

### Summary of content

<b>SUMMARY OF CONTENT .....</b>	<b>1</b>
<b>CONSULTATIONS.....</b>	<b>3</b>
<i>3 February 2025 – European Commission opens a consultation on the SIU .....</i>	<i>3</i>
<b>BANKING REGULATION .....</b>	<b>3</b>
<i>21 January 2025 - CRD: Publication of an EBA opinion on the interaction between the output floor and Pillar 2 (P2R) requirements.....</i>	<i>3</i>
BANKING UNION .....	4
<i>8 January 2025 – MEPs publish their amendments with regard to the Banking Union report .....</i>	<i>4</i>
<b>SUPERVISION .....</b>	<b>6</b>
BANKING SUPERVISION .....	6
<i>20 January 2025 – the EBA publishes its 2025 stress test .....</i>	<i>6</i>
<i>17 January 2025 - EBA repeals major incident reporting guidelines under revised Payment Services Directive .....</i>	<i>6</i>
<i>16 January 2025 - EBA publishes its peer review on the application of proportionality in the Supervisory Review and Evaluation Process (SREP) .....</i>	<i>7</i>
<b>LEGAL ISSUES .....</b>	<b>8</b>
INSOLVENCY .....	8
<i>29 January 2025 - The European Parliament's JURI Committee organizes a public hearing of experts with a view to harmonizing the Insolvency Directive .....</i>	<i>8</i>
LATE PAYMENTS.....	9
<i>14 January 2025 – EU Payment Observatory publishes its 2024 report.....</i>	<i>9</i>
<b>SINGLE MARKET AND COMPETITIVENESS ISSUES .....</b>	<b>11</b>
<i>29 January 2025 - The European Commission presents its “Competitiveness Compass”.....</i>	<i>11</i>
<i>29 January 2025 - the European Commission publishes its 2025 Annual report on the Single Market and Competitiveness .....</i>	<i>13</i>
<b>DIGITAL ISSUES.....</b>	<b>14</b>
<i>17 January 2025 - ESAs publish a study on the feasibility of further centralizing the notification of major ICT incidents by financial entities .....</i>	<i>14</i>
<b>SIMPLIFICATION .....</b>	<b>16</b>
<i>29 January 2025 - Renew shares its position paper on regulatory simplification .....</i>	<i>16</i>
<i>20 January 2025 - France simplification proposals include a call to withdraw the LPR proposal .....</i>	<i>17</i>
<b>SUSTAINABLE FINANCE .....</b>	<b>18</b>

<i>9 January 2025 – EBA publishes its final guidelines on ESG risks .....</i>	<i>18</i>
<i>8 January 2025 - Publication of a draft report by the Sustainable Finance Platform on preliminary recommendations for the revision of the Taxonomy's climate delegated act .....</i>	<i>19</i>
<b>OTHER TOPICS .....</b>	<b>20</b>
<i>January 2025 - Commission plans single savings product modelled on UK savings product .....</i>	<i>20</i>

---

The previous Monthly Monitoring Reports are available on EUF website.  
Please follow the link: <https://euf.eu.com/>

---

## Consultations

[Back to summary of content](#) – Previous editions of the MRR

---

### 3 February 2025 – European Commission opens a consultation on the SIU

---

On 3 February 2025, the European Commission [opened](#) a call for contributions concerning the Savings and Investment Union (SIU), the outlines of which are due to be presented by Financial Services Commissioner Maria Luis ALBUQUERQUE and Executive Vice-President Stéphane SEJOURNE on 19 March 2025.

The deadline for responses is set to 3 March 2025.

This consultation is intended to feed into the forthcoming Commission Communication, which is expected to set out the broad outlines of the SIU, and thus provides an opportunity for the stakeholders concerned to share their political vision or key demands concerning the Commission's future priorities.

The Commission indicates that the SIU should address the following issues:

- Mobilizing retail investors' savings in favor of productive investment.
- Create a European investment product.
- Increase the level of financial market financing and reduce the share of bank financing.
- Reduce the fragmentation of capital markets and remove existing barriers to facilitate cross-border investment (in terms of supervision, taxation or authorization).
- Ensure unified supervision of financial markets.

## Banking regulation

[Back to summary of content](#) – Previous editions of the MRR

---

### 21 January 2025 - CRD: Publication of an EBA opinion on the interaction between the output floor and Pillar 2 (P2R) requirements

---

On 21 January 2025, the European Banking Authority (EBA) [published](#) an opinion on the interaction between the output floor and Pillar 2 (P2R) requirements under the mandate set out in the Capital Requirements Directive (CRD).

In its opinion, EBA considers that the nominal amount of P2R should not increase as a result of an institution being bound by the output floor, and highlights the possibility of double counting in the setting of P2R of risks already covered by the effects of a binding output floor.

EBA also concludes that competent authorities using a methodology that calculates the P2R amount on the basis of a multiplication by TREA (“*Total Risk-Weighted Exposure Amount*”) should set the amount and composition of P2R on the basis of actual risks, rather than a simple mathematical increase linked to the output floor that raises TREA.

