Commitment Confirmation to EFSF copies of which should be addressed to the Commission.

2. GRANT OF LOANS, FUNDING INSTRUMENTS AND ISSUANCE OF GUARANTEES

(1) The euro-area Member States agree that in the event of a request made by a euro-area Member State to the other euro-area Member States for a stability support loan (i) the Commission (in liaison with the ECB and the IMF) shall be hereby authorised to negotiate the MoU with the relevant Borrower which shall be consistent with a decision the Council may adopt under Article 136 of the Treaty on the functioning of the European Union following a proposal of the Commission and the Commission shall be hereby authorised to finalise the terms of such MoU and to sign such MoU with the Borrower on behalf of the euro-area Member States once such MoU has been approved by the Eurogroup Working Group (unless an MoU has been already entered into between the Borrower and the Commission under the EFSM which MoU has been approved by all euro-area Member States in which case this latter MoU shall apply, provided that it covers both EFSM and EFSF stability support); (ii) following such approval of the relevant MoU, the Commission, in liaison with the ECB, shall make a proposal to the Eurogroup Working Group of the main terms of the Loan Facility Agreement to be proposed to the Borrower based on its assessment of market conditions and provided that the terms of such Loan Facility Agreement contain financial terms compatible with the MoU and the compatibility of maturities with debt sustainability; (iii) following a decision of the Eurogroup Working Group, EFSF (in conjunction with the Eurogroup Working Group) shall negotiate the detailed, technical terms of the Loan Facility Agreements under which Loans will, subject to the terms and conditions set out therein, be made available to the relevant Borrower, provided that such Loan Facility Agreements shall be substantially in the form of a template Loan Facility Agreement which shall be approved by the euro-area Member States for the purpose of this Agreement and the financial parameters of such Loan Facility Agreements shall be based on the financial terms proposed by the Commission, in liaison with the ECB, and approved by the Eurogroup Working Group and (iv) EFSF shall collect, verify and hold in safe custody the conditions precedent to such Loan Facility Agreements and the executed versions of all related documents. The terms of Article 3(2) set out the basis upon which decisions shall be made in relation to Loans to be made under an existing Loan Facility Agreement. Given that EFSF is not a credit institution, Borrowers shall represent and warrant in each Loan Facility Agreement that no regulatory authorisation is required for EFSF to grant Loans to such Borrower under its applicable national law or that an exemption to such regulatory authorisation requirement exists under applicable national law. The Guarantors hereby authorise EFSF to sign such Loan Facility Agreements, subject to the prior unanimous

approval by all of them participating in the relevant votes of Guarantors.

(2) In respect of each Loan Facility Agreement and the Loans to be made thereunder, the euro-area Member States agree that EFSF (in consultation with the Eurogroup Working Group) shall be authorised to structure and negotiate the terms on which EFSF may issue or enter into Funding Instruments on a stand-alone basis or pursuant to a debt issuance programme or programmes or facility (each an "**EFSF Programme(s)**") to finance the making of Loans to Borrowers. So long as market conditions permit and save as otherwise stated in this Agreement, such Funding Instruments shall have substantially the same financial profile as the related Loans (provided that (x) for operational reasons there will need to be delays between issue dates and payment dates to facilitate the transfers of funds and calling Guarantees and (y) notwithstanding the liability of each Guarantor to pay any amounts of interest and principal due but unpaid under the Funding Instruments, the recourse of investors against EFSF under the Funding Instruments shall be limited to the assets of EFSF including, in particular, the amounts it recovers in respect of the Loans. The interest rate which will apply to each Loan is intended to cover the cost of funding incurred by EFSF and shall include a margin (the "**Margin**") which shall provide remuneration for the Guarantors. The Service Fee may be used to cover the operational costs of EFSF and any costs and fees directly related to the issuance of Funding Instruments which have not otherwise been charged to the relevant Borrower.

(3) In respect of Funding Instruments issued or entered into under an EFSF Programme or on a stand-alone basis, each Guarantor shall be required to issue an irrevocable and unconditional Guarantee in a form to be approved by the Guarantors for the purpose of this Agreement and in an amount equal to the product of (a) the percentage set out next to each Guarantor's name in the third column (the "**Contribution Key**") in Annex 2 (as such percentage is adjusted from time to time in accordance with the terms of this Agreement and/or to reflect any euro-area Member State not yet having provided its Commitment Confirmation during the implementation period pursuant to Article 1 and notified in writing by EFSF to the Guarantors) (the "**Adjusted Contribution Key Percentage**"), (b) 120%, and (c) the obligations of EFSF (in respect of principal, interest or other amounts due) in respect of the Funding Instruments issued or entered into by EFSF on a stand-alone basis or under an EFSF Programme. If EFSF issues Funding Instruments under an EFSF Programme, each Guarantor shall issue its Guarantee to guarantee all Funding Instruments issued or entered into pursuant to the relevant EFSF Programme. The Offering Materials or contractual documentation for each issue or contracting of Funding Instruments made under an EFSF Programme shall confirm which Guarantors have Guarantees which cover the relevant Funding Instruments or issue or series thereof. EFSF may also request the Guarantors to issue Guarantees under this Agreement for other purposes which are closely-linked to an issue of Funding Instruments and which facilitates the obtaining and maintenance of a high quality rating for Funding Instruments issued by EFSF and efficient funding by EFSF. The decision to issue Guarantees for such other purposes in connection with an EFSF Programme or a stand-alone issue of or entry into Funding Instruments shall be taken by a unanimous decision of the Guarantors. No Guarantor shall be required to issue Guarantees which would result in it having a Guarantee Exposure in excess of its aggregate guarantee commitment (its "**Guarantee Commitment**") set out alongside its name in Annex 1. For the purposes of this Agreement a Guarantor's "**Guarantee Exposure**" is equal to the aggregate of (i) the amount of Guarantees which it has issued but which are undrawn and (ii) the amount it has paid and not been reimbursed under Guarantees it has issued under this Agreement. Accordingly, if an outstanding, undrawn Guarantee expires or if an amount drawn under a

Guarantee is reimbursed this will reduce a Guarantor's Guarantee Exposure and replenish its capacity to issue Guarantees under this Agreement.

(4) (a) The Guarantees shall irrevocably and unconditionally guarantee the due payment of scheduled payments of interest and principal due on Funding Instruments issued by EFSF. In the case of EFSF Programmes, the Guarantors shall issue Guarantees which guarantee all series of Funding Instruments issued from time to time under the relevant EFSF Programme. The Offering Materials and/or contractual documentation of each series shall confirm which Guarantees cover that series, in particular, if a Guarantor under the relevant EFSF Programme has subsequently become a Stepping-out Guarantor and no longer guarantees further issues or series under such EFSF Programme.

(b) The Guarantees may be issued to a bond trustee or other representative of bondholders or creditors (a "**Noteholder Representative**") who shall be entitled to make demands under the Guarantees on behalf of holders of Funding Instruments and enforce the claims of holders of Funding Instruments so as to facilitate the management of making demands on the Guarantees. The detailed terms and conditions of each issue of Funding Instruments and the Guarantees relating thereto shall be agreed by EFSF, subject to the approval of the Guarantors, and shall be as described in the relevant Offering Materials (as defined in Article 4(1) applicable thereto) and applicable contractual documentation.

(5) A Guarantor shall only be required to issue a Guarantee in accordance with this Agreement if:

(a) it is issued in respect of Funding Instruments issued or entered into under an EFSF Programme or on a stand-alone basis and such Funding Instruments finance the making of Loan(s) approved in accordance with the terms of this Agreement and the Articles of Association of EFSF or it is issued for such other closely-linked purpose as are approved under Article 2(3);

(b) the Guarantee is issued to facilitate the financing under Loan Facility Agreements entered into on or prior to 30 June 2013 (including the financing of Loans made pursuant to an existing Loan Facility Agreement after such date and any related issue of bonds or debt securities related thereto) and the Guarantee is in any event issued on or before 30 June 2013;

(c) the Guarantee is in the form approved by euro-area Member States for the purpose of this Agreement and the EFSF Programme;

(d) the liability of the Guarantor under such Guarantee is for a maximum amount which complies with the terms of Article 2(3); and

(e) it is denominated in euros or such other currency as is approved by the Guarantors for the purpose of this Agreement.

(6) The Guarantee Commitment of each Guarantor to provide Guarantees is irrevocable and firm and binding. Each Guarantor will be required, subject to the terms of this Agreement, to issue Guarantees up to its Guarantee Commitment for the amounts to be determined by EFSF and at the dates specified by EFSF in order to facilitate the issuance or entry into of Funding Instruments under the relevant EFSF Programme or stand-alone Funding Instrument in each case in accordance with the EFSF funding strategy.

(7) If a euro-area Member State encounters financial difficulties such that it makes a demand for a stability support loan from EFSF, it may by written notice together with supporting information satisfactory to the other Guarantors request the other Guarantors (with a copy to the Commission, the Eurogroup Working Group

Chairman) to accept that the Guarantor in question does not participate in issuing a Guarantee in respect of any further debt issuance by EFSF. The decision of the euro-area Member States in relation to such a request is to be made at the latest when they decide upon making any further Loan Facility Agreements or further Loans.

(8) An up-front service fee (the "**Service Fee**") calculated as being 50 basis points on the aggregate principal amount of each Loan shall be charged to each Borrower and deducted from the cash amount to be remitted to the Borrower in respect of each such Loan. In addition, the net present value (calculated on the basis of the internal rate of return of the Funding Instruments financing such Loan (or such other blended internal rate of return as is deemed appropriate in case of a Diversified Funding Strategy), the "**Discount Rate**") of the anticipated Margin that would accrue on each Loan to its scheduled maturity date shall be deducted from the cash amount to be remitted to the Borrower in respect of such Loan. The Service Fee and the net present value of the anticipated Margin, together with such other amounts as EFSF decides to retain as an additional cash buffer, will be deducted from the cash amount remitted to Borrower in respect of each Loan (such that on the disbursement date (the "**Disbursement Date**") the Borrower receives the net amount (the "**Net Disbursement Amount**")) but shall not reduce the principal amount of such Loan that the Borrower is liable to repay and on which interest accrues under the relevant Loan. These retained amounts shall be retained to provide a cash reserve to be used as credit enhancement and otherwise as described in Article 5 below. The "**Cash Reserve**" shall include these retained amounts together with all income and investments earned by investment of these amounts. The Cash Reserve shall be invested in accordance with investment guidelines approved by the board of directors of EFSF.

(9) If, following the repayment of all Loans made under Loan Facility Agreements and all Funding Instruments issued by or entered into by EFSF, there remain amounts in the Cash Reserve (including amounts representing interest or investment income earned by investment of the Cash Reserve), these amounts shall be paid to the Guarantors as consideration for the issuance of their Guarantees. EFSF shall maintain ledger accounts and other records of the amounts of Service Fee and anticipated Margin retained in respect of each Loan Facility Agreement and the amount of all Guarantees issued by each Guarantor pursuant to this Agreement. These ledger accounts and records shall permit EFSF to calculate the consideration due to each Guarantor in respect of the Guarantees issued under this Agreement which shall be payable on a pro rata proportional basis to each Guarantor by reference to its participation in all the Guarantees issued under this Agreement.

(10) Euro-area Member States which are potential Borrowers may only request and enter into Loan Facility Agreements in the period commencing on the date this Agreement enters into force and ending on 30 June 2013 (provided that Loans may be disbursed after this date under Loan Facility Agreements entered into prior to this date).

(11) Following the execution of this Agreement, the Parties shall agree upon forms of (i) the Guarantees, (ii) the Loan Facility Agreements, (iii) the documentation for the Funding Instruments, (iv) the arrangements in respect of the appointment of Noteholder Representatives, (v) the dealer and subscription agreements for Funding Instruments and (vi) any agency or service level agreement with EIB or any other agency, institution or person.

3. PREPARATION AND AUTHORISATION OF LOAN DISBURSEMENTS

(1) Before each disbursement of a Loan under a Loan Facility Agreement, the

Commission will, in liaison with the ECB, present a report to the Eurogroup Working Group analysing compliance by the relevant Borrower with the terms and the conditions set out in the MoU and in the Council Decision (if any) relating to it. The Guarantors will evaluate such compliance and will unanimously decide on whether to permit disbursement of the relevant Loan. The first Loan to be made available to a Borrower under a Loan Facility Agreement is released following the initial signature of the relevant MoU and will not be the object of such a report.

