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From:	General Secretariat of the Council
To:	Delegations
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 472/2013 as regards the economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability – Mandate for negotiations with the European Parliament

Delegations will find below the text of the mandate for negotiations with the European Parliament as approved at the Coreper meeting on 10 December 2025.

2025/0312 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) No 472/2013 as regards the economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 136 in combination with Article 121(6) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Central Bank[1],

Acting in accordance with the ordinary legislative procedure,

[1] OJ C, , p. .

Whereas:

(1) Regulation (EU) No 472/2013 of the European Parliament and of the Council[2] lays down provisions for strengthening the economic and budgetary surveillance of Member States whose currency is the euro, where those Member States (a) experience or are threatened with serious difficulties with respect to their financial stability or to the sustainability of their public finances, leading to potential adverse spill-over effects on other Member States in the euro area; or (b) request or receive financial assistance.

(2) The Union's economic governance framework was reformed in 2024. The reform aimed to facilitate effective economic surveillance, anchored in a common framework that ensures equal treatment and multilateral policy coordination. The objectives of the reform were to further promote sound and sustainable public finances, sound and inclusive growth and resilience through reforms and investment, prevent the occurrence of excessive deficits, and strengthen national ownership. To achieve those objectives, the reform introduced new concepts and made changes to the structure of the Union's economic governance framework. The reform was implemented with the adoption of Regulation (EU) 2024/1263 of the European Parliament and of the Council[3], Council Regulation (EU) 2024/1264[4] and Council Directive (EU) 2024/1265[5].

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[2] Regulation (EU) No 472/2013 of the European Parliament and of the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability (OJ L 140, 27.5.2013, p. 1, ELI: http://data.europa.eu/eli/reg/2013/472/oj).

[3] Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (OJ L, 2024/1263, 30.4.2024, ELI: http://data.europa.eu/eli/reg/2024/1263/oj).

[4] Council Regulation (EU) 2024/1264 of 29 April 2024 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L, 2024/1264, 30.4.2024, ELI: http://data.europa.eu/eli/reg/2024/1264/oj).

[5] Council Directive (EU) 2024/1265 of 29 April 2024 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States (OJ L, 2024/1265, 30.4.2024, ELI: http://data.europa.eu/eli/dir/2024/1265/oj).

(3) In its Communication of 11 February 2025 entitled 'A simpler and faster Europe: Communication on implementation and simplification'[6], the Commission set out a vision for an implementation and simplification agenda that aims to boost competitiveness and safeguard economic, social and environmental goals by reducing regulatory burdens and simplifying Union law thereby making its implementation easier.

(4) In the context of the 2024 reform of the Union's economic governance framework and with the view to simplifying, consolidating and codifying legislation, amendments to Regulation (EU) No 472/2013 are necessary to ensure consistency with other acts of the economic governance framework and contribute to its streamlining and simplification.

(5) The national medium-term fiscal-structural plans, introduced by Regulation (EU) 2024/1263, are the cornerstone of the 2024 reform. They replaced the Stability and Convergence Programmes and the National Reform Programmes, thereby bringing together the fiscal, reform and investment commitments of each Member State within a common framework. Regulation (EU) No 472/2013 should be amended to take into account the introduction of the national medium-term fiscal-structural plans in the common framework. In particular, the obligations arising from a national medium-term fiscal-structural plan should be duly taken into account in the design of a macroeconomic adjustment programme, with a view to ensuring a coherent and effective approach to addressing the Member State's fiscal and macroeconomic challenges. Furthermore, in accordance with Article 32 of Regulation (EU) 2024/1263, where a Member State is subject to a macroeconomic adjustment programme, it should not be required to submit a national medium-term fiscal-structural plan or an annual progress report.

(6) The European Financial Stability Facility ('EFSF') was created as a temporary crisis resolution mechanism by euro area countries in June 2010. As of 1 July 2013, the EFSF may no longer engage in new financing programmes. Regulation (EU) No 472/2013 should be amended to take that into account.

