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OUTCOME OF PROCEEDINGS

From: General Secretariat of the Council

To: Delegations

Subject: Conclusions on simplifying the Union's financial services regulation
- Council Conclusions (12 December 2025)

Delegations will find enclosed Council Conclusions on simplifying the Union's financial services regulation, as approved by the Council (ECOFIN) meeting held on 12 December 2025.

Council Conclusions on simplifying the Union's financial services regulation

The Council of the European Union:

1. RECALLS that simplifying the Union's financial services regulation is vital for strengthening European competitiveness, economic performance and security, as underlined in the Budapest Declaration on the New European Competitiveness Deal by the Union's Heads of State or Government¹, which 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", and further RECALLS the conclusions from the European Council on 20 March 2025² and on 23 October 2025³, the European Commission priorities, as well as the report on "The future of European competitiveness" presented by Mario Draghi,
2. EMPHASISES that simplification of the Union's financial services regulation should play an important part in the wider simplification agenda of the Union as it can strengthen the competitiveness of the European financial sector and thereby of the broader European economy, while contributing to maintaining a global level playing field,
3. RECALLS that simplification should not lead to de-regulation, which could put financial stability at risk,
4. CONSIDERS that simplification is a shared responsibility of Union institutions, bodies and agencies as well as Member States and the national authorities, while simplification going forward involves making clear choices and efforts at all levels to deliver on simple and efficient legislation,
5. RECOGNISES that some complexity in financial services regulation may be due to the heterogeneity, size, nature and role of the financial sector in the European economy as well as the need for alignment with international standards,
6. ACKNOWLEDGES that over time, the Union's financial services regulation has become more complex and more extensive than necessary, thereby burdening businesses, including SMEs, and public administrations and authorities.
7. UNDERLINES that to accomplish the aim to remove and avoid unnecessary complexity, simplification should address both the existing stock of regulation and the flow of new regulation without undermining the key pillars, core standards for financial services,

¹ <https://www.consilium.europa.eu/en/press/press-releases/2024/11/08/the-budapest-declaration/>

² European Council conclusions on competitiveness, European defence and security and migration, 20 March 2025, doc. EUCO 1/25

³ European Council conclusions on Ukraine, the Middle East, European defence and security, competitiveness and twin transition, housing, migration and the Republic of Moldova, 23 October 2025, doc. EUCO 18/25

8. HIGHLIGHTS that the role of new technological developments, such as artificial intelligence, could be further explored when looking at the benefits they could bring when simplifying the existing stock of regulatory measures, for example to help highlight unnecessary duplications or inconsistencies and streamline data reporting,
9. IS CONVINCED that simplification of the Union's financial services regulation should be guided by the following principles, while allowing for flexibility for the Union to act quickly to address urgent matters in the evolving financial system:
 - a) The key pillars of the regulatory framework must be preserved, as they are essential for financial stability, resilience and long-term economic prosperity and must take international standards into account, while reflecting the specificities of the Union's financial system. Key pillars include, in particular, robust capital and liquidity requirements, strong resolution frameworks, high consumer and investor protection, effective supervision, and a robust framework against money laundering and terrorist financing.
 - b) Simplification of the existing stock of regulation should ensure regulatory stability and primarily focus on eliminating unnecessary requirements and on measures with high potential impact, including by ensuring improved coherence between different pieces and different fields of legislation and their implementation, aligning definitions, by removing duplications, out-dated provisions and unnecessary or overlapping reporting requirements.
 - c) Public and stakeholder consultation is integral to well-informed decision-making and to improving the quality of law-making. As part of this, structured discussions, organised in a systematic manner, should take place in the preparatory stages of the legislative process, before the Commission decides whether to submit a proposal. The objective of these discussions should be to establish the necessity of potential new rules. It should be ensured that new rules are designed, developed and implemented to be as simple as possible.
 - d) Consistent, thorough and realistic impact assessments that include cost-benefit analyses are necessary and important for the legislative process. As foreseen in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making, the Commission will carry out impact assessments of its legislative and non-legislative initiatives, delegated acts and implementing measures which are expected to have significant economic, environmental or social impacts; the European Parliament and the Council will also, when they consider this to be appropriate and necessary for the legislative process, carry out impact assessments in relation to their substantial amendments to the Commission's proposal. The European Parliament and the Council will, as a general rule, take the Commission's impact assessment as the starting point for their further work. The definition of a 'substantial' amendment should be for the respective Institution to determine.
 - e) Coordination, timing and sequencing in the implementation of legislative acts should be improved in order to reduce the implementation burdens. Concretely, new or revised requirements laid down in legislative, delegated or implementing acts should as a rule only be introduced and take effect twice a year. Further, the implementation timelines should as a rule ensure simultaneous application of legislative acts and of the delegated and implementing acts adopted pursuant to those legislative acts, while allowing for sufficient time for Member States' implementation and businesses' transition.

