

Chronology of European Initiatives in Response to the Crisis^{1,2}

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Date	Institution or body	Action
Oct. 6/7, 2008	Ecofin/ Eurogroup	The EU finance ministers agree on a coordinated response to the financial crisis. The Ecofin Council endorses measures to support systemic financial institutions, strengthen the solvency and stability of the banking system, and protect savings deposits. These measures will be coordinated closely, public interventions will be determined jointly, and cross-border effects will be taken into account.
Oct. 8, 2008	European Commission	The President of the European Commission establishes a high-level group (de Larosière Group) to develop solutions for building a more effective European supervision for global financial institutions, currently supervised mainly at national level. The ultimate goal is to establish a European system of supervision and to enhance global cooperation.
Oct. 12, 2008	Euro Summit	At their emergency summit, the Heads of State or Government of the euro area countries reach agreement on further steps to restore confidence in, and proper functioning of the financial system. Their declaration on a concerted action plan establishes a list of measures to ensure liquidity for financial institutions and cooperation among European countries.
Oct. 13, 2008	European Commission	The European Commission releases a Communication giving guidance for Member States on how to support financial institutions in the current crisis without distorting competition and without violating EU state aid rules.
Oct. 15, 2008	European Commission	The European Commission proposes a revision to EU rules on deposit guarantee schemes. The new rules are designed to improve savings protection to maintain depositors' confidence in the financial safety net. The minimum level of compensation for deposits is to be increased within one year from EUR 20,000 to EUR 100,000. Member States can choose to apply higher minimum levels.
Oct. 15/16, 2008	European Council	The European Council welcomes the measures taken so far by the Member States, the ECB and the relevant central banks, and the fact that they have been coordinated well. The European Commission is invited to draft appropriate measures for an EU-wide economic recovery program by the end of 2008. The Ecofin Council is requested to define the modalities for establishing an informal crisis unit. The European Council expresses its resolution to seek further concerted and global action to protect taxpayers' interests, and strengthen European financial market rules and supervision.

¹ For measures taken by the ECB in response to the crisis, see the *Monthly Bulletins of the ECB (Chronology)*.

² To ensure a coherent response with regard to crisis financing measures and financial stability measures, some EU and euro area crisis measures were discussed also at the level of the G-20.

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Oct. 29, 2008	European Commission	The European Commission sets out a coordinated action plan to tackle the crisis. This initiative calls for a new EU supervisory architecture for financial markets, efforts to create jobs and stimulate growth, as well as a globally coordinated response to the crisis.
Nov. 3, 2008	European Commission	The Commission Regulation adopting certain international accounting standards ensures that European banks can be as flexible as their American competitors in no longer having to take into consideration market fluctuations of certain assets in the balance sheet.
Nov. 4, 2008	Ecofin/ Eurogroup	The EU finance ministers discuss a comprehensive package of proposals for an international response to the financial crisis. The Ecofin Council adopts a decision to provide EUR 6.5 billion in financial assistance to Hungary. Together with the program money provided by the IMF (EUR 12.5 billion) and the World Bank (EUR 1 billion), the medium-term balance of payment assistance to Hungary totals EUR 20 billion.
Nov. 12, 2008	European Commission	The European Commission puts forward a proposal for a Regulation on credit rating agencies. The new rules are designed to ensure high quality credit ratings untainted by the conflicts of interest which are inherent to the rating business.
Nov. 26, 2008	European Commission	In a Communication, the European Commission proposes a comprehensive economic recovery plan with a number of initiatives to boost the economy in the short term, which are anchored in the Lisbon Strategy for Growth and Jobs and are partly based on the EU budget and partly on coordinated national measures.
Dec. 1/2, 2008	Ecofin/ Eurogroup	The EU finance ministers approve an economic stimulus package equivalent to 1.5% of EU GDP. The revised Stability and Growth Pact (SGP) with all the flexibility it offers provides an adequate framework for budgetary policies in Europe, consistent with the long-term sustainability of public finances. The Ecofin Council agrees on four key draft directives: Solvency II directive, capital requirements for banks, the rules governing undertakings for collective investments in transferable securities, and bank deposit guarantee systems. The Council approves of raising the lending ceiling to EUR 25 billion for EU balance of payments (BOP) assistance for Member States outside the euro area.
Dec. 8, 2008	European Commission	The European Commission publishes detailed guidance on how Member States can recapitalize banks to ensure adequate levels of lending to the real economy and stabilize financial markets whilst avoiding distortions of competition not in line with EU state aid rules.
Dec. 11/12, 2008	European Council	The European Council approves the European Economic Recovery Plan, equivalent to 1.5% of EU GDP (i.e. some EUR 200 billion). The plan provides a common framework for the efforts at EU level and the measures adopted by every single Member State and takes account of the respective national circumstances.

