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PROPOSAL

from:	European Commission
dated:	22 June 2012
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Subject:	Proposal for a COUNCIL REGULATION establishing a facility for providing financial assistance for Member States whose currency is not the euro

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGARNAU, Director to Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union.

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2012/0164 (APP)

Proposal for a

COUNCIL REGULATION

establishing a facility for providing financial assistance for Member States whose currency is not the euro

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

On 18 February 2002, Regulation (EC) No 332/2002 was adopted establishing a facility providing Union financial assistance. The Regulation aims at easing the external financing constraint of Member States that are experiencing or are seriously threatened by difficulties in their balance of payment. It applies only to Member States whose currency is not the euro. The unprecedented global crisis that has hit the world over the last years has seriously damaged economic growth and financial stability and provoked a deterioration in the government deficit, balance of payment and debt position of the Member States, leading a number of them to seek financial assistance.

In the context of the economic and financial crisis, new assistance tools have been created with the establishment of the European Financial Stability Facility (EFSF), the European Financial Stability Mechanism (EFSM) and in the near future also the European Stability Mechanism (ESM). However, the existing Regulation has not kept pace with these developments. In particular, these financial stability mechanisms have established new precautionary instruments to provide financial assistance to the euro area Member States. The revision of the existing regulation will allow non-euro Member States to have similar financial instruments at their disposal. Furthermore, it will allow updating the existing Regulation in the light of the recent reinforcement of economic governance and strengthening of economic and budgetary coordination with a view to ensuring a larger level playing field between euro area and non euro area Member States. Finally, it should also increase the efficiency of decision-making by simplifying the procedure for activating the regulation with only one procedural step instead of two.

2. LEGAL ELEMENTS OF THE PROPOSAL

This Regulation sets up a facility for Union financial assistance that may be granted to a non euro area Member State which is experiencing or is seriously threatened with difficulties in its balance of payments (Article 1).The financial assistance can take the form of a loan, or of a credit line with a total outstanding amount limited to EUR 50 billion in principle (Article 2). The credit line can take the form of a precautionary conditioned credit line (PCCL), which is a credit line based on eligibility conditions, or an enhanced conditions credit line (ECCL), which is a credit line based on the combination of eligibility conditions and new policy measures (Article 4).

The Council may decide to grant a loan on a recommendation from the Commission (Article 3). The granting of a loan is made conditional upon the Member State adopting a macro-economic adjustment programme aimed at re-establishing a sustainable balance of payments positions and at restoring its capacity to finance itself fully on the financial markets. The Commission, in liaison with the ECB and wherever relevant the IMF, shall monitor the progress made in the implementation of the macro-economic adjustment programme via regular review missions.

The revised regulation contains new provisions in order to enhance the dialogue on the implementation of financial assistance with the aim of ensuring greater transparency and accountability. More specifically, the relevant Committee of the European Parliament may offer the opportunity to the Member State concerned to participate to an exchange of views on the progress made in the implementation of the adjustment programme. Representatives of the Commission may be invited by the Parliament of the Member State concerned to participate in an exchange of views on the progress made in the implementation of the macro-economic adjustment programme.

The Council shall decide to grant a PCCL or an ECCL on a recommendation from the European Commission (Article 5). Access to a PCCL shall be limited to Member States whose economic and financial situation is still fundamentally sound and which fulfil an agreed set of eligibility criteria. Access to an ECCL shall be open to Member States which do not comply with some of the eligibility criteria required for accessing a PCCL but whose general economic and financial situation remains sound. In addition, the Member State concerned shall adopt corrective measures. They should aim at addressing the eligibility criteria that are considered as not met and at ensuring a sustainable balance of payments position while ensuring a continuous respect of the eligibility criteria which were considered met when the credit line was granted.

A Member State will be subject to enhanced surveillance when it is receiving a precautionary financial assistance, with a view to ensuring its swift return to a normal situation and to protecting the other Member States against possible negative spill over effects (Article 6). This enhanced surveillance should include a wider access for the Commission to the information needed for a close monitoring of the economic, fiscal and financial situation of the Member State concerned and a regular reporting by the Commission. A Member State under enhanced surveillance shall adopt measures aimed at addressing the sources of potential sources of economic difficulties.

