

Treaty on the Functioning of the EU (TFEU): stability mechanism for Member States whose currency is the euro (amend. Article 136 TFEU)

2010/0821(NLE) - 25/03/2011 - Final act

PURPOSE: to introduce a limited modification to Article 136 of the Treaty on the Functioning of the European Union (TFEU) in order to allow those Member States interested to constitute a stability mechanism for the euro-zone.

NON-LEGISLATIVE ACT: European Council Decision 2011/199/EU amending Article 136 of the Treaty on the Functioning of the European Union with regard to a stability mechanism for Member States whose currency is the euro.

CONTENT: at the meeting of the European Council of 28 and 29 October 2010, the Heads of State or Government agreed on the need for Member States to establish a **permanent crisis mechanism** to safeguard the financial stability of the euro area as a whole and invited the President of the European Council to undertake consultations with the members of the European Council on a **limited treaty change** required to that effect.

On 16 December 2010, the Belgian Government submitted a proposal for revising Article 136 of the TFEU. At the same time, the European Council adopted conclusions about the future stability mechanism.

The proposal for **revising Article 136 of the TFEU** by adding a paragraph under which the Member States whose currency is the euro may establish a stability mechanism to be activated if indispensable to safeguard the stability of the euro area as a whole and stating that the granting of any required financial assistance under the mechanism will be made subject to strict conditionality.

The stability mechanism will provide the necessary tool for dealing with such cases of risk to the financial stability of the euro area as a whole as have been experienced in 2010, and hence help preserve the economic and financial stability of the Union itself. At its meeting of 16 and 17 December 2010, the European Council agreed that, as this mechanism is designed to safeguard the financial stability of the euro area as whole, Article 122(2) of the TFEU will no longer be needed for such purposes.

ENTRY INTO FORCE: 01/01/2013, provided that all the notifications have been received, or, failing that, on the first day of the month following receipt of the last of the notifications.