Amending certain Directives as regards the extension of certain mitigating measures available for small and medium sized enterprises to small mid-cap enterprises and further simplifying measures (Omnibus IV)

2025/0131(COD) - 21/05/2025 - Legislative proposal

PURPOSE: to extend certain mitigating measures available for small and medium sized enterprises (SMEs) to small mid-cap enterprises (SMCs) in order to facilitate their growth and development.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the European Commission has introduced a new package to simplify rules and reduce bureaucracy across the Single Market. This **fourth simplification Omnibus package** aims to make it easier for businesses to operate, innovate, and grow, while maintaining high standards of protection for consumers and the environment.

Mario Draghi in his report on ‘The future of European competitiveness’, argued that EU regulation imposes a proportionally higher burden on SMEs and small mid-cap enterprises (SMCs) than on larger enterprises. Therefore, the Commission should extend the existing mitigation measures, currently available to SMEs, to small mid-caps to extend proportionality in EU law to them. The Draghi report also observes that EU lacks a commonly agreed definition of small mid-caps and readily available statistical data.

The measures currently applicable to SMEs to be extended to SMCs have been identified following a process of internal and external scrutiny of existing legislation and are based on the experience of implementing of the related legislation. Extending to SMCs of certain provisions already applicable to SMEs simplifies the legal framework by making minimum changes to Member States’ existing obligations.

CONTENT: therefore, as part of the IV Omnibus package, the Commission proposal seeks to make **limited and targeted changes** to legislation to extend to SMCs the measures currently applicable to SMEs.

The present proposal aims to include consideration for SMCs and proportionality when it comes to administrative burden, to cover enterprises that are three times the size of SMEs, in a number of legal acts where mitigating or supporting measures are already available for SMEs. Therefore, where SMEs are defined by their average market capitalisation, such as in Directive 2014/65/EU, a similar approach should be applied when defining SMCs.

The changes ensure a more efficient and effective implementation.

This proposal thus aims to extend to SMCs certain provisions currently applied to SMEs in the following legislation acts:

- **For Directive 2014/65/EU** on markets in financial instruments, the proposal aims to extend the current support provided to SMEs to small mid-cap companies to enable these companies to access SME growth markets. To this end, the proposal adds a definition of small mid-cap companies, namely companies with an average market capitalisation equal to or above EUR 200 million and below EUR 1 billion based on year-end quotations of the three preceding calendar years;

- **Directive (EU) 2022/2557** requires Member States to assist critical entities that qualify as SMEs to strengthen their resilience. To this end, Member States must adopt **strategies to strengthen the resilience of critical entities**. According to that Directive, each strategy must contain a description of the measures already in place to facilitate the implementation of certain obligations by SMEs that are identified as critical entities by Member States. It is proposed to extend the scope of this provision to small mid-cap enterprises, so that Member States should include in their strategies a description of any facilitating measures for SMCs.