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6 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 11 February 2025, 'A simpler and faster Europe: Communication on implementation and simplification', COM(2025) 47 final.

(7) Experience has shown that the current design of enhanced surveillance may have a deterrent effect on Member States seeking precautionary financial assistance and may result in the application of additional surveillance when not warranted. In order to strike a balance between the need for effective surveillance and the need to avoid disincentivising Member States to seek precautionary assistance when necessary, Regulation (EU) No 472/2013 should be amended to clarify the circumstances under which enhanced surveillance applies when a Member States is in receipt of precautionary financial assistance.

(8) A Member State that receives financial assistance on a precautionary basis from one or several other Member States or third countries, the European Financial Stabilisation Mechanism ('EFSM'), the European Stability Mechanism ('ESM') or another relevant international financial institution, such as the International Monetary Fund ('IMF'), which requires the adoption of new policy measures, should be subject to enhanced surveillance under Regulation (EU) No 472/2013, including if that financial assistance is not yet drawn. An ESM Enhanced Conditions Credit Line ('ECCL') requires such new policy measures and, as such, a Member State receiving such financial assistance on a precautionary basis should be subject to enhanced surveillance. With regard to new ESM precautionary financial assistance instruments, the Commission should assess on a case-by-case basis whether there are such new policy measures and, as such, whether the receipt of such financial assistance by a Member State warrants the application of enhanced surveillance under Regulation (EU) No 472/2013.

(9) Council Regulation (EU) 1024/2013[7] conferred specific tasks on the European Central Bank ('ECB') concerning policies relating to the prudential supervision of credit institutions. In order to respect the division of responsibilities between the ECB and national competent authorities of participating Member States as established by that Regulation, the provisions in Regulation (EU) No 472/2013 concerning information on or supervisory measures regarding the financial sector should be clarified~~ to respect that division of responsibilities~~.

[7] Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63, ELI: http://data.europa.eu/eli/reg/2013/1024/oj).

(10) Regulation (EU) No 472/2013 provides that a Member State exiting a macroeconomic adjustment programme is subject to post-programme surveillance until 75% of the received financial assistance is repaid. The European Court of Auditors, in its Special Report No 18/2021[8], has identified certain shortcomings in the effectiveness of post-programme surveillance, including a lack of clear focus and objectives, as well as overlaps with other economic surveillance processes, such as the European Semester.

(11) In light of those findings, it is necessary to amend Regulation (EU) No 472/2013 to clarify the objective and scope of post-programme surveillance, in order to increase its coherence with the European economic governance framework and avoid a duplication of reporting requirements. Specifically, post-programme surveillance should focus on monitoring and assessing the repayment capacity of the concerned Member State regarding the financial assistance received, taking into account the economic, budgetary and financial condition of that Member State. That surveillance should also cover the implementation of certain reforms, to the extent that those are not already subject to monitoring under the national medium-term fiscal-structural plan. Finally, post-programme surveillance should identify the need for corrective measures to mitigate risks to the repayment of the financial assistance received. <u>**The implementation of post programme surveillance should be without prejudice to the power of any other lenders, including the ESM, the EFSF and other relevant international financial institutions, to carry out tasks under their own respective legal frameworks.**</u>

[8] European Court of Auditors Special Report 18/2021: Commission's surveillance of Member States exiting a macroeconomic adjustment programme: an appropriate tool in need of streamlining.

(12) It is also necessary to amend Regulation (EU) No 472/2013 to make post-programme surveillance more proportionate to risks, by introducing a tiered system of surveillance that differentiates the level of scrutiny according to repayment risk of the financial assistance received and the need for corrective measures. In particular, five years after the application of post-programme surveillance, the Commission should be allowed to carry out a specific assessment of the Member State's capacity to repay the financial assistance received. If the Commission concludes that there are no material risks to the Member State's capacity to repay the financial assistance over the medium-term, it should be possible to suspend the regular assessments for a period of five years, subject to no material change of the circumstances. Before concluding its assessment, the Commission should ask the Economic and Financial Committee for its opinion.

