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WORKING DOCUMENT

From:	General Secretariat of the Council
To:	Antici Group (Simplification)
N° prev. doc.:	ST 12525/25, ST 12526/25
Subject:	Omnibus IV - Small mid-caps - Explanatory note for the AGS on 11 September

With a view to the meeting of the Antici Sub-group on Simplification on 11 September, delegations will find attached an explanatory note by the Presidency accompanying the revised Presidency compromise texts on small mid-caps as set out in documents 12525/25 and 12526/25.

Explanatory Note

Antici Group on Simplification (AGS)

11 September 2025

Omnibus IV: Small mid-caps – 2nd Presidency compromise text

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The purpose of this explanatory note is to provide delegations with additional information, clarifications and reasoning for the amendments proposed by the Presidency.

The explanatory note follows the order of the relevant provisions.

This document is for reference only.

ARTICLE	REASONING
Generel changes	
Recital 5 and 13 in the regulation and 5 and 8 in the directive	The wording in recital 5 has been updated in both the regulation and the directive in order to reflect the point raised be the Commission regarding ensuring a sound legal approach. This is done while maintain the purpose of underlining that extending the scope of certain tools and support measures or exemptions from SMEs to SMCs should not undermine the current level of support and possibilities for SMEs.
Title of the directive	The title of the directive has been adjusted in order to reflect the actual changes made in the directive. As there are no other simplifying measures than the introduction of the SMCs the wording "further simplifying measures" has been adjusted to reflect that the purpose of the directive is simplification.
Article 3 – directive (transposition)	Upon the request of several Member States the transposition deadline has been increased to 18 months in order to provide Member States with sufficient time to implement the changes needed. In addition, the wording of Article 3 on transposition has been adjusted so as to remove the obligation to consult with the Commission before adopting the changes. The wording now draws on the wording from

	two standard options in the *Joint Handbook for the presentation and drafting of acts subject to the ordinary legislative procedure*.
Threshold for SMC-definition	A number of Member States has suggested to increase the threshold of the SMC-definition to ensure consistency with the proposed threshold in the Omnibus I package i.e., 1000 employees and EUR 450 million annual net turnover. On the other hand, a number of Member States has expressed support to maintain the thresholds and the reference to the Commission's Recommendation in order to ensure consistency and legal certainty across different legal acts. For the second compromise text, the Presidency has put squared brackets on all thresholds and references to the Commissions Recommendation, with a view to exchange further on this issue during the next meeting of the AGS.
GDPR	
Recital 9 and 10	The minor changes made to recital 9 have been made with a view to provide legal certainty for when the recital would apply (i.e., to enterprises with fewer than [750] employees).
Battery regulation	
Recital 19 and article 5	Following the remarks at the previous meeting by notably the Commission regarding the special characteristics of the battery sector and the calls from some Member States to ensure alignment with the CSDDD, the Presidency has updated the definition of a 'significant change' in the recital. This ensures alignment with the CSDDD while also clarifying that for the battery sector, this is in particular relevant in case of a change to the sourcing of raw materials and other components in the value chain. One Member State has suggested further alignment of the review and reporting frequency in art. 5 with those of the CSDDD. The is not feasible given the fact that the two are separate requirements in the CSDDD with different frequencies, whereas it is one in the battery regulation. Thus, the 3 years have been maintained as a compromise.
Article 5 (3(Proposal to Article 74(5) of the battery regulation 2023/1542,	Several Member States were firmly against the deletion and indicated, that this addition would go beyond the mandate of the AGS and the purpose of this omnibus package. As a result it has been removed. The presidency considered that a compromise with national flexibility could undermine the effects of the provision, as manufacturers and

	retailers selling batteries across EU member states would have to comply with different requirements. This is also with a view to reaching a timely agreement on this package.
F-gases	
Article 6	Minor amendments to ensure legal clarity. The wording 'where applicable' deemed unnecessary due to references to other provisions.

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