

**CIRCOLARE INFORMATIVA 29/24**

Milano, 23 maggio 2024

OGGETTO: EUF Monthly Monitoring Report - Aprile 2024

Si trasmette agli Associati il rapporto mensile predisposto da Euralia per l'EU Federation for the Factoring and Commercial Finance Industry (EUF). Il Monthly Monitoring Report (MMR) descrive lo stato di avanzamento dei principali processi legislativi in corso presso gli organismi dell'Unione Europea con particolare attenzione alle tematiche di interesse per il settore del factoring.

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Banking regulation

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CRR/CRD

23 April 2024 – CRR/CRD : EU Parliaments adopts trilogue political agreement in plenary

On 23 April 2024, MEPs adopted in plenary the trilogue political agreement reached out with the Council with regard to the review of the [Capital Requirements Regulation \(CRR\)](#) and the [Capital requirement Directive \(CRD\)](#).

Next steps :

Once the Council formally adopts the political agreement, the banking package will be published in the UE Official Journal and enter into force.

23 April 2024 – CMDI: EU Parliaments adopts its position in plenary

On 23 April 2024, MEPs adopted in plenary their position with regard to the review of the Banking resolution package :

- [Regulation on early intervention measures, conditions for resolution and funding of resolution action \(SRMR3\)](#)
- [Directive on early intervention measures, conditions for resolution and financing of resolution action \(BRRD3\)](#)
- [Directive on Scope of deposit protection, use of deposit guarantee schemes funds, cross-border cooperation, and transparency \(DGSD2\)](#)

As a reminder, the Crisis Management and Deposit Insurance (CMDI) package aims at strengthening the EU banking resolution framework by extending the scope of the entities covered by the resolution rules. Medium sized banks will become in the scope of resolution if they are of regional systemic risk.

Next steps :

Trilogue are expected to start under Parliament's next mandate.

European Deposit Insurance Scheme (EDIS)

18 April 2024 - EDIS: MEPs adopt position on draft regulation

On 18 April 2024, MEPs of the Committee on Economic and Monetary Affairs (ECON) [adopted](#) their report on the proposal for a [regulation](#) to establish a European Deposit Guarantee Scheme (EDIS), with 26 votes in favour, 18 against and 3 abstentions.

As a reminder, the proposed EDIS regulation has been stalled in the Parliament and Council since 2015, with neither co-legislator able to reach a satisfactory compromise on the text. After nearly 9 years of stalemate, and

with the forthcoming elections in sight, MEPs on the Economic and Monetary Affairs Committee (ECON) have decided to adopt their position on the text in order to call on the Council and the Parliament's next mandate to implement the 3rd pillar of the Banking Union.

Primarily a political statement, MEPs propose the adoption of a European Deposit Guarantee Scheme (EDIS I), limited to lending liquidity to national deposit guarantee schemes.

MEPs also agreed that the Commission should eventually be able to set the contributions of banking institutions whose deposits are covered by the guarantee fund.

Lastly, MEPs wish to propose that the Commission, on the basis of a preliminary report, could propose extending EDIS I to a mutualized European deposit guarantee scheme.

Next steps:

The report should be put to the vote by the next Parliament. The Council, for its part, has yet to adopt its position on the text.

Banking supervision

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30 April 2024 - European Supervisory Authorities publish joint analysis of risks to the European financial system

On 30 April 2024, the European Supervisory Authorities [published](#) a joint analysis of the risks and vulnerabilities likely to affect the European financial system.

In the banking sector, the ESAs stress that capital and liquidity positions are strong, with a CET1 ratio of 15.8% and a liquidity coverage ratio of over 160%, against a backdrop of high profitability in 2023.

However, the analysis highlights a more difficult outlook for the banking sector due to a number of factors:

- Banks are facing the revaluation of liabilities and assets, with the outlook for lower interest income, slower loan growth, high costs and a challenging macroeconomic environment.
- Credit risk should continue to rise as refinancing needs increase, particularly for high-yield debt and real estate.
- While asset quality has remained solid in the banking sector, it is likely to deteriorate as economic growth continues to slow. The slowdown in the property market could also lead to asset write-downs at banks.
- Fund performance and flows have been volatile due to the changing interest rate environment. Although funds have managed the transition to higher interest rates, concerns remain over the valuation of property fund assets, and liquidity risks in these funds could have wider implications.
- Increased geopolitical instability and growing reliance on digital technology are raising the stakes for cyber security. The number of attacks and cyberthreats is increasing, and although the impact of these attacks has been limited to date, cyber-related insurance claims continue to rise, and the (re)insurance industry continues to strengthen underwriting techniques and risk transfer mechanisms. In the banking sector, the results of cyber resilience tests will need to be more seriously integrated into overall risk management.

