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NOTE

From:	General Secretariat of the Council
To:	Delegations
No. prev. doc.:	12240/25
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Subject:	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directives 2014/65/EU and (EU) 2022/2557 as regards the extension of certain mitigating measures available for small and medium sized enterprises to small mid-cap enterprises and further simplifying measures - Revised Presidency compromise text

Delegations will find in the Annex a revised Presidency compromise text in relation to the above proposal, for examination at the meeting of the Antici Group (Simplification) on 11 September 2025.

Additions to the previous Presidency compromise text as set out in document 12240/25 are indicated in **bold**, deletions are marked as ~~strikethrough~~

ANNEX

2025/0131 (COD)

Proposal for a

DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Directives 2014/65/EU and (EU) 2022/2557 as regards the extension of certain mitigating measures available for small and medium sized enterprises to small mid-cap enterprises ~~and further simplifying measures~~with a view to simplification

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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 53(1) and Article 114 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 Economic and Social Committee,[1]

~~Having regard to the opinion of the Committee of the Regions[2],~~

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) In the political guidelines for the European Commission's 2024-2029 term[3], President von der Leyen set out a plan for the Union's sustainable prosperity and competitiveness.

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1 OJ C , , p.

2 ~~OJ C , , p. .~~

3 https://commission.europa.eu/document/download/e6cd4328-673c-4e7a-8683-f63ffb2cf648_en?filename=Political%20Guidelines%202024-2029_EN.pdf

Making business easier and deepening the Single Market are among the plan's key priorities.

(2) The Commission's better regulation agenda[4] also supports the competitiveness of Union enterprises by aiming to ensure that Union laws deliver on their objectives at a minimum cost. In 2023, the Commission identified the need to rationalize and simplify reporting requirements for enterprises and administrations[5] and committed to reduce administrative burdens by 25%.

(3) On 12 September 2023, the Commission published the SME Relief Package[6], announcing its goal to help small and medium sized enterprises ('SMEs') compete and grow, by being attentive to the needs of enterprises that outgrow the thresholds of the SME definition[7], and those in the broader range of small mid-cap enterprises. Action 18 of this relief package announced that the Commission would 'develop a harmonised definition for small mid-cap enterprises, build a dataset based on such definition and assess possible measures to support these enterprises in their growth (including potential application in adapted form of certain measures favouring SMEs)'.

(4) Enterprises outgrowing the SME definition – the 'small mid-cap enterprises' ('SMCs') – play a vital role in the Union's economy.[8] They are prominently present in industrial ecosystems that are key to the competitiveness of the Union and its technological sovereignty, in fields including electronics, aerospace and defence, energy, energy-intensive industries and health. Around 20% of all small mid-cap enterprises were SMEs three years earlier[9].

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4 Better regulation: Joining forces to make better laws, COM(2021) 219 final, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2021:219:FIN

5 Long-term competitiveness of the EU: looking beyond 2030, COM(2023) 168 final, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52023DC0168

6 SME Relief Package (europa.eu). See also annex 3A to this report SME relief package policy tracker.

7 SMEs are defined as companies with under 250 employees, combined with an annual turnover up to 50 million euro or a balance sheet total up to 43 million - Recommendation 2003/361/EC - https://single-market-economy.ec.europa.eu/smes/sme-definition_en

8 Study to map, measure and portray the EU mid-cap landscape - https://op.europa.eu/en/publication-detail/-/publication/ad5fdad5-6a33-11ed-b14f-01aa75ed71a1/language-en/format-PDF/source-277396461

9 https://www.esri.ie/system/files/publications/BKMNEXT429.pdf

(5) Compared to SMEs, SMCs tend to demonstrate a higher pace of growth, and level of innovation and digitisation. Nevertheless, where administrative burden is concerned, they face similar challenges as SMEs, leading to a need for proportionality in legislation and for targeted support. To enable the smooth transition of SMEs into SMCs, it is important to address in a coherent manner the cliff-effect that may arise once they outgrow the segment of SMEs and are faced with rules that apply to large enterprises. In order to achieve the overarching objective of ~~making business easier for SMCs and reducing their administrative burden~~**facilitating the operation of businesses and the internal market, with a particular focus on SMCs**, two existing acts which provide for specific mitigating rules for SMEs **should be adjusted. In particular, to make business easier for SMCs and reduce their administrative burden, those acts** should be adapted to extend the scope of those provisions and include SMCs, while still supporting **SMEs and maintaining** the existing ~~rights at European level for SMEs~~**approach**.

(6) Directive 2014/65/EU[10] of the European Parliament and of the Council, contains certain provisions that aim at providing simplification or mitigating measures to SMEs. More specifically, those provisions aim at alleviating administrative burden and reducing or eliminating market entry barriers or draw Member States' attention to the benefits that SMEs derive from dedicated guidance, support and assistance. Directive (EU) 2022/2557 [11] of the European Parliament and the Council provides that Member States should support critical entities, including those that qualify as small or medium-sized enterprises, in strengthening their resilience. The Directive requires Member States to include in their resilience strategies a description of measures that are already in place at national level which aim to facilitate the implementation of the obligations of SMEs that were identified as critical entities.

