

**CIRCOLARE INFORMATIVA 27/25**

Milano, 12 marzo 2025

OGGETTO: EUF Monthly Monitoring Report - Febbraio 2025

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.

Il presente documento, riservato agli Associati e non divulgabile all'esterno, è disponibile, insieme alle edizioni precedenti, nell'Area Riservata del sito associativo: <https://areariservata.assifact.it> (EU Federation > Documenti riservati > EUF Monthly Monitoring Report).

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Consultations

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25 February 2025 - European Banking Authority consultation to modify data collection for 2026 benchmarking exercise

On 25 February 2025, the European Banking Authority (EBA) [opened](#) a consultation to amend the technical implementation standards (ITS) relating to the benchmarking of credit risk, market risk and IFRS9 models for 2026.

Through this consultation, EBA is monitoring the variability of capital requirements resulting from the implementation of internal models, and the impact of prudential and regulatory measures that influence capital requirements and solvency ratios in the EU.

The main objectives of this consultation are as follows:

Credit risk:

- The changes to the ITS will establish a correspondence between the asset classes used for the definition of reference portfolios and the breakdown of the IRB credit risk models adopted in the revised ITS on prudential reporting.
- These adjustments are in line with changes to the regulatory framework linked to the new banking package, comprising the Capital Requirements Regulation (CRR3) and the Capital Requirements Directive (CRD6).

Market risk:

- Introduce new models for the collection of risk measures related to the Alternative Internal Model Approach (AIMA) as part of the Fundamental Review of the Trading Book (FRTB).
- Extend the scope of the exercise to banks that apply only the Alternative Standardized Approach (ASA) methodology, to ensure more comprehensive coverage and better comparability of market risk data.
- Credit risk :
- The changes to the ITS will establish a correspondence between the asset classes used for the definition of reference portfolios and the breakdown of IRB credit risk models adopted in the revised ITS on prudential reporting.
- These adjustments are in line with the changes to the regulatory framework linked to the new banking package, comprising the Capital Requirements Regulation (CRR3) and the Capital Requirements Directive (CRD6).

The consultation, which runs until 26 May 2025, invites stakeholders to submit their views on these proposals, which could influence the future risk management methodologies used by European financial institutions. This initiative is part of the ongoing monitoring of the variability of capital requirements arising from the use of internal models, as well as the impact of prudential and regulatory measures on capital requirements and solvency ratios within the European Union.

Next steps

A public hearing will be [held](#) on April 10 at 2pm. The consultation will be open until 26 May 2025.

17 February 2025 – EU Commission opens public consultation on Start-ups and Scale-ups

On 17 February 2025, the European Commission [opened](#) a public consultation ahead of its future strategy for start-ups and scale-ups, expected mid-2025.

This strategy aims to remove financial, regulatory and administrative obstacles to the growth of start-ups in the EU, and to limit their relocation. The consultation should feed into the future strategy to be presented by the European Commission.

The European Commission identifies a number of obstacles to the expansion of start-ups, including :

- **Limited access to finance** : the Commission considers that **SMEs have only limited access to finance** due, in particular, to an underdeveloped venture capital and growth capital ecosystem, underlining the need for an environment more enabling to fund-raising and investment.
- **The administrative burden** : differences between national regulatory regimes discourage investors who are less likely to invest in companies established in another Member State, and make international investors less likely to invest throughout Europe.
- **Lack of unified rules** : SMEs face a complex landscape of different standards, regulations and direct tax rules that make it difficult to export goods or services.
- **Limited access to support services** such as business acceleration services, coaching and networking support.

The Commission therefore formulates 3 questions for stakeholders:

1. Do you agree that startups and/or scaleups face the hurdles identified in this document (**access to finance**, regulatory and bureaucratic burdens and fragmentation, access to markets, access to talent, and access to infrastructure, knowledge and services)?
2. Are there any additional hurdles faced by startups and/or scaleups?
3. What actions do you think the EU and/or its Member States should take to address these hurdles?

Next steps :

The consultation is open until 17 March 2025, with the Commission expected to present its strategy in Q2 or Q3 2025.