## Banking Union

### 8 January 2025 – MEPs publish their amendments with regard to the Banking Union report

On 8 January 2025, the MEPs made public the the amendments they [tabled](#) with regard to the Bankin Union report, to which EUF contributed,. As such, I am pleased to inform you that several EUF amendments were taken into account. Please find hereafter the key amendments identified for EUF.

#### 1. Mention of factoring

As promised by Mr. EROGLU’s (Renew, DE) assistant, the MEP tabled an amendment (AM 107) mentioning explicitly factoring in a new proposed Paragraph 5b:

***5 b. Reminds that the Banking Union also entails alternative financing solutions especially for SMEs such as factoring or commercial finance; notes that, in addition to traditional loans, diverse sources of financing can be beneficial for EU growth and EU competitiveness, and recognises the low-risk nature of asset-backed financing solutions;***

#### 2. Support of alternatives to banking financing

Mr. FERNANDEZ (S&D, ES) shadow rapporteur for the S&D tabled an amendment (AM 41) lightly inspired by EUF amendments :

***F b. whereas the completion of the Capital Markets Union (CMU) requires the establishment of common rules and effective tools to reduce internal market fragmentation and facilitate access to alternative financing;***

Despite refusing to explicitly mention factoring, Mr. FERNANDEZ team, contacted by EUF seem to have supported the idea of fostering “alternative financing”.

Note that, Ms. BENJUMEA (EPP, ES) called to “***reduce the high reliance on bank credit to foster investments and job creation***” (AM 48).

#### 3. Call for the EBA to respect its given mandate on CRR

Several Italian MEPs from all political groups have tabled amendments calling for the EBA to review its guidelines on the definition of default :

- Irene TINAGLI (S&D, IT) proposes (AM 125) :  
***“6 a. Underlines that credit institutions should be encouraged to engage in proactive, preventive and meaningful debt restructuring to support debtors, when deemed appropriate, without necessarily***

*entailing that a default shall be considered to have occurred; stresses that the current specification of what constitutes a material diminished financial obligation in case of distressed restructuring does not provide adequate flexibility to credit institution; calls for a more granular classification that takes in due consideration, among other things, the kind of concession granted, the residual maturity of the exposure and the length of the postponement; recalls that the political agreement on the revision of the CRR regulation invites the EBA to review its guidelines on the matter by taking into account the necessity to encourage institutions to engage in proactive, preventive and meaningful debt restructuring to support obligors and by providing adequate flexibility to institutions; calls the EBA to respect the indications given by the co-legislators;”*

- Denis NESCI (ECR, IT), Francesco VENTOLA (ECR, IT) Giovanni CROSETTO (ECR, IT) propose (AM 126, see also AM 148) :  
*“6 a. Notes that the banking packages include a significant number of mandates for the EBA; calls on the EBA to respect these mandates to avoid worsening the impact on banks' capacity to lend to SMEs and households;”*
- Fulvio MARTUSCIELLO (EPP, IT) proposes (AM 127, see also AM 147):  
*“6 a. Recalls that the Banking Package contains a high number of mandates to the EBA; calls on the EBA to stick to such mandates as to avoid an increase in impact on banks' lending capacity”.*

#### 4. Financing of SMEs

Several political groups (S&D, ECR) tabled amendments underlining the need for the Banking Union to facilitate banks' financing of SMEs :

- The S&D group called in favor of **“increasing the possibility of homeownership, fostering investment and job creation”** (AM 28),
- ECR group proposed to introduce in recital D the following sentence **“ whereas targeted frameworks within the Banking Union are needed to ensure EU banks can efficiently channel funds to SMEs and start-ups while balancing risk management obligations”** (AM 27) and proposes to develop SMEs access to finance (AM 80) ;

#### 5. Basel III implementation

While some EPP and Renew MEPs supported the call to examine the possibility to delay the implementation of Basel II rules, some EPP, S&D, Greens MEPs and part of the ECR MEPs oppose such mention, and rather support a “full implementation of the framework”.

Some EPP Italian MEPs also called for the Commission to review EU prudential banking framework.

#### 6. Other main topics addressed in the report

MEPs tabled a certain number of amendments that may be interesting to note :

- **Simplification** : Engin EROGLU and EPP MEPs call to simplify the regulatory framework.
- **EDIS** : several MEPs from all political groups (EPP, S&D, Renew, Greens and even in some way ECR) called for the report to support the finalization of the Banking Union by adopting the EDIS proposal and a European guarantee of deposits. But some Renew MEPs like Engin EROGLU or Pfe MEPs remained wary of the EDIS.

- **Sustainable finance** : S&D MEPs tabled several amendments calling for banks to better taking into account climate change and increasing the sustainability of their investments.
- **Brown Penalizing factor** : Green MEPs called for increasing prudential requirements for climate risk exposures.
- **AML** : several S&D MEPs tabled amendments proposing to increase EU anti-money laundering mechanism and initiatives.

