EU TO ROLL OUT RESCUE FUND NEXT MONTH

Next month, European finance ministers pledge to roll out a bulked-up rescue fund, while leaving Greece and Italy on the front lines until then in the fight against the debt crisis. In order to win an 8 billion-euro (roughly around $11 billion) loan installment by the end of November, Greece was ordered to provide written acceptance of bailout terms, also while Italy was pressed to turn their budget-cut promises into reality. ''It's a two-way street; we so our part, Greece is expected to do it's part,'' European Union Economic and Monetary Commissioner Olli Rehn told reporters late yesterday, after the finance ministers met in Brussels. ''It is essential that the entire political class now restores the confidence that had been lost.'' After the political dramas in Greece and Italy provided some unexpected distractions and soured international confidence in a package of measures hammered out last month. ''This is not a crisis you can solve quickly, it is a monster with many heads,'' says Dutch Finance Minister Jan Kees de Jager. For translating the rescue fund's 440 billion euros in guarantees into as much as 1 trillion euros of spending money, European officials are consulting investors and credit- rating companies with over two options. The very first idea is to possible bring down troubled countries' borrowing costs by issuing ''partial protection certificates,'' or in other words, a form of insurance for bond sales. One of the many undecided points is whether the certificates would remain attached to their bonds or if they would trade them freely. The second option would be to create one, or possibly more, special investment vehicles that would court outside investments in the weaker European states' bonds, potentially from sovereign wealth funds, private investors or even cash-rich emerging markets such as China and Russia. Known mostly as the co-investment funds, the special vehicles would consist of two, or maybe even three, layers: a first-loss guarantee from the EFSF, a freely tradable equity tranche , and even potentially, a freely traded senior debt tranche. The funds would be channeled through an International Monetary Fund trust fund, or an administrative account. By the end of November, the finance minister have intended to be complete with the ''legal and operational work'', with ''implementation'' set for December, this is all according to a presentation by the rescue fund, also known as the European Finance Stability Facility. ''Both options would achieve the objective of enlarging the capacity of the EFSF without increasing the euro-area member states' guarantee commitments,'' EFSF chief Klaus Regling has said. The mighty efforts to attract some international donors hit a big roadblock at last week's Group of 20 summit in France, When, for some reason, the heads of world's up-and-coming powers decided to call on Europe to do much more to help itself first. The Kremlin said yesterday that Russia would channel more aid through the IMF in exchange for some more influence on the IMF decision-making process.