16 February 2025 – EU Commission opens consultation on the securitization framework

On 16 February 2025, the European Commission [opened](#) a consultation on the review of the global securitization framework, including a revision of the Securitization Regulation, the Capital Requirements Regulation, the Liquidity Coverage Ratio Delegated Regulation and the Solvency II Delegated Regulation.

The European Commission explains that it wishes to remove obstacles to the limited development of the securitization market:

- A regulatory framework deemed more restrictive than for other comparable instruments (covered bonds, securitizations in other jurisdictions).
- Transparency, due diligence and prudential (capital and liquidity) requirements perceived as excessive.

- External factors, such as the low interest-rate environment of recent years and the persistent negative perception of securitization since the financial crisis.

This revision aims to facilitate the use of securitization by EU financial institutions by making regulation lighter, more flexible and risk-adapted, while preserving financial stability.

Next steps :

The consultation is [open](#) until March 26, 2025.

13 February 2025 - Publication of an ESMA consultation on the review of the transparency framework for private securitizations

On 13 February 2025, the European Securities and Markets Authority (ESMA) [opened](#) a consultation on the revision of the transparency framework for private securitizations under the Securitization Regulation (SECR).

The consultation proposes a simplified reporting model for private securitizations, balancing information sharing and effective supervision. It provides for aggregated reporting and lighter requirements on transactional data to better adapt to operational realities.

This simplified model responds to requests from industry players during a previous ESMA consultation, who were looking for rapid solutions to the challenges they faced. A summary of their responses can be found in the [December 2024 Feedback Statement](#).

Next steps

The consultation will be open until 31 March 2025.

12 February 2025 – EU Commission opens consultation on EU Budget

On 12 February 2025, the European Commission [published](#) a communication entitled “The road to the next multiannual financial framework” (MFF), identifying the main political and budgetary challenges ahead for the EU. This document paves the way for a reflection on how to adapt the long-term budget to the Union's evolving needs and priorities.

At the same time, the Commission is launching a Union-wide consultation campaign, involving Member State governments, regional entities and citizens, to gather views on the future direction of the EU budget.

In order to integrate stakeholder contributions, the European Commission is launching a 12-week series of public consultations, open until 7 May 2025. Citizens and stakeholders are invited to share their thoughts on different topics :

- [EU's next long-term budget \(MFF\) EU funding for competitiveness,](#)
- [EU's next long-term budget \(MFF\) EU funding for external action,](#)
- [EU's next long-term budget \(MFF\) - EU funding for cross-border education, training and solidarity, youth, media, culture, and creative sectors, values, and civil society,](#)

- [EU's next long-term budget \(MFF\) - EU funding for civil protection, preparedness and response to crises,](#)
- [EU's next long-term budget \(MFF\) - EU funding for the single market, and cooperation between national authorities,](#)
- [EU's next long-term budget \(MFF\) - performance of the EU budget.](#)

As such, **should you want to push forward some fiscal incentives at EU level or some EU funding in favor of factoring, it may be interesting to share a brief contribution to one or more of these consultations.**

11 February 2025 – EU Commission opens consultation on the NSFR

On 11 February 2025, the European Commission [opened](#) a [call for contributions](#) concerning a review of the legislative provisions relating to the Net Stable Funding Ratio (NSFR) under the Capital Requirement Regulation (CRR).

The purpose of this call for contributions is to gather the views of stakeholders with a view to amending and **making permanent the transitory provisions concerning the NSFR applicable to certain short term securities financing transactions (SFT)**, mainly guaranteed by sovereign bonds. As a reminder, these transactions currently benefit from lower liquidity requirements (known as the “RSF” or “required stable funding”) than those set out in the Basel standards, and are due to expire on 28 June 2025. In theory, therefore, higher prudential requirements as set out in the Basel standards should apply after this date.

The Commission's consultation acknowledges that the structural long-term liquidity ratios (NSFR) set out in the CRR, which came into force in 2021, are too conservative, particularly for repurchase agreements (repos). In order to avoid imposing excessive costs on banks, and to avoid penalizing market liquidity, it is therefore proposed to make these more favorable transitional provisions permanent.