**Next steps :**

**MEPs are now expected to adopt the amendments to the Banking Union report, and vote upon in the ECON Committee on 19 march 2025 and on plenary on 5 May 2025.**

## Supervision

[Back to summary of content](#) – Previous editions of the MRR

### Banking Supervision

---

#### 20 January 2025 – the EBA publishes its 2025 stress test

---

On 20 January 2025, the European Banking Authority (EBA) [published](#) its EU-wide stress test 2025 and macroeconomic scenarios to assess the resilience of the European banking sector in today's uncertain and changing macroeconomic environment.

The purpose of the stress test is to assess the ability of EU banks to withstand an economic crisis over three years (2025-2027). It aims to measure their financial soundness, ensure that they have sufficient funds to support the economy in times of crisis, enhance transparency and assist supervisory authorities.

The unfavorable scenario is based on a hypothetical worsening of geopolitical tensions, with significant, negative and persistent trade and confidence shocks, which have significant negative effects on private consumption and investment, both domestically and globally. The test includes a detailed sectoral analysis (16 sectors) to better assess the impact on banks according to their business model and exposure.

**Next steps**

***The results of the exercise will be published in early August 2025.***

---

#### 17 January 2025 - EBA repeals major incident reporting guidelines under revised Payment Services Directive

---

On 17 January 2025, the European Banking Authority (EBA) [repealed](#) its guidelines on major incident reporting under the Payment Services Directive (PSD2), due to the entry into force of harmonized incident reporting requirements under the DORA regulation from 17 January 2025. This repeal is intended to simplify incident reporting by payment service providers (PSPs) and bring legal certainty to the market.

The DORA regulation, which began to apply on 17 January 2025, introduces harmonized incident reporting requirements for financial institutions, including most PSPs. DORA also removes the incident reporting requirements under PSD2 for these PSPs.

Thus, to ensure legal clarity, EBA has decided to repeal its PSD2 guidelines. However, these reporting requirements still apply to PSPs not covered by DORA, such as certain national payment service institutions. EBA justifies the repeal on the grounds of the small number of such PSPs and their lack of significant impact at EU level. National authorities may continue to apply the old guidelines if they so wish.

---

### **16 January 2025 - EBA publishes its peer review on the application of proportionality in the Supervisory Review and Evaluation Process (SREP)**

---

On 16 January 2025, the European Banking Authority (EBA) [published](#) its peer review on the application of proportionality in the Supervisory Review and Evaluation Process (SREP).

The review shows that the SREP is generally well implemented by competent authorities, with some local adjustments.

- Among the main conclusions of the peer review are :
  - Proportionality in SREP is generally well applied by competent authorities.
  - Competent authorities have adapted institution classifications and the minimum commitment model to their national context, but differences remain.
  - Some authorities adjust the intensity of supervision according to banks' risk profiles, although some deviations from SREP guidelines have required corrective action.
  - Tools are in place to ensure consistency and document the application of proportionality, but some regulatory options (bespoke methodologies and bank grouping) are not fully exploited.
- The review also identified best practices for competent authorities:
  - Communicating to institutions the supervisors' expectations regarding minimum risk management requirements, tailored to the complexity and risk level of their activities.
  - Use benchmarking tools, in particular for key risk indicators (KRI) by business model and for ILAAP, to carry out targeted assessments and horizontal analyses using bank-specific tools.
  - Monitor the quality of responses provided by institutions in self-assessment questionnaires, for example by carrying out random checks during on-site inspections to ensure that declared information is consistent with reality.
  - Conduct “pilot inspections” for groups of institutions using the same service provider (e.g. IT infrastructure), by carrying out checks both at certain client institutions and directly at the service provider, in order to identify common problems and monitor their resolution centrally.
- Finally, the peer review makes the following recommendations:
  - EBA should clarify that the SREP assessment can be adapted according to a bank's risk profile, irrespective of its category.
  - Clarification of the minimum frequency of interaction between supervisors and banks could improve the effectiveness of supervisory resources.
  - EBA should continue to monitor the application of the proportionality principle and provide further guidance where necessary.

## Legal issues

[Back to summary of content](#) – Previous editions of the MRR

### Insolvency

---

#### 29 January 2025 - The European Parliament's JURI Committee organizes a public hearing of experts with a view to harmonizing the Insolvency Directive

---

On 29 January 2025, the European Parliament's Legal Affairs Committee [organized](#) a public hearing on the harmonization of certain aspects of the Insolvency law. The hearing was chaired by committee chairman Ilhan KYUCHYUK (Renew, Bulgaria) and the text's rapporteur, Emil RADEV (EPP, Bulgaria). They had invited four experts:

- On the proposal to simplify liquidation procedures for SMEs, Björn LAUKEMANN (Law professor at Aix-en-Provence) would like to see the involvement of an insolvency practitioner during the procedure remain the absolute rule. Indeed, if this existing procedure for micro-businesses is extended to SMEs, it will become a standard procedure, threatening traditional procedures in almost all Member States and constituting an attack on national legal systems and orders.
- Sophia ZACARIE (SMEUnited) welcomes the proposal, but shares Björn LAUKEMANN's reservations. She agrees with the EU Council's position on the protection of third parties in proceedings to recover the assets of bankrupt companies. Finally, she called for greater clarity on pre-packed proceedings.
- François DESPRAT (Chair of the *Conseil National des Administrateurs Judiciaires et Mandataires Judiciaires*) highlighted the drafty directive's shortcomings: a definition of the notion of insolvency and a framework for the status of insolvency professionals in Europe. It also reiterated its firm opposition to the absence of insolvency practitioners during liquidation proceedings (Title VI). With regard to the pre-pack procedure (Title IV), he would like to see this mechanism used throughout the insolvency process, and not just in liquidation. With regard to creditors' committees (Title VII), he fears that the procedure will be cumbersome and costly for companies, and therefore proposes to draw inspiration from French legislation and replace creditors' committees with "controllers".
- Finally, Belgian lawyer Sophie JACMAIN was in favor of the proposal, stating that pre-packed procedures were real solutions and worked very well in Belgium.

