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WORKING DOCUMENT

From:	General Secretariat of the Council
To:	Antici Group (Simplification)
Subject:	Omnibus IV – Small Mid-Caps Regulation and Directive - Presidency note accompanying the 4-column tables

Delegates will find attached, the Presidency note accompanying the 4-column tables.

Presidency paper

Preparation of the second trilogue on Omnibus IV – SMC Regulation and Directive

Following the latest interinstitutional technical meeting, substantial progress has been achieved towards a provisional compromise package on the **Omnibus IV proposal concerning the SMC Regulation and Directive**.

The Presidency has already informed delegations during an AGS meeting and in WK 6894/26 about the state of play of the negotiations and the main issues under discussion. In light of the generally constructive reactions expressed by delegations at that stage, and following the further substantial progress achieved during the latest interinstitutional technical meeting, the Presidency now considers it appropriate to consult delegations on whether the current compromise package could provide a basis for approaching the concluding discussions.

The Presidency considers that the compromise package reflected in the fourth columns of the tables in **ST 9540/26 (Directive) and ST 9532/26 (Regulation)** represents a balanced outcome, reflecting flexibility from both co-legislators while preserving the overall objective of reducing unnecessary administrative burden and maintaining the key safeguards of the relevant sectoral legislation.

I. Main elements of the compromise package

The compromise package broadly maintains the structure of the Commission proposal while refining a number of provisions in order to address concerns expressed by Member States and the European Parliament.

On the main political element of the proposal, namely the scope and size of the SMC category, the Council and the European Parliament have been aligned from the beginning of negotiations. Both institutions have also consistently supported the objective of helping companies that outgrow the SME category to continue growing and scaling up, while ensuring that the simplification measures remain targeted, proportionate and balanced.

The negotiations therefore focused mainly on finding the right balance between simplification objectives and the preservation of key safeguards, including in areas such as investor protection, data protection, trade defence instruments and the smooth functioning of the internal market.

Throughout the process, delegations provided targeted written comments and drafting suggestions, as well as constructive comments during the AGS meetings. These contributions were useful in informing the negotiations and shaping the compromise package.

a) In the SMC Regulation

The discussions on the SMC Regulation confirmed broad convergence between the co-legislators on extending selected SME mitigating measures to SMCs, while maintaining the necessary safeguards in the relevant sectoral legislation.

The compromise package:

- preserves the targeted extension of selected SME mitigating measures to SMCs;
- maintains safeguards relating to investor protection, data protection, trade defence instruments and the integrity of the internal market;
- preserves the existing approach applicable to SMEs;
- strengthens references to competitiveness, innovation, scaling-up and the reduction of administrative burden;

- **introduces review and reporting elements concerning the future application of the SMC definition and related measures across Union legislation.**

b) In the SMC Directive

The discussions on the SMC Directive equally confirmed broad convergence between the co-legislators on extending selected mitigating measures currently available to SMEs to SMCs in a targeted and proportionate manner.

In particular, the compromise package:

- preserves the focused scope of the Directive and avoids broader simplification measures beyond those directly linked to the extension of SME-related mitigating provisions to SMCs;
- maintains the existing approach applicable to SMEs, while extending selected measures to SMCs;
- strengthens references to competitiveness, innovation, scaling-up and the reduction of administrative burden;
- clarifies that the extension of mitigating measures to SMCs should not affect the application of measures specifically dedicated to SMEs;
- introduces a review mechanism concerning the future application of the SMC definition and the impact of the Directive on administrative burden reduction and competitiveness.

At this stage, the main remaining open issue concerns the transposition date provided for in Article 3, in particular whether this should be set at 12 or 18 months.

II. Presidency assessment

The Presidency considers that the current compromise package provides a solid and balanced basis for the forthcoming trilogue and preserves the core objectives of the proposal, while maintaining the necessary safeguards and the overall balance of the relevant sectoral legislation.

Against this background, delegations are invited, in particular, to focus their interventions on:

1. **whether the overall direction and balance of the emerging compromise package are acceptable;**

2. ***specifically for the SMC Directive*, whether any flexibility could be shown as regards the application deadline shorter than 18 months;**

3. **whether the Presidency could seek a provisional agreement with the European Parliament at the trilogue on 3 June 2026 for the Directive and at the trilogue on 9 June 2026 for the Regulation, on the basis of the draft compromise reflected in the fourth columns of documents ST 9540/26 (Directive) and ST 9532/26 (Regulation).**

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