Council of the European Union

Brussels, 12 September 2025
(OR. en)

12748/25

Interinstitutional Files:
2025/0130 (COD)
2025/0131 (COD)

LIMITE

SIMPL 100 **TELECOM 297**
ANTICI 111 **POLCOM 232**
ECOFIN 1157 **JAI 1234**
EF 284 **DATAPROTECT 209**
FIN 1063 **ENV 827**
MI 641 **CLIMA 332**
ECO 32 **TRANS 380**
ENT 160 **ENER 438**
IA 124 **CODEC 1246**
IND 343

PUBLIC

NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee (Part 2)
No. Cion doc.:	9276/1/25 REV 1; 9317/1/25 REV 1
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) 2016/679, (EU) 2016/1036, (EU) 2016/1037, (EU) 2017/1129, (EU) 2023/1542 and (EU) 2024/573 as regards the extension of certain mitigating measures available for small and medium sized enterprises to small mid-cap enterprises and further simplification measures 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 • Guidance for further work

I. BACKGROUND

1. In October 2024, with the aim of enhancing the Union's competitiveness and achieving the full potential of the Single Market, the European Council called "on all EU institutions, Member States and stakeholders, as a matter of priority, to take work forward, notably in response to the challenges identified in the reports by Enrico Letta ('Much more than a

market') and Mario Draghi ('The future of European competitiveness')"[1]. The Budapest declaration of 8 November 2024 subsequently called for "launching a simplification revolution ensuring a clear, simple and smart regulatory framework for businesses and drastically reducing administrative, regulatory and reporting burdens, in particular for SMEs"[2].

2. As a follow-up to the Leaders' call, the Commission has put forward several 'Omnibus' packages, aiming to simplify existing legislation in various fields. The fourth such package ('Omnibus IV') was transmitted to the Council on 21 May 2025. It contains two proposals aiming to extend certain mitigating measures for small and medium-sized enterprises (SMEs) to small mid-cap enterprises (SMCs), two proposals regarding digitalisation and alignment of common specifications, and a 'stop-the-clock' on certain obligations regarding battery due diligence.

II. STATE OF PLAY

3. The 'Omnibus IV' package was allocated to the Antici Group on Simplification (AGS), a dedicated group set up on 21 February 2025 to work on the simplification proposals[3]. The AGS met on 28 May, 4, 10, 16 and 25 June, 24 July and 1 and 11 September to examine the Commission proposals and prepare Presidency compromise texts. Following a swift procedure applied with the utmost priority by both co-legislators, the 'stop-the-clock' text on certain battery due diligence obligations was adopted by the Council on 18 July 2025.

4. On the four substantive proposals, the Presidency prepared compromise texts. At the meeting of the AGS on 11 September, the Presidency concluded that one issue required further political guidance, in order to allow the AGS to finalise the work on a full compromise package on 'Omnibus IV'.

III. OPEN ISSUES

5. One part of the 'Omnibus IV' package concerns a proposal for a regulation and a proposal for a directive amending several pieces of legislation by extending certain mitigating and

---

1 ST 25/24, point 31.
2 https://www.consilium.europa.eu/en/press/press-releases/2024/11/08/the-budapest-declaration/
3 ST 6340/25.

supporting measures provided in the initial legislative acts for SMEs to SMCs, alongside further simplification measures. The main aim of these proposals is to avoid that enterprises outgrowing their status as an SME are faced with a sudden and dramatic increase in administrative burdens, thereby lowering the administrative costs for such companies and support their growth and innovation. The Commission has therefore proposed that a number of existing acts which provide for specific mitigating rules and support measures for SMEs should be adapted to extend the scope of those provisions and include SMCs, alongside further simplification measures.

6. To ensure consistency and legal certainty, the Commission proposes to introduce its definition of SMCs in most of those acts. This definition is based on Commission Recommendation 2025/1099 of 21 May 2025 on the definition of small mid-cap enterprises, in analogy to how SMEs are defined in most of the acts that are being amended.

7. More specifically, the Commission proposes that the definition of SMCs should cover enterprises up to the size of three times that of SMEs. In its Recommendation, the Commission proposes that small mid-caps would mean companies with fewer than 750 employees and that have an annual turnover not exceeding EUR 150 million or an annual balance sheet total not exceeding EUR 129 million. In its Annex to the Recommendation (point 3-6), the Commission describes several calculation methods on these various thresholds, such as reference years and annual work units, as well as defining various specific enterprises including ‘partner enterprises’ and ‘linked enterprises.’

8. In certain parts of the Omnibus proposal, however, the Commission proposed to only add thresholds rather than references to its Recommendation. This aimed to ensure consistency with how the amended acts defined SMEs. Regarding Regulation (EU) 2023/1542 on batteries and waste batteries, SMCs would be defined solely based on a net turnover of less than EUR 150 million. In the case of Directive 2014/65/EU on markets in financial instruments, the definition would be based on the average market capitalisation equal to or higher than EUR 200 million and lower than EUR 1 billion on the basis of end-year quotes for the previous three calendar years. Also, one GDPR mitigation would apply to enterprises or organisations employing fewer than 750 employees.

9. During the discussions in the AGS, some delegations have requested an increase in the thresholds for defining SMCs, to cover enterprises with fewer than 1000 employees and a net turnover of up to EUR 450 million. The aim is to ensure coherence with the Coreper mandate

for negotiations with the EP on the scope of the Corporate Sustainability Reporting Directive, part of 'Omnibus I'[4]. As the Council would need to add an annual balance sheet threshold, this would be set at EUR 340 million, to reflect the proportional increase for employee count and turnover. Other delegations have expressed a preference for retaining the thresholds as proposed by the Commission, hence keeping the references to the Commission Recommendation. By doing so, the reference to the Commission Recommendation would stay in 'Omnibus IV.'

10. The Presidency considers that in order to prepare a mandate on the full 'Omnibus IV' package, clarity on the above-mentioned thresholds is necessary. Delegations are therefore invited to indicate whether they would prefer to keep the definition as suggested by the Commission, or to raise the threshold. A decision on raising the threshold would require further technical changes to the Council text to incorporate the crucial elements in points 1 and 3-6 in the Annex of the Commission's Recommendation. Delegations are asked to clearly indicate which of the two approaches for the SMC definition thresholds they prefer and any potential red lines regarding these approaches.

IV. CONCLUSION

11. Against this background, the Committee of Permanent Representatives is invited to provide political guidance on the way forward regarding the above-mentioned issue, with a view to reverting for a full mandate on the 'Omnibus IV' package at a forthcoming meeting.

[4] ST 10276/25