(2) Following a request for funds (a "**Request for Funds**") from a Borrower complying with the terms of the relevant Loan Facility Agreement and requesting a Loan thereunder, the Guarantors shall (other than in respect of the first Loan) consider the report of the Commission regarding the Borrower's compliance with the MoU and the relevant Council decision (if any). If, acting unanimously, the Guarantors consider that the Borrower has complied with the conditions to drawdown under the Loan Facility Agreement and are satisfied with its compliance with the terms and conditions of the MoU then the Eurogroup Working Group Chairman shall request in writing EFSF to make a proposal of detailed terms of the Loan it would recommend to make to the Borrower within the parameters of the Loan Facility Agreement, the MoU, taking into account debt sustainability and the market situation for bond issuance. The EFSF proposal shall specify the amount which EFSF is authorised to make available by way of a Loan under the Loan Facility Agreement and on what terms including as to the amount of the Loan, the Net Disbursement Amount, the term, the redemption schedule and the interest rate (including the Margin) in relation to such Loan. If the Eurogroup Working Group accepts this proposal the Eurogroup Working Group Chairman shall request EFSF to communicate an acceptance notice (an "**Acceptance Notice**") to the Borrower confirming the terms of the Loan.

(3) At the latest following the signature of a Loan Facility Agreement, EFSF shall commence the process for the issuance of or entry into Funding Instruments under the EFSF Programme(s) or otherwise and, to the extent necessary, shall request the Guarantors to issue Guarantees in accordance with Article 2 (above) such that EFSF has sufficient funds when needed to make disbursements under the relevant Loan.

(4) If applicable, and prior to the delivery of any Acceptance Notice, the Eurogroup Working Group Chairman shall communicate to the Commission and EFSF whether any Guarantor has notified it that the circumstances described in Article 2(7) apply to it and the decision of the euro-area Member States relating thereto. The Eurogroup Working Group Chairman shall communicate the decisions of the Guarantors to EFSF, the Commission and the euro-area Member States at least thirty (30) Business Days prior to the date of any related issue of or entry into Funding Instruments.

(5) On the relevant Disbursement Date, EFSF shall make the relevant Loan available to the Borrower by making available the Net Disbursement Amount through the accounts of EFSF and the relevant Borrower opened for the purpose of the Loan Facility Agreement with the ECB.

4. ISSUANCE OF OR ENTRY INTO FUNDING INSTRUMENTS

(1) In compliance with its funding strategy, EFSF may issue or enter into Funding Instruments benefitting from the Guarantees on a stand-alone basis or shall establish one or more EFSF Programme(s) for the purpose of issuing Funding Instruments benefitting from Guarantees which shall finance the making of Loans in accordance with the terms of this Agreement. EFSF may establish a base prospectus (the "**Base Prospectus**") for each EFSF Programme with each individual issue of

Funding Instruments being issued pursuant to final terms ("**Final Terms**") setting out the detailed financial terms of each issue. Alternatively, EFSF may establish information memoranda (the "**Information Memoranda**") for the purpose of issuing Funding Instruments (which would not be prospectuses for the purposes of the Prospectus Directive 2003/71/EC). Any Base Prospectus, Final Terms, prospectus, Information Memorandum or related materials relating to the placement or syndication of Funding Instruments shall be referred to as "**Offering Materials**". It shall also enter into relevant contractual documentation relating to such Funding Instruments.

(2) EFSF shall devise standard terms and conditions for the Funding Instruments issued or entered into by EFSF. These may include provisions for the calling of Guarantees either by EFSF if it anticipates a shortfall prior to a scheduled payment date or by the relevant Noteholder Representative (if EFSF has failed to make a scheduled payment of interest or principal under a Funding Instrument when due). The standard terms and conditions shall clarify that there is no acceleration of Funding Instruments in the event that the Loan(s) financed by such Funding Instruments are accelerated or pre-paid for whatever reason.

(3) In connection with the structuring and negotiation of Funding Instruments on a stand-alone basis or under EFSF Programme(s) ESFS may:

(a) appoint, liaise and negotiate with arranging banks, lead managers and bookrunners;

(b) appoint, liaise and negotiate with rating agencies and rating agency advisers and supply them with such data and documentation and make such presentations as necessary to obtain requisite ratings;

(c) appoint, liaise and negotiate with paying agents, listing agents, Noteholder Representative, lawyers and other professional advisers;

(d) appoint, liaise and negotiate with common depositaries and clearing systems such as Euroclear and/or Clearstream for the settlement of Funding Instruments;

(e) attend investor presentations and road shows to assist in the placement or syndication of Funding Instruments pursuant to the EFSF Programme(s);

(f) negotiate, execute and sign all legal documentation related to the Funding Instruments and any EFSF Programme(s); and

(g) generally do such other things necessary for the successful structuring and implementation of the EFSF Programme(s) and the issuance of or entry into Funding Instruments.

(4) EFSF shall, subject to market conditions and the terms of this Article 4, fund Loans by the issuance of or entry into Funding Instruments on a matched funding basis such that the Funding Instruments financing a Loan have substantially the same financial profile as to amount, time of issue, currency, repayment profile, final maturity and interest basis, provided that, to the extent feasible, the scheduled payment dates for Loans shall be at least fourteen (14) Business Days prior to the scheduled payment dates under the related Funding Instruments to permit processing of payments.

(5) If, due to market condition or the volume of Funding Instruments to be issued or entered into by EFSF under the EFSF Programme(s) it is not practicable or feasible to issue or enter into Funding Instruments on a strict matched-funding basis, EFSF may request the Guarantors to permit EFSF certain flexibilities as to funding such that its funding is not matched to the Loans it makes, in particular as to (a) currency of Funding Instruments, (b) timing for the issue or entry into of Funding

Instruments, (c) interest rate bases and/or (d) maturity and repayment profile of the Funding Instruments to be issued or entered into (including the possibility of issuing short term debt instruments, commercial paper or other financing arrangements supported by Guarantees) and (e) the possibility of prefunding of Loans under an existing Loan Facility Agreement. The Guarantors, acting unanimously, may permit EFSF to use a degree of funding flexibility and shall specify within which parameters and limits EFSF may adopt a non-matched funding strategy (a "**Diversified Funding Strategy**").

(6) Given that a Diversified Funding Strategy would require the management of transformation and basis risks, in the event that a Diversified Funding Strategy is authorised in relation to EFSF it may delegate the management of such funding activities, related asset and liability management activities and the conclusion of any related currency, interest rate or maturity mis-match hedging instruments to one or more debt management agencies of euro-area Member State or such other agencies or institutions as are approved unanimously by the Guarantors which shall be entitled to be compensated at an arm's length commercial rate for the provision of such services which remuneration shall constitute an operating cost for EFSF.

5. CREDIT ENHANCEMENT, LIQUIDITY AND TREASURY

(1) The credit enhancement for the EFSF Programme shall include the following elements:

(a) the Guarantees and, in particular, the fact that the participation of each Guarantor in issuing Guarantees shall be made on the basis of the Adjusted Contribution Key Percentage and that the Guarantee issued by each Guarantor is for 120% of its Adjusted Contribution Key Percentage of the amounts of the relevant Funding Instruments;

(b) the Cash Reserve shall act as a cash buffer. The Cash Reserve shall, pending its use, be invested in high quality liquid debt instruments. Upon repayment of all Loans made by EFSF and Funding Instruments issued by EFSF, the balance of the Cash Reserve shall be used firstly to repay any amounts paid by Guarantors which have not been repaid out of recoveries from the relevant underlying Borrowers and secondly, shall be paid to the Guarantors as consideration for their issuance of Guarantees under this Agreement as described in Article 2(9); and

(c) such other credit enhancement mechanisms as may be approved under this Article 5.

(2) In the event that there is a delay or failure to pay by a Borrower of a payment under a Loan and accordingly there is a shortfall in funds available to meet a scheduled payment of interest or principal under a Funding Instrument issued by EFSF then EFSF shall:

(a) first, make a demand on a *pro rata pari passu* basis on the Guarantors which have guaranteed such Funding Instrument up to 120% of their respective Adjusted Contribution Key Percentage of the amount due but unpaid;

(b) second, if the steps taken in Article 5(2)(a) do not fully cover the shortfall, to release an amount from the Cash Reserve to cover such shortfall; and

(c) third, take such other steps as may be available in the event that additional credit enhancement mechanisms have been approved under Article 5(3).

(3) The euro-area Member States may by unanimous decision approve and adopt such other credit enhancement mechanisms as they consider appropriate or, as the case may be, modify the existing credit enhancement mechanisms in order to enhance or to maintain the creditworthiness of the Funding Instruments issued or

contracted by EFSF or to enhance the efficiency of funding of EFSF. Such other credit enhancement measures might include, amongst other techniques, the provision of subordinated loans, warehousing arrangements, liquidity lines or backstop facilities to EFSF or the issuance by EFSF of subordinated notes.

(4) If a Guarantor has failed to make a payment which is due and payable in respect of a Guarantee and, as a consequence EFSF makes a withdrawal from the Cash Reserve to cover the shortfall pursuant to Article 5(2)(b) then such Guarantor shall reimburse such amount to EFSF on first written demand together with interest on such amount at a rate equal to one month EURIBOR plus 500 basis points from the date the amount is withdrawn from the Cash Reserve to the date such Guarantor reimburses such amount to EFSF together with such accrued interest. EFSF shall apply such reimbursed amounts (and the interest accrued thereon) to replenish the Cash Reserve.

(5) In order to facilitate the availability of adequate liquidity for the funding needs of EFSF:

(a) each euro-area Member State will ensure that EFSF will be eligible for receiving a counterparty limit for cash management operations of the debt management operations of the debt management agency of such euro-area Member State; and

(b) each euro-area Member State shall co-operate to assist EFSF to ensure that its Funding Instruments comply with applicable criteria to be eligible as collateral in Eurosystem operations.

(6) In order to minimise any negative-carry costs in the event of any Diversified Funding Strategy EFSF shall be entitled to make deposits or other placements which, in accordance with the investment strategy agreed by the board of directors of EFSF, minimise the risk of a funding mis-match or negative-carry costs.

6. CLAIMS UNDER A GUARANTEE

(1) If EFSF becomes aware that it has not received in full a scheduled payment under a Loan and such shortfall will give rise to a shortfall in available funds to make a scheduled payment of principal or interest under Funding Instruments issued by EFSF or scheduled payment due from EFSF under any other instrument or agreement which benefits from a Guarantee issued under this Agreement, it shall immediately notify in writing the Chairman of the Eurogroup Working Group, the Commission and each Guarantor and inform each Guarantor of its share of the shortfall under the terms of this Agreement and the relevant Guarantee and demand in writing each Guarantor to remit to EFSF its share of such shortfall on the date (the "**Guarantee Payment Date**") which is at least two (2) Business Days prior to the scheduled date for payment of the relevant amounts by EFSF (an "**EFSF Guarantee Demand**").

(2) Each Guarantor shall remit to EFSF (or, if so specified in the relevant documentation, to the paying agent of the relevant Funding Instrument) its share of the amount demanded in the EFSF Guarantee Demand addressed to it by EFSF in cleared funds on the Guarantee Payment Date.

(3) In the event that EFSF fails to pay a scheduled payment of interest or a scheduled payment of principal on a date when such amount is due and payable under a Funding Instrument issued by EFSF then the relevant Noteholder Representative shall be entitled to demand in writing (a "**Noteholder Representative Guarantee Demand**") the Guarantors (with a copy to EFSF) to pay the unpaid amount of such scheduled payment of interest and/or such scheduled payment of principal. Similarly, in the event of a failure by EFSF to pay a scheduled

payment under any other instrument or agreement entered into between EFSF and a counterparty (a "**Counterparty**") which benefits from a Guarantee issued under this Agreement (which has been issued for a purpose closely-linked to an issue of Funding Instruments pursuant to Article 2(3)) the relevant Counterparty shall be entitled to demand in writing (a "**Counterparty Guarantee Demand**") the Guarantors (with a copy to EFSF) the unpaid amount of such scheduled payment. In the event of receipt by the Guarantors and EFSF of a Noteholder Representative Guarantee Demand or a Counterparty Guarantee Demand each Guarantor shall in accordance with the terms of its Guarantee remit in cleared funds its share of the amount duly demanded in such Noteholder Representative Guarantee Demand or, as the case may be such Counterparty Guarantee Demand. The detailed payment mechanics for co-ordinating payments under the Guarantees shall be set out in the documentation for the issue of Funding Instruments and the related Guarantees.

