



Mr Andris Vilks
Minister of Finance
Smilšu Street 1
Rīga, LV-1919
Republic of Latvia

Luxembourg, 11 July 2013

Dear Minister, *dear Andris*

The European Stability Mechanism (ESM), inaugurated on 8 October 2012, is the permanent crisis resolution mechanism set up to safeguard the financial stability of the euro area and its Member States by providing financial assistance to ESM Members in need of support.

Membership in the ESM is open to the other Member States of the European Union as from the entry into force of the decision of the Council of the European Union to abrogate their derogation from adopting the euro. Indeed, pursuant to recital 7 of the ESM Treaty, “as a consequence of joining the euro area, a Member State of the European Union should become an ESM Member with full rights and obligations, in line with those of the Contracting Parties.”

The European Council of 27 and 28 June 2013 discussed Latvia's application to adopt the euro and welcomed the European Commission's proposal that Latvia adopt the euro on 1 January 2014. Following the decision of the Council of the European Union of 9 July 2013 to abrogate Latvia's derogation from adopting the euro, it is with great pleasure that I look forward to Latvia's application to become ESM's 18th Member.

The ESM stands ready to liaise with you regarding the further practical arrangements to be completed in order for Latvia to become a full member of the ESM. I look forward to a fruitful cooperation in this regard and to meeting you as shareholder of the ESM. In the meantime, it is my pleasure to inform you that as of 1 September 2013 Latvia will be invited to join the meetings of the ESM Board of Governors and Board of Directors as an observer until its formal membership in the ESM.

Best regards,

A handwritten signature in blue ink, appearing to read 'Klaus Regling', is written above the typed name.

Klaus Regling
Managing Director