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Jan. 20, 2009	Ecofin/ Eurogroup	The Ecofin Council adopts a decision to provide EUR 3.1 billion in financial assistance to Latvia. Together with the program money provided by the IMF (EUR 1.7 billion), the World Bank, the EBRD and several European countries, the medium-term BOP assistance to Latvia totals EUR 7.5 billion.
Jan. 26, 2009	European Commission	The European Commission adopts a set of decisions to strengthen the supervisory framework for EU financial markets, to improve supervisory cooperation and convergence between Member States, and to reinforce financial stability. Under the new rules, a clearer operational framework is established for the three supervisory authorities of the securities, banking and insurance sectors, and a more efficient decision-making processes is defined.
Feb. 25, 2009	European Commission	The de Larosière Group presents ambitious recommendations on cross-border financial supervision in the EU. Proposals include the Financial Stability Forum (FSF) to be put in charge of the coordination of international financial regulation, in close cooperation with the IMF. The Group also supports the swift establishment of global colleges of supervisors.
March 1, 2009	European Council	The EU Heads of State or Government agree on three lines of action: building confidence and promoting financial stability, getting the real economy back on track, and working together at the G-20 level. The European Council welcomes the support package for banks in Eastern Europe worth EUR 24.5 billion for 2009 and 2010, as adopted by the World Bank, the EBRD and the EIB.
March 10, 2009	Ecofin/ Eurogroup	The Ecofin Council adopts a decision to provide EUR 5 billion in financial assistance to Romania. Together with the program money provided by the IMF (EUR 13 billion), the World Bank, the EBRD and other countries, the medium-term BOP assistance to Romania totals EUR 18 billion.
March 19/20, 2009	European Council	The European Council expresses confidence in the ability of the EU to tackle the financial and economic crisis. Reviewing the fiscal stimulus package, it emphasizes that concerted action and coordination are essential to Europe's strategy for recovery. By acting together, the EU can put its financial sector on a sound footing, get credit flowing to the real economy, and protect its citizens from the worst impact of the crisis.
May 5, 2009	Ecofin/ Eurogroup	The lending ceiling for EU BOP assistance to non-euro area Member States is increased to EUR 50 billion.
May 27, 2009	European Commission	The European Commission presents a Communication on European financial supervision, proposing a set of ambitious reforms to the current architecture of financial services committees, which is based on recommendations of the de Larosière Group.
June 9, 2009	Ecofin	The Ecofin Council approves conclusions on the reform of the EU's supervisory framework for financial services. The reforms involve the creation of a European Systemic Risk Board (ESRB) tasked with assessing the stability of the financial system as a whole and of a European System of Financial Supervisors (ESFS), consisting of three European supervisory authorities that deal with the banking, insurance and securities industries and work together with national supervisors.