12 April 2024 - The European Banking Authority publishes its annual assessment of banks' internal models for calculating prudential requirements

On 12 April 2024, the European Banking Authority (EBA) [published](#) its two annual reports on the assessment of market and credit risks. The purpose of this exercise is to verify that banks are consistently calculating risk weighted assets in their internal models.

The purpose of these exercises, carried out in accordance with [Article 78 of the Capital Requirements Directive \(CRD\)](#), is to ensure that the internal models used to determine banks' capital requirements are consistent and comply with the European prudential framework.

1. Credit risk assessment for 2023

This first [report](#) estimates that the variability in risk weighted assets (RWAs) remains stable for most assets, and even decreases for certain types of assets.

According to the EBA, the loss given default (LGD) subject to the internal ratings-based (IRB) method has remained broadly stable in recent years.

Finally, the report points out that the most important asset class in terms of capital absorption is large corporates (LCOR), with a 33% share in terms of risk-weighted assets (RWA), against a 20% share in terms of exposure. Mortgages account for the largest share in terms of exposure (29%).

2. Market risk assessment for 2023

This [report](#) presents an analysis of the variability in market risk capital requirements observed in the results provided by EU banks that have been authorized to adopt internal models. Overall, the report points to a significant reduction in risk variability, which can be explained by improved reporting rules.

8 April 2024 - The European Central Bank publishes its quarterly report on access to financing for businesses

On 8 April 2024, the European Central Bank (ECB) [published](#) its quarterly report on corporate access to finance for the first quarter of 2024.

According to the European Central Bank's report, conditions of access to credit have deteriorated, with a smaller supply of loans. At the same time, financing requirements have fallen, thereby limiting the effects of the reduction in credit supply. The deterioration in access to financing was therefore less marked than in the previous quarter.

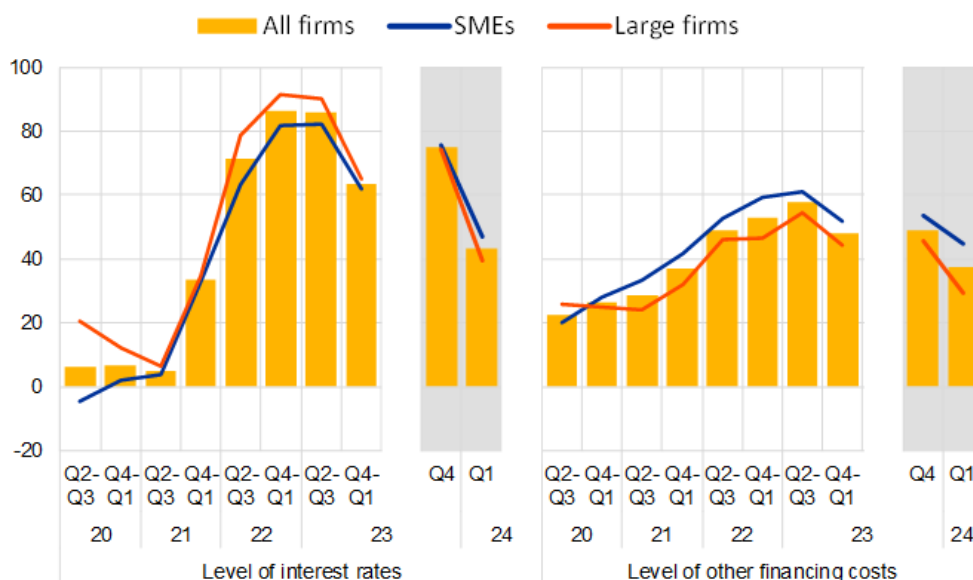
Fewer companies reported an increase in sales, but respondents were more enthusiastic about their growth prospects.

Costs, and in particular interest-related financing costs reported by the companies surveyed, fell this quarter (see graph below).