An attempt is also undertaken in the new Regulation to align a number of important procedural steps with the new upcoming Article 136 Regulation aimed at Member States in a delicate financial situation. The aim is to ensure the largest possible level playing field between all the EU programme countries disregarding whether they belong to the euro area or not. The revised regulation provides for replacing a number of monitoring steps under the Excessive Deficit Procedure (EDP) and the European semester by the macro-economic adjustment programme and its monitoring (Articles 7 and 9). Because of the comprehensive nature of the macro-economic adjustment programme, it can replace some processes of economic and fiscal surveillance for the duration of the adjustment programme with a view to avoiding a duplication of reporting obligations. In the same way, the revised regulation also ensures the suspension of the Macro-economic Imbalances Procedure (MIP) when a Member State is subject to a macro-economic adjustment programme (Article 8) and requires the establishment of post-assistance surveillance for Member States having reimbursed less than 75% of the financial assistance received (Article15).

Finally, the borrowing and lending operations are made slightly more flexible for the European Commission so as to limit possible difficulties to raise funds in case of difficult financial market conditions (Article 12).

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the functioning of the European Union and in particular, Article 352 thereof,

Having regard to the proposal from the Commission,

After transmission of the draft legislative acts to the national Parliaments,

Having regard to the consent of the European Parliament,

Having regard to the opinion of the European Central Bank,

Acting in accordance with a special legislative procedure,

Whereas:

(1) In accordance with Article 143 of the Treaty, the Council, acting on a recommendation from the Commission made after consulting the Economic and Financial Committee (EFC) may grant a mutual assistance to a Member State in difficulties or seriously threatened with difficulties as regards its balance of payments. It applies only to Member States whose currency is not the euro (hereafter 'the non-euro area Member States'). However, this provision does not define the instrument to be used for granting the envisaged mutual assistance envisaged.

(2) The unprecedented global crisis that has hit the world over the last three years has seriously damaged economic growth and financial stability and provoked a strong deterioration in the government deficit and debt position of the Member States, leading a number of them to seek financial assistance.

(3) The rules for granting and monitoring financial assistance to non-euro area Member States should be consistent with the ones applicable to Member States whose currency is the euro, in particular with those provided for in the 'Regulation of the European Parliament and of the Council on the strengthening of economic and budgetary surveillance of Member States experiencing or threatened with serious difficulties with respect to their financial stability in the euro area', with some necessary adjustments aimed at taking into account the differences in the Treaty rules applicable to Member States whose currency is not the euro and the more limited economic and financial inter-connectedness. The Commission should for instance not have the possibility to

make a Member State subject to enhanced surveillance if the Member State concerned does not receive a financial assistance.

(4) The granting of financial assistance should be linked to economic and fiscal surveillance of the Member State concerned. The intensity of this surveillance should be commensurate to the severity of the financial difficulties encountered and should take due account of the nature of the financial assistance received, which may range from a mere precautionary support based on eligibility conditions up to a full macro-economic adjustment programme involving strict policy conditionality.

(5) A Member State should be subject to enhanced surveillance when it is receiving a precautionary financial assistance, with a view to ensuring its swift return to a normal situation and to protecting the other Member States against possible negative spill over effects. This enhanced surveillance should include a wider access for the Commission to the information needed for a close monitoring of the economic, fiscal and financial situation of the Member State concerned and a regular reporting to the EFC.

(6) The surveillance of the economic and fiscal situation should be even more reinforced for Member States benefitting from a loan. It should include the setting up of a macro-economic adjustment programme. Because of the comprehensive nature of such a programme, the other processes of economic and fiscal surveillance should be suspended for its duration, with a view to avoiding a duplication of reporting obligations.

(7) Rules should be provided in order to enhance the dialogue on the implementation of this financial assistance between the Union institutions, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability.

(8) A decision regarding the non-compliance of a Member State with its macro-economic adjustment programme should also entail a suspension of payments or commitments of Union funds as provided for in Article 21(6) of Regulation (EU) No XXX laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the common strategic framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006.

(9) The power to adopt individual decisions for the application of this Regulation should be exercised by the Council as provided for by Article 143(2) of the Treaty.

(10) The scope of activity of the European Supervisory Authorities founded by Regulations (EC) No 1093/2010, (EC) No 1094/2010 and (EC) No 1095/2010 should stay within the limits set in Article 1 of each of these Regulations.