The European Commission considers that certain short-term financing transactions (SFTs), such as repurchase agreements (repos) and certain unsecured transactions, are crucial instruments in the liquidity management of financial intermediaries. An increase in prudential requirements would make these financial transactions much more onerous for banks, and penalize financial markets by adversely affecting demand for collateral (usually short-term sovereign bonds).

As a result, a number of players, including Member States, financial institutions and the ECB, have indicated the need to avoid penalizing European banks, while the United States and the United Kingdom have decided to maintain the more favorable transitional prudential ratios for these types of transactions.

Next steps :

The consultation is [open](#) until 10 March 2025.

3 February 2025 – EU Commission opens 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.

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.

The deadline for responses was set to 3 March 2025.

Banking regulation

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13 February 2025 – Markus FERBER (EPP, DE) calls for reopening the Basel III prudential framework and make European Banks more competitive

On 13 February 2025, Markus FERBER (EPP, DE), EPP coordinator on the Committee on Economic and Monetary Affairs (ECON), [published](#) an interview in which he deplores the fact that the “[Competitiveness Compass](#)” neglects the financial sector.

As a reminder, the Competitiveness Compass was [presented](#) on 29 January 2025 by the European Commission's Stéphane Séjourné, with the aim of setting out a roadmap for increasing European competitiveness, particularly for businesses.

For Markus FERBER, it is essential that the European Commission's initiatives do not leave the financial sector out in the cold, and that they address the competitiveness issues facing the sector.

In particular, he points out that the prudential requirements for banks (CRR/CRD) have not been addressed by the European executive. Indeed, while the United States and the United Kingdom have postponed or even reversed the application of certain Basel III provisions, he deplores the fact that Europe has not proceeded in the same way. He considers that it is not yet “too late” to revise the prudential package in order to reduce the bureaucratic burden. He points the finger at the Green Asset Ratio and sustainability requirements, which he deems “disconnected” from market demand.

With regard to the role of the European Banking Authority (EBA), he also criticizes the guidelines and recommendations issued by the Authority, deeming them complex and bureaucratic.

He considers that the competitiveness of the European financial sector could be significantly impacted by these choices. Furthermore, he regrets that barriers to “consolidation” of the financial sector remain, particularly for

cross-border mergers, due to “tax issues, differences in bankruptcy law and consumer protection that remains organized at national level”.

Markus FERBER (EPP, DE) wants retail investors to save via investment accounts rather than current accounts. He therefore calls for savings products, particularly pensions and insurance products, to be set up and promoted at European level.

Finally, it calls for the withdrawal of the Retail Investment Strategy (RIS) and the proposed regulation on access to financial data (FiDA), as it considers that they do not meet the Union's current objectives.

CRR/CRD implementation

12 February 2025 - EBA publishes final standards on prudential disclosures by institutions on the Pillar 3 hub

On 12 February 2025, the European Banking Authority (EBA) [published](#) its final draft Implementation Technical Standards (ITS) on the Pillar 3 data hub for large and other institutions, which will centralize institutions' prudential disclosures via a single electronic access point on the EBA website.

The ITS specify the IT solutions and procedures that financial institutions must follow to submit their Pillar 3 disclosures. This includes IT tools, data exchange formats and technical validations carried out by EBA.

Institutions will benefit from a transition period for disclosures between June and December 2025, allowing them to adapt to the new process.

Next steps:

EBA will provide further detailed information to Pillar 3 disclosure submitters in the integration communication plan it plans to publish by the end of the first quarter of 2025.

Supervision

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Banking Supervision

27 February 2025 - CJEU ruling on automated solvency assessments

On 27 February 2025, the Court of Justice of the European Union [ruled](#) out that a person affected by an automated credit assessment had the right to obtain an explanation of how the decision had been taken with regard to him or her.

The case concerned a decision by an Austrian telephone operator to refuse a contract to a customer on the basis of an automated credit assessment carried out by a third-party company.

The Austrian court recognized that the telephone operator had violated the GDPR by refusing to provide explanations related to the automated creditworthiness assessment. The CJEU specified that the explanation had to enable customers to understand the use of their data, a simple algorithm not being sufficient. It also recalled that trade secrets could not justify a systematic exclusion of the right of access.