Representatives of the European Commission were also present, and took on board the comments made against Title VI of the proposal.

- René REPASI (S&D, Germany), shadow rapporteur for the JURI Committee and rapporteur for the ECON Committee, and Jana TOOM (Renew Europe, Estonia) asked the experts for clarification. Arash SAEIDI (The Left, France) recalled that his political group supports a position that would guarantee greater protection for employees. He would like to see wages given greater priority in claims. Pascale PIERA (Pfe, France) also took the floor.

#### Next steps

**The harmonization of certain aspects of insolvency legislation has not yet been adopted by either the European Parliament or the EU Council.**



## Late Payments

### 14 January 2025 – EU Payment Observatory publishes its 2024 report

On 14 January 2025, the EU Payment Observatory has [published](#) its 2024 report to which EUF members had contributed individually, please find hereafter the main takeaways.

#### 1. Late payments figures

The report considers that late payments have reached their highest increase this year with the share of enterprises having problems because of late payments in the EU going from 43% in 2023 to 47% in 2024. Worst, in 12 Member States more than half of companies reported having issues due to late payment, with Malta, Luxembourg and Poland being the more affected.

Both G2B and B2B transactions payment delay have deteriorated, with B2G continuing to be more affected than B2B. Large companies remain the worst payers in comparison with other types of companies.

#### 2. Consequences of late payments

According to the report : 41% of companies reported that late payments constrained investments in geographical expansion (such as opening a new office abroad), 56% said it negatively affected efforts to improve their sustainability performance (such as reducing carbon footprint and waste); and 43% reported that it put a burden on investing in the implementation of a digital strategy. Following these points, the report underlines that *“as the digital and green transition is fundamental for the long-time sustainability of the EU, this also shows that late payments considerably constrain advancements in key policy priorities”*.

Very interestingly the report underlines those late payments *“hinder the firms’ ability to access financial services, such as bank credit”*, and that it produces a *“self-reinforcing cycle”* that adversely impact their access to finance.

#### 3. Mentions of factoring

Factoring is mentioned several time in the report in the Member States late payment comparison :

- **Belgium** : the report highlights that “once a payment is late, companies in Belgium use several remedial measures” and they are the third Europe “in referring to debt collection services, employed by 24% of firms, and factoring (23%)”.
- **Czechia** : the report considers that Czech firms are particularly prone to working with externals when facing a late payment. They are the Member State in which more companies have made recourse to external debt collection agencies (26%). They are also the second most frequent users of factoring (23%).
- **Ireland** : the reports writes that in “2023 Irish firms were the ones working the least with external debt collection agencies and making the least use of factoring, with a proportion of 15% and 11% respectively.” And that the rules put in place in the country have helped “Irish firms rely less on external support remedies such as factoring or engaging with debt collection agencies”.
- **Spain** : the report specifically mentions the case of “confirming” and details its functioning :

*“In addition, the Spanish retail sector often makes use of reverse factoring (which in Spain is known as confirming), whereby the factor, generally a financial institution, enters into a contract with the buyer, who provides a list of approved invoices to be paid in the upcoming weeks or months. This list allows the factor to offer each supplier the option to discount their invoices without recourse. The supplier can choose to accept the offer for all, some, or none of the invoices. If the supplier declines the offer, the factor will transfer the funds to the supplier's bank account at maturity. If the supplier accepts the discount, they must return the signed offer to the factor, who will then make the advanced payment (after deducting fees and interest) to the supplier's bank account<sup>95</sup>. Essentially, reverse factoring provides the supplier with an additional funding line, albeit at a cost, and allows the buyer to outsource their payment workload. Notably, this practice is also widely used in other sectors in Spain, with 40% of the market utilising this possibility*

*Unfortunately, the practice of confirming is subject to abuse to the detriment of the creditor. To claim its payment to the financial institution or factor within the deadline agreed with the debtor, the creditor is asked by the factor to pay high discounts or interests. These fees diminish progressively in time; the later the creditor claims its payment, the fewer the fees or discounts to be paid. The effect of this practice is negative from two points of view: 1) payment periods are extended inordinately – a payment negotiated at 60 days in reality is paid after 120 or even 240 days (four times the agreed payment term); and 2) in the accounts of the debtor, the invoice appears as having been paid the moment the ‘confirming’ or the instruction to the financial institution or factor has been made. In this way the debt is not detected in any statistics or calculation of average payment periods, or reporting. Furthermore, in the debtor's balance, these operations are not even considered as ‘financial debt.’*

#### **4. Mention of EUF**

It is worth to notice that **EUF has been explicitly quoted** in the report has the source of the definition of “confirming”.