(11) For the adoption of this Regulation, which provides a framework for the granting of Union financial assistance for non-euro area Member States, the Treaty provides no powers other than those of Article 352,

HAS ADOPTED THIS REGULATION:

Article 1
Subject matter and scope

1. This Regulation sets up a facility for Union financial assistance that may be granted in accordance with Article 143 of the Treaty to a Member State which is experiencing or is seriously threatened with difficulties in its balance of payments.

2. This Regulation shall apply to Member States whose currency is not the euro.

Article 2
Union financial assistance

1. Union financial assistance shall be provided via:

   (a) a loan;

   (b) a precautionary conditioned credit line (PCCL), which is a credit line based on eligibility conditions; or

   (c) an enhanced conditions credit line (ECCL), which is a credit line based on the combination of eligibility conditions and new policy measures.

2. To this end, the Commission shall be empowered on behalf of the European Union to contract borrowings on the capital markets or with financial institutions.

3. The outstanding amount of loans or credit lines to be granted to Member States under this Regulation shall be limited to EUR 50 billion in principal.

4. Where financial assistance outside the Union subject to economic policy conditions is envisaged, the Member State concerned shall first consult the Commission. The Commission shall examine the possibilities available under the Union financial assistance facility and the compatibility of the envisaged economic policy conditions with the measures adopted on the basis of Articles 121 and 126 of the Treaty and on the basis of any legislation adopted on the basis of the said Articles. The Commission shall inform the EFC of its findings.

Article 3
Conditions and procedure for granting loans

1. The Member State seeking a loan shall notify thereof the Commission, the European Central Bank (ECB) and the EFC.

2. The Commission shall assess, in liaison with the ECB and wherever possible, the IMF, the sustainability of the general Government debt and the current or potential financial needs of the Member State concerned and forward this assessment to the EFC.

3. The Member State concerned shall prepare in agreement with the Commission, acting in liaison with the ECB and wherever possible, the IMF, a draft macro-economic adjustment programme containing policy requirements and aimed at re-establishing a sustainable balance of payments position and at restoring its capacity to finance itself fully on the financial markets. The draft macro-economic adjustment programme shall take due account of the recommendations addressed to the Member State concerned under Articles 121, 126 and 148 of the Treaty and its actions to comply with them, while aiming at broadening, strengthening and deepening the required policy measures.

4. The Council, acting by a qualified majority on a recommendation from the Commission may decide to grant a loan to the Member State concerned and, if so, shall approve the macro-economic adjustment programme linked to that loan.

5. The decision to grant a loan shall contain the amount, the maximum average maturity, the pricing, the maximum number of instalments, the availability period of the loan, the main economic policy conditions and the other detailed rules needed for the implementation of the assistance.

6. The Commission and the Member State concerned shall conclude a Memorandum of Understanding (hereafter 'the MoU') detailing the macro-economic adjustment programme. The Commission shall communicate the MoU to the European Parliament and to the Council.

7. The Commission, in liaison with the ECB and wherever relevant the IMF, shall monitor the progress made in the implementation of the macro-economic adjustment programme via regular review missions. It shall inform the EFC on a quarterly basis. The Member State concerned shall cooperate fully with the Commission and the ECB. It shall in particular provide to the Commission and the ECB all the information that they deem necessary for the monitoring of the programme. The Member State concerned shall also have obligations laid down in Article 6(2).

8. The Commission - in liaison with the ECB and wherever possible the IMF - shall examine with the Member State concerned the changes that may be needed to its macro-economic adjustment programme. The Council, acting by a qualified majority on a recommendation from the Commission, shall approve any change to be made to that programme.

9. Where the monitoring referred to in paragraph 7 reveals significant deviations from the macro-economic adjustment programme, the Council, acting by qualified majority on a proposal from the Commission, may decide that the Member State concerned does not comply with the agreed terms of the financial assistance. Disbursements of Union financial assistance under this Regulation shall be suspended.

10. At the latest within six months following the decision provided for in paragraph 9, the Council, acting by qualified majority on a proposal from the Commission, may decide to resume the disbursements if it considers that the Member State concerned complies with the agreed terms of the financial assistance. Where such decision has not been adopted within this deadline, no further disbursements of Union financial assistance under this Regulation shall be made.