(13) To ensure close cooperation with the ESM and other relevant international financial institutions when implementing Regulation (EU) No 472/2013, the Commission should continue to seek to establish the necessary administrative arrangements. Such arrangements help to ensure that the activities of the different institutions and bodies involved in the provision of financial assistance are coordinated and mutually reinforcing.

(14) Regulation (EU) No 472/2013 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EU) No 472/2013 is amended as follows:

(1) in Article 1(1), point (b) is replaced by the following:

'(b) request or receive financial assistance from one or several other Member States or third countries, the European Financial Stabilisation Mechanism (EFSM), the European Stability Mechanism (ESM), or another relevant international financial institution such as the International Monetary Fund (IMF).';

(2) Article 2 is amended as follows:

(a) in paragraph 3, the first subparagraph is replaced by the following:

'Where a Member State is in receipt of financial assistance on a precautionary basis from one or several other Member States or third countries, the EFSM, the ESM, or another relevant international financial institution such as the IMF that requires the adoption of new policy measures, the Commission shall subject that Member State to enhanced surveillance.';

(b) paragraphs 4 and 5 are deleted;

(3) Article 3 is amended as follows:

(a) in paragraph 1, the first subparagraph is replaced by the following:

'A Member State subject to enhanced surveillance shall, after consulting, and in cooperation with, the Commission, acting in liaison with the ECB, the ESAs, the ESRB and, where appropriate, the IMF, adopt measures aimed at addressing the sources or potential sources of difficulties. In so doing, the Member State shall take into account any recommendations addressed to it under Regulation (EU) 2024/1263 of the European Parliament and of the Council[*], Council Regulation (EC) No 1467/97 of 7 July 1997[**], or Regulation (EU) No 1176/2011.

(b) paragraph 2 is deleted;

(c) paragraph 3 is replaced by the following:

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[*] Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (OJ L, 2024/1263, 30.4.2024, ELI: http://data.europa.eu/eli/reg/2024/1263/oj).

[**] Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L 209, 2.8.1997, p. 6, ELI: http://data.europa.eu/eli/reg/1997/1467/oj).';

'3. On a request from the Commission, a Member State subject to enhanced surveillance shall:

(a) communicate to the Commission, the ECB, and, where appropriate, to the relevant ESAs, in accordance with Article 35 of Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010, at the requested frequency, disaggregated information **on developments in** its financial system, including the results of any stress test exercises or sensitivity analyses carried out under point (b) of this paragraph;

(b) carry out, under the supervision of the ECB in its supervisory capacity, or, where appropriate, under the supervision of the relevant ESAs, 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 ESAs and with the ESRB;

(c) be required to submit to regular assessments of its supervisory capacities over the financial sector in the framework of a specific peer review carried out by the ECB, in its supervisory capacity, or, where appropriate, by the relevant ESAs;

(d) communicate to the Commission any information needed for the monitoring of macroeconomic imbalances in accordance with Regulation (EU) No 1176/2011;

(e) communicate to the Commission any information needed for budgetary surveillance purposes.

The application of the first subparagraph, points (b) and (c), of this paragraph shall respect the division of responsibilities established by Article 6 of Council Regulation (EU) No 1024/2013*.

Where relevant, the ECB, in its supervisory capacity in accordance with Regulation (EU) No 1024/2013, and the relevant ESAs shall prepare, in liaison with the ESRB, an assessment of the potential vulnerabilities of the financial system and shall submit that assessment to the Commission, at the frequency indicated by the latter, and to the ECB.

The Commission, the ECB and the relevant ESAs shall treat any disaggregated information communicated to them as confidential.

