



**ECONOMIC AND FINANCIAL
SUB-COMMITTEE ON EU SOVEREIGN DEBT MARKETS**

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PRESS RELEASE

The ESM Members within the Economic and Financial Committee have agreed to introduce the single-limb Collective Action Clauses on the first day of the second month following the entry into force of the ratification of the Agreement amending the ESM Treaty

On 30 November 2021, taking into account the state of play of the ratification of the Agreement amending the ESM Treaty (AA-ESMT), the ESM Members, coordinating their actions within the Economic and Financial Committee endorsed the ESDM proposal regarding the timeline for the introduction of single-limb Collective Action Clauses (CACs) in all 19 ESM Member States. The introduction of the single-limb CACs will thus take place in all Member States concerned on the first day of the second month following the entry into force of the AA-ESMT. It will not be as of 1 January 2022 as previously contemplated by the AA-ESMT.

This decision will not have retroactive effect and does not entail reopening the amendment to the ESM Treaty, nor does it have any impact on the ratification procedures of the revised ESM Treaty. The terms of any debt incurred by an ESM Member State prior to the date on which the single-limb CACs are introduced is not amended as a result of this decision.

The schedule to phase out double-limb CAC (and no-CAC) issuance is set to begin on 1 January 2023. The updated table below lists, for each year, the maximum percentage of annual central government debt issuance that a Member State should issue without single-limb CACs. Issuance of central government debt securities with an original maturity of less than one year, which will not include CACs even if launched after the introduction of the single-limb CACs, will not be taken into account for the purpose of calculating such a percentage.

	Maximum target percentages of debt issued in a year	
	Without single-limb CAC ¹	Without CAC (launched pre 2013)
2023	45%	10%
2024	40%	5%
2025	35%	5%
2026	30%	5%
2027	30%	5%
2028	25%	5%

2029	25%	5%
2030	25%	5%
2031	25%	5%
2032	10%	5%
2033	5%	5%
2034 onwards	5%	5%

¹ This target includes the sum of issuance of “double-limb CAC” and “no CAC” bonds.

These percentages may be revisited by the Committee if required by market conditions. The Committee will monitor Member States’ tapping of pre- “single-limb CAC” issuances, based on the information periodically supplied by Member States. Any exceedance from these target levels must be explained by the respective Member State and will be discussed by the Committee. The aim will be to ensure a smooth and irreversible phasing-in of bonds with “single-limb CAC”.

This communication will be published on the ESDM website to inform the public and the market participants.