#### **5. Mention to the LPR**

In its conclusions the report underlines that the **LPR is expected to positively impact the payment culture in Europe.**

## Single market and competitiveness issues

[Back to summary of content](#) – Previous editions of the MRR

---

### 29 January 2025 - The European Commission presents its “Competitiveness Compass”.

---

On 29 January 2025, the European Commission [presented](#) its “Competitiveness Compass”, after circulating a first working version on January 24, 2025.

The “Competitiveness Compass” takes up the main findings of the Letta and Draghi reports and proposes a more concrete implementation. In its declaration, the Commission reaffirms the need to simplify and better coordinate future initiatives in order to limit the administrative burden. The aim of this communication is therefore to set out the priorities to be followed in order to relaunch economic activity in the Union.

The Commission has structured its fields of action into three main areas (*transformational imperatives*): closing the innovation gap - setting a common roadmap for decarbonization and competitiveness - reducing dependency and increasing security. To these three categories are added five “horizontal catalysts for competitiveness”: coordination, simplification, single market, skills and jobs, and financing.



#### A. Transformational imperatives

##### 1. Bridging the innovation gap

To ensure that the European Union can meet the challenges of innovation and compete with the USA and China, the Commission wishes to present a number of initiatives:

- A European strategy for Start-ups and Scale-ups (Q2 2025) designed to eliminate the barriers faced by these innovative companies (including access to finance and barriers within the single market).
- A 28th European company law regime (2026) aimed at simplifying the regulatory framework, reducing the cost of bankruptcy and harmonizing insolvency, labor and tax law provisions.
- The European Investment Bank (EIB) will set up a financing program dedicated to innovation.

##### 2. Setting a common roadmap for decarbonization and competitiveness

To accompany the decarbonization of the economy, the Compass calls for the adoption of a Clean Industrial Deal (February 2025) designed to ensure that the Union remains an attractive jurisdiction for industry. A series of initiatives should be presented to meet these objectives, including :

- The Affordable Energy Action Plan will present a series of measures to ensure that households and industrial customers have greater direct access to low-cost electricity.
- The strategic dialogue for the automotive industry should make it possible to devise concrete strategies and solutions for the automotive sector.
- The Clean Tech Industrial Deal.
- An act for the circular economy.
- A greening initiative for corporate car fleets.

### **3. Reducing dependency and increasing safety**

Finally, to ensure the security of EU businesses, a number of initiatives are planned to secure supplies of raw materials and strengthen the EU's preparedness for climate-related events. A climate change adaptation plan is due to be presented in 2026.

## **B. Horizontal objectives to facilitate competitiveness**

1. **Simplification:** The Commission reiterates its commitment to simplification and the elimination of 25% of reporting requirements, and will present a proposal for the creation of a new category of mid-cap companies. Twice a year, the Commission undertakes to organize a dialogue with stakeholders to discuss the application of European rules and identify opportunities for simplification. It is key to note that the Commission states:

“Simplification must be based on an understanding of how value chains work in practice, and on a regulatory system based on trust and incentives rather than detailed control”.

The Commission proposes that my burden reduction targets of 25% (for companies) and 35% (for SMEs) should in future refer to the costs of all administrative burdens, not just reporting requirements.

The Omnibus directive on simplification will cover, among other things, far-reaching simplification in the areas of sustainable financial reporting, sustainability due diligence and taxonomy.

Finally, in the area of simplification, the Commission mentions electronic invoicing as a digital tool to be promoted.

2. **Strengthening the single market:** the Commission calls for the removal of remaining obstacles to the creation of a genuine single market. The compass thus provides for a horizontal strategy in favor of the single market, designed to modernize market governance and eliminate existing barriers.
3. **Creation of a Savings and Investment Union (SIU):** in April 2025, the European executive will present its strategy for the SIU, designed to mobilize private savings in favor of the real economy. According to the document, the Commission plans to tackle the following objectives in particular:
  - Reducing the fragmentation of capital markets through a single, affordable European investment product
  - Unified supervision

- Removing barriers to the consolidation of market infrastructures at European level.
  - Revision of insolvency rules and removal of tax barriers to investment.
4. **Macroeconomic coordination:** the Commission wishes to better coordinate public investment between Member States by revising budgetary rules. In particular, the Commission proposes to invite Member States to ensure that elements of their tax systems which have an impact on incentives for private investment, such as depreciation rules and tax credits, are conducive to the development of clean production.
5. **Promoting training and jobs:** the Commission announces the development of a Skills Union to strengthen training and education within the European Union.

---

## 29 January 2025 - the European Commission publishes its 2025 Annual report on the Single Market and Competitiveness

---

On 29 January 2025, the EU Commission published its [report](#) for 2025 on the Single Market and Competitiveness. This report is aimed as providing a basis of discussion on the main issues to tackle and engage discussion with other stakeholders.