12 February 2025 - European Commission refers 7 member states to the CJEU for failure to transpose the Non-Performing Loans Directive

On 12 February 2025, the European Commission [referred](#) Bulgaria, Spain, Hungary, the Netherlands, Austria, Portugal and Finland to the Court of Justice of the European Union (CJEU) for failure to transpose the directive on non-performing loans.

Member States were required to transpose this directive by December 29, 2023, but following formal notices and reasoned opinions from the European Commission, the latter deemed their efforts insufficient.

For the record, the directive on credit managers and credit purchasers places significant emphasis on borrowers, and includes safeguards to strengthen consumer protection, including tolerance measures and information requirements to increase transparency in the relationship with the creditor.

6 February 2025 - Publication of an EBA report on the short- and medium-term objectives of its mapping of interest-rate risks in the banking book

On 6 February 2025, the European Banking Authority (EBA) [published](#) a report on the short- and medium-term objectives of its mapping of interest-rate risks in the banking book (IRRBB Heatmap).

Following EBA's review of the IRRBB published in January 2024, this report addresses the main points of attention identified by EBA for the short- and medium-term objectives of the mapping. The report contains recommendations and tools provided as a practical resource to promote a common understanding of IRRBB risk assessment.

Among the points of attention identified by EBA for institutions and supervisors are :

- **Behavioral assumptions on non-maturity deposits (NMD):** the report presents a list of risk factors influencing the revaluation of NMD. These factors, which can be used by institutions to model NMD behavior, are crucial because these deposits represent a significant proportion of financial institutions' liabilities, making their modeling essential, albeit complex.
- **Additional dimensions to the supervisory gap test (SOT) on net interest income (NII):** SOTs are indicators to be considered as part of the Supervisory Review and Evaluation Process (SREP), without automatic application of supervisory measures. The report proposes additional elements to be taken

into account when assessing SOT on NII, in order to give a fuller picture of the risk to which an institution might be exposed. These elements include:

- Changes in the market value of financial instruments
 - Administrative and general costs
 - Unrealized gains/losses linked to changes in interest rates and market conditions
- **NMD trading margins in the SOT on the NII, in the context of the constant balance sheet assumption:** the report specifies that institutions must apply the same assumptions for modeling trading margins as those used in their internal measurement systems. In their absence, they must consider a constant spread, applicable to all scenarios.
 - **Hedging strategies:** the report includes a recommendation on the role of interest-rate derivatives in prudent IRRBB management. By the end of 2023, EU institutions will mainly be using interest rate swaps to manage IRRBB risk, after using natural hedges. The report specifies that institutions should use these derivatives only to hedge, not to speculate. With regard to the modeling of NMDs, it should not be assumed that a natural hedge based on loans is always possible; the revaluation of NMDs must be modeled according to their specific characteristics.

Next steps:

EBA will continue to monitor the implementation of the IRRB standards. It will continue to analyze the modeling of NMDs, hedging strategies and trading margins.

4 February 2025 - EBA publishes draft standards on the reporting of credit transfer and payment account fee data

On 4 February 2025, EBA [published](#) its draft Implementation Technical Standards (ITS) on the reporting of data on transfer and payment account charges, and on shares of rejected transactions. EBA has drawn on the approaches of the Payment Services Directive (PSD2).

The ITS aim to standardize reporting by banks, payment institutions and electronic money institutions (payment service providers -PSPs) to their national competent authorities (NCAs).

According to the EBA's plan, the ITS will

- Specify reporting templates, instructions and a uniform methodology for reporting charges for credit transfers, payment accounts and shares of rejected transactions.
- Will require payment service providers to disclose the level of charges for regular and instant transfers, with a breakdown by type of transfer (domestic and cross-border), by type of payment service user, by type of payment initiation channel and by party subject to charges.
- Will require payment service providers to declare the fees charged for payment accounts, as well as the proportion of instant transfers, both domestic and cross-border, that have been rejected due to the application of EU-wide restrictive measures.

