

Explanations as to the segmentation of the text of the European Stability Mechanism Treaty

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ESM

EUROPEAN STABILITY MECHANISM

(temporal validity: treaty without limit of time)

BETWEEN

(List of contractual parties within the Euro-zone)

Preamble

CHAPTER 1: MEMBERSHIP AND PURPOSE

- ARTICLE 1:** Establishment and members (ESM Bank, Euro countries as shareholder)
ARTICLE 2: New members
ARTICLE 3: Purpose (*bailout and/or control and looting of Europe*)

CHAPTER 2: GOVERNANCE

- ARTICLE 4:** Structure and voting rules
ARTICLE 5: Board of Governors (BoG = Board of Governors)
ARTICLE 6: Board of Directors (*competent acquaintances of the Governors*)
ARTICLE 7: Managing Director (*here: 1st Director, possibly Jean-Claude Juncker*)

CHAPTER 3: CAPITAL

- ARTICLE 8:** Authorised capital stock (*700 000 million*)
ARTICLE 9: Capital calls (*within 7 days*)
ARTICLE 10: Changes in the authorised capital stock (*thousands of millions – unlimited!*)
ARTICLE 11: Contribution key

CHAPTER 4: OPERATIONS

- ARTICLE 12:** Principles
ARTICLE 13: Procedure for granting stability support
ARTICLE 14: (A) ESM precautionary financial assistance (= *overdraft facility*)
ARTICLE 15: (B) Financial assistance for the re-capitalisation of financial
ARTICLE 16: (C) ESM loans (= *granting of loans to Euro countries*)
ARTICLE 17: (D) Primary market support facility (= *direct acquisition of government bonds*)
ARTICLE 18: (E) Secondary market support facility (= *indirect acquisition of government bonds*)
ARTICLE 19: (F) Review of the list of financial assistance instruments (= *further measures?*)
ARTICLE 20: (G) Pricing policy ¹ (= *manipulation of the market*)
ARTICLE 21: (H) Borrowing operations (= ESM Eurobonds!)

¹ In the former ESM version of 23 January 2012 still addressed as “*Interest fixing policy*”

CHAPTER 5: FINANCIAL MANAGEMENT

- ARTICLE 22: Investment policy
- ARTICLE 23: Dividend policy
- ARTICLE 24: Reserve and other funds
- ARTICLE 25: Coverage of ESM losses (**unlimited obligation to make additional contributions, see Art. 10**)
- ARTICLE 26: Budget
- ARTICLE 27: Annual accounts
- ARTICLE 28: Internal audit
- ARTICLE 29: External audit (**auditors are appointed by the BoG, not independent!**)
- ARTICLE 30: Board of Auditors (**only auditing, no material examination!**)

CHAPTER 6: GENERAL PROVISIONS

- ARTICLE 31: Location (**Luxembourg**)
- ARTICLE 32: Legal status, privileges and immunities (**of Governors etc.: whatever comes to mind**)
- ARTICLE 33: Staff of the ESM
- ARTICLE 34: Professional secrecy (**unlimited obligation to secrecy**)
- ARTICLE 35: Immunities of persons (**absolute for Governors, Directors etc.**)
- ARTICLE 36: Exemption from Taxes (**Governors, Directors etc. exempt from any kind of taxes**)
- ARTICLE 37: Interpretation and dispute settlement
- ARTICLE 38: International cooperation

CHAPTER 7: TRANSITIONAL ARRANGEMENTS

- ARTICLE 39: Relation with EFSF lending
- ARTICLE 40: Transfer of EFSF supports
- ARTICLE 41: Payment of the initial capital (**see Art. 8**)
- ARTICLE 42: Temporary correction of the contribution key
- ARTICLE 43: First appointments (**of Governors, e.g. Dr. Schäuble**)

CHAPTER 8: FINAL PROVISIONS

- ARTICLE 44: Accession
- ARTICLE 45: Annexes
 - 1) **Annex I: Contribution key of the ESM;**
 - 2) **Annex II: Subscriptions to the authorised capital stock**
- ARTICLE 46: Deposit
- ARTICLE 47: Ratification, approval or acceptance (**Parliament/Federal Council/Federal President**)
- ARTICLE 48: Entry into force