The report recalls that the EU economy lags behind due to *“persistent barriers in the Single Market and administrative burden”*, slow down *“Single Market integration”*. The report considers that the struggles that companies and in particular SMEs face are in great part due to *“administrative burden”* and the need to *“comply with government regulation”*. The report also details that EU private and public investments remain far below its worldwide counterpart, jeopardizing EU growth potential.

The report highlights that *“rule of law”* is key to support an effective Single market as *“the rule of law ensures a business environment in which laws apply effectively and uniformly”*.

The report addresses several issues of interest that the EU Commission aims to address :

### 1. Regulatory Burden

The report recalls that regulatory burden is a major source of cost and of obstacles for investments for companies and SMEs. It is put forward that *“28% of EU SMEs report that more than 10% of their staff are employed to assess and comply with regulatory requirements and standards”*, and that *“sustainability”* regulations are particularly burdensome.

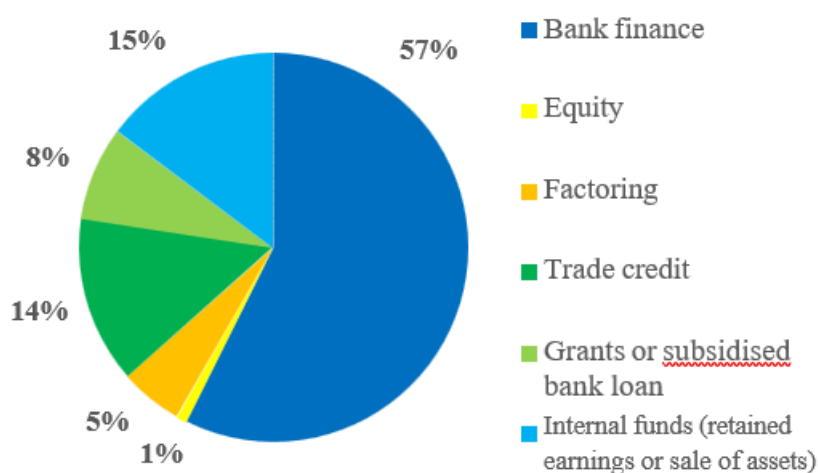
The report also considers that the inconsistent adoption of electronic invoicing further complicates administrative processes for businesses, particularly in public procurement.

### 2. Financing the economy

The report considers that investments in starts ups and scale-ups are insufficient and wishes to support private and public financing through venture capital and Public investment programs. Similarly, the report warns on the low level of EU savings invested in financing the EU economy.

With regard to SMEs financing the report alerts on the decrease of new bank loans for SMEs since the covid, that could put investments at risk. It is worth noting that the Commission report details SMEs type of finance :

**Figure 5: Type of finance used in 2023 by SMEs (share of total)**



Additionally, the report mentions that delays of payment hamper SMEs and that payment terms have been deteriorating.

## Digital issues

[Back to summary of content](#) – Previous editions of the MRR

### 17 January 2025 - ESAs publish a study on the feasibility of further centralizing the notification of major ICT incidents by financial entities

On 17 January 2025, the three European supervisory authorities - EBA, ESMA and EIOPA - [published](#) a report on the feasibility of further centralizing the reporting of major information and communication technology (ICT) incidents by financial entities (in accordance with Article 21 DORA).

The report assesses the feasibility of three different models:

- The basic model

This implements the existing DORA incident reporting flows and would be operational from January 17, 2025. This model remains largely decentralized, with financial entities reporting directly to designated competent authorities, who in turn transmit these reports to other national and European authorities.

- **A model with strengthened data-sharing provisions**

This is based on the basic solution. The main difference, however, is that in this scenario, decentralized distribution is no longer necessary. Once the report has been submitted to the single solution made available to the competent authorities, it is automatically distributed at national and European level to the relevant stakeholders, according to their respective responsibilities.

- **A fully centralized model.**

In the fully centralized model, financial entities report directly to the EU platform, which is accessed and notified by stakeholders according to their specific roles and responsibilities. This model then enables the development of enhanced analytical capabilities, eliminating the need to duplicate these capabilities at a decentralized level. In this scenario, the competent authorities remain the first point of contact from the point of view of surveillance engagement, response and follow-up. The report points out that certain features of this model offer advantages, such as streamlining reporting channels by avoiding parallel reporting; reducing report dissemination and response times for cross-border incidents; and reducing dissemination times to all stakeholders.

The report also identifies the main limitations of the analysis. These include the total number of major ICT incidents expected, specific design and development requirements, interoperability with competent national authorities' IT systems used for control response and monitoring, and unknown timescales for the decision to move to a fully centralized solution. With regard to the risks associated with the high concentration of sensitive information, the report indicates that the fully centralized solution would be exposed to a higher risk of loss of availability of incident data, but these are not marginally higher than in the baseline scenario.

The report concludes that, in terms of cost, there is no significant difference between the three scenarios evaluated, and that, from an overall cost point of view, the three solutions fall within a similar range.

The ESAs strongly urge the co-legislators to continue to evaluate and consider a centralized model, taking into account the various elements and aspects highlighted in this report, and in particular considering how to minimize the costs of transitioning to a fully centralized European platform solution.