During the public consultation, which EBA organized between July and October 2024, respondents raised several concerns:

- On the practical feasibility of the reporting deadline:

- ITS postpone the publication of the first harmonized report by 12 months (April 2026), as well as subsequent reporting by NCAs to EBA and the European Commission (October 2026).
- On reporting tables:
 - EBA has redesigned the reporting tables to provide greater clarity with regard to the reporting of data on fees charged by the PSPs of the payer and payee, and the reporting of transfers in different currencies for PSPs located in non-eurozone member states.
 - EBA has aligned the reporting tables with the ECB regulation on payment statistics, simplified and clarified the reporting procedures for certain data points, and specified the scope of transfers to be included in the reports.

Legal issues

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Insolvency

18 February 2025 - CEPS publishes report on a European company law regime

On 18 February 2025, CEPS [published](#) a report on the benefits and risks of a 28th European company law regime.

As a reminder, the European Commission plans to introduce a 28th company law regime by the end of 2025 or early 2026. This optional framework, under the aegis of ESMA, aims to simplify the rules applicable across the EU. It would encompass several key areas, including company law, insolvency, labor law and taxation, in order to facilitate the harmonization and integration of European markets.

In this report the CEPS states that the 28th regime could lead to an overhaul of European capital markets to meet the challenge of financing green and digital transitions and mobilizing private capital.

In its report, CEPS highlights the challenges and potential risks associated with the 28th regime:

- A two-speed Europe could emerge if some countries adopt the regime while others choose to remain outside.
- States with advanced financial markets would be able to implement it quickly, while those with less developed markets might fall behind, accentuating imbalances within the EU.
- The 28^e regime could also lead to increased fragmentation, dividing Europe into regional blocs with divergent regulatory frameworks, undermining the goal of true capital market integration.

The CEPS also highlights the provisions that need to be put in place to promote the successful implementation of the 28th regime:

- The EU must adopt a more structured approach to defining the most effective supervisory framework. A supervisory effectiveness test could be introduced to assess whether supervision should remain national, be based on mutual recognition, or move to a supranational level, depending on the complexity of the market.

- The areas of taxation, governance and shareholder rights require progressive harmonization to avoid any disruption to national practices. Inspired by the banking union, this approach would aim to reduce resistance and establish a climate of trust.
- In addition to structural reforms, a change of culture is needed: regulation must support innovation and growth, rather than hinder them. Simplifying procedures for asset managers and harmonizing rules would reduce compliance costs while boosting competitiveness.
- The EU must also eliminate unnecessary national variations, notably in prospectus standards, and exploit digital tools to improve market integration. Finally, the introduction of European arbitration would facilitate dispute resolution and boost investor confidence in cross-border products.

5 February 2025 - The European Parliament's Legal Affairs Committee resubmits its draft opinion on the draft insolvency directive

On 5 February 2025, the Committee on Economic and Monetary Affairs (ECON) [resubmitted](#) its draft opinion on the Insolvency Directive.

As stated in its justification, the ECON Committee had already presented and adopted its opinion on the legislative proposal on the harmonization of insolvency law in November 2023. However, the new legislature has rendered this opinion obsolete, requiring the committee's members to adopt their opinion on the proposed directive once again. The MEPs have therefore decided to submit the same opinion as adopted in November 2023.

As a reminder, the Economic and Monetary Affairs Committee (ECON) had voted against the simplified liquidation procedure for SMEs and in favor of maintaining the use of liquidators. Similarly, MEPs were in favor of strengthening employee rights in insolvency proceedings.

Finally, the Legal Affairs Committee (JURI) is responsible for adopting its position on the text, for the moment the committee has not adopted a draft report on the proposal.

Next steps:

The co-legislators have yet to adopt their position on the text.

Late Payments

12 February 2025 - Commission sends reasoned opinion to Romania concerning Late Payments Directive

On 12 February 2025, the European Commission [sent](#) a reasoned opinion to Romania as part of an infringement procedure for non-transposition of the Late Payment Directive (LPD).

According to the Commission, the Romanian public health insurance organization is significantly delaying payments to independent Romanian pharmacies for medicines supplied to patients under the national health insurance system.

Next steps:

Romania now has two months to respond to the European Commission's reasoned opinion. If it fails to do so, the Commission may decide to refer the matter to the Court of Justice of the European Union (CJEU).