(4) In the event that a shortfall of receipts under a Loan gives rise both to an EFSF Guarantee Demand and a Noteholder Representative Guarantee Demand (or Counterparty Guarantee Demand) the relevant Guarantors shall only be liable to make one payment under their respective Guarantees, without double counting.

(5) The Parties acknowledge and agree that each Guarantor shall be entitled to make payment in respect of any EFSF Guarantee Demand, Noteholder Representative Guarantee Demand or Counterparty Guarantee Demand which appears to be valid on its face without any reference by it to EFSF or any other Party or any other investigation or enquiry. EFSF irrevocably authorises each Guarantor to comply with any Guarantee Demand.

(6) EFSF and each of the other Parties acknowledges and agrees that each Guarantor:

(i) is not obliged to carry out any investigation or seek any confirmation prior to paying a claim;

(ii) is not concerned with:

(1) the legality of a claim or any underlying transaction or any setoff, defence or counterclaim which may be available to any person;

(2) any amendment to any underlying document; or

(3) any unenforceability, illegality or invalidity of any document or security.

(7) EFSF shall be liable to reimburse each Guarantor in respect of any claim paid in respect of a Guarantee and shall indemnify each Guarantor in respect of any loss or liability incurred by a Guarantor in respect of a Guarantee. EFSF's reimbursement obligation is subject to and limited to the extent of funds actually received from the underlying Borrowers in respect of the Loans which gave rise to a shortfall of funds.

(8) In addition to the reimbursement obligation of EFSF under Article 6(5), if a Guarantor makes a payment under its Guarantee, EFSF shall assign and transfer to the relevant Guarantor an amount of EFSF's rights and interests under the relevant Loan corresponding to the shortfall in payments made by the Borrower and the related payment made by the Guarantor under the Guarantee. EFSF shall remain servicer of such portion of the Loan which has been assigned and transferred to the relevant Guarantor so as to facilitate the co-ordinated management of the Loan and the treatment of all Guarantors on a *pari passu* basis.

(9) All Guarantors shall rank equally and *pari passu* amongst themselves, in particular in respect of reimbursement of amounts paid by them under their

Guarantees provided that, if a Guarantor owes sums to EFSF pursuant to Article 5(4) or sums to the other Guarantors pursuant to Article 7(1), sums recovered from underlying Borrowers which would otherwise be due from EFSF to such Guarantor shall be applied to repaying the amount due under 5(4) or paying the amount due to other Guarantors under Article 7(1) in priority to being applied to reimburse such Guarantor.

7. CONTRIBUTION BETWEEN GUARANTORS

(1) (a) If a Guarantor meets claims or demands in respect of any Guarantee it has issued or incurs costs, losses, expenses or liabilities in connection therewith ("**Guarantee Liabilities**"), and the aggregate amount of Guarantee Liabilities it makes or incurs exceeds its Required Proportion for the given Guarantee then it shall be entitled to be indemnified and receive contribution, upon first written demand, from the other Guarantors, in respect of such Guarantee Liabilities such that each Guarantor ultimately bears only its Required Proportion of such aggregate Guarantee Liabilities, provided that if the aggregate Guarantee Liabilities of any Guarantor in respect of any Guarantee is not reduced to its Required Proportion within three (3) Business Days, the other Guarantors (excluding Stepping-Out Guarantors) shall indemnify such Guarantor in an amount such that the excess over the Required Portion is allocated to each of the Guarantors (excluding Stepping-Out Guarantors) on a *pro rata* basis. The "**Required Proportion**" is equal to the Adjusted Contribution Key Percentage applicable to the relevant Guarantee. Any indemnity or contribution payment from one Guarantor to another under this Article 7 shall bear interest at a rate equal to one month EURIBOR plus 500 basis points which shall accrue from the date of demand of such payment to the date such payment is received by such Guarantor.

(b) The provisions of this Article 7 shall apply *mutatis mutandis* if a euro-area Member State issues any Guarantees according to an Adjusted Contribution Key Percentage in excess of that which would apply to it once 100% Total Guarantee Commitments have been obtained provided that the term "Guarantor" shall include any euro-area Member State which has not yet provided its Commitment Confirmation prior to EFSF issuing or entering into the relevant Funding Instrument.

(2) The obligations of each Guarantor to make contributions or indemnity payments under this Article are continuing obligations which extend to the ultimate balance of sums due regardless of any intermediate payment or discharge in whole or in part.

(3) The indemnity and contribution obligations of any Guarantor under this Article will not be affected by any act, omission, matter or thing which, but for this Article, would reduce, release or prejudice any of its obligations under this Article (without limitation and whether or not known to it or any other person) including:

(i) any time, waiver or consent granted to, or composition with, any person;

(ii) the release of any person under the terms of any composition or arrangement;

(iii) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any person; or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(iv) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any person;

(v) any amendment (however fundamental) or replacement of any Loan Facility Agreement, Loan or any document or security;

(vi) any unenforceability, illegality or invalidity of any obligation of any person under any document or security; or

(vii) any insolvency or similar proceedings.

8. CALCULATIONS AND ADJUSTMENT OF THE GUARANTEES

(1) The Parties agree that EFSF may appoint EIB (or such other agency, institution, EU institution or financial institution as is approved unanimously by the Guarantors) with the task of making the calculations for the purposes of this Agreement, each Loan Facility Agreement, the financing of EFSF by issuing or entering into Funding Instruments (or otherwise) and the Guarantees. If EIB (or such other agency, institution, EU institution or financial institution) accepts such appointment, it shall calculate the interest rate for each Loan in accordance with the terms of the relevant Loan Facility Agreement, calculate the amounts payable on each interest payment date and notify the relevant Borrower and EFSF thereof and make all such other calculations and notifications as are necessary for the purposes of this Agreement, the Guarantees and the Funding Instruments.

(2) In the event that a Guarantor experiences severe financial difficulties and requests a stability support loan or benefits from financial support under a similar programme, it (the "**Stepping-Out Guarantor**") may request the other Guarantors to suspend its commitment to provide further Guarantees under this Agreement. The remaining Guarantors, acting unanimously and meeting via the Eurogroup Working Group may decide to accept such a request and in this event, the Stepping-Out Guarantor shall not be required to issue its Guarantee in respect of any further issues of or entry into Funding Instruments by EFSF and any further Guarantees to be issued under this Agreement shall be issued by the remaining Guarantors and the Adjusted Contribution Key Percentage for the issuance of further Guarantees shall be adjusted accordingly. Such adjustments shall not affect the liability of the Stepping-Out Guarantor under existing Guarantees. It is acknowledged and agreed that the Hellenic Republic is deemed to be a Stepping-Out Guarantor with effect from the entry into force of this Agreement.

9. BREACH OF OBLIGATIONS UNDER A LOAN FACILITY AGREEMENT AND AMENDMENTS AND/OR WAIVERS

(1) If EFSF becomes aware of a breach of an obligation under a Loan Facility Agreement, it shall promptly inform the Guarantors (through the Eurogroup Working Group Chairman), the Commission and the ECB about this situation and shall propose how to react to it. The Euro Working Group Chairman will coordinate the position of the Guarantors and will inform EFSF, the Commission and the ECB of the decision taken. EFSF will thereafter implement the decision in accordance with the relevant Loan Facility Agreement.

(2) If EFSF becomes aware of a situation where amendments, a restructuring and/or waivers relating to any Loan made under a Loan Facility Agreement may become necessary, it shall inform the Guarantors through the Eurogroup Working Group Chairman, the Commission and the ECB about this situation and shall propose how to react to it. The Eurogroup Working Group Chairman will coordinate the position of the Guarantors and will inform EFSF, the Commission and the ECB of the decision taken. EFSF will thereafter implement the decision and, following instructions of the Guarantors, negotiate and sign a corresponding amendment, a restructuring or waiver or a new loan agreement with the relevant Borrower or any other arrangement needed.

(3) In other cases than those referred to in Article 9(1) and 9(2), if EFSF becomes aware of a situation where there is a need for the Guarantors to express an opinion or take an action in relation to a Loan Facility Agreement, it shall inform the Guarantors through the Eurogroup Working Group Chairman about this situation, and shall propose how to react to it. The Eurogroup Working Group Chairman will coordinate the position of the Guarantors and will inform EFSF, the Commission and the ECB of the decision taken. EFSF will thereafter implement the decision taken in whichever form is needed.

(4) In the event that the euro-area Member States consent to the modification of any MoU entered into with a Borrower, the Commission shall be authorised to sign the amendment(s) to such MoU on behalf of the euro-area Member States.

10. EFSF, INTER-GUARANTOR DECISIONS, DIRECTORS AND GOVERNANCE

(1) EFSF shall have a board of directors consisting of as many directors as there are EFSF Shareholders. Each EFSF Shareholder shall be entitled to propose for nomination one person to act as a director of EFSF and the other EFSF Shareholders hereby irrevocably undertake that they shall use their votes as shareholders of EFSF in the relevant general meetings to approve as a director the person proposed by such euro-area Member State. They shall equally use their votes as EFSF Shareholders to remove a person as director of EFSF if this is so requested by the euro-area member State which proposed such director for nomination.

(2) Each EFSF Shareholder shall propose for nomination to the board of directors of EFSF its representative in the Eurogroup Working Group from time to time (or such person's alternate as representative on such group). The Commission and ECB shall each be entitled to appoint an observer who may take part in the meetings of the board of directors and may present its observations, without however having the power to vote. The board of directors may permit other institutions of the European Union to appoint such observers.

(3) In the event of a vacancy of a member of the board of directors each euro-area Member State shall ensure that the member of the Board nominated upon its proposal approves as a replacement director the person proposed for nomination by the relevant euro-area Member State which does not have a director nominated upon its proposal.

(4) The euro-area Member States acknowledge and agree that, in the event of a vote of the board of directors of EFSF, each director which has been proposed for nomination by a euro-area Member State shall have a weighted number of the total number of votes which corresponds to the number of shares which his/her nominating euro-area Member State holds in the issued share capital of EFSF.

(5) The Guarantors agree that the following matters affecting their roles and liabilities as Guarantors shall require to be approved by them on a unanimous basis:

(a) decisions in relation to the grant of a Loan Facility Agreement to a euro-area Member State including the approval of the relevant MoU and Loan Facility Agreement;

(b) decisions regarding the disbursement of Loans under an existing Loan Facility Agreement in particular as to whether conditionality criteria for a disbursement are satisfied on the basis of a report of the Commission;

(c) any modification to this Agreement including as to the availability period to grant Loan Facility Agreements;

(d) any modification to the following terms of any Loan Facility Agreement:

aggregate principal amount of a Loan Facility Agreement, availability period, repayment profile or interest rate of any outstanding Loan;

(e) the terms of the EFSF Programme, the programme size and the approval of any Offering Materials;

(f) any decision to permit an existing Guarantor to cease to issue further guarantees;

(g) significant changes to the credit enhancement structure;

(h) the funding strategy of each EFSF Programme and any decision to permit a Diversified Funding Strategy (including the manner in which EFSF allocates its operating costs and the funding costs of Funding Instruments to Loans and Loan Facility Agreements if a Diversified Funding Strategy is adopted); or

(i) any increase in the aggregate amount of Guarantees which might be issued under this Agreement.

For the purpose of this Article 10(5) and any other provision of this Agreement which requires a unanimous decision of the Guarantors, unanimity means a positive or negative vote of all those Guarantors which are present and participate (by voting positively or negatively) in the relevant decision (ignoring any abstentions or absences) provided that any Guarantor which is no longer issuing new Guarantees (in particular, the Stepping-Out Guarantors) shall not be entitled to vote on any decision to make a new Loan Facility Agreement, a new Loan or a new issuance of Funding Instruments which are not guaranteed by it provided that it shall continue to have the right to vote on decisions in relation to Loans or Funding Instruments in respect of which it has issued a Guarantee which remains outstanding. It is a condition precedent to the validity of any such vote that a quorum of a majority of Guarantors able to vote whose Guarantee Commitments represent no less than 2/3 of the Total Guaranteed Commitments are present at the meeting.