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June 18/19, 2009	European Council	The Heads of State or Government support the establishment of the ESRB and the ESFS, as announced by the Ecofin Council on June 9, 2009.
July 3, 2009	European Commission	The European Commission adopts a Communication on the role played by derivatives in the financial crisis and on solutions for reducing risks that may arise in derivative markets.
July 13, 2009	European Commission	The European Commission adopts a proposal to further amend the Capital Requirements Directive for banks. The proposed amendments address capital requirements for the trading book and resecuritizations, disclosure of securitization exposures, and remuneration policies. The purpose of the amendment is to strengthen the regulatory framework in areas in which the financial crisis emerged and from which it spilled over.
Sep. 23, 2009	European Commission	The European Commission submits its legislative proposals for the creation of an EU-wide system of supervision: the ESRB and the ESFS.
October 20, 2009	Ecofin/ Eurogroup	The Ecofin Council reaches broad agreement on the contents of draft legislative proposals to establish the ESRB.
October 29/30, 2009	European Council	The European Council agrees on the need to prepare a coordinated strategy for exiting from broad-based stimulus policies when recovery is secured.
November 9/10, 2009	Ecofin/ Eurogroup	The Ecofin Council adopts the Solvency II Directive, setting new solvency rules for insurance companies. The EU finance ministers agree on a general approach on stricter capital requirements for banks and stricter remuneration policies in the banking sector. The Ecofin Council also adopts conclusions on the sustainability of public finances and specifies guidelines for exiting from economic stimulus programs.
Nov. 17, 2009	European Commission, Council, European Parliament	The Regulation on credit rating agencies is adopted to ensure that rating agencies act in accordance with the principles of integrity, transparency, responsibility and good governance, i.e. that they comply with high standards which will be monitored on an ongoing basis.
Jan. 18/19, 2010	Ecofin/ Eurogroup	The Ecofin Council adopts conclusions on government deficit and debt statistics in Greece, following a report from Eurostat. It calls on the European Commission to propose measures that will bring the Greek statistical system into line with EU requirements.
Feb. 11, 2010	European Council/ Euro Summit	Euro area members will take determined and coordinated action, if needed, to safeguard financial stability in the euro area as a whole. The Greek government is called upon to implement the stability program for 2010 in a rigorous and determined manner.
Feb. 16, 2010	Ecofin/ Eurogroup	The Ecofin Council calls on Greece to correct its excessive deficit by 2012, and to bring down its deficit by at least 4% in 2010 (from a deficit of 12% in 2009). Greece is asked to submit quarterly reports for this process to be monitored.

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March 25/26, 2010	European Council/ Euro Summit	<p>The Heads of State or Government reaffirm that all euro area members must conduct sound national policies in line with the agreed rules and should be aware of their shared responsibility for economic and financial stability. They fully support the efforts of the Greek government and welcome the additional measures announced on March 3, 2010, to safeguard the 2010 budgetary targets. Euro area member states stand ready to contribute bilateral loans, on top of IMF funding, to support Greece in implementing its adjustment program.</p> <p>The European Council asks the President of the European Council to establish, in cooperation with the European Commission, a Task Force on Economic Governance, which is to work out recommendations for improving crisis management and budgetary discipline.</p>
April 11, 2010	Eurogroup	Greece will receive bilateral loans of up to EUR 80 billion from euro area countries. Disbursements are subject to strong conditionality, need to be based on an assessment by the European Commission and the ECB, and must be agreed unanimously by the euro area member states. Participation shall be based on the ECB capital key.
May 8, 2010	European Council/ Euro Summit	<p>The Heads of State or Government of the euro area countries agree on a three-year support package for Greece totaling EUR 110 billion (EUR 80 billion in pooled bilateral loans from the euro area countries, EUR 30 billion from the IMF).</p> <p>In response to the crisis, the Heads of State or Government reaffirm their commitment to accelerated consolidation and sustainability of public finances, strict enforcement of recommendations under the SGP, the creation of a European Stability Mechanism (ESM) and the strengthening of economic governance and financial market regulation.</p>
May 9/10, 2010	Ecofin/ Eurogroup	<p>The Ecofin Council adopts a resolution on launching a European Financial Stabilisation Mechanism (EFSM) with a funding volume of EUR 60 billion. Moreover, the euro area ministers decide on establishing the European Financial Stability Facility (EFSF), a special-purpose vehicle backed by guarantee commitments (with a lending capacity of up to EUR 440 billion) from the participating Member States on a pro-rata basis reflecting the ECB capital key. The EFSF will be a temporary facility to be dissolved after three years.</p> <p>A levy on banks or a financial transaction tax is considered.</p> <p>Plans for consolidating budgets and structural reforms are to be accelerated, and Spain's and Portugal's consolidation measures are welcomed.</p>
May 17/18, 2010	Ecofin/ Eurogroup	The Ecofin Council agrees on a draft directive on alternative investment funds, such as hedge funds and private equity, and adopts conclusions on the unwinding of government guarantee schemes for banks.
May 21, 2010	Task Force on Economic Governance	First meeting of the Task Force on Economic Governance, which is composed of representatives of all Member States, the Commission and the ECB. The task force is to come up with proposals for achieving greater budgetary discipline through a strengthened SGP, creating an effective crisis mechanism and strengthening economic governance within the EU.