Chart 1

Changes in the terms and conditions of bank financing for euro area enterprises

(net percentages of respondents)



AML/CFT rules

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23 April 2024 – AML/CFT : EU Parliaments adopts trilogue political agreement in plenary

On 23 April 2024, MEPs adopted in plenary the trilogue political agreement reached out with the Council with regard to the Anti-Money Laundering and Combatting the Financing of Terrorism (AML-CFT) package

- [Anti-Money Laundering Authority \(AMLA\) Regulation](#) ;
- [Anti-Money Laundering Regulation](#)
- [Anti-Money Laundering Directive](#)

As a reminder the AML package aims to strengthen the anti-money laundering framework by improving Financial Intelligence Units powers and creating a dedicated EU agency (AMLA). Financial institutions will have to apply enhanced due diligence measures to check customers identify and to report suspicious activities.

Next steps :

Once the Council formally adopts the political agreement the AML package will be published in the UE Official Journal and will enter into force.

Taxation incl. VAT and Legal Affairs

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Late Payment Regulation

24 April 2024 - The European Commission examines the failure of certain Member States to comply with the provisions of the Late Payments Directive

On 24 April 2024, the European Commission [opened](#) an infringement procedure against Romania by sending a letter of formal notice on the grounds that Romania is not correctly applying certain provisions of the Late Payment Directive (LPD).

The Commission considers that, in Romania, the public authorities are paying independent pharmacies excessively late for medicines supplied to patients under the national health insurance system. These late payments are causing difficulties for the entire medicines supply chain.

Romania now has 2 months to comply with the provisions of the directive and send a response to the Commission. In the absence of a response, the Commission may decide to issue a reasoned opinion and proceed with the infringement procedure.

The Commission has also decided to refer Greece to the Court of Justice of the European Union (CJEU) on the grounds that Greece is not correctly applying certain provisions of the Late Payments Directive (DPL).

In particular, the European Commission is criticising Greece for failing to comply with its obligation to pay its debts immediately when suppliers agree to waive their right to claim interest.

As a reminder, the Commission had already [referred](#) Greece to the CJEU in November 2023 for excessive late payment by Greek hospitals.

Next steps:

Romania must now comply with the provisions of the DPA Directive. Greece must also comply with the European Commission's remarks or risk the European Commission asking the CJEU to impose financial penalties.

23 April 2024 - MEPs adopt their position on the proposal for a regulation on late payments (LPR)

On 23 April 2024, the plenary of the European Parliament [adopted](#) its position on the proposal for a regulation on late payments (LPR) by 459 votes to 96, with 54 abstentions.

MEPs rejected the various amendments proposing to amend Article 3 of the proposed regulation in order to introduce greater flexibility in terms of payment periods.

As a result, the position adopted by Parliament proposes to set payment periods at :

- 30 days for B2G transactions;
- Up to 60 days for B2B transactions;
- Up to 120 days for transactions involving certain types of goods, such as slow-moving goods.

In addition, with regard to factoring, MEPs agreed to prohibit contractual clauses and practices aimed at excluding or limiting the creditor's right to assign these receivables to third parties for the purpose of accessing financing services.

In addition, both recital 29 and article 17 call on Member States to make tools such as factoring solutions available to SMEs.

Next steps:

Now that MEPs have set out their position on the proposal for a regulation and adopted the opening of inter-institutional negotiations with the Council, trialogues can begin once the Member States have adopted their positions.

8 April 2024 - Late Payments : the Payment Observatory publishes its 2nd thematic report on enforcement measures

On 8 April 2024, the EU Payment Observatory [published](#) its 2nd thematic report with regards to enforcement measures aimed at combatting late payments under the Late Payment Directive (LPD). As you may remember, the Observatory had organized a Teams meeting to discuss these issues last October to which Maggie attended.

The report states that companies do not often claim the compensation to which they are entitled in case of late payment as it risks damaging the business relationship and requires significant resources.

The report also presents some of the enforcement measures put in place by Member States (i.e France, Poland, Italy and Ireland) and their efficiency on tackling late payments. The report notes in its conclusion that enforcement mechanisms can still be largely improved.

In view of providing solutions, the Observatory identifies a series of good practices that Member States should put in place :

- Setting up enforcement authorities as it was done in France, Poland and Spain.
- Introducing “softer enforcement measures, like ADR and mediation mechanism” to reduce the length and cost of procedures for companies and in particular for SMEs.
- Introducing G2B transaction monitoring systems to monitor public authorities’ late payments as it was done in Italy.