(6) The Guarantors agree that all matters which are not reserved to unanimity decision of the Guarantors pursuant to Article 10(5) (above) or unanimity decision of the euro-area Member States pursuant to Article 10(7) (below) and, in particular, the following matters affecting their roles and liabilities as Guarantors shall be decided by a majority of Guarantors (excluding however the Stepping-Out Guarantors) (i) whose Guarantee Commitments represent 2/3 of the Total Guarantee Commitments (in the event that no Guarantees have been issued) or (ii) if Guarantees have been issued, 2/3 of the aggregate maximum face amount of Guarantees which have been issued and remain outstanding provided that, in calculating the satisfaction of this threshold the face amount of Guarantees of a Guarantor which is a Stepped-Out Obligor or which has failed to pay under a Guarantee shall not be taken into account (a "**2/3 Majority**"):

(a) all decisions in relation to existing Loan Facility Agreements or Loans which are not specifically reserved to unanimity pursuant to Article 10(5) including decisions on breaches, waivers, restructurings and whether to declare defaults in relation to Loan Facility Agreements or Loans;

(b) issuances under an existing EFSF Programme (which programme has been approved unanimously by the Guarantors);

(c) operational matters in relation to debt issuance (including appointment of arrangers, lead managers, rating agents, trustees etc);

(d) detailed implementation of an approved Diversified Funding Strategy;

(e) detailed implementation of any additional credit enhancement approved pursuant to Article 10(5).

The proviso to Article 10(5) relating to euro-area Member States which no longer issue new Guarantees and/or are Stepping-Out Guarantors shall apply to votes on decisions within the scope of this Article 10(6).

(7) The following corporate matters in relation to EFSF shall require the unanimous decision of all euro-area Member States:

- increases in authorized and/or issued and paid-up share capital;
- increase in the level of commitments to subscribe for share capital;
- reductions in share capital;
- dividends;
- employment of the CEO of the EFSF;
- approving accounts;
- prolonging duration of company;
- liquidation;
- changes to the Articles of Association;
- any other matter not specifically dealt with in the Articles of Association or in this Agreement.

(8) The Guarantors or the euro-area Member States (as the case may be) shall take the decisions affecting the Guarantors and EFSF contemplated by Articles 10(5), (6) and (7) at meetings within the framework of the Eurogroup with the possibility to delegate the decision-making to the Eurogroup Working Group. All their decisions shall be communicated in writing by the Eurogroup Working Group Chairman to EFSF. For such decision-making, the Commission provides input on matters relating, in particular, to the MoU and the terms and conditions of the Loan Facility Agreements and other policy issues. The EFSF shall provide input relating, in particular, to the implementation of the Loan Facility Agreements, the issue of or entry into Financial Instruments and its general corporate matters.

(9) Each euro-area Member State hereby undertakes to the other euro-area Member States that it shall vote as shareholder of EFSF consistently with the decisions taken by the requisite majority of Guarantors or euro-area Member States (as the case may be) within the framework of such Eurogroup meetings and that it shall ensure that the director which has been proposed for nomination to the board of EFSF by it acts consistently with such decisions.

(10) Any decisions by the euro-area Member States to approve any MoU relating to a Loan Facility Agreement and Borrower and regarding any proposed modification to an MoU shall be taken by them acting unanimously.

(11) Euro-area Member States may, to the extent permissible under their national laws, provide indemnities to the persons proposed by them to be nominated as directors of EFSF.

(12) In the event that euro-area Member States agree unanimously to increase the issued paid-up capital of EFSF, each euro-area Member State shall subscribe and pay in full a percentage of such increase in paid up capital equal to its Contribution Key percentage of such increase in paid-up capital on or prior to the date specified by EFSF.

(13) Matters referred to decisions by euro-area Member State or Guarantors under this Agreement shall be decided as soon as reasonably practicable and necessary. In due course, operational guidelines may be adopted which may set out timelines for decisions to be taken in relation to this Agreement.

11. TERM AND LIQUIDATION OF EFSF

(1) This Agreement shall remain in full force and effect so long as there are amounts outstanding under any Loan Facility Agreements or Funding Instruments issued by EFSF under an EFSF Programme or under any reimbursement amounts due to Guarantors.

(2) The euro-area Member States undertake that they shall liquidate EFSF in accordance with its Articles of Association on the earliest date after 30 June 2013 on which there are no longer Loans outstanding to a euro-area Member State and all Funding Instruments issued by EFSF and any reimbursement amounts due to Guarantors have been repaid in full.

(3) In the event that there are any residual liabilities of EFSF on its liquidation the euro-area Member States shall in a final meeting of shareholders decide on what basis these may be divided between the euro-area Member States.

(4) In the event there is a surplus on liquidation of EFSF it shall be distributed to its shareholders on a pro rata basis calculated by reference to their participation in the share capital of EFSF.

Prior to the determination of whether there is such a surplus:

(a) the credit balance of the Cash Reserve shall be paid to the Guarantors as described in Article 2(9); and

(b) any operating profit or surplus derived by EFSF which results from its issuance of Funding Instruments guaranteed by the Guarantors shall be paid as additional remuneration to the Guarantors by reference to their respective Adjusted Contribution Key Percentage.

12. APPOINTMENT OF EIB, ECB, OUTSOURCING AND DELEGATION

(1) EFSF may appoint EIB (or such other agencies, institution, EU institution, financial institution or other persons as is approved unanimously by the euro-area Member States) for the purpose of:

(a) managing the receipt of funds from investors following the issue of bonds or securities under an EFSF Programme, the management of the transmission of these funds to Borrowers in the form of Loans and the receipt of funds from Borrowers and the application of such funds to meet scheduled payments of principal and interest under the bonds and debt securities and, following the making of payments under a Guarantee, the management of funds received from Borrowers and the distribution of reimbursement amounts to the Guarantors;

(b) the related management of the treasury of EFSF including in particular the Cash Reserve and any funds received by way of early repayment or prepayment of Loans pending the application of such funds to repay Funding Instruments;

(c) such other related cash and treasury management tasks as may be delegated from time to time;

(d) providing legal services, accounting services, human resources services, facilities management, procurement services, internal audit and such other services as require outsourcing and/or logistical support.

These appointments may be effected pursuant to a Service Level Contract between EFSF and EIB (or the relevant agency or institution).

(2) EFSF may contract the ECB to act as its paying agent. EFSF may appoint ECB (or another agency, institution, EU institution, financial institution or other

persons approved unanimously by the Guarantors) to maintain its bank and securities accounts.

(3) EFSF shall, in the event of the adoption of a Diversified Funding Strategy and subject to the unanimous approval of the Guarantors (other than Stepping-Out Guarantors), be entitled to and may delegate asset and liability management functions and the other activities and functions described in Article 4(6) to one or more debt management agencies of a euro-area Member State or such other agencies, institutions, EU institutions or financial institutions as are approved unanimously by the Guarantors.

(4) EFSF shall be entitled to delegate and/or outsource on arm's length commercial terms to any agency, institution, EU institution, financial institution or other persons such other functions as its board of directors consider desirable for the efficient discharge of its functions.

13. **ADMINISTRATIVE PROVISIONS**

(1) The operating and out-of-pocket costs of EFSF shall be paid by EFSF out of its general revenues and resources. Fees and expenses directly related to funding may be re-invoiced to the relevant Borrowers (as appropriate).

(2) Upon the incorporation of EFSF it shall assume full responsibility for all costs and expenses incurred in its setting-up and incorporation. In addition, it shall assume all liabilities and obligations (including indemnity obligations) under contracts and arrangements entered into on its behalf and for its benefit (whether by a shareholder or a third party) prior to its incorporation.

(3) EFSF shall report to the euro-area Member States and the Commission on the outstanding claims and liabilities under the Loan Facility Agreements, EFSF Funding Instrument issues and the Guarantees on a quarterly basis.

(4) EFSF will report to the Guarantors and request instructions from the Eurogroup Working Group Chairman regarding unsettled claims and liabilities or any other issues that may arise under this Agreement or in connection with any Guarantee.

(5) The Parties shall not assign or transfer any of their rights or obligations under this Agreement without the prior written consent of all the other Parties to this Agreement.

(6) (a) The euro-area Member States hereby agree that the shares they hold in EFSF cannot be transferred by any EFSF Shareholder during a period of 10 (ten) years from the date of acquisition of the shares by the relevant EFSF Shareholder except with the unanimous consent of all EFSF Shareholders. Such restriction does not apply to (i) the initial transfer by the sole founding shareholder (if any) to the other euro-area Member States and (ii) proportionate transfers by each EFSF Shareholder to any new euro-area Member State which adopts the Euro as its currency after the incorporation of the Company.

(b) In the event that a euro-area Member State wishes to dispose of its shares in EFSF after expiry of the lock-up period in Article 6.4 of the Articles of Association of EFSF, it shall offer such shares to be purchased by the other shareholders of EFSF on a pro rata basis to their shareholdings in EFSF. Any shares which are not purchased by a shareholder to whom they are offered may be offered to and acquired by any other EFSF Shareholder. If no EFSF Shareholder wishes to purchase such shares then, to the extent it has funds available for this purpose, EFSF may acquire such shares at their fair market value.

(7) In the event that a new country becomes a euro-area Member State, the Parties hereto shall permit such new euro-area Member State to become a shareholder of EFSF by receiving a transfer of shares from other shareholders of EFSF such that its aggregate percentage holding of shares in EFSF corresponds with its Contribution Key and to adhere to the terms of this Agreement. The Parties shall negotiate in good faith as to the basis upon which such new adhering euro-area Member State shall accede to this Agreement.

(8) In the event that one euro-area Member State incorporates EFSF, it shall promptly upon execution and entry into force of this Agreement transfer shares to the other euro-area Member States such that their respective percentage holdings of shares in EFSF corresponds with their respective Contribution Keys.

(9) The terms:

- "**Business Day**" means a day on which Target 2 is open for settlement of payments in Euro.

- "**Target 2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

14. **COMMUNICATIONS**

All notices in relation to this Agreement shall be validly given if in writing and sent to the addresses and contact details to be set out in the operating guidelines which shall be adopted by the Parties for the purpose of this Agreement.

15. **MISCELLANEOUS**

(1) If any one or more of the provisions contained in this Agreement should be or become fully or in part invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions contained in this Agreement shall not be affected or impaired thereby. Provisions which are fully or in part invalid, illegal or unenforceable shall be interpreted and thus implemented according to the spirit and purpose of this Agreement.

(2) The Preamble to this Agreement forms an integral part of this Agreement.

(3) Each of the Parties hereby irrevocably and unconditionally waives all immunity to which it is or may become entitled, in respect of itself or its assets or revenues, from legal proceedings in relation to this Agreement, including, without limitation, immunity from suit, judgment or other order, from attachment, arrest, detention or injunction prior to judgment, and from any form of execution and enforcement against it, its assets or revenues after judgment to the extent not prohibited by mandatory law.

(4) A person who is not a party to this Agreement shall not be entitled under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Agreement.

(5) This Agreement may be amended by the Parties in writing.

16. **GOVERNING LAW AND JURISDICTION**

(1) This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and shall be construed in accordance with English law.

(2) Any dispute arising from or in the context of this Agreement shall be settled amicably. In the absence of such amicable agreement, the euro-area Member States agree that to the extent it constitutes a dispute between them only, it shall be

submitted to the exclusive jurisdiction of the Court of Justice of the European Union. To the extent there is a dispute between one or more euro-area Member States and EFSF, the Parties agree to submit the dispute to the exclusive jurisdiction of the Courts of the Grand Duchy of Luxembourg.

17. **EXECUTION OF THE AGREEMENT**

This Agreement may be executed in any number of counterparts signed by one or more of the Parties. The counterparts each form an integral part of the original Agreement and the signature of the counterparts shall have the same effect as if the signatures on the counterparts were on a single copy of the Agreement.

EFSF is authorised to promptly after the signature of this Agreement supply conformed copies of the Agreement to each of the Parties.

18. **ANNEXES**

The Annexes to this Agreement shall constitute an integral part thereof:

1. List of Guarantors with their respective Guarantee Commitments;
2. Contribution Key; and
3. Template Commitment Confirmation.