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July 23, 2010	Committee of European Banking Supervisors (CEBS)	In cooperation with the ECB, the European Commission, national bank supervisors and central banks, CEBS conducts a first EU-wide stress testing exercises with banks, as mandated by Ecofin.
Sep. 7, 2010	Ecofin/ Eurogroup	The Ecofin Council endorses changes to the manner in which the SGP is implemented and introduces a “European semester” as from 2011. The European semester is a six-month period, starting each year in January, during which the European Council gives policy guidance to the individual EU countries.
Sep. 29, 2010	European Commission	The European Commission adopts a legislative package consisting of six proposals (“six-pack”) for broadly reinforcing economic governance in the EU and the euro area. The proposals provide for broader and enhanced surveillance of fiscal, macroeconomic and structural reform policies, in the light of the shortcomings of the existing legislation. For noncompliant Member States, new enforcement mechanisms are foreseen. The proposals are also coordinated with the work of the Task Force on Economic Governance.
Oct. 21, 2010	European Council	The final report of the Task Force on Economic Governance is submitted to the European Council. Implementation of the recommendations will strengthen fiscal discipline, broaden economic surveillance, achieve deeper and broader coordination and create a robust framework for crisis management.
Oct. 28/29, 2010	Euro Summit	The Heads of State or Government of the euro area countries endorse the final report of the Task Force on Economic Governance. They also agree on establishing a permanent crisis mechanism and invite the European Commission to undertake consultations with the Ecofin Council to this end.
Nov. 24, 2010	European Commission, Council, European Parliament	Adoption of provisions amending financial services legislation to ensure effective operation of the European System of Financial Supervisors (ESFS).
Nov. 27/28, 2010	Ecofin/ Eurogroup	The EU and the IMF will provide financial assistance to Ireland worth some EUR 85 billion over 36 months (EFSM: EUR 22.5 billion; EFSF including bilateral loans from the U.K., Sweden and Denmark: EUR 22.5 billion; IMF: EUR 22.5 billion; Irish National Pension Reserve Fund: EUR 17.5 billion). The Ecofin Council approves the framework for the prospective permanent ESM. The ESM will provide liquidity assistance to euro area Member States in distress and allow for the participation of private creditors. This mechanism will replace the EFSF and the EFSM and come into force in mid-2013.
Dec. 16, 2010	European Systemic Risk Board (ESRB)	The ESRB, based in Frankfurt, comes into force. Its chair is the president of the ECB, its vice chair the governor of the Bank of England. The ESRB is an independent EU body responsible for the macroprudential oversight of the financial system within the EU. As an early warning system it will contribute to the early identification of systemic crises.