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* Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 6, ELI: http://data.europa.eu/eli/reg/2013/1024/oj).';

(d) paragraph 4 is deleted;

(e) in paragraph 5, the second subparagraph is replaced by the following:

(a) 'As a rule, every quarter, the Commission shall communicate its assessment to the competent committee of the European Parliament and to the EFC. In that assessment, it shall examine, in particular, whether further measures are needed.';

(4) in Article 5, the first subparagraph is replaced by the following:

'A Member State intending to request financial assistance from one or several other Member States or third countries, the ESM, or another relevant international financial institution, such as the IMF, shall immediately inform the President of the Eurogroup Working Group, the member of the Commission responsible for Economic and Monetary Affairs and the President of the ECB of its intention.';

(5) in Article 6, the first and second subparagraphs are replaced by the following:

'Where a Member State requests financial assistance from the EFSM or the ESM, the Commission shall assess, in liaison with the ECB and, where possible, with the IMF, the sustainability of that Member State's government debt and its actual or potential financing needs. The Commission shall submit that assessment to the Eurogroup Working Group where the financial assistance is to be granted under the ESM, and to the EFC where the financial assistance is to be granted under the EFSM.

The assessment of the sustainability of the government debt shall be based on the most likely macroeconomic scenario or a more prudent scenario and budgetary forecasts using the most up-to-date information and taking proper account of the outcome of the reporting referred to in Article 3(3). The Commission shall also assess the impact of macroeconomic and financial shocks and adverse developments on the sustainability of government debt.'

(6) Article 7 is amended as follows:

(a) paragraph 1 is amended as follows:

(i)the first subparagraph is replaced by the following:

'Where a Member State requests financial assistance from one or several other Member States or third countries, the EFSM, the ESM or the IMF, it shall prepare, in agreement with the Commission, acting in liaison with the ECB and, where appropriate, with the IMF, a draft macroeconomic adjustment programme, which shall include annual budgetary targets. In accordance with Article 32(2) of Regulation (EU) 2024/1263, where a Member State has an active national medium-term fiscal-structural plan, and that Member State becomes subject to a macroeconomic adjustment programme, that national medium-term fiscal-structural plan shall be taken into account in the design of the macroeconomic adjustment programme.';

(ii) the fourth subparagraph is replaced by the following:

'The draft macroeconomic adjustment programme shall take into account the practice and institutions for wage formation.';

(b) in paragraph 2, the second subparagraph is replaced by the following:

'The Commission shall ensure that the memorandum of understanding signed by the Commission on behalf of the ESM is fully consistent with the macroeconomic adjustment programme approved by the Council.';

(c) in paragraph 4, the second subparagraph is replaced by the following:

'Every three months, the Commission shall inform the EFC of such progress. The Member State concerned shall fully cooperate with the Commission and with the ECB. It shall, in particular, provide the Commission and the ECB with all the information that they consider to be necessary for the monitoring of the implementation of the macroeconomic adjustment programme in accordance with Article 3(3).';

(d) in paragraph 12, the third and fourth subparagraphs are replaced by the following:

'Concerning those instruments, the Council, acting on a recommendation from the Commission, shall, by a decision addressed to the Member State concerned, approve the main policy requirements which the ESM plans to include in the conditionality for its financial support, to the extent that the content of those measures falls within the competence of the Union as laid down by the Treaties.

The Commission shall ensure that the memorandum of understanding signed by the Commission on behalf of the ESM is fully consistent with such a Council decision.';

(7) Article 10 is amended as follows:

(a) paragraph 1 is deleted;

(b) paragraph 2 is amended as follows:

(i) point (a) is replaced by the following:

'(a) it shall be exempt from submitting, as appropriate, the reports under Article 3(5) and Article 5(1a) of Regulation (EC) No 1467/97;';

(ii) point (c) is replaced by the following:

'(c) with regard to the monitoring provided for by Article 7(4) of this Regulation, it shall be exempt from monitoring under Article 10(1) and Article 10a of Regulation (EC) No 1467/97 and monitoring underlying any decision under Article 4(1) and Article 6(2) of that Regulation.';

(8) Article 12 is deleted;