Signed in Luxembourg on 7 June 2010

For the euro-area Member States,

Kingdom of Belgium,

represented by Vice Prime Minister and Minister of Finance

- *signed* -

Didier Reynders

Federal Republic of Germany,

represented by Minister Dr. Wolfgang Schäuble

- *signed* -

Ireland,

represented by Mr. Brian Lenihan, T.D., Minister for Finance

- *signed* -

Kingdom of Spain,

represented by Minister of Economy and Finance

- *signed* -

Elena Salgado Mendez

French Republic,

represented by Minister Christine Lagarde

Ministre de l'Economie, de l'Industrie et de l'Emploi

- *signed* -

Italian Republic,
represented by Minister Giulio Tremonti, Ministro dell'economia e delle finanze
- *signed* -
Minister Giulio Tremonti

Republic of Cyprus,
represented by Minister of Finance
- *signed* -
Mr. Charilaos Stavrakis

Grand Duchy of Luxembourg,
represented by Minister
- *signed* -
Luc Frieden

Republic of Malta,
represented by Minister Tonio Fenech
Minister for Finance the Economy and Investment
- *signed* -

Kingdom of the Netherlands,
represented by Minister of Finance
- *signed* -
Mr. drs. J.C. de Jager

Republic of Austria,
represented by Federal Minister of Finance
- *signed* -
Josef Pröll

Portuguese Republic,
represented by Minister of State and Finance, Fernando Teixeira dos Santos
- *signed* -

Republic of Slovenia,

represented by Minister of Finance
- *signed* -
Franc Križanic

Slovak Republic,
represented by Minister Ján Pociatek
- *signed* -

Republic of Finland,
represented by Minister of Finance
- *signed* -
Jyrki Katainen

Hellenic Republic
Represented by Minister of Finance
- *signed* -
Minister Giorgos Papakonstantinou

For the EFSF
EUROPEAN FINANCIAL STABILITY FACILITY
Represented by its sole Director
- *signed* -
M Georges Heinrich

ANNEX 1

LIST OF GUARANTOR EURO-AREA MEMBER STATES WITH THEIR RESPECTIVE GUARANTEE COMMITMENTS

Member State	ECB Capital subscription key %
Kingdom of Belgium	2.4256
Federal Republic of Germany	119,390.07
Ireland	7,002.40
Kingdom of Spain	52,352.51
French Republic	89,657.45
Italian Republic	78,784.72
Republic of Cyprus	863.09
Grand Duchy of Luxembourg	1,101.39
Republic of Malta	398.44

Kingdom of the Netherlands	25,143.58
Republic of Austria	12,241.43
Portuguese Republic	11,035.38
Republic of Slovenia	2,072.92
Slovak Republic	4,371.54
Republic of Finland	7,905.20
Hellenic Republic	12,387.70
Total Guarantee Commitments	440,000.00

ANNEX 2

CONTRIBUTION KEY

Member State	ECB Capital subscription key %	Contribution Key
Kingdom of Belgium	2.4256	3,475494866853410%
Federal Republic of Germany	18.9373	27,134106588911300%
Ireland	1.1107	1,591454546757130%
Kingdom of Spain	8.3040	11,898297070560200%
French Republic	14.2212	20,376693436879900%
Italian Republic	12.4966	17,905618879089900%
Republic of Cyprus	0.1369	0,196155692312101%
Grand Duchy of Luxembourg	0.1747	0,250317015682425%
Republic of Malta	0.0632	0,090555440132394%
Kingdom of the Netherlands	3.9882	5,714449467342010%
Republic of Austria	1.9417	2,782143957358700%
Portuguese Republic	1.7504	2,508041810249100%
Republic of Slovenia	0.3288	0,471117542967267%
Slovak Republic	0.6934	0,993530730819656%
Republic of Finland	1.2539	1,796637126297610%
Hellenic Republic	1.9649	2,815385827787050%
Total	67.8266	100,000000000000000%

ANNEX 3

TEMPLATE FOR COMMITMENT CONFIRMATION

[Letter-head of Authorities of Euro Area Member State]

By fax followed by registered mail:

European Financial Stability Facility

[●]

Fax: [●]

Copy to:

[●]

[●]

Fax: [●]

Re: European Financial Stability Facility ("EFSF") – Confirmation Commitment

Dear Sirs,

We refer to the EFSF Framework Agreement between the Kingdom of Belgium, Federal Republic of Germany, Ireland, Kingdom of Spain, French Republic, Italian Republic, Republic of Cyprus, Grand Duchy of Luxembourg, Republic of Malta, Kingdom of the Netherlands, Republic of Austria, Portuguese Republic, Republic of Slovenia, Slovak Republic, Republic of Finland, the Hellenic Republic and EFSF

(the "**Parties**") signed on [●] 2010.

We hereby notify you that we are duly authorised under our national laws to permit us to be bound by the above mentioned Agreement with effect from [date].

Yours faithfully,

[**Name of euro-area Member State**]

[●] [●]

SECOND SCHEDULE

Added by: XVIII. 2011.4.

European Financial Stability Facility Framework Agreement signed in Malta by the Minister of Finance on the 6th September, 2011

AMENDMENT TO THE EFSF FRAMEWORK AGREEMENT

Between

KINGDOM OF BELGIUM
FEDERAL REPUBLIC OF GERMANY
REPUBLIC OF ESTONIA
IRELAND
HELLENIC REPUBLIC
KINGDOM OF SPAIN
FRENCH REPUBLIC
ITALIAN REPUBLIC
REPUBLIC OF CYPRUS
GRAND DUCHY OF LUXEMBOURG
REPUBLIC OF MALTA
KINGDOM OF THE NETHERLANDS
REPUBLIC OF AUSTRIA
PORTUGUESE REPUBLIC
REPUBLIC OF SLOVENIA
SLOVAK REPUBLIC
REPUBLIC OF FINLAND
AND
EUROPEAN FINANCIAL STABILITY FACILITY

THIS AMENDMENT (the "Amendment") TO THE EFSF FRAMEWORK AGREEMENT

is made by and between:

(A) Kingdom of Belgium, Federal Republic of Germany, Republic of Estonia, Ireland, Hellenic Republic, Kingdom of Spain, French Republic, Italian Republic, Republic of Cyprus, Grand Duchy of Luxembourg, Republic of Malta, Kingdom of the Netherlands, Republic of Austria, Portuguese Republic, Republic of Slovenia, Slovak Republic and Republic of Finland (the "**euro-area Member States**" or "**EFSF Shareholders**"); and

(B) European Financial Stability Facility ("**EFSF**"), a *société anonyme* incorporated in Luxembourg, with its registered office at 43, avenue John F Kennedy, L-1855 Luxembourg (R.C.S. Luxembourg B153.414) (the euro-area Member States and EFSF referred to hereafter as the "**Parties**").

PREAMBLE

Whereas:

(1) The euro-area Member States and EFSF have entered into a framework agreement to set out the terms and conditions upon which EFSF may make Loans to euro-area Member States, finance such Loans by issuing or entering into Funding Instruments backed by Guarantees issued by the Guarantors, the terms and conditions on which the Guarantors shall issue Guarantees in respect of the Funding Instruments issued by or entered into by EFSF, the arrangements entered into between them in the event that a Guarantor is required to pay under a Guarantee more than its required proportion of liabilities in respect of a Funding Instrument

and certain other matters relating to EFSF (hereinafter referred to as the "**Framework Agreement**").

(2) The euro-area Member States have by a unanimous decision on 11 March 2011 decided that EFSF may provide stability support to euro-area Member States by arranging for the purchase of bonds of such euro-area Member States on the primary market as financial assistance.

(3) In accordance with Article 13(8) of the Framework Agreement, the Republic of Estonia shall become a party to the Framework Agreement with effect from the Effective Date of the Amendments (as defined in Article 3(1) of this Amendment) by adhering to the Framework Agreement and entering into this Amendment.

(4) In a statement dated 21 July 2011 the Heads of State or Government of the euro area and EU institutions stated their intention to improve the effectiveness of EFSF and address contagion and that they had agreed to increase the flexibility of EFSF linked to appropriate conditionality. As a consequence, whilst originally financial assistance was provided solely by way of loan facility agreements, financial assistance may now be granted in the form of financial assistance facility agreements ("**Financial Assistance Facility Agreements**", each a "**Financial Assistance Facility Agreement**") to provide financial assistance by way of loan disbursements, precautionary facilities, facilities to finance the recapitalisation of financial institutions in a euro-area Member State (through loans to the governments of such Member States including in non-programme countries), facilities for the purchase of bonds in the secondary markets on the basis of an ECB analysis recognizing the existence of exceptional financial market circumstances and risks to financial stability or facilities for the purchase of bonds in the primary market (each such utilization of a Financial Assistance Facility Agreement being a "**Financial Assistance**") with the Financial Assistance to be made under all Financial Assistance Facility Agreements being financed with the benefit of guarantees in an amount of up to EUR 779,783.14 million to be used within a limited period of time. This is intended to result in an effective capacity for EFSF to provide Financial Assistance of EUR 440,000 million.

(5) The euro-area Member States and EFSF have agreed that the Framework Agreement shall be amended on the terms set out in this Amendment and that such amendments shall take effect prospectively on the Effective Date of the Amendments (as defined in Article 3(1) of this Amendment).

Now, therefore, the Parties have agreed as follows:

1. AMENDMENTS TO THE FRAMEWORK AGREEMENT

With effect from the Effective Date of the Amendments (as defined below), the Framework Agreement shall be amended as follows:

(1) The Republic of Estonia shall be listed in the list of euro-area Member States set out on the cover page and in paragraph (A) of the list of parties to the Framework Agreement and the Hellenic Republic shall be moved in the list of parties and signature pages to be listed after Ireland.

(2) In paragraph (B) of the list of parties the registered address of EFSF will be replaced as "43, avenue John F. Kennedy, L-1855, Luxembourg".

(3) Paragraph (1) of the preamble of the Framework Agreement shall be amended as follows:

(a) the words "euro-area" shall be added after the words "beyond such";

(b) the words "with the aim of safeguarding the financial stability of the

euro area as a whole and of its Member States" shall be added at the end of the first sentence;

(c) the words "on 8 May 2010 or on such other terms as may be agreed" are added after "the Hellenic Republic".

(4) Paragraph (2) of the preamble of the Framework Agreement shall be deleted and replaced by the following paragraphs (2) and (2)(a):

"EFSF has been incorporated on 7 June 2010 for the purpose of making stability support to euro-area Member States. In a statement dated 21 July 2011 the Heads of State or Government of the euro area and EU institutions stated their intention to improve the effectiveness of EFSF and address contagion and they had agreed to increase the flexibility of EFSF linked to appropriate conditionality. As a consequence, whilst originally financial assistance was provided solely by way of loan facility agreements, financial assistance may now be granted in the form of financial assistance facility agreements ("**Financial Assistance Facility Agreements**", each a "**Financial Assistance Facility Agreement**") to provide financial assistance by way of loan disbursements, precautionary facilities, facilities to finance the recapitalisation of financial institutions in a euro-area Member State (through loans to the governments of such Member States including in non-programme countries), facilities for the purchase of bonds in the secondary markets on the basis of an ECB analysis recognizing the existence of exceptional financial market circumstances and risks to financial stability or facilities for the purchase of bonds in the primary market (each such utilization of a Financial Assistance Facility Agreement being a "**Financial Assistance**") with the Financial Assistance to be made under all Financial Assistance Facility Agreements being financed with the benefit of guarantees in an amount of up to EUR 779,783.14 million to be used within a limited period of time. This is intended to result in an effective capacity for EFSF to provide Financial Assistance of EUR 440,000 million. The availability of such Financial Assistance Facility Agreements will be conditional upon the relevant euro-area Member States which request such Financial Assistance Facility Agreements entering into memoranda of understanding (each an "**MoU**") with the European Commission, acting on behalf of the euro-area Member States, including conditions such as budgetary discipline and economic policy guidelines and their compliance with the terms of such MoU. With respect to each Financial Assistance Facility Agreement, the relevant beneficiary euro-area Member State shall be referred to as the "**Beneficiary Member State**". If Financial Assistance is in the form of facilities for the purchase of bonds in the primary or secondary market, the nature and terms, including as to pricing, policy conditionality, conditions to utilization and documentation of such arrangements shall be in accordance with guidelines adopted by the board of directors of EFSF acting unanimously pursuant to Article 2(1)(b). Similarly, if Financial Assistance is in the form of precautionary facilities and facilities to finance the recapitalisation of financial institutions of a euro-area Member State, the board of directors of EFSF acting unanimously shall adopt guidelines under Article 2(1)(c) in relation to such arrangements. The terms of an MoU shall impose appropriate policy conditionality for the full duration of a Financial Assistance Facility Agreement and not just limited to the period in which Financial Assistance is made

available. The conditions attached to the provision of Financial Assistance by EFSF as well as the rules which apply to monitoring compliance must be fully consistent with the Treaty on the Functioning of the European Union and the acts of EU law.