11. Where the Member State concerned experiences insufficient administrative capacity or significant problems in the implementation of its programme, it shall seek technical assistance from the Commission which may constitute for this purpose groups of experts with Member States and other European and/or relevant international institutions. Technical assistance may include the establishment of a resident representative and support staff to advise authorities on the adjustment programme implementation.

12. The relevant Committee of the European Parliament may offer the opportunity to the Member State concerned to participate to an exchange of views on the progress made in the implementation of the adjustment programme.

13. Representatives of the Commission may be invited by the Parliament of the Member State concerned to participate to an exchange of views on the progress made in the implementation of the macro-economic adjustment programme.

Article 4

Conditions for granting credit lines

1. Access to a PCCL shall be limited to Member States whose economic and financial situation is still fundamentally sound. A global assessment shall be made on whether a Member State qualifies for a PCCL, using as a basis the following eligibility criteria:

   (a) The respect of the Council recommendations and Council decisions adopted on the basis of Articles 121 and 126 of the Treaty. Member States under excessive deficit procedure may still access a PCCL, provided they fully abide by the Council recommendations under Article 126(7) of the Treaty.

   (b) A sustainable general Government debt.

   (c) The respect of their commitments under the excessive imbalance procedure (EIP). Countries under EIP could still access PCCL it is established that they are committed to addressing the imbalances identified by the Council.

   (d) A track record of access to capital markets on reasonable terms.

   (e) A sustainable external position.

   (f) The absence of bank solvency problems that would pose systemic threats to the banking system stability.

2. Access to an ECCL shall be open to Member States which do not comply with some of the eligibility criteria required for accessing a PCCL but whose general economic and financial situation remains sound. The Member State concerned shall, after consultation of the Commission and of the ECB, prepare corrective measures aimed at:

   (a) addressing the eligibility criteria set out in paragraph 1 considered as not met, and

(b) ensuring a continuous respect of the other eligibility criteria set out in paragraph 1.

Article 5
Procedure for granting credit lines

1. The Member State seeking a credit line shall notify thereof the Commission, the ECB and the EFC.

2. The Commission shall assess, in liaison with the ECB and wherever possible, the IMF, the sustainability of the general Government debt and the current or potential financial needs of the Member State concerned and forward this assessment to the EFC.

3. The Commission shall assess, in liaison with the ECB, whether the Member State concerned meets the conditions set in Article 4 for accessing a PCCL or an ECCL.

4. The Council, acting by a qualified majority on a recommendation from the Commission shall decide to grant a PCCL or an ECCL for an initial duration of one year. The decision to grant a credit line shall contain the amount, the fee for the availability of the credit line, the pricing applicable for the release of funds, the availability period, the maximum average maturity for the loan to be drawn and the other provisions needed for the implementation of the assistance. The decision to grant an ECCL shall also include a description of the corrective measures to be adopted in accordance with Article 4(2).

5. The Commission and the Member State concerned shall conclude a MoU detailing the conditions attached to the credit line.

6. On a request from the Member State concerned, the Commission may decide to renew the credit line twice, for six months each time, after having informed the EFC of its evaluation of the respect of the eligibility conditions.

7. Where a credit line is granted, the Commission shall monitor the continuous respect of the eligibility criteria and inform every three months the EFC of its findings. The Commission shall reassess the adequacy of the credit line if it is drawn. Where this assessment leads the Commission to conclude that the credit line is no longer appropriate for addressing the difficulties of the Member State concerned, the Council, acting on a recommendation from the Commission, may decide to terminate the availability of the credit line it and to recommend to the Member State concerned to submit a request for a loan following the procedure established in Article 3.

8. Where an ECCL is granted or a PCCL drawn, the Member State shall be subject to enhanced surveillance in accordance with Article 6 for the availability period of the credit line.

Article 6
Enhanced Surveillance

1. A Member State under enhanced surveillance shall, in consultation and cooperation with the Commission, acting in liaison with the ECB, the European Supervisory Authorities (ESA) and the European Systemic Risk Board (ESRB) and where appropriate the IMF, adopt measures aimed at ensuring a sustainable balance of payments position and avoiding any future problems with access to market financing.