Single market and competitiveness issues

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Competitiveness

18 February 2025 - The Greens/EFA group presents its proposals on the Green Industry Pact

On 18 February 2025, the Greens/EFA group in the European Parliament [presented](#) its position paper containing the group's proposals on the Clean Industry Pact presented by European Commission Executive Vice-President Stéphane Séjourné.

The Green Group calls for a strengthening of green technologies and a massive increase in investment in green industry and new technologies.

The Greens identify seven fundamental pillars for their Clean Industry Pact:

1. Ensuring social and territorial justice and quality jobs
2. Freeing up investment in sustainable development
3. Make energy transition affordable for industry
4. Strengthen European integration and cohesion
5. Stimulate demand for non-toxic, circular products
6. Promote non-polluting, non-toxic circularity and reduce the use of resources the use of resources
7. Promote a fair and ecological trade policy

Proposals of interest to the financial sector include:

- Introduce social conditionalities for public funding for companies (both European and national funding), notably in terms of minimum social requirements (satisfactory wages, reduction in working hours or ban on relocations). **The Greens propose introducing a temporary ban or limitation on dividends or share buy-backs for companies receiving public aid.**
- Set up systems enabling private individuals to acquire clean goods such as electric cars, notably via a European social leasing system.
- Ensure that the majority of the financing effort is borne by public funds, in particular by developing rules on “green” state aid.
- **Develop private investment by increasing prudential requirements for the financial sector to encourage green investment.**
- Create a “brown” taxonomy to limit investment in environmentally harmful activities.
- Regulate capital markets to avoid conflicts of interest (i.e. limit commissions).
- Encourage the greening of corporate fleets.
- **Make export credits conditional on products with sustainable characteristics.**

SMEs

3 February 2025 - European Commission publishes study on European internationalization strategy for SMEs

On 3 February 2025, the European Commission [published](#) a study on European internationalization strategy for SMEs.

As part of European policies to support SMEs, the European Commission commissioned a study on the various tools available to SMEs to export internationally.

In particular, the study identifies the number of instruments and their effectiveness available in each member state. On average, the study found that the number of SMEs affected by each instrument was 600.

In its conclusions, the report calls for greater efficiency and better use of existing resources, both at EU and Member State level, but also by strengthening synergies between countries.

The report also makes the following recommendations:

- Set up an interservice working group at EU level to systematically coordinate EU policy instruments that promote the internationalization of SMEs beyond the EU.
- Use existing platforms, such as the Network of SME Representatives and the SME Assembly, to foster the exchange of knowledge on SME internationalization between Member States, business organizations and European Commission departments.
- Create an interactive map of policies and funding that presents the policy instruments available at EU and Member State level for SMEs internationalizing beyond the EU.
- Launch a coordination process between EU and Member State actions.

It should be noted that factoring is not mentioned in the report, nor are private financing solutions identified as tools for SME internationalization.

Taxation and e-invoicing

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ViDA package

12 February 2025 - The European Parliament approves the Council's position on the legislative package on value-added tax in the digital age and the Council formally adopts it

On 12 February 2025, the European Parliament adopted in plenary session by 589 votes to 42, with 10 abstentions, the simplified procedure concerning the legislative package on value added tax (VAT) in the digital age (ViDA).

As a reminder, in November 2024, the Finance Ministers of the EU Member States reached a unanimous political agreement on the 'ViDA' package after two years of discussions.

As taxation is an exclusive competence of the Member States, the Council is only required to consult the Parliament. The Parliament presented its opinion on the legislative package last year, but following substantial changes made by the Council, the latter was obliged to consult the Parliament again. The rapporteur for the legislative package, MP Ľudovít ÓDOR (Renew, Slovakia), recommended a simplified procedure without amendments.

By 2030, online platforms will have to pay VAT for services provided through them in most cases where individual service providers do not charge VAT, with the aim of ending a market distortion compared to the traditional economy. Member States will have the option of exempting small and medium-sized enterprises (SMEs) from this rule. Finally, the package generalizes electronic invoicing at European level by setting strict formats for communications in electronic format.

Next steps:

The Council has now formally adopted the legislative package. Once adopted and published in the Union's Official Journal, it will enter into force and apply on the various dates stipulated in the text.