**Next steps**

***The joint report has been submitted to the European Parliament, the European Council and the European Commission, who will examine its conclusions with a view to possible future developments concerning the further centralization of reporting on major ICT incidents in the financial sector.***

## Simplification

[Back to summary of content](#) – Previous editions of the MRR

---

### 29 January 2025 - Renew shares its position paper on regulatory simplification

---

On 29 January 2025, the Renew Europe parliamentary group [published](#) its position paper on the future Clean Industrial Act, in which it addresses the issue of simplification. The Renew Group's vision is built around five key pillars:

- **Ensuring a secure, affordable and stable supply of clean energy for European industries**

Renew advocates the creation of a true Fossil-Free Energy Union. To this end, they call on the European Commission to invest in all decarbonized energy sources, network infrastructure including interconnections, flexibilities and storage. They wish to guarantee the possibility of transporting electricity throughout Europe thanks to improved interconnections. They call for a dynamic system of electricity supply and grid pricing for proactive and adaptable industries through a “European strategy on energy flexibility”.

- **Supporting the deployment of clean technologies, clean production processes and energy efficiency measures**

For Renew Europe, support for the deployment of clean technologies will involve demand-side measures. They would like to see the introduction of mandates for green and low-carbon products, such as steel, in key sectors. They encourage the development of green supply (CO2 standards, stimulus packages or innovation funds). They also propose to facilitate the use of alternative fuels.

- **Promoting EU-made products and guaranteeing fair conditions for European companies**

In the face of global challenges, the group wants to promote “Made in EU” products, by imposing the purchase of European-produced technologies when these are strategic. They also want to impose the systematic use of mirror clauses, i.e. that imported products respect the same sanitary, phytosanitary, welfare and environmental standards as “Made in EU” products. Finally, in the event of unfair competition, they call on the EU to use its trade defense instruments (as it did in the case of Chinese electric cars).

- **Matching funding to the challenges**

Underlining the conclusions of the DRAGHI Renew report, Renew wishes to act on massive public and private investment. To improve recourse to private capital, they propose the creation of a new fund, de-risked by European budget guarantees, which would raise capital from pension funds and European savings to accelerate our industrial decarbonization. Finally, they would like to create a European venture capital initiative to encourage exchanges between institutional investors and venture capital firms. This initiative would create a label and a fund-of-funds structure to improve institutional investors' investments in venture capital companies, by listing the funds in which they can invest and carrying out a due diligence process for them.

- **Simplifying for faster results without compromising our objectives**



Renew supports the simplification agenda announced by the European Commission. However, they are concerned that simplification will impact on certain EU rules, such as taxonomy or CSRD. They want simplification to lighten the administrative burden so as to facilitate the implementation of EU rules without jeopardizing the stability and predictability necessary for investment and competitiveness. Finally, they want to make the most of digitization and AI-assisted software to facilitate reporting exercises, they could streamline processes, cut red tape, increase efficiency and provide policymakers with real-time information.

**Next steps**

**The European Commission will publish its Green Industry Initiative on 26 February 2025.**

---

**20 January 2025 - France simplification proposals include a call to withdraw the LPR proposal**

---

On 20 January 2025, France published a note concerning its proposals for legislative and administrative simplification.

This document sets out concrete measures to lighten European regulations. France is proposing to launch an ambitious simplification agenda at the start of the new term of office, which should be fully integrated by political players in future legislative proposals.

**This document addresses several simplification proposals:**

- **Late Payment Regulation (LPR)**

**France has now officially taken position in favor of withdrawing this text**, considering that it is “*unbalanced because it is unilaterally focused on the interests of creditors rather than SMEs, and overly prescriptive in terms of contractual relations*”.

- **Basel III and EBA supervision**

France calls for **postponing for an additional year the implementation of the new prudential requirements for market risk** (Fundamental Review of the Trading Book - FRTB). It also calls for the European Commission to mandate the European Banking Authority to identify the technical standards, texts and procedures that could be abolished or alleviated in the short term, with a view to simplifying the framework. It is also worth noticing that France proposes that “*this mandate could be accompanied by a request to improve the ex-ante impact assessments published by the EBA, in particular to include an assessment of the expected impact on the financing of the economy and the competitiveness of the European banking sector*”.

- **Securitization**

France supports relaunching the European securitization market and introducing several simplification measures.

- **CSDD directive**

**France is in favor of an indefinite postponement of the directive's entry into force**. France would like this postponement to allow a number of adjustments to be made:

- Ensure consistency with the CSRD directive

- Adapt the thresholds for companies subject to the directive: target only those subject to the directive from the first year of its application, once transposed.
    - European companies with over 5,000 employees and worldwide sales of over €1.5 billion;
    - Non-European companies with sales in excess of 1.5 billion euros on the European market.
  - Prioritize the application of the CSDD at group level, rather than duplicating efforts at the level of each subsidiary.
  - Harmonize supervisory practices, possibly by creating a single European supervisory authority.
  - Abolish additional requirements for regulated financial companies.
- **Corporate Sustainability Reporting Directive (CSRD)**

France calls for a reduction in reporting burdens by reducing the number of indicators and focusing on climate objectives.