(2) (a) On 20 June 2011, euro area Finance Ministers agreed that the pricing structure for EFSF loan facility agreements should be as follows:

"(a) EFSF Cost of Funding; plus

(b) the Margin.

The margin shall be equal to 200 basis points with such Margin being increased to 300 basis points in respect of any Loan which remains outstanding after the third anniversary of the date of disbursement.

In respect of fixed rated Loans with a scheduled maturity which exceeds three (3) years, the Margin shall be equal to the weighted average of 200 basis points for the first three (3) years and 300 basis points for the period from (and including) the third anniversary of its drawdown and ending on (but excluding) the scheduled maturity date of such Loan."

Subsequently, on 21 July 2011, Heads of State or Government of the euro-area stated:

"We have decided to lengthen the maturity of future EFSF loans to Greece to the maximum extent possible from the current 7.5 years to a minimum of 15 years and up to 30 years with a grace period of 10 years. In this context, we will ensure adequate post programme monitoring. We will provide EFSF loans at lending rates equivalent to those of the Balance of Payments facility (currently approx. 3.5%), close to, without going below, the EFSF funding cost. We also decided to extend substantially the maturities of the existing Greek facility. This will be accompanied by a mechanism which ensures appropriate incentives to implement the programme."

They also stated:

"The EFSF lending rates and maturities we agreed upon for Greece will be applied also for Portugal and Ireland." "

(5) Paragraph (3) of the preamble of the Framework Agreement shall be amended by adding the words "European Union" after the words "the 27".

(6) Paragraph (4) of the preamble of the Framework Agreement shall be amended as follows:

(a) the words "such loans" in the first line shall be replaced by the term "Financial Assistance"; and

(b) the words "It is not anticipated that a request under Article 2(7) of this Agreement would be made by a euro-area Member State which has requested Financial Assistance in the form of a precautionary facility, so long as such facility is not drawn or utilised, a facility to finance the recapitalisation of financial institutions in such Member State by way of a loan made to such Member State or a facility for the purchase of bonds of such Member State in the secondary market." shall be added at end of the paragraph.

(7) Paragraph (6) of the preamble to the Framework Agreement shall be amended as follows:

(a) the words "enter into Financial Assistance Facility Agreements" shall be added after the words "the terms and conditions upon which EFSF may";

(b) in line three the word "Loans" is replaced by the words "Financial Assistance available";

(c) after the words "finance such", the word "Loans" is deleted and replaced by "Financial Assistance".

(8) The Title of Article 2 shall be deleted and replaced by the words "Financial Assistance Facility Agreements, Grant of Financial Assistance, Funding Instruments and issuance of Guarantees".

(9) Article 2(1) shall be amended by:

(a) adding "(a)" after "2(1)";

(b) in sub-paragraph (a), the words "stability support loan" falling after the words "made by a euro-area Member State to the other euro-area Member States for a" and prior to the words "(i) the Commission" shall be deleted and replaced by "Financial Assistance Facility Agreement";

(c) in sub-paragraph (a) the reference to "Article 136" shall be replaced by a reference to "Article 136(1)";

(d) in sub-paragraph (a), each occurrence of the words "Loan Facility Agreement" or "Loan Facility Agreements" shall be replaced by the words "Financial Assistance Facility Agreement" or "Financial Assistance Facility Agreements", and each occurrence of the word "Borrower" shall be replaced by the term "Beneficiary Member State";

(e) in sub-paragraph (a), the words "(each adapted to the particular form of financial assistance being provided to the relevant euro-area Member State)" shall be added after the words "shall be substantially in the form of template Financial Assistance Facility Agreements" and the word "a" prior to the word "template" shall be deleted and prior to the words "which shall be approved by the euro-area Member State for the purpose of this Agreement and the financial parameters of such";

(f) in sub paragraph (a) the word "available" shall be added after the phrase "The terms of Article 3(2) set out the basis upon which decisions shall be made in relation to Financial Assistance to be made";

(g) in sub-paragraph (a), the words "subject to any other procedures which may be adopted pursuant to guidelines adopted by the board of directors of EFSF pursuant to Articles 2(1)(b) or 2(1)(c)" shall be added after the words "The terms of Article 3(2) set out the basis upon which decisions shall be made in relation to Financial Assistance to be made under an existing Financial Assistance Facility Agreement" and prior to the full stop;

(h) adding a sub-paragraph (b) as follows: "(b) Financial Assistance to a euro-area Member State may consist of facilities for the purchase of bonds in the secondary market to avoid contagion, on the basis of an ECB analysis recognising the existence of exceptional financial market circumstances and risks to financial stability or by way of facilities for the purchase of bonds in the primary market. The nature and terms, including as to pricing, conditions to and procedures for disbursement or utilisation, administration, documentation and monitoring of compliance with policy conditionality of such arrangements shall be in accordance with guidelines adopted by the board of directors of EFSF

acting with unanimity. Bonds purchased by EFSF in the primary or secondary markets can either be held to maturity or sold in accordance with the applicable guidelines";

(i) adding a sub-paragraph (c) as follows: "To improve the effectiveness of EFSF and address contagion, Financial Assistance Facility Agreements to a euro-area Member State may consist of precautionary facilities or facilities to finance the re-capitalisation of financial institutions in a euro-area Member State by way of a loan to the government of such Member State (whether or not it is a programme country). If a Financial Assistance Facility Agreement covers such Financial Assistance, the nature and terms of such agreement, including as to pricing, conditions to and procedures for disbursement or utilisation, compliance with policy conditionality, administration, documentation and monitoring of compliance with policy conditionality shall be in accordance with guidelines to be adopted by the board of directors of EFSF acting with unanimity."

(10) Article 2(2) shall be amended as follows:

(a) the words "Loan Facility Agreement" falling after the words "In respect of each" and prior to the words "and the Loans to be made thereunder, the euro-area Member States agree that EFSF" shall be deleted and replaced by "Financial Assistance Facility Agreement";

(b) the words "Loans to Borrowers" shall be deleted and replaced by the words "Financial Assistance to Beneficiary Member States";

(c) the word "Loans" which appears after the words "substantially the same financial profile as the related and after the phrase "the amounts it recovers in respect of" and the word "Loan" after the phrase "the interest rate which will apply to each" shall all be replaced by the term "Financial Assistance";

(d) the third sentence shall be deleted and replaced by the following sentence:

"The pricing which will apply to each Loan is intended to cover the cost of funding and operations incurred by EFSF and shall include a margin (the "**Margin**").";

(e) the following sentences shall be added as fourth and fifth sentences prior to the words "The Service Fee":

"This shall provide remuneration for the Guarantors and shall be specified in the relevant Financial Assistance Facility Agreement. The EFSF shall review periodically the pricing structure applicable to its Financial Assistance Facility Agreements and any changes thereto shall be agreed by the Guarantors acting unanimously in accordance with Article 10(5)."

(f) in the final sentence, the words "retained in respect of Financial Assistance disbursed prior to the Effective Date of the Amendments" shall be added after the words "The Service Fee";

(g) in the final sentence, the word "Borrower" shall be replaced by "Borrower Member State".

(11) In Article 2(3):

(a) after the words "the percentage set out next to each Guarantor's name in the third column (the "**Contribution Key**") in Annex 2", a footnote is

added drafted as follows "In respect of Funding Instruments issued or entered into prior to the Effective Date of the Amendments the Contribution Key and Adjusted Contribution Key Percentage shall be determined by the terms of this Agreement (including Annex 2) prior to the amendments.";

(b) in item (b), "120%" shall be replaced by "up to 165% (the **"Over-Guarantee Percentage"**) in respect of Funding Instruments issued or entered into after the Effective Date of the Amendments";

(c) in item (b), a footnote shall be added after "(b)" drafted as follows "The percentage of 120% shall continue to apply to Funding Instruments issued or entered into prior to the Effective Date of the Amendments.";

(d) after the words "No Guarantor shall be required to issue Guarantees which would result in it", the words "having a Guarantee Exposure in excess of its aggregate guarantee commitment (its "**Guarantee Commitment**") set out alongside its name in Annex 1 or" shall be deleted and shall be replaced by the words "having a Guarantee Notional Exposure in excess of its guarantee commitment ("**Guaranteed Commitment**") set alongside its name in Annex 1. For the purposes of this Agreement, a Guarantor's **"Guarantee Notional Exposure"** is equal to the aggregate of: (i) the principal amount of Funding Instruments issued or entered into (including Funding Instruments issued or entered into pursuant to any Diversified Funding Strategy approved pursuant to Article 4(5), and other principal amounts guaranteed under Guarantees issued for other purposes pursuant to Article 2(3)) which benefit from Guarantees issued under this Agreement and which remain outstanding; and (ii) without double counting, the aggregate amounts paid by the Guarantors following demands made under Guarantees issued under this Agreement which paid amounts have not been reimbursed to the Guarantors.";

(e) in the final paragraph, the words "Guarantor's Guarantee Exposure" shall be replaced by the words "Guarantor's Guarantee Notional Exposure"; and

(f) a new paragraph is added after the final paragraph, drafted as follows "It is acknowledged and agreed that the amendments to this Article 2(3) apply to Funding Instruments issued or entered into on or after the Effective Date of the Amendments. These amendments do not in any respect affect or reduce the liability of Guarantors (including any Guarantors which became Stepping-Out Guarantors) under Guarantees which guarantee Funding Instruments issued or entered into prior to the Effective Date of the Amendments in respect of which the Contribution Key and Adjusted Contribution Key Percentage and Guarantee Commitment of each Guarantor is that which applied on the date of issue of or entry into the relevant Funding Instrument.".

(12) In Article 2(5)(a), the term "Loan(s)" shall be replaced by the term "Financial Assistance".

(13) In Article 2(5)(b), each occurrence of the words "Loan Facility Agreement" shall be replaced by the following words "Financial Assistance Facility Agreement".

(14) In Article 2(5)(d), after the phrase "the liability of the Guarantor under such Guarantee", the following words are added "gives rise to a Guarantee Notional Exposure" and the words "is for a maximum amount" are deleted.

(15) Article 2(7) shall be amended as follows:

(a) the words "stability support" falling after the words "If a euro-area Member State encounters financial difficulties such that it makes a demand for a" and prior to the words "loan from EFSF," shall be deleted and replaced by the following: "Financial Assistance Facility Agreement";

(b) the words "or incurring new liabilities as a Guarantor" shall be added after the words "to accept that the Guarantor in question does not participate in issuing a Guarantee"; and

(c) the words "Loan Facility Agreements or further Loans" falling after the words "The decision of the euro-area Member States in relation to such a request is to be made at the latest when they decide upon making any further" shall be deleted and replaced by the following: "Financial Assistance Facility Agreements or make available further Financial Assistance".

(16) Article 2(8) shall be amended by:

(a) adding the words "In respect of Financial Assistance disbursed prior to the Effective Date of the Amendments," prior to the words "an upfront service fee (the "**Service Fee**") calculated as being";

(b) each occurrence of the word "Borrower" shall be replaced by "Borrower Member State" and each occurrence of the word "Loan" shall be replaced by the term "Financial Assistance";

(c) adding the words "(the "**Prepaid Margin**")" after the words "of the anticipated Margin that would accrue on each Financial Assistance to its scheduled maturity date" and before the words "shall be deducted from the cash amount to be remitted to the Borrower";

(d) replacing the words "net present value of the anticipated" with the word "Prepaid"; and

(e) adding the phrase "the amounts credited to the Cash Reserve under Article 2(9)" after the phrase "The **"Cash Reserve"** shall include these retained amounts".