(9) Article 14 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. A Member State shall be under post-programme surveillance as long as a minimum of 75 % of the financial assistance received from one or several other Member States, the EFSM, the ESM or the EFSF has not been repaid. The Council, on a proposal from the Commission, may extend the duration of the post-programme surveillance in the event of a persistent risk to the capacity of the Member State concerned to repay the financial assistance received. The proposal from the Commission shall be deemed to be adopted by the Council unless the Council decides, by a qualified majority, to reject it within 10 days of the Commission's adoption thereof.';

(b) the following paragraphs 1a and 1b are inserted:

'1a. Whilst a Member State is under post-programme surveillance referred to in paragraph 1, the Commission shall monitor and assess all of the following:

(a) the capacity of the Member State concerned to repay the financial assistance received, taking into account its economic, budgetary, and financial situation;

(b) without prejudice to Article 22 of Regulation (EU) 2024/1263, the implementation of any reforms included in the macroeconomic adjustment programme or the Council decision referred to in Article 7(12) of this Regulation;

(c) the need for corrective measures to mitigate risks of the Member State concerned to repay the financial assistance received.

1b. As a rule, the Commission, in liaison with the ECB, shall communicate every six months, its assessment referred to in paragraph 1a to the competent committee of the European Parliament, to the EFC and to the parliament of the Member State concerned.';

(c) paragraph 2 is replaced by the following:

'2. On a request from the Commission, a Member State under post-programme surveillance shall comply with the requirements under Article 3(3).';

(d) the following paragraphs 2a and 2b are inserted:

'2a. Five years after the application of post-programme surveillance, the Commission may prepare a specific assessment on the capacity of the Member State concerned to repay the financial assistance received. In preparing that assessment, in addition to its analysis of the economic, budgetary and financial situation, including of the implementation of the national medium–term fiscal-structural plan, the Commission shall take into account all of the following circumstances:

(a) whether the general government debt-to-GDP ratio is above 90 %;

(b) whether the Council has decided on the basis of Article 126(6) of the TFEU that an excessive deficit exists;

(c) the Commission's debt sustainability analysis of that Member State;

(d) the borrowing conditions of that Member State;

(e) the financial stability conditions in that Member State.

The Commission shall communicate its specific assessment to the EFC. Following an opinion from the EFC, the Commission may suspend the assessments referred to in paragraph 1a for five years if it concludes that over the medium-term there are no material risks to the capacity of the Member State concerned to repay the financial assistance received.

The Commission shall communicate its conclusions on the suspension of the assessments referred to in paragraph 1a to the competent committee of the European Parliament, to the EFC and to the parliament of the Member State concerned.

2b. After completing the procedure set out in paragraph 2a, the Commission shall provide a new assessment under that paragraph in any of the following cases:

(a) upon expiration of the suspension;

(b) if any of the circumstances referred to in paragraph 2a, point (a) or (b) change;

(c) if any of the circumstances referred in paragraph 2a, point (c), (d) or (e) materially worsen.';

(e) paragraph 3 is replaced by the following:

'3. The Commission shall conduct, in liaison with the ECB, review missions in the Member State under post-programme surveillance as warranted for the purposes of paragraphs 1a, 2a and 2b.';

(f) the following paragraph 3a is inserted:

'3a. The competent committee of the European Parliament may offer the opportunity to the Member State concerned to participate in an exchange of views on the progress made under post-programme surveillance.';

(10) Articles 16 and 17 are deleted;

(11) the following Article 18a is inserted:

'*Article 18a*

Administrative arrangements with the ESM and other relevant financial institutions

The Commission shall seek to establish the necessary administrative arrangements with the ESM and other relevant international financial institutions to ensure close cooperation when performing the activities provided for in this Regulation.';

(12) in Article 19, second paragraph, point (c) is **deleted**~~replaced by the following:~~

~~'(c) the contribution of this Regulation to achieving sustainable and inclusive growth and social and economic resilience.'~~.

Article 2

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 the Member States in accordance with the Treaties.

Done at Brussels,

For the European Parliament *For the Council*
The President *The President*