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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: COUNCIL REGULATION amending Council Regulation (EC) No 332/2002 as regards funding arrangements and the use of a diversified funding strategy

COUNCIL REGULATION (EU) 2026/...

of ...

**amending Council Regulation (EC) No 332/2002 as regards funding arrangements
and the use of a diversified funding strategy**

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 European Commission,

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

Having regard to the consent of the European Parliament¹,

Having regard to the opinion of the European Central Bank²,

Acting in accordance with a special legislative procedure,

¹ Consent of ... (not yet published in the Official Journal).

² Opinion of 18 November 2025 (OJ C, C/2025/6772, 23.12.2025, ELI: <http://data.europa.eu/eli/C/2025/6772/oj>).

Whereas:

- (1) Council Regulation (EC) No 332/2002³ establishes a medium-term financial assistance facility enabling loans to be granted to one or more Member States which have not adopted the euro and which are experiencing, or are seriously threatened with, difficulties in their balance of current payments or capital movements.
- (2) Following the adoption of Regulation (EC) No 332/2002, the Commission has been authorised to implement a funding method different from the method that is currently provided for in Regulation (EC) No 332/2002 in order to fund financial assistance programmes. Article 224 of Regulation (EU, Euratom) 2024/2509 of the European Parliament and the Council⁴ (the ‘Financial Regulation’) provides for the implementation of a diversified funding strategy. That method of funding allows the Commission to decouple the timing and the maturity of single funding transactions from the disbursements to beneficiaries. A common liquidity pool financed by the issuance of short-term funding enables the Commission to organise payments independently of the exact timing of the long-term bond issuance.

³ Council Regulation (EC) No 332/2002 of 18 February 2002 establishing a facility providing medium-term financial assistance for Member States’ balances of payments (OJ L 53, 23.2.2002, p. 1, ELI: <http://data.europa.eu/eli/reg/2002/332/oj>).

⁴ Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>).

- (3) The rules on the diversified funding strategy set out in the Financial Regulation do not apply to programmes of financial assistance for which the basic acts have entered into force before 9 November 2022. Given that Regulation (EC) No 332/2002 had not entered into force and has not been amended on or after that date, it needs to be amended to extend the application of the diversified funding strategy to Regulation (EC) No 332/2002. The transition to a diversified funding strategy would further necessitate the removal of certain provisions from Regulation (EC) No 332/2002 to ensure the alignment of its legal framework with that new funding method.
- (4) The diversified funding strategy offers several advantages over the funding method under Regulation (EC) No 332/2002. In particular, it avoids the need for the Commission to contract loans on capital markets or with financial institutions in volatile or adverse conditions for the purposes of funding financial assistance programmes. In addition, it enables the Commission to consolidate the financial needs of multiple financial assistance programmes, thereby simplifying the management of funding operations, reducing costs and avoiding the fragmentation of Union debt securities.
- (5) As medium-term financial assistance to Member States experiencing or seriously threatened with difficulties in their balance of current payments or capital movement under Regulation (EC) No 332/2002 is often disbursed in volatile and adverse market conditions, the funding arrangements for using the facility established by that Regulation should be amended in light of the experience gained and the significant advantages of the diversified funding strategy compared to the previously used back-to-back funding method.

- (6) Loan agreements with Member States concluded after the entry into force of this amending Regulation should contain a provision on early reimbursement to be exercised following a mutual agreement on the conditions.
- (7) Since the objective of this Regulation, namely adapting the funding method under Regulation (EC) No 332/2002 to the diversified funding strategy pursuant to the Financial Regulation, cannot be sufficiently achieved by the Member States because it concerns Union funding, but can rather, by reason of the need for the Union to borrow on the capital markets to undertake the financial assistance necessary, be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.
- (8) The Treaty on the Functioning of the European Union does not provide, for the adoption of this Regulation, for powers other than those under Article 352.
- (9) Regulation (EC) No 332/2002 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1
Amendments to Regulation (EC) No 332/2002

Regulation (EC) No 332/2002 is amended as follows:

- (1) in Article 1, paragraph 2 is deleted;
- (2) Article 7 is replaced by the following:

‘Article 7

1. In order to finance loans under the Union medium-term financial assistance facility, the Commission shall be empowered, on behalf of the Union, to borrow the necessary funds on the capital markets or from financial institutions in accordance with Article 224 of Regulation (EU, Euratom) 2024/2509 of the European Parliament and the Council*.
2. In addition to the provisions required by Article 223(4) of Regulation (EU, Euratom) 2024/2509, a loan agreement shall stipulate:
 - (a) the maximum loan amount;
 - (b) the availability period;

- (c) the maximum duration of each disbursement of the loan; and
- (d) the detailed terms and conditions of the financial assistance to be provided.

* Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>).²

Article 2

Entry into force and application

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 ..., ...

For the Council

The President