(17) A new Article 2(9) shall be added after Article 2(8) (the "**New Article 2(9)**"), and the previous Article 2(9) shall become the new Article 2(10) (the "**New Article 2(10)**"). The New Article 2(9) shall be drafted as follows:

"In respect of Financial Assistance disbursed after the Effective Date of the Amendments, if on the date of disbursement of such Financial Assistance, the Notes issued to finance such Loan obtain the highest credit ratings (without any additional credit enhancement), then, unless otherwise agreed:

(a) subject to Article 2(9)(c), the Margin shall be payable on such Financial Assistance in arrear at the end of each interest period;

(b) an amount calculated as being 50 basis points on the aggregate principal amount of each Financial Assistance shall be charged to the Borrower as an advance payment of a portion of the Margin on such Financial Assistance (the **"Advance Margin"**) and shall be deducted from the cash amount to be remitted to the Beneficiary Member State in respect of such Financial Assistance;

(c) on the first (and/or subsequent) interest payment date(s) of a Financial Assistance the amount payable in respect of Margin

shall be reduced by an amount equal to the Advance Margin and the interest cost related to the funding of the Advance Margin; and

(d) the only deduction from the cash amount of the Financial Assistance shall be the amount of the Advance Margin and any fees and costs incurred in connection with the issue of Funding Instruments to finance such Financial Assistance and any adjustment for Funding Instruments being issued for an issue price less than par value (**"Issuance Costs"**) and the Net Disbursement Amount shall be equal to the principal amount of the Financial Assistance less (i) the amount of Advance Margin and (ii) the Issuance Costs.

The deduction of an amount equal to the Issuance Costs and the amount of Advance Margin shall not reduce the principal amount of a Financial Assistance that the Borrower is liable to repay and on which interest accrues.

Advance Margin and Margin amounts retained or received in respect of a Financial Assistance shall be credited to the Cash Reserve.

If, on the date of disbursement of a Financial Assistance, the Notes issued to finance such Loan would not obtain the highest quality credit ratings (without any additional credit enhancement), then the euro-area Member States may adopt additional credit enhancement mechanisms under Article 5(3) of this Agreement and make consequent modifications to the relevant Financial Assistance Facility Agreement.".

(18) The New Article 2(10) shall be amended by:

(a) replacing each occurrence of the words "Loan Facility Agreement" by the following words "Financial Assistance Facility Agreement" and each reference to the term "Loans" by "Financial Assistance";

(b) adding the phrase "then, unless otherwise agreed" prior to the phrase "these amounts shall be paid to the Guarantors as consideration for the issuance of their Guarantees"; and

(c) adding after the words "anticipated Margin retained in respect of each Loan Facility Agreement" the words "and the amounts credited to the Cash Reserve under Article 2(9) and the".

(19) In Article 2(11), each occurrence of the words "Loan Facility Agreement" shall be replaced by the following words "Financial Assistance Facility Agreement", the word "Loan" shall be replaced by the term "Financial Assistance" and the word "Borrower" by "Beneficiary Member State".

(20) In Article 2(12), the words "Loan Facility Agreement" falling after the words "(i) the Guarantees, (ii) the" and prior to the words ", (iii) the documentation for the Funding Instruments" shall be deleted and replaced by the following: "Financial Assistance Facility Agreements (adapted as appropriate pursuant to guidelines adopted by the board of directors of EFSF under Articles 2(1)(b) or 2(1)(c))";

(21) The word "Loan" shall be deleted from the title to Article 3.

(22) Article 3(1) shall be amended as follows:

(a) the words "Loan Facility Agreement" falling after the words "Before

each disbursement of a Loan under a" and prior to the words "the Commission will, in liaison with the ECB," shall be deleted and replaced by the following:

"Financial Assistance Facility Agreement, unless otherwise agreed or unless otherwise specified in guidelines adopted by the board of directors of EFSF pursuant to Articles 2(1)(b) or 2(1)(c) and applicable to the relevant category of Financial Assistance Facility Agreement";

(b) in the third sentence, the words "Loan Facility Agreement" falling after the words "The first Loan to be made available to a Borrower under a" shall be replaced by the following words "Financial Assistance Facility Agreement";

(c) each occurrence of the word "Borrower" shall be replaced by "Beneficiary Member State" and the word "Loan" replaced by "Financial Assistance";

(d) in the third sentence, the word "is" falling after the words "Loan Facility Agreement" and prior to the words "released following the initial signature" shall be replaced by the words "shall be";

(e) in the third sentence, the words "or utilised" shall be added after the word "released"; and

(f) a last sentence shall be added as follows: "The board of directors of EFSF shall adopt guidelines under Article 2(1)(b) and 2(1)(c) regarding the conditions to and procedures for the disbursement and on-going monitoring of compliance with policy conditionality of Financial Assistance in the form of precautionary facilities, facilities for the re-capitalisation of financial institutions in a Member State and facilities for the purchase of bonds in the primary or secondary markets.".

(23) Article 3(2) shall be amended as follows:

(a) the first word "Following" shall be deleted;

(b) the words "Unless otherwise specified in the relevant Financial Assistance Facility Agreement (in accordance with guidelines adopted by the board of directors of EFSF under Articles 2(1)(b) or 2(1)(c) and applicable to the relevant category of Financial Assistance Facility Agreement)," shall be added in the first sentence prior to the words "following a request for";

(c) the words "funds (a "**Request for Funds**")" shall be replaced by "financial assistance (a "**Request for Financial Assistance**")";

(d) the words "and requesting a Loan thereunder" shall be deleted; and

(e) each occurrence of the words "Loan Facility Agreement" shall be replaced by the following words "Financial Assistance Facility Agreement" each occurrence of the word "Loan" shall be replaced by "Financial Assistance" and the word "Borrower" by the term "Beneficiary Member State".

(24) Article 3(3) shall be amended as follows:

(a) the words "Loan Facility Agreement" shall be replaced by the following words "Financial Assistance Facility Agreement"; and

(b) the word "Loan" falling prior to the full stop shall be replaced by the words "Financial Assistance".

(25) Article 3(5) shall be amended as follows:

(a) the words "unless otherwise specified in the relevant Financial Assistance Facility Agreement (in accordance with guidelines adopted by the board of directors of EFSF under Articles 2(i)(b) or 2(i)(c) and applicable to the relevant category of Financial Assistance Facility Agreement)" shall be added after the words "On the relevant Disbursement Date," and prior to the words "EFSF shall make the relevant Loan available to the Beneficiary Member State": and

(b) the words "Loan Facility Agreement" shall be replaced by the following words "Financial Assistance Facility Agreement", the word "Loan" by "Financial Assistance" and the word "Borrower" by "Beneficiary Member State".

(26) In Article 4(1) the words "(including the Over-Guarantee Percentage applicable to such issue of Funding Instruments)" shall be added after the words "setting out the detailed financial terms of each issue" and the term "Loans" shall be replaced by "Financial Assistance".

(27) In Article 4(2) the term "Loan(s)" shall be replaced by "Financial Assistance".

(28) In Article 4(3) the term "ESFS" shall be replaced by "EFSF" and the term "bookrunners" by "book-runners".

(29) In Articles 4(4) and 4(5) the terms "Loans" shall be replaced by the words "Financial Assistance" and in Article 4(5), the words "under an existing Loan Facility Agreement" shall be replaced by the following words "under Financial Assistance Facility Agreements".

(30) In Article 5(1)(a), the term "120%" shall be deleted and replaced with "an Over-Guarantee Percentage of up to 165% (as required to ensure the highest credit-worthiness for Funding Instruments issued or entered into by EFSF on the date of issue) in respect of Funding Instruments issued or entered into after the Effective Date of the Amendments".

(31) Article 5(1)(b) shall be amended by:

(a) adding the words "(retained in respect of Financial Assistance disbursed prior to the Effective Date of the Amendments)" after the words "the Cash Reserve" and prior to the words "shall act as a cash buffer",

(b) the word "Loans" be replaced by "Financial Assistance" and the word "Borrowers" by "Beneficiary Member States"; and

(c) replacing the words "Article 2(9)" by the words "Article 2(10)".

(32) In the opening sentence of Article 5(2), the term "Borrower" shall be replaced by "Beneficiary Member State" and the term "Loan" by "Financial Assistance".

(33) In Article 5(2)(a), "120%" shall be replaced with "the applicable Over-Guarantee Percentage".

(34) Article 5(2)(b) shall be amended by adding the words "(provided that EFSF may not use any amounts credited to the Cash Reserve prior to the Effective Date of the Amendments to cover shortfalls arising in respect of Financial Assistance Facility Agreements entered into after such date)" after the words "an amount from the Cash Reserve".

(35) Article 5(3) shall be amended by adding the phrase "and/or the adoption of available credit enhancement mechanisms used by EFSF in relation to Financial

Assistance disbursed prior to the Effective Date of the Amendments" in the final sentence.

(36) A new Article 5(7) shall be added after Article 5(6) as follows: "In respect of Financial Assistance disbursed after the Effective Date of the Amendments:

(a) the Beneficiary Member States shall cover Issuance Costs (as described in Article 2(9));

(b) EFSF shall cover costs and expenses incurred in relation to a Financial Assistance Facility Agreement out of the Cash Reserve; Provided that, EFSF may not use any of the Cash Reserve established prior to the Effective Date of the Amendments to cover costs or expenses incurred in relation to Financial Assistance Facility Agreements entered into after such date unless the Cash Reserve is no longer required to serve as credit enhancement; and

(c) This Article 5(7) shall be without prejudice to any undertaking of the Borrower under the Financial Assistance Facility Agreement to cover costs and expenses of EFSF."

(37) A new Article 5(8) shall be added after the new Article 5(7) as follows:

"The euro-area Member States may, by a decision made pursuant to Article 10(6), agree that EFSF may use part of the sums credit to the Cash Reserve under Article 2(9) to cover the general non-loan specific operating expenses or exceptional costs of EFSF. Provided that, EFSF may not release any Prepaid Margin which has been credited to the Cash Reserve to constitute credit enhancement prior to the Effective Date of the Amendments to cover such operating or exceptional costs so long as such portion of the Cash Reserve is needed to constitute credit enhancement."

(38) A new Article 5(9) shall be added "It is acknowledged and agreed that the provisions of Article 5(7) and 5(8) are without prejudice to the general budgetary procedures of EFSF."

(39) Article 6(1) shall be amended by replacing the term "Loan" by "Financial Assistance".

(40) Article 6(4) shall be amended by replacing the words "under a Loan" by the phrase "in respect of a Financial Assistance".

(41) In Articles 6(7), 6(8) and 6(9) the words "Borrower" and "Borrowers" shall be replaced respectively by "Beneficiary Member State" or "Beneficiary Member States".

(42) In Articles 6(7) and 6(8) the terms "Loan" and "Loans" shall be replaced by the term "Financial Assistance".

(43) In Article 6(7) the words "or otherwise recovered by EFSF" shall be added after the words "actually received from the underlying Beneficiary Member States".

(44) Article 7(1) shall be amended by adding the words "as it applies to the relevant guaranteed obligation of EFSF. For the avoidance of doubt, in respect of the Republic of Estonia, it is only required to make or to receive contributions under this Article 7 in respect of Funding Instruments issued or entered into after the Effective Date of the Amendments." after the words "The "**Required Proportion**" is equal to the Adjusted Contribution Key Percentage applicable to the relevant Guarantee" and prior to the words "Any indemnity or contribution payment from one Guarantor to another".

(45) Article 7(3)(v) shall be amended by replacing the words "Loan Facility Agreement" by the following words "Financial Assistance Facility Agreement" and replacing the word "Loan" by "Financial Assistance".

(46) Article 8(1) shall be amended by replacing each occurrence of the words "Loan Facility Agreement" by the following words "Financial Assistance Facility Agreement", replacing the word "Loan" by "Financial Assistance" and replacing the word "Borrower" by "Beneficiary Member State".

(47) Article 8(2) shall be amended by:

(a) adding the words "or incur any new liabilities as Guarantor" after the words "the Stepping-Out Guarantor shall not be required to issue its Guarantee";

(b) adding the words "or any new liabilities to be incurred as Guarantor" after the words "and any further Guarantees to be issued under this Agreement";

(c) adding the words "and/or incurred" after the words "shall be issued" and prior to the words "by the remaining Guarantors";

(d) adding the words "or incurrence of any new liabilities as Guarantor" after the words "and the Adjusted Contribution Key Percentage for the issuance of further Guarantees"; and

(e) adding the words "Ireland became a Stepping-Out Guarantor with effect from 3 December 2010 and Portugal, with effect from 16 May 2011" after the words "Stepping-Out Guarantor with effect from the entry into force of this Agreement".

(48) In Article 9:

(a) the Title of Article 9 shall be amended by replacing the words "Loan Facility Agreement" by the words "Financial Assistance Facility Agreement"; and

(b) each occurrence of the words "Loan Facility Agreement" shall be replaced by the following words "Financial Assistance Facility Agreement", each occurrence of the word "Loan" by "Financial Assistance" and each occurrence of the word "Borrower" by "Beneficiary Member State".