- f) A regulatory slowdown, with the overall objective of providing regulatory certainty and stability as a basis for competitiveness and economic growth, should be achieved through fewer and more targeted review clauses in legislation, for example targeted at reviewing specific parts of the regulation or to consider the repeal of certain provisions if they become outdated, or are no longer appropriate. The periods after which the provisions are to be reviewed due to review clauses should ensure that enough experience has been gained and allow for available evidence of for example a minimum of five years after the date of application of a given provision.
- g) Legislative acts should contain all essential political choices, be clear on objectives and provide fewer and clearer empowerments for adoption of delegated acts and implementing acts, as well as providing for fewer and clearer mandates given to the ESAs to issue guidelines.
- h) Delegated and implementing acts should be used more sparingly, their choice should be better justified in legislative acts on which they are based, they should remain focused, proportionate and technical in nature, within the parameters of the empowerments. The essential elements of an area shall be reserved for the legislative act and accordingly shall not be the subject of a delegation of power. Simplification efforts on existing delegated acts and implementing acts should still ensure the necessary legal certainty in situations where this cannot be ensured solely by the existing legislative acts they are based on.

10. In line with these principles, CALLS on the Commission to:

- a) Swiftly put forward ambitious simplification packages for the Union's financial services regulation, as part of a comprehensive and ambitious plan for reviewing, simplifying and, where relevant, repealing the existing financial services legislative acts. The plan should include clear priorities and timelines, as well as planned initiatives, which should be focused on key areas where simplification would have the greatest impact, while taking account of the trickle-down effects of the financial services regulation and the interplay with other fields of regulation impacting the financial services sector.
- b) Consider further improvements to the method for impact assessments, for example with regard to cross-border impacts and impacts at Member State level, and by evaluating, once the legislation has started applying, the actual implementation costs and other impacts against the initial assessments in line with its Better Regulation rules referred to in The Working Methods of the European Commission⁴.
- c) Consider improvements to the mandates of the European Supervisory Authorities (the ESAs), including with a view to ensure better reporting and greater accountability towards the co-legislators and to facilitate the ESAs to adhere to the above principles.
- d) Present an analysis of how to ensure that future Union's financial services regulation, covering all types of regulatory measures, becomes less complex and burdensome, taking into account the above principles, including by considering improvements to the legislative process and an exploration of the possibility that reporting requirements in financial services regulation are for example only introduced and take effect twice a year.

⁴ COMMUNICATION FROM THE PRESIDENT TO THE COMMISSION, The Working Methods of the European Commission, 1.12.2024, P(2024) 5 – can be accessed on the Commission's website [here](#).

- e) Taking note of the principles above, assess in an ambitious manner the scope for simplification when reviewing any existing piece of legislation, as well as in the preparation of all new legislation, so that legislation is as simple and efficient as possible, in particular by considering a streamlining of reporting and disclosure requirements to remove redundancies and align key aspects of the requirements in financial services regulation.
11. UNDERLINES the importance of structured discussions with all relevant stakeholders at the appropriate level during the preparatory stages of the legislative process. The objective of these discussions should be to achieve a shared understanding of the policy direction, and therefore a clear problem statement should be provided as a basis for this dialogue, including why a certain area needs to be regulated, or why the existing rules are insufficient or need to be amended.
12. With a view to fostering the Single Market for financial services, STRESSES the importance of Member States' efficient, timely and correct transposition of EU rules, of Member States having sufficient time for transposition and of unnecessary additional national requirements on top of the Union rules being avoided, and RECALLS the importance of proper enforcement of the Union rules,
13. With a view to continuing cooperation between Union institutions on simplification, REAFFIRMS the key importance of the Interinstitutional Agreement on Better Law-Making and CALLS ON all Union institutions, bodies and agencies to ensure implementation of its principles, with a particular focus on transparency, proportionality and the positive contribution of impact assessments in underpinning evidence-based policy making in the development and implementation of financial services regulation,
14. CALLS ON the ESAs and the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) to adopt a simpler and more targeted approach to developing Regulatory Technical Standards (RTS), Implementing Technical Standards (ITS), guidelines etc., which would reduce unnecessary complexity and ensure that those regulatory measures are clear, focused and proportionate. Further CALLS ON the ESAs and AMLA to carry out a review of the existing stock of regulatory measures with a view to simplifying and identifying outdated or duplicative provisions, and INVITES the ESAs and AMLA to report back to the Commission and the co-legislators on the possibilities for simplification under the existing rules,
15. TAKES NOTE of the recent work of the Commission on simplification, including Commission's 2025 Annual Overview Report on Simplification, Implementation and Enforcement, as well as the ongoing work of the Commission, ESAs, and the ECB, respectively, on simplifying the EU regulatory and supervisory framework, while CALLING ON the AMLA to immediately start a similar process,
16. HIGHLIGHTS the importance of making effective use of existing structures (for example ESA Joint Committees) in coordinating this work to ensure that efforts to simplify financial services regulation are aligned,
17. CALLS ON the Commission to take account of the views expressed by the Council in these conclusions and to identify additional potential for strengthening simplification and competitiveness in the financial sector, including in the context of a report assessing the

overall situation of the banking system in the Single Market, including the evaluation of its competitiveness, which is planned for 2026, and INVITES the Commission to report back to the Council on progress with simplification initiatives, including on the abovementioned measures.