Note that the report focuses mainly on Member States' enforcement measures and so, it does not mention factoring nor incentives that could improve payment time.

3 April 2024 - Answer from the European Commission to a parliamentary question on the Late Payment Regulation

On 8 December 2023, MEP Geoffroy DIDIER (EPP, France) [tabled](#) a written parliamentary question concerning the 30-day time limit for making a payment under the proposed regulation on late payment. More specifically, he asked whether the Commission had taken into account the cash flow risks that this could entail for the smallest businesses, and whether measures were envisaged to limit the impact of this short deadline.

The European Commissioner for the Internal Market, Thierry BRETON, [replied](#) on 3 April 2024 that, according to the impact assessment carried out by the Commission, the 30-day deadline "*was the most effective and economically sound way of combating late payment*". It added that late payment damages the competitiveness and resilience of the EU economy and that certain types of products characterised by slow sales turnover benefit from exemption.

Sustainable Finance

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24 April 2024 – CSDD : EU Parliaments adopts trilogue political agreement in plenary

On 23 April 2024, MEPs [adopted](#) in plenary the trilogue political agreement reached out with the Council with regard to the review of the Corporate Sustainability Due Diligence (CSDD).

In her press conference, rapporteur Lara WOLTERS (S&D, NL) welcomed the vote in plenary but regretted that the Council had betrayed the agreement reached out. She stated that she was expecting the question of the inclusion of the financial sector in the scope of CSDD to be addressed again once the directive is reviewed. She strongly supported the inclusion of the financial sector in the scope of the directive.

For regulated financial undertakings **the definition of the term 'chain of activities' should not include downstream business partners that are receiving their services and products.**

Next steps :

Once the Council formally adopts the political agreement, the directive will be published in the UE Official Journal and will enter into force.

22 April 2024 – The Platform for Sustainable Finance organizes a conference to discuss “transition finance”

On 22 April 2024, the Sustainable Finance Platform organised a one-day conference with the aim of bringing together institutional players and stakeholders to discuss, among other things, the challenges associated with transition finance.

Martin SPOLC, Head of Unit for Sustainable Finance at DG FISMA, took the floor on behalf of the European Commission. He said that transition finance was one of the European executive's main priorities for the next term of office. In his view, the reason is simple: more private capital needs to be mobilised to achieve the objective of sustainable transformation, just as it is essential to invest not only in what is already green, but also in activities and projects in transition or facilitating transition.

Here are the main points of his speech:

- Following on from the recommendation on financing the transition presented in June 2023, he said that the Commission wished to help and guide companies at different starting points for transition on how they could use existing sustainable financing tools.
- The Commission's objective over the long term is to facilitate transition financing, not only for companies that already have a strong sustainability track record, but also for those at different starting points.
- Resolving the remaining usability issues of the European Sustainable Finance Framework is also an important issue for the Commission in order to facilitate its uptake by market participants. On the advice of the Platform, they will continue to support businesses and financial market participants by providing further guidance, including on the interpretation and application of the taxonomy criteria and disclosures, to help operators navigate the sustainable finance framework. Developing solutions that give SMEs better access to capital for their transition needs, while avoiding regulatory or administrative burdens, was also cited as a priority for the next mandate.

The panelists representing industry also stressed the need to think of the taxonomy as a capacity-building tool: the provision of advice and guidelines is eagerly awaited from economic players, particularly with regard to the implementation of the transition plan. They also stressed the need to take account of the social risks associated with transition, which should be better integrated into the sustainable finance framework in order to promote a "just transition".

4 April 2024 - The Sustainable Finance Platform presents a report on monitoring the reallocation of capital towards sustainable investments

On 4 April 2024, the Sustainable Finance Platform [published](#) a report on the monitoring of capital flows towards sustainable investments. As a reminder, the EU Action Plan for Financing Sustainable Growth and the strategy for financing the transition to a sustainable economy are based around three objectives: transparency, risk management and support for the reallocation of capital in order to mobilise the investments needed to implement the Green Deal.

The purpose of this report is to propose a methodology for measuring and monitoring the effective contribution of finance to the objectives of the European Green Deal. The comprehensive monitoring framework is based on a methodology, data structuring and mapping of data sources and data gaps for certain indicators. The proposed framework incorporates a bottom-up representation of the real economy based on entity and activity level data,

as well as financial sector instruments available on primary and secondary markets. Thus, the proposed monitoring methodological framework takes into account transition financing for both financial and non-financial companies. For the monitoring of financial firms, the proposed framework intends to track a combination of stocks and flows as well as net and gross capital flows.

