Economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability

2025/0312(COD) - 02/10/2025 - Legislative proposal

PURPOSE: to ensure consistency between Regulation (EU) No 472/2013 and the reformed economic governance framework of the Union.

PROPOSED ACT: Regulation of the European Parliament and Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure on an equal footing with the Council.

BACKGROUND: Regulation (EU) No 472/2013 establishes a comprehensive policy framework to address situations in which euro area Member States: (a) experience or are threatened with serious difficulties with regard to their financial stability, with a risk of negative spillover effects on other euro area Member States, or (b) request or receive financial assistance.

Since its adoption, the regulatory landscape has undergone significant changes. In particular, the Union's economic governance framework was reformed in 2024 which introduced new concepts, in particular, national medium-term fiscal-structural plans (Regulation (EU) 2024/1263). These replaced the Stability and Convergence Programmes and the National Reform Programmes, thereby bringing together the fiscal, reform and investment.

Other relevant changes include: (i) the creation of the **Single Supervisory Mechanism** (SSM) for the supervision of credit entities; (ii) the end of the active role of the European Financial Stability Facility (EFSF), which may no longer engage in new financing programmes as of 1 July 2013.

It is therefore necessary to **ensure consistency** between Regulation (EU) No 472/2013 and the reformed EU economic governance framework, as well as to take into account institutional developments since 2013.

The proposed amendments contribute to the Commission's simplification agenda, as set out in its February 2025 Communication entitled 'A simpler and faster Europe: Communication on implementation and simplification'.

CONTENT: the Commission proposes to **amend the Regulation on enhanced and post-programme surveillance** for euro area Member States facing, or at risk of, serious financial difficulties (Regulation (EU) No 472/2013) with a view to ensuring consistency between that Regulation and the reformed Union economic governance framework.

Inconsistencies in Regulation (EU) No 472/2013 largely concern outdated references to other acts and financial assistance frameworks that are no longer applicable, including as a result of the 2024 reform of the EU economic governance framework, requiring amendments.

The proposed amendments to Regulation (EU) No 472/2013 align its provisions with the new division of tasks introduced by Council Regulation (EU) 1024/2013, which conferred specific prudential supervision responsibilities to the ECB. To ensure consistency with this new framework, the proposed amendments to Article 3 make a reference to this new division of tasks, particularly when a Member State under enhanced surveillance is required to carry out stress test exercises or sensitivity analyses to assess the resilience of the financial sector or submit regular assessments of its supervisory capacities over the financial sector.

In addition, the proposed amendments aim to:

- **clarify the circumstances under which enhanced surveillance applies to Member States receiving precautionary financial assistance**. Specifically, it is proposed that enhanced surveillance should only be automatically triggered when a Member State receives financial assistance that requires the adoption of new policy measures, regardless of whether the assistance is provided by other Member States, third countries, the European Financial Stabilisation Mechanism (EFSM), the European Stability Mechanism (ESM) or international financial institutions such as the International Monetary Fund (IMF);

- **clarify the scope and objective of post-programme surveillance**. This would focus on monitoring and assessing the repayment capacity of Member States that have received financial assistance, as well as the implementation of relevant reforms not already covered by the national medium-term fiscal-structural plan;

- introduce a tiered system of post-programme surveillance that differentiates the level of scrutiny according to repayment risk and the need for corrective measures;

- **provide for the establishment of administrative arrangements** between the Commission and relevant providers of financial assistance to euro area Member States, including the ESM. The purpose of these arrangements is to facilitate close cooperation and information-sharing between the Commission and these providers, thereby ensuring a coordinated and cohesive approach to economic surveillance and financial assistance.

These changes will ensure that post-programme surveillance becomes better aligned with the Union economic governance framework, avoiding the overlap with other surveillance processes while maintaining its effectiveness in assessing repayment risks.