(49) Article 10(5) shall be amended by:

(a) replacing each occurrence of the words "Loan Facility Agreement" by the following words "Financial Assistance Facility Agreement" and each occurrence of the word "Loan" by "Financial Assistance";

(b) in sub-paragraph (a), adding the words ", any decisions to change the pricing structure applicable to Financial Assistance Facility Agreements, and any decisions to include in a Financial Assistance Facility Agreement the faculty of providing Financial Assistance by way of the purchase of bonds in the primary markets or the purchase of bonds in the secondary markets based on an ECB analysis recognising the existence of exceptional financial market circumstance and risk to financial stability";

(c) in sub-paragraph (b), deleting the words "on the basis of a report of the Commission" and by adding the sentence "For secondary market purchases, the Financial Assistance Facility Agreement for the purchase of bonds in the secondary market adopted on the basis of Article

10(5)(a) may provide for alternative procedures for the technical implementation of individual bond purchases under such Financial Assistance Facility Agreement, in line with guidelines referred to in Article 2(1)(b)" after the words "are satisfied";

(d) adding a new sub-paragraph as follows: "(j) any transfer of rights, obligations and/or liabilities of EFSF to ESM pursuant to Article 13(10)"; and

(e) adding a new sub-paragraph as follows: "(k) the adoption and the amendment of any guideline referred to in Article 2(1)(b) or 2(1)(c).".

(50) Article 10(6) shall be amended by replacing each occurrence of the words "Loan Facility Agreement" by the following words "Financial Assistance Facility Agreement, each occurrence of the word "Loan" by "Financial Assistance" and by adding the word "and" between sub-paragraphs (d) and (e)".

(51) Article 10(8) shall be amended by replacing each occurrence of the words "Loan Facility Agreement" by the following words "Financial Assistance Facility Agreement".

(52) Article 10(10) shall be amended by replacing the words "Loan Facility Agreement" by the following words "Financial Assistance Facility Agreement" and the word "Borrower" by "Beneficiary Member State".

(53) Article 11(1) shall be amended by replacing the words "Loan Facility Agreement" by the following words "Financial Assistance Facility Agreement", by replacing the term "Loans" by "Financial Assistance" and by replacing the words "Article 2(9)" by the words "Article 2(10)".

(54) Article 12 shall be amended by replacing each occurrence of the word "Borrowers" by the words "Beneficiary Member States" and the word "Loans" by "Financial Assistance".

(55) Article 13(1) shall be amended by replacing the word "Borrowers" by "Beneficiary Member States".

(56) Article 13(3) shall be amended by replacing the words "Loan Facility Agreements" by the following words: "Financial Assistance Facility Agreements".

(57) In Article 13(9) is added " - The terms "Financial Assistance Facility Agreement" and "Financial Assistance" shall apply respectively to "Loan Facility Agreements" and "Loans" entered into or disbursed by EFSF prior to the Effective Date of the Amendments."

(58) A new Article 13(10) shall be added as follows:

"Following the constitution of the European Stability Mechanism (the "**ESM**"), EFSF may, with the approval of a decision of the euro-area Member States acting with unanimity and after obtaining any requisite consents from investors in Funding Instruments, transfer all and any of its rights, obligations and liabilities, including under Financial Instruments, Financial Assistance Facility Agreements and/or Financial Assistance, to ESM.".

(59) Annex 1 (*List of Guarantor euro-area Member States with their respective Guarantee Commitments*) shall be amended as from the Effective Date of the Amendments as set out in Annex 1 to this Amendment in respect of Financial Instruments issued as from the Effective Date of the Amendments.

(60) Annex 2 (*Contribution Key*) shall be amended as from the Effective Date of the Amendments as set out in Annex 2 to this Amendment in respect of

Financial Instruments issued as from the Effective Date of the Amendments.

(61) All other Articles and Annexes remain unchanged.

2. GOVERNING LAW AND JURISDICTION

(1) This Amendment and any non-contractual obligations arising out of or in connection with it shall be governed by and shall be construed in accordance with English law.

(2) Any dispute arising from or in the context of this Amendment shall be settled amicably. In the absence of such amicable agreement, the euro-area Member States agree that to the extent it constitutes a dispute between them only, it shall be submitted to the exclusive jurisdiction of the Court of Justice of the European Union. To the extent there is a dispute between one or more euro-area Member States and EFSF, the Parties agree to submit the dispute to the exclusive jurisdiction of the Courts of the Grand Duchy of Luxembourg.

3. ENTRY INTO FORCE AND TRANSITIONAL PROVISIONS

(1) The Parties agree that the amendments to the Framework Agreement shall enter into force and become binding between EFSF and the Parties on the date (the "**Effective Date of the Amendments**") all of the Parties have provided written confirmation to EFSF substantially in the form of Annex 3 that they have concluded all procedures necessary under their national laws to ensure that their obligations under this Amendment shall come into full force and effect (an "**Amendment Confirmation**").

(2) It is acknowledged and agreed that the amendments to the Framework Agreement shall not alter or affect the rights and obligations of the Parties in relation to any Funding Instruments issued by EFSF with the benefit of a Guarantee issued under the Agreement prior to the Effective Date of the Amendments (the "**Existing Funding Instruments**"). The rights and obligations between the parties in relation to such Existing Funding Instruments shall continue to be governed by the terms and conditions of the Framework Agreement which applied prior to the Effective Date of the Amendments.

(3) It is acknowledged and agreed that the amendments to the Framework Agreement shall not alter or affect the rights and obligations of the Parties in relation to any Loans disbursed prior to the Effective Date of the Amendments (the "**Existing Loans**"). The rights and obligations between the parties in relation to such Existing Loans shall continue to be governed by the terms and conditions of the Framework Agreement which applied prior to the Effective Date of the Amendments.

(4) It is acknowledged and agreed that EFSF did not receive Amendment Confirmations from all of the Parties in relation to the agreement to amend the EFSF Framework Agreement signed between the parties in July 2011 (the **"July Amendment Agreement"**). Accordingly, the July Amendment Agreement did not enter into force and the parties agree that it shall be cancelled and of no legal effect.

(5) It is acknowledged and agreed that the Amendment Confirmation of a Member State may be of provisional application in accordance with the laws and legislation of the relevant Member State.

4. EXECUTION OF THE AMENDMENT

This Amendment may be executed in any number of counterparts signed by one or more of the Parties. The counterparts each form an integral part of the original Amendment and the signature of the counterparts shall have the same effect as if the signatures on the counterparts were on a single copy of the Amendment.

EFSF shall promptly after the signature of this Amendment supply conformed copies of the Amendment to each of the Parties, together with consolidated versions of the Framework Agreement including the amendments effected under this Amendment.

5. ANNEXES

The Annexes to this Amendment shall constitute an integral part hereof:

1. List of Guarantors with their respective Guarantee Commitments;
2. Contribution Key; and
3. Template for Amendment Confirmation.

For the euro-area Member States,

Kingdom of Belgium

Represented by:

Name:

Title:

Date:

Federal Republic of Germany

Represented by:

Name:

Title:

Date:

Republic of Estonia

Represented by:

Name:

Title:

Date:

Ireland

Represented by:

Name:

Title:

Date:

Hellenic Republic

Represented by:

Name:

Title:

Date:

Kingdom of Spain
Represented by:
Name:
Title:
Date:

French Republic
Represented by:
Name:
Title:
Date:

Italian Republic
Represented by:
Name:
Title:
Date:

Republic of Cyprus
Represented by:
Name:
Title:
Date:

Grand Duchy of Luxembourg
Represented by:
Name:
Title:
Date:

Republic of Malta
Represented by:
Name:
Title:
Date:

Kingdom of the Netherlands
Represented by:
Name:
Title:
Date:

Republic of Austria
Represented by:
Name:
Title:
Date:

Portuguese Republic
Represented by:
Name:
Title:
Date:

Republic of Slovenia
Represented by:
Name:
Title:
Date:

Slovak Republic
Represented by:
Name:
Title:
Date:

Republic of Finland
Represented by:
Name:
Title:
Date:

For the EFSF

EUROPEAN FINANCIAL STABILITY FACILITY

Represented by:

Name:

Title:

Date:

ANNEX 1

LIST OF GUARANTOR EURO-AREA MEMBER STATES WITH THEIR RESPECTIVE GUARANTEE COMMITMENTS AS FROM THE EFFECTIVE DATE OF THE AMENDMENTS

Country	Guarantee Commitments EUR (millions)	
Kingdom of Belgium	27,031.99	
Federal Republic of Germany	211,045.90	
Ireland	12,378.15	*
Kingdom of Spain	92,543.56	
French Republic	158,487.53	
Italian Republic	139,267.81	
Republic of Cyprus	1,525.68	
Grand Duchy of Luxembourg	1,946.94	
Republic of Malta	704.33	
Kingdom of the Netherlands	44,446.32	
Republic of Austria	21,639.19	
Portuguese Republic	19,507.26	*
Republic of Slovenia	3,664.30	
Slovak Republic	7,727.57	
Republic of Finland	13,974.03	
Hellenic Republic	21,897.74	*
Republic of Estonia	1,994.86	
Total Guarantee Commitments	779,783.14	

* *The Hellenic Republic, Ireland and the Portuguese Republic have become Stepping-Out Guarantors. Portugal remains liable as Guarantor in respect of Notes issued prior to the time it became a Stepping-Out Guarantor. The Republic of Estonia is only a Guarantor in respect of Notes issued after the Effective Date of the Amendments.*

This means that as of the Effective Date of the Amendments the aggregate of the active Guarantee Commitments for the Guarantors which are not Stepping-Out Guarantors is EUR 726,000.00 million.

ANNEX 2

CONTRIBUTION KEY IN RESPECT OF FUNDING INSTRUMENTS ISSUED OR ENTERED INTO AS FROM THE EFFECTIVE DATE OF THE AMENDMENTS

Member State	ECB Capital subscription key %	Contribution Key
Kingdom of Belgium	2.4256	3.4666%
Federal Republic of Germany	18.9373	27.0647%
Republic of Estonia	0.1790	0.2558%
Ireland*	1.1107	1.5874%
Hellenic Republic*	1.9649	2.8082%
Kingdom of Spain	8.3040	11.8679%
French Republic	14.2212	20.3246%
Italian Republic	12.4966	17.8598%
Republic of Cyprus	0.1369	0.1957%
Grand Duchy of Luxembourg	0.1747	0.2497%
Republic of Malta	0.0632	0.0903%
Kingdom of the Netherlands	3.9882	5.6998%
Republic of Austria	1.9417	2.7750%
Portuguese Republic*	1.7504	2.5016%
Republic of Slovenia	0.3288	0.4699%
Slovak Republic	0.6934	0.9910%
Republic of Finland	1.2539	1.7920%
Total	69.9705	100.0000%

* *As at the Effective Date of the Amendments, the Hellenic Republic, Ireland and Portugal have become Stepping-Out Guarantors.*

ANNEX 3

TEMPLATE FOR AMENDMENT CONFIRMATION

[*Letter-head of Authorities of Euro Area Member State*]

By fax followed by registered mail:

European Financial Stability Facility

43, avenue John F. Kennedy, L-1855 Luxembourg

Fax: +352 260 962 62

Copy to:

Secretariat of the Eurogroup Working Group

DG ECFIN BU-24 03/027, 1049 Brussels, Belgium

Fax: +32-2-295 68 41

Re: European Financial Stability Facility ("EFSF") - Amendment Confirmation

Dear Sirs,

We refer to (i) the EFSF Framework Agreement between the Kingdom of Belgium, Federal Republic of Germany, Ireland, Kingdom of Spain, French Republic, Italian Republic, Republic of Cyprus, Grand Duchy of Luxembourg, Republic of Malta, Kingdom of the Netherlands, Republic of Austria, Portuguese Republic, Republic of Slovenia, Slovak Republic, Republic of Finland, the Hellenic Republic and EFSF (the "**Parties**"), and (ii) to the Amendment to the EFSF Framework Agreement between the Parties and the Republic of Estonia.

We hereby notify you that we are duly authorised under our national laws to permit us to be bound by the Amendment to the EFSF Framework Agreement with effect from [**date**].

Yours faithfully,

[**Name of euro-area Member State**]

[●] [●]".