- The first chapter of the report deals with the establishment of a monitoring framework and the development of an appropriate methodology. The monitoring framework is based on data from the publications and reports introduced by the following regulations: the Taxonomy Regulation, the CSRD and the future Directive on the Duty of Vigilance (CSDD), the CRR Regulation and in particular the ESG disclosures provided for under the 3rd pillar, the Regulation on European Green Bonds (EUGBS), the SFDR Regulation and the ESAP Regulation.
- The second chapter focuses on investment spending by real economy entities, highlighting the progress made in closing investment gaps. The third chapter focuses on capital flows to and from financial markets, which represent an important source of real economy investment.

The report is [accompanied](#) by a document with annexes, which contains an analysis of the "Green Deal investment gap". This analysis will serve as a reference for the implementation of the proposed framework. The annexed document also contains, on page 17, a selection of ESRS criteria to be taken into account when measuring the transition of a non-financial company.

Next steps:

The Platform will publish a final report at the end of its mandate, which will include improvements to the methodological approach based on feedback from stakeholders, an analysis of preliminary data, and an in-depth proposal for improving periodic monitoring.

Other topics

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18 April 2024 - Enrico LETTA publishes his proposals for the future of the single market and insists on the need to mobilise European savings to finance the transition

On 18 April 2024, the former Italian Prime Minister and President of the Jacques Delors think tank, Enrico LETTA, [presented](#) his proposals for the future of the single market and strengthening European competitiveness in a report entitled "More than a market - speed, security, solidarity: Giving the single market the means to ensure a sustainable future and prosperity for all EU citizens". To produce this report, he visited 65 European cities between September 2023 and April 2024, and took part in over 400 meetings where he had the opportunity to interact with thousands of people, representatives of associations, federations and economic stakeholders.

The report attaches considerable importance to the question of financing, stressing the "colossal needs" that will be required within the single market to achieve the ecological and digital transitions, free up resources for defence and absorb the shock of future enlargements.

It is on the system of national subsidies that Enrico Letta's proposals are most detailed. He points out that the relaxation of the framework on state aid, decided in the wake of Covid-19 and the energy crisis, has led to distortions of competition within the single market. The report therefore proposes clarifying the conditions attached to national subsidies, tying them more closely to the European Union's strategic objectives. In order to continue to benefit from the potential of State aid, it calls for this funding to be directed towards major strategic projects, for example in the digital and energy fields, and suggests taking up the model of major projects of common European interest (PIIEC). Enrico Letta imagines a "contribution mechanism" in which each State would be required to pay a share of State aid in order to collectively finance pan-European initiatives and investments.

Another way of meeting Europe's financing needs is to complete the union of capital markets, one of the report's priorities. Enrico Letta proposes renaming the UMC the "Savings and Investment Union", with the aim of channelling private savings into European businesses "by fully integrating financial services into the single market". According to the report, €300 billion of these European savings are invested outside the EU every year, particularly in the United States.

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Its proposals for the future of the single market:

1. **Extend the scope of the single market:** "The lack of integration in the financial, energy and electronic communications sectors is one of the main reasons for Europe's declining competitiveness".
 - The report includes "concrete roadmaps" for accelerating integration in three strategic areas (telecoms, financial services and energy) over the next legislature.
 - Prioritise the use of regulations over European directives in all areas likely to affect the competitiveness of Europe.
 - Add a "fifth freedom" to the single market, in addition to those allowing the free movement of goods, persons, services and capital. This 5th freedom would aim to promote the free movement of research, innovation and education within the single market.
2. **Act in favour of businesses and strengthen European industrial capacities:**
 - Create a "European Code of Business Law": such a code would be a decisive step towards a more unified single market, offering companies a 28th regime for operating within the single market. It would tackle head-on the current "patchwork of national regulations" and unlock the full potential of free movement within the EU. The report points out that a code of business law could boost competitiveness and attractiveness, as demonstrated by numerous foreign examples including the Uniform Commercial Code (UCC) in the United States.
 - Harmonising insolvency regimes: harmonisation of insolvency regimes is cited as a means of promoting cross-border investment and market access in the EU, as it significantly reduces the administrative and legal costs associated with insolvency proceedings. The report sees an urgent need for action to overcome purely national visions.
 - Facilitating job creation and business life: simplifying the administrative and regulatory burden, and harmonising legal and fiscal conditions between Member States to facilitate the development of businesses within the EU;
 - Rethinking the operation of state aid rules and increasing financial support for pan-European initiatives: more specifically, E. LETTA envisages a state aid contribution mechanism, requiring Member States to allocate part of their national funds to finance pan-European initiatives and investments.