Simplification

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26 February 2025 - EU Commission presents its simplification package

On 26 February 2025, the European Commission has presented two legislative packages as part of its initiative to simplify European legislation in order to reduce burdens on businesses and improve their competitiveness. Please find hereafter the key elements of the text, as well as some significant statements by the Commissioners.

First omnibus package on sustainability requirements :

1. [Proposal for a directive](#) amending Directives (EU) 2022/2464 (CSRD) and (EU) 2024/1760 (CSDD) concerning the dates from which Member States must apply certain obligations.
 - This proposal aims to postpone the timetable for implementation of CSRD waves 2 and 3 by two years:
 - Wave 2 (250 to 500 employees) would report on the year starting January 1, 2027;
 - Wave 3 (SMEs) would report on the year starting January 1, 2028;
 - For CSDD, this postpones by one year the deadline for transposition (to July 26, 2027) and application to the first wave (to July 26, 2028).
2. [Proposal for a Directive](#) of the European Parliament and of the Council amending Directives 2006/43/EC (Audit Directive), 2013/34/EU (Accounting Directive), (EU) 2022/2464 (CSRD) and (EU) 2024/1760 (CS3D) in substance.
 - CSRD reporting obligations would be
 - mandatory only for companies with 1,000 or more employees and sales in excess of 50 million euros or balance sheet size in excess of 25 million euros;
 - Double materiality assessment remains;

- Existing ESRSs will be subject to a simplification exercise (by means of delegated acts);
- **Sectoral ESRS and LSME would be abolished;**
- Reasonable assurance will be abolished, notably to avoid additional audit costs.
- Under CSRD, other companies
 - would be able to report voluntarily, on the basis of simplified sustainability reporting standards (ESRS) to be developed on the basis of VSME standards;
 - **could not be asked for more precise information than that instituted by these voluntary reporting standards (based on VSME) by their partners** “unless they cannot obtain this information by any other reasonable means”.
- Reporting obligations under the Taxonomy would be reduced to companies with 1,000 or more employees and sales in excess of 450 million euros, thus aligning the scope with that of CS3D.
 - **A 4-week consultation has been launched on the three delegated acts resulting from the Green Taxonomy**, notably to reduce data points by 70% on the criteria:
 - 1) Taxonomy Disclosures Delegated Act (DDA) ;
 - 2) Taxonomy Climate Delegated Act (CDA);
 - 3) Taxonomy Environmental Delegated Act (EDA).
 - A materiality threshold will be introduced;
 - **The Green Asset Ratio (GAR) will be revised;**
 - Data points to be reduced by 70%.
- CSDD due diligence obligations reduced:
 - Impact assessment to be portable only to a company's direct partners;
 - Transition plans are adopted and implemented on a “best efforts” basis;
 - Reporting companies may not request more information than that provided for in the simplified sustainable reporting standard (see above on the basis of the VSME);
 - The frequency of assessments would be increased from 1 to 5 years;
- **The review clause to include financial services in CSDD is deleted.**

Next steps:

- *Each text will follow its own legislative process and may therefore be examined according to a separate timetable (if this is the wish of the co-legislators);*
- *Each text will have to be examined, amended and then adopted by the European Parliament and the EU Council;*
- *Once both have adopted their respective positions, dialogues will be held to reach agreement between Parliament and Council, under the auspices of the Commission.*

Two important clarifications:

- Despite the wish expressed to see the first proposal (concerning the timetable for implementing CSRD and CSDD) adopted as quickly as possible, the Commission cannot force either co-legislator to put it on the agenda, or indeed to conduct an “accelerated” examination:
- As long as the second proposal has not been adopted, the CSRD and its original scope are still legally in force (and therefore waves 2 and 3).

Second omnibus package for investment simplification

The second omnibus package for investment simplification [contains](#) a single proposal for a regulation to increase the effectiveness of the Union guarantee (InvestEU) and simplify reporting requirements.

This legislative proposal would amend the “InvestEU” regulation, as well as the regulation on the European Fund for Strategic Investments (EFSI), the European Investment Bank (EIB) and the European Investment Fund (EIF), the regulation laying down common provisions for the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Cohesion Fund, the Just Transition Fund and the European Maritime Affairs, Fisheries and Aquaculture Fund (EMAