

European Financial Stability Facility CEO Takes Office

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01/07/2010

Press releases

EFSF

Luxembourg, July 1 2010. Klaus Regling took office on Thursday July 1 as Chief Executive Officer of the European Financial Stability Facility (EFSF).

The EFSF has been set up by the 16 countries whose currency is the euro to provide a funding backstop should a euro area member state find itself in financial difficulties.

Commenting on his appointment, Klaus Regling, Chief Executive EFSF said: "The EFSF is an integral part of the framework to safeguard financial stability in Europe. It is important that we have the technical and financial capacity to do our work if it is needed, and I am putting this in place."

About the EFSF

The European Financial Stability Facility (EFSF) was incorporated in Luxembourg under Luxembourgish law on June 7th 2010. Its objective is to preserve financial stability of Europe's Economic and Monetary Union by providing temporary financial assistance to euro area Member States in difficulty. In order to reach its objective the EFSF can - with the support of the German Debt Management Office (DMO) - issue bonds or other debt instruments on the market to raise the funds needed to provide loans to countries which would submit a request. Issues would be backed by guarantees given by euro area Member States of up to € 440 billion.

The EFSF is part of a wider safety net. Its funds would be combined with loans of up to € 60 billion coming from the European Financial Stabilisation Mechanism (EFSM), i.e. funds raised by the European Commission and guaranteed by the EU budget, and up to € 250 billion from the International Monetary Fund (IMF) for an overall

rescue package worth up to € 750 billion. EFSF, EFSM and IMF can only act after a support request is made by a euro area Member State and a country programme has been negotiated with the European Commission and the IMF. This would only occur when the country is unable to borrow on markets at acceptable rates. Any financial assistance by EFSF, EFSM and IMF to a country in need would be linked to very strict policy conditions.

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