3. **Create a "Savings and Investment Union"**, based on the unfinished Capital Markets Union, and create a favourable ecosystem for European investments.
4. **Creation of a specific facility through which the EU could support the banking sector in financing the climate transition.** To support sustainable private investment, the EU could launch a specific European Green Guarantee (EGG). The European Commission and the EIB would be called upon to develop the framework and mobilise the financial resources needed to set up an EU-wide guarantee scheme to support bank lending to green investment projects and businesses. As with EFSI, the EIB would then assess specific proposals from commercial banks and/or national financial institutions and provide the guarantee. With this guarantee, European lenders would be able to provide the necessary financing.

Next steps :

The report commissioned from Mario DRAGHI on European competitiveness should be presented to the Member States in June 2024.

11 April 2024 - MEPs oppose the appointment of Markus PIEPER as the European Commission's SME Envoy

On 11 April 2024, MEPs opposed the appointment of Markus PIEPER (EPP, DE) as the European Commission's SME Envoy. MEPs voted by 382 votes in favour of a resolution calling, among other things, for Markus PIEPER to resign and for the selection procedure put in place by the European Commission to be re-examined.

Markus PIEPER was [appointed](#) on 31 January 2024 as the European Commission's SME Envoy, but his appointment was delayed. The appointment was contested by a number of MEPs and European Commissioners, including Thierry BRETON, on the grounds that the selection procedures had not been complied with.

As a result, Markus PIEPER preferred to resign. The European Commission has [announced](#) that the selection of his successor will resume after the European elections on 6-9 June 2024.

8 April 2024 - France, Germany and Italy launch a joint project for administrative simplification at European level

On 8 April 2024, the French, German and Italian finance ministers met in Paris to [discuss](#) a joint project for administrative simplification at European level. This tripartite meeting is part of a wider effort to develop an ambitious European economic and industrial strategy.

At the suggestion of Bruno LE MAIRE, the three countries are meeting to discuss, ahead of the European elections, the drafting of an "omnibus" directive aimed at revising existing European standards and "cutting red tape" in the regulatory requirements applicable to European businesses.

The idea would be to push for the adoption of a European Industrial Deal, along the lines of the Green Deal, and that, symbolically, this text should be the first to be adopted by the European Commission when it takes office. In particular, the ministers present wish to take "corrective action" on all relevant existing European regulations with the aim of "eliminating regulatory incoherence, conflicting objectives and excessive reporting".

Among the proposals envisaged to incorporate this proposed directive are:

1. Raising the threshold for the number of employees qualifying as an SME from 250 to 500. This would allow mid-cap companies to be excluded from certain regulatory obligations in the area of accounting and financial standards and extra-financial reporting.
2. France also wants to bring the issue of "environmental rebalancing" to the fore. According to Bruno LE MAIRE, the choice of climate transition is a "costly choice" for companies and households, so the EU cannot afford to let companies from third countries sell their more carbon-intensive products on the domestic market without regulatory rebalancing.

In addition to these measures to address the issues of simplification and competitiveness, the three ministers also stressed the need to increase public and private investment to make a success of the dual transition to green and digital technologies. In order to finance the necessary infrastructure, they called for a "broad range of own resources" at European level. They also propose extending the application of certain provisions of the temporary transition and crisis framework on State aid.

France also suggests adopting the following measures at EU level:

- Restrict State aid to goods that comply with the strictest environmental standards (e.g. granting bonuses to electric vehicles);
- Restrict certain public contracts to goods produced in Europe.
- Bruno Le Maire also wants the issue of the EU's independence in terms of energy and access to raw materials to be addressed more directly by the Member States.

Next steps:

These discussions will be continued by the three ministers at a forthcoming meeting in October or November, in Berlin or elsewhere in Germany, announced Mr HABECK.

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