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Dec. 16/17, 2010	European Council/ Euro Summit	The Heads of State or Government of the EU countries endorse the creation of the ESM.
Jan. 1, 2011	European Banking Authority (EBA)	The three European supervisory authorities take up their work: the London-based European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) based in Frankfurt, and the European Insurance and Occupational Pension Authority (EIOPA) based in Paris.
Jan. 17/18, 2011	Ecofin/ Eurogroup	The Ecofin starts implementation of the European semester 2011. It examines the Annual Growth Survey of the European Commission and draws lessons from the assessment of Member States' draft National Reform Programmes.
Feb. 3/4, 2011	European Council/ Euro Summit	The Heads of State or Government of the euro area countries reaffirm their strategy of maintaining financial stability and strengthening the euro area, which includes measures related to the reform of economic governance ("six-pack"), stress testing exercises for banks and financial sector repair. The Ecofin Council is urged to agree on a way forward regarding the European Commission's legislative proposals on economic governance in March while ensuring the strict enforcement of the recommendations made by the Task Force on Economic Governance. Germany and France present a "Pact for Competitiveness," now called "Euro Plus Pact," and are criticized for their initiative being bilateral.
March 11, 2011	Euro Summit	The participants in the Euro Summit endorse the Euro Plus Pact, which establishes stronger economic policy coordination for competitiveness and convergence. The Euro Plus Pact builds on the European semester, the ESM as well as the reform of the SGP under the "six-pack" legislation. 17 euro area countries as well as Bulgaria, Denmark, Latvia, Lithuania, Poland and Romania join the Euro Plus Pact.
March 14/15, 2011	Ecofin	The Ecofin Council reaches agreement on the "six-pack" legislation to improve EU economic governance.
March 24/25, 2011	European Council	The Heads of State or Government of the EU Member States adopt a comprehensive set of measures in response to the crisis: <ol style="list-style-type: none"> 1. The interim results of the European semester 2011 are assessed positively. All Member States will implement fiscal consolidation and structural reform through concrete measures as defined in their respective programs. 2. Agreement is reached on the "six-pack." 3. The Euro Plus Pact is confirmed. 4. The peer review process is very important on which the prospective banking stress tests are based in close cooperation with national supervisors, the ESRB, the European Commission and the ECB. 5. A Tax on financial transactions is to be investigated further. 6. Agreement exists on amending the Treaty of Lisbon to reflect the creation of the ESM.

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May 16/17, 2011	Ecofin/ Eurogroup	The Ecofin Council adopts a decision on financial assistance to Portugal. The financial assistance package amounts to EUR 78 billion (EFSM: EUR 26 billion, EFSF: EUR 26 billion, IMF: EUR 26 billion). The aid will be provided on the basis of a three-year policy program, which stipulates the reduction of the general government deficit to below 3% of GDP by 2013. The Ecofin Council agrees on a draft regulation on short selling and credit default swaps, which is to introduce transparency requirements and harmonize the powers that regulators may use in exceptional situations. The Ecofin Council approves guiding principles on backstop measures to support financial institutions which prove vulnerable in the EU-wide stress testing exercise.
June 7, 2011	European Commission	The European Commission adopts 27 sets of recommendations to Member States in relation to their economic policies and their fiscal consolidation policies. Following the adoption of these recommendations, the June European Council may conclude the first European semester of economic policy coordination. It will now be up to the individual EU countries to act on the country-specific guidance and adjust their budgets for 2011 and 2012 accordingly.
June 19/20, 2011	Ecofin/ Eurogroup	The EU finance ministers approve the Commission's recommendations on Member States' 27 National Reform Programmes and fiscal policies, thus concluding the European semester.
June 24, 2011	European Council/ Euro Summit	The European Council declares its readiness to disburse the second tranche to meet Greece's financing needs in July 2011 and to set up a second financial support package for Greece financed through both official and private sources.
July 11, 2011	Eurogroup	The finance ministers of the euro area countries discuss the parameters of a multi-annual adjustment program for Greece. The finance ministers sign the ESM treaty. Following the ratification process, the ESM will become fully operational in 2013.
July 21, 2011	Euro Summit	The Heads of State or Government of the euro area countries reaffirm their commitment to the euro and their determination to do whatever is needed to ensure the financial stability of the euro area as a whole and its Member States. They agree to support a new program for Greece, together with the IMF, and voluntary contributions from the private sector. The second financial support package will amount to some EUR 109 billion. This program has been designed to decisively improve the debt sustainability and refinancing profile of Greece, notably through lower interest rates and extended maturities. The members of the Euro Summit call on the IMF to continue to contribute to fund the new program. Ireland and Portugal will receive EFSF assistance for the same interest rate and maturity conditions as Greece.