2. Upon request from the Commission, the Member State under enhanced surveillance shall:

   (a) communicate to the Commission, the ECB, and the relevant ESA(s) at the requested frequency disaggregated information on developments in its financial system. The Commission, the ECB, the relevant ESA(s) shall preserve the confidentiality of the disaggregated data received;

   (b) carry out, under the supervision of the relevant ESA(s), stress test exercises or sensitivity analyses as necessary to assess the resilience of the financial sector to various macroeconomic and financial shocks, as specified by the Commission and the ECB in liaison with the relevant ESA(s) and the ESRB, and share the detailed results with them;

   (c) be subject to regular assessments of its supervisory capacities over the banking sector in the framework of a specific peer review carried out by the relevant ESA(s);

   (d) communicate any information needed for the monitoring of macro-imbalances established by Regulation No 1176/2011 of the European Parliament and of the Council on the prevention and correction of macroeconomic imbalances;

   (e) carry out and report on a comprehensive independent audit of the accounts of the general government conducted in coordination with national supreme audit institutions, aiming at assessing the reliability, completeness and accuracy of these public accounts for the purposes of the excessive deficit procedure. In this context, the Commission (Eurostat) shall assess the quality of data reported by the Member State concerned in accordance with Regulation (EC) No 679/2010;

   (f) provide additional information for the purposes of monitoring the progress towards the correction of its excessive deficit if it is subject to a Council decision under Article 126(6) of the Treaty.

3. The Member State under enhanced surveillance shall:

   (a) carry out without delay a comprehensive assessment of in-year budgetary execution for the general government and its sub-sectors. The financial risks associated to government owned entities and government contracts shall also be covered by the assessment to the extent that they may contribute to the existence of an excessive deficit. The result of this assessment shall be transmitted to the Commission and EFC;

(b) report regularly to the Commission and to the EFC for the general government and its sub-sectors, the in-year budgetary execution, the budgetary impact of discretionary measures taken on both the expenditure and the revenue side, targets for the government expenditure and revenues, as well as information on the measures adopted and the nature of those envisaged to achieve the targets. The report shall be made public.

4. The Commission shall conduct, in liaison with the ECB and the ESA(s) as needed and when appropriate the IMF, regular review missions in the Member State under surveillance to verify the progresses made in the implementation of the measures mentioned in paragraph 1, 2 and 3. It shall communicate every three months its findings to the EFC and assess notably whether further measures are needed. These review missions shall replace the onsite monitoring provided for in Article 10a(2) of Council Regulation (EC) No 1467/97.

5. Where on the basis of the assessment foreseen in paragraph 4, it is concluded that further measures are needed and the financial situation of the Member State concerned has significant adverse effects on the financial stability of the Union, the Council, acting by a qualified majority on a proposal from the Commission, may recommend to the Member State concerned to submit a request for a loan following the procedure established in Article 3. The recommendation and the preparatory work done in the run-up to its adoption shall be considered as confidential, unless the Council decides to make it public.

6. Where a recommendation adopted in accordance with paragraph 5 is made public:

(a) the relevant Committee of the European Parliament may offer the opportunity to the Member State concerned to participate to an exchange of views;

(b) representatives of the Commission may be invited by the parliament of the Member State concerned to participate to an exchange of views.

Article 7

Consistency with the excessive deficit procedure

1. The macro-economic adjustment programme and the changes thereto provided for by Article 3(4) and (8) of this Regulation shall be deemed to replace the submission of convergence programmes provided for by Article 8 of Council Regulation (EC) No 1466/97.

2. If the Member State concerned is the subject of a recommendation under Article 126(7) of the Treaty for the correction of an excessive deficit:

(a) the macro-economic adjustment programme provided for by Article 3(4) and (8) of this Regulation shall also be deemed to replace as appropriate the reports provided for by Article 3(4a) of Council Regulation (EC) No 1467/97;

(b) the annual budgetary targets in the macro-economic adjustment programme provided for by Article 3 of this Regulation shall be deemed to replace the annual budgetary targets established in accordance with Article 3(4) of

Regulation (EC) No 1467/97 in the recommendation made in accordance with Article 126(7) of the Treaty;

(c) the monitoring provided for by Article 3(7) of this Regulation shall be deemed to replace the monitoring provided for by Article 10(1) and Article 10a of Council Regulation (EC) No 1467/97 and the monitoring underlying any decision provided for by Article 4(2) of Regulation (EC) No 1467/97.

