A debt restructuring and second bailout for Greece appeared likely to go ahead according to plan, as German officials on Thursday scrapped an idea to pressure Greece by withholding part of the bailout and the European Central Bank developed a plan to protect its holdings of Greek bonds from the restructuring.

Weeks of uncertainty about the fate of the bailout—inflamed by the last-minute idea of splitting it in two—have unnerved investors seeking assurance that euro-zone governments and the International Monetary Fund will approve the second bailout and prevent a chaotic Greek default in March.

Euro-zone officials had been considering the idea of approving only enough of the €130 billion ($169.9 billion) loan package needed to launch a bond swap with Greece’s private-sector creditors. The idea gained momentum after some Greek politicians who voted for the new austerity legislation on Monday morning—a condition set by the euro zone and the IMF for handing over the second loan package—said the measures could be renegotiated later.

The German, Dutch and Finnish governments, deeply mistrustful of the Greeks, raised the idea of splitting the package in two, worrying that giving Greece the entire bailout now would allow politicians breathing room not to implement a program of cuts to wages, government spending and pensions approved by the Greek Parliament.

But with a €14.5 billion debt maturity looming on March 20, German Deputy Finance Minister Thomas Steffen told German lawmakers that splitting the bailout is off the table, said a lawmaker who was present. He said he was “cautiously optimistic” that finance ministers at a meeting on Monday would approve the second aid package.

A debt-exchange offer, which will shave around €100 billion off the debt the Greek government owes its private creditors, will likely be launched Feb. 22 and expire March 9, the lawmaker said, citing Mr. Steffen.

Greece is planning to introduce collective-action clauses into its bond contracts that will allow a majority of its bondholders to force all holders to participate in the exchange. To ensure its bonds aren’t forced into the exchange, the ECB, which holds around €50 billion of Greek bonds, will swap its existing bonds for new Greek bonds that won’t contain these clauses, a person familiar with the situation said Thursday.

ECB officials have steadfastly refused to take losses on their Greek bonds, saying their charter forbids the central bank from financing governments. Instead, the bank is likely to redistribute profit it will earn when its Greek bonds are repaid in full. The ECB bought these bonds at deeply discounted prices over the past...
two years in a bid to drive down Greek bond yields, while the national central banks hold an estimated €12 billion of Greek bonds in their investment portfolios.

Officials have said euro-zone governments might also agree to lower the interest rate on the loans they made to Greece under the first bailout program signed in May 2010. The question of debt relief from the official sector will likely need to be resolved by euro-zone leaders at their summit on March 1.

To start the debt exchange, Greece will need to borrow €30 billion for "sweeteners"—either cash or bonds issued by the euro zone’s temporary bailout fund—that will be given to investors who participate in the exchange. The government will also need to borrow about €23 billion to recapitalize Greek banks after they book steep losses on their holdings of Greek bonds.

Meanwhile, U.S. Treasury Under Secretary for International Affairs Lael Brainard told the Senate Banking Committee that the U.S. financial system faces a "material adverse impact" from a deteriorating euro-zone crisis. But she said the Obama administration is confident euro-zone leaders have the resources and commitment necessary to tame the crisis.

—Ian Talley contributed to this article.

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