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Aug. 16, 2011	Franco-German Summit	<p>In a joint letter to European Council President Herman Van Rompuy, France and Germany demand closer economic policy coordination in the euro area as the prerequisite for further EU-wide financial support measures as well as the introduction, at the constitutional level, of binding upper limits for the level that the structural deficit may reach annually ("debt brake").</p> <p>The heads of government of France and Germany also propose to establish a European Economic Council, which is to meet at least twice a year under the chairmanship of the President of the European Council.</p> <p>Both France and Germany are opposed to the introduction of eurobonds.</p>
Oct. 3/4, 2011	Ecofin/ Eurogroup	<p>The EU/euro area finance ministers agree on a draft regulation aimed at increasing transparency and reducing the risk in over-the-counter derivatives markets.</p>
Oct. 26, 2011	European Council/ Euro Summit	<p>The Heads of State or Government of the EU agree on a comprehensive set of measures to restore confidence and to overcome the present tensions on financial markets.</p> <ol style="list-style-type: none"> 1. A new multiannual EU/IMF program for Greece ensuring the provision of up to EUR 100 billion, subject to reinforced monitoring and implementation mechanisms. 2. Leveraging the resources of the EFSF to up to EUR 1,000 billion by providing risk insurance and a combination of resources from private and public financial institutions and investors through special purpose vehicles, without increasing the amount guaranteed by the Member States. 3. Increasing capital ratio requirements for banks to 9% of tier 1 capital by end-June 2012. 4. Ensuring budgetary discipline and accelerating structural reforms for growth and employment. 5. Significantly strengthening economic and fiscal policy coordination and surveillance. 6. Ten measures to improve governance in the euro area.
Nov. 7/8, 2011	Ecofin/ Eurogroup	<p>The EU/euro area finance ministers adopt conclusions on the design of the scoreboard of economic indicators to detect macroeconomic imbalances. The Ecofin Council takes note of a proposal by the European Commission for a directive aimed at introducing a financial transaction tax in the EU.</p>
Nov. 15, 2011	European Commission	<p>The most recent developments in the sovereign debt crisis in the euro area have shown the inadequacy of the existing regulatory framework. The European Commission therefore presents two new proposals on economic governance ("two-pack") on monitoring and assessing the draft budgets of euro area countries and the fiscal supervision of those euro area countries whose financial stability is in jeopardy.</p>
Nov. 30, 2011	Ecofin/ Eurogroup	<p>The Ecofin opens the 2012 European semester. It examines the Annual Growth Survey of the European Commission and draws lessons from the assessment of Member States' draft National Reform Programmes.</p>

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Dec. 9, 2011	European Council	26 EU Member States (except the United Kingdom) agree to establish a “fiscal stability union” by means of an intergovernmental agreement. This is a first step towards reinforcing the economic pillar of the euro area, which essentially reinforces surveillance of national budgetary discipline and the coordination of fiscal policies. The annual structural deficit of national budgets should not exceed 0.5% of the respective nominal GDP. This “debt brake” rule, including an automatic correction mechanism, is to be incorporated into national constitutional law. Compliance is to be assessed by the European Court of Justice.
Dec. 19, 2011	Ecofin/ Eurogroup	The finance ministers of the euro area countries agree to provide EUR 150 billion in the form of bilateral loans to bolster the funding capacity of the IMF. In addition, the Czech Republic, Denmark, Poland and Sweden also pledge to increase their contributions.