(7) To ensure consistency and legal certainty, a definition of SMCs should be introduced in those acts. While the definition of SMCs should in principle correspond to the definition in

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[10] Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) (OJ L 173, 12.6.2014, p. 349, ELI: http://data.europa.eu/eli/dir/2014/65/oj.)

[11] Directive (EU) 2022/2557 of the European Parliament and of the Council of 14 December 2022 on the resilience of critical entities and repealing Council Directive 2008/114/EC (OJ L 333, 27.12.2022, p. 164, ELI: http://data.europa.eu/eli/dir/2022/2557/oj).

[Commission Recommendation 2025/1099 of 21 May 2025 concerning the definition of small mid-cap enterprises**]** and cover enterprises that are up to **[**three**]** times the size of SMEs, it should, where appropriate, build on the definitions of SMEs that are already provided in the acts that are being amended, which were considered fitting by the legislators.

(8) Directive 2014/65/EU identifies a subcategory of multilateral trading facilities ('MTF') known as SME growth markets. Article 33 (3), point (a), of that Directive lays down specific conditions to ensure that those trading venues effectively benefit SMEs by facilitating their access to capital and the further development of specialist markets that cater for SMEs' needs. That provision should be extended to include SMCs, to also allow those companies to access capital markets through those SME growth markets, while still supporting **SMEs and maintaining** the existing ~~rights at European level for SMEs~~**approach**.

(9) Directive (EU) 2022/2557 obliges the Member States to support critical entities that qualify as SMEs in strengthening their resilience. In doing so, Member States are to prevent excessive administrative burdens. To this purpose, Member States are to adopt strategies for enhancing the resilience of critical entities. Pursuant to Article 4 of that Directive, each strategy is to contain a description of measures that are already in place to facilitate the implementation of certain obligations by the SMEs that are identified as critical entities by the Member States. The scope of that provision should be extended to include SMCs, so that Member States should include a description of any facilitating measures for SMC in their strategies.

(9a) Since the objective of this Directive, namely to reduce the administrative burden for SMCs by extending to them mitigation measures that currently benefit SMEs, cannot be sufficiently achieved by the Member States but can rather, by reason of the scale or effects of the action, 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 Directive does not go beyond what is necessary in order to achieve that objective.

(10) Directives 2014/65/EU and (EU) 2022/2557 should therefore be amended accordingly,

HAVE ADOPTED THIS DIRECTIVE:

Article 1

Amendments to Directive 2014/65/EU

Directive 2014/65/EU is amended as follows:

(1) in Article 4(1), the following point (13a) is inserted:

‘(13a) ‘small mid-cap enterprises’ or ‘SMCs’, for the purposes of this Directive, means companies that had an average market capitalisation equal to or higher than EUR **[**200 000 000**]** and lower than EUR **[**1 000 000 000**]** on the basis of end-year quotes for the previous three calendar years;’

(2) in Article 33(3), point (a) is replaced by the following:

‘(a) at least 50% of the issuers whose financial instruments are admitted to trading on the MTF are SMEs or SMCs or both, at the time when the MTF is registered as an SME growth market and in any calendar year thereafter;.’

Article 2

Amendment to Directive (EU) 2022/2557

In Article 4(2) of Directive (EU) 2022/2557, point (h) is replaced by the following:

‘(h) a description of measures already in place which aim to facilitate the implementation of obligations under Chapter III of this Directive by small and medium-sized enterprises within the meaning of the Annex to Commission Recommendation 2003/361/EC* and by small mid-cap enterprises within the meaning of the **[**Annex to Commission Recommendation 2025/1099****]** that the Member State in question has identified as critical entities.

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* Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36, ELI: http://data.europa.eu/eli/reco/2003/361/oj).

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[** Commission Recommendation 2025/1099 of 21 May 2025 concerning the definition of small mid-cap enterprises (OJ L, 2025/1099, 28.5.2025, ELI: http://data.europa.eu/eli/reco/2025/1099/oj)**]'**

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Article 3

Transposition

1. ~~. By [Note to PO: insert exact date – […] 12~~**By … [18** months after **the date of** entry into force of this Directive], Member States shall adopt and publish the measures necessary to comply with this Directive. They shall immediately inform the Commission thereof**.**

They shall apply those measures from ~~[Note to PO: insert exact date – […] 12~~**… [18** months and one day after **the date of** entry into force of this Directive].

When Member States adopt those measures, they shall contain a reference to this Directive or shall be accompanied by such reference on the occasion of their official publication. The methods of making such reference shall be laid down by Member States.

2. ~~As soon as this Directive has entered into force,~~ Member States shall ~~ensure that~~**communicate to** the Commission ~~is informed, in sufficient time for it to submit its comments, of any draft laws, regulations or administrative~~**the text of the main** provisions **of national law** which they ~~intend to~~ adopt in the field covered by this Directive.

Article 4

Entry into force

This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

Article 5

Addressees

This Directive is addressed to the Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

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