Article 8

Consistency with the macro-economic imbalances procedure

The implementation of Regulation (EU) No 1176/2011 shall be suspended for the Member States subject to a macro-economic adjustment programme approved by the Council in accordance with Article 3 of this Regulation. This suspension shall be applicable for the duration of the macro-economic adjustment programme.

Article 9

Consistency with the European Semester for economic policy coordination

The monitoring provided for by Article 3 of this Regulation shall be deemed to replace the monitoring and assessment of the European Semester for economic policy coordination provided for by Article 2a of Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and coordination of economic policies.

Article 10

Disbursement of a loan

1. The loan shall, as a rule, be disbursed in instalments.

2. Without prejudice to Article 3(9) the Commission shall decide on the release of instalments on the basis of the monitoring established in Article 3(7).

Article 11

Release of funds under a credit line

1. The Member State concerned shall inform the Commission in advance of its intention to draw down funds from its credit line at least 45 calendar days in advance. Detailed rules shall be laid down in the decision referred to in Article 5(5).

2. On the basis of the monitoring established in Articles 5(7) and 6(4), the Commission shall decide on the release of the funds.

Article 12

Borrowing and lending operations

1. The borrowing and lending operations referred to in Article 2 shall be carried out in euro.

2. The characteristics of the successive instalments released by the Union under the financial assistance facility shall be negotiated between the Member State concerned and the Commission.

3. Once the decision on a loan has been made by the Council, the Commission shall be authorised to borrow on the capital markets or from financial institutions at the most appropriate time in between planned disbursements so as to optimise the cost of funding and preserve its reputation as the Union's issuer in the markets. Funds raised but not yet disbursed shall be kept at all times on dedicated cash or securities account which are handled in accordance with rules applying to off-budget operations and cannot be used for any other goal than to provide financial assistance to Member States under the present mechanism.

4. Where a Member State receives a loan carrying an early repayment clause and decides to exercise this option, the Commission shall take the necessary steps.

5. At the request of the Member State concerned and where circumstances and borrowing contracts permit an improvement in the interest rate on the loan, the Commission may refinance all or part of its initial borrowing or restructure the corresponding financial conditions.

6. The EFC shall be kept informed by the Commission of the developments in the operations referred to in paragraph 5.

Article 13

Costs

The costs incurred by the Union in concluding and carrying out each operation shall be borne by the Member State concerned.

Article 14

Administration of the loans

1. The Commission shall establish the necessary arrangements for the administration of the loans with the ECB.

2. The Member State concerned shall open a special account with its National Central Bank for the management of the Union financial assistance received. It shall also transfer the principal and the interest due under the loan to an account with the ECB fourteen TARGET2 business days prior to the corresponding due date.

3. Without prejudice to Article 27 of the Statute of the European System of Central Banks and of the European Central Bank, the European Court of Auditors shall have the right to carry out in the Member State concerned any financial controls or audits that it considers necessary in relation to the management of that assistance. The Commission, including the European Anti-Fraud office, shall in particular have the right to send its officials or duly authorised representatives to carry out in the Member State concerned any technical or financial controls or audits that it considers necessary in relation to that assistance.

Article 15

Post-assistance surveillance

1. A Member State which has received Union financial assistance under this Regulation shall be under post-assistance surveillance as long as a minimum of 75% of the principal of the financial assistance has not been repaid. The Council, acting on a qualified majority on a proposal from the Commission, may extend the duration of the post assistance surveillance.

2. The Member State under post-assistance surveillance shall also have obligations laid down in Article 6(2).

3. The Commission shall conduct, in liaison with the ECB, regular review missions in the Member State under post assistance surveillance to assess its economic, fiscal and financial situation. It shall communicate every semester its findings to the EFC and assess notably whether corrective measures are needed.

4. The Council, acting by qualified majority on a proposal from the Commission, may recommend to the Member State under post assistance surveillance to adopt corrective measures.

Article 16

Repeal

Regulation (EC) No 332/2002 is hereby repealed. Assistance granted on the basis of that Regulation remain subject to it as long as the availability period is not exhausted and any amounts are outstanding.

Article 17

Transitional provision

Article 15 shall not apply to Member States already under post-programme surveillance after having received a financial assistance under Regulation (EC) No 332/2002 at the date of entering into force of this Regulation.

Article 18

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President