## Sustainable Finance

[Back to summary of content](#) – Previous editions of the MRR

---

### 9 January 2025 – EBA publishes its final guidelines on ESG risks

---

On 9 January 2024, the EBA has [published](#) its final guidelines on environmental, social and governance (ESG) risk management, which set out requirements for the internal processes and ESG risk management arrangements that institutions must put in place.

These guidelines will apply from January 11, 2026, except for small and non-complex institutions for which the guidelines will apply from January 11, 2027 at the latest.

The guidelines specify the requirements for :

- **Reference methodology for identifying and measuring ESG risks** : institutions must regularly assess the materiality of ESG risks and identify them using reliable data and a variety of methodologies, such as exposure-, portfolio- or sector-based analyses. They must integrate these risks into their risk management framework, considering them as potential drivers of the main financial risks (credit, market, operational, reputation, liquidity, business model and concentration).
- **Minimum standards and reference methodology for ESG risk management and monitoring** :
  - Institutions must manage and mitigate ESG risks over the short, medium and long term (at least 10 years) using a variety of tools, including engagement with counterparties. They must integrate these risks into their regular processes, such as risk appetite, internal controls and ICAAP (internal capital adequacy assessment), and monitor them through internal reporting frameworks and backward-looking and forward-looking indicators.
  - On transition plans more specifically:
    - Institutions must take account of material ESG risks, in particular transitional and physical environmental risks, identified on the basis of a robust and regularly updated assessment.
    - Plans must include dedicated actions to monitor and manage these risks, taking into account exposures, portfolios and business activities.

- Large institutions should include strategic objectives and roadmaps for the short, medium and long term. Smaller institutions should include aspects relating to objectives, milestones, targets and measures, actions to be taken and responsibilities. Plans should be documented and regularly updated.
- Internal processes and arrangements for ESG risk management that institutions must put in place in accordance with the Capital Requirements Directive (CRD6) :
  - Institutions must develop specific plans to manage the risks associated with economic transition, taking into account the ESG regulatory objectives of the jurisdictions concerned. Aligned with the CRD, they adopt a risk-based approach, strengthen institutions' resilience and must be consistent with transition plans drawn up under other EU legislation.

---

#### **8 January 2025 - Publication of a draft report by the Sustainable Finance Platform on preliminary recommendations for the revision of the Taxonomy's climate delegated act**

---

On 8 January 2025, the Sustainable Finance Platform [published](#) a draft report amending the Green Taxonomy. In particular, it proposes to update the technical review criteria for certain activities and to add new ones.

This report is a preliminary working document, not an official position of the European Commission. The Commission will still have to work on a delegated act if it wishes to amend the taxonomy.

This report is part of the European Commission's mandate to the Sustainable Finance Platform to review and, if necessary, revise the technical selection criteria (TSC) for economic activities included in the delegated act on the technical criteria for determining under which conditions an activity can be considered to contribute substantially to climate change mitigation (climate) of 2021. The focus is on transitional activities, which are to be reviewed every three years.

At the same time, the report also proposes CSTs for new economic activities that aim to make a substantial contribution (SC) to an environmental objective, while respecting the “Do-No-Significant-Harm” (DNSH) principle.

The objectives of the report are to

- Review and adapt the existing TSCs in the delegated act to better meet market needs as well as regulatory and scientific developments.
- Define new criteria for activities proposed by companies and industry associations, in order to broaden the scope of the Taxonomy in response to market demands.
- Develop criteria for climate resilience activities included in Annex II, to support economy-wide environmental transition and encourage climate change adaptation financing.

The ultimate aim of this work is to simplify and improve the Taxonomy.

## Other topics

[Back to summary of content](#) – Previous editions of the MRR

---

### January 2025 - Commission plans single savings product modelled on UK savings product

---

The Commission's communication on the Savings and Investment Union (SIU) should include a European product inspired by the British savings product, the Individual Savings Account (ISA), often presented as a success. This product encourages citizens to invest through tax-free savings up to a certain annual ceiling. In addition, pensions and retail investment should be among the priorities, with a communication detailing the overall objectives of the Savings and Investment Union and the legislative projects envisaged.

The Commission also wants to refocus the SIU debate by emphasizing the direct investment benefits for European households, rather than the indirect benefits for the economy. This approach was championed by Maria Luís ALBUQUERQUE, Commissioner for Financial Services and the Savings and Investment Union.

**Next steps:**

***Publication of the Savings and Investment Union (SIU), expected on April 1, 2025 by Commissioner ALBUQUERQUE, under the supervision of Vice-President SEJOURNE.***

*Realised by*



**EURALIA**

**Contacts:**

**Pierre Degonde**

**+33 6 72 44 85 18**

**E-mail: [pierre.degonde@euralia.eu](mailto:pierre.degonde@euralia.eu)**

**Matthias Garcia de Cruz**

**Tel : +32 489 38 33 16**

**E-mail : [matthias.garciadecruz@euralia.eu](mailto:matthias.garciadecruz@euralia.eu)**

**EURALIA**

**Rue Montoyer, 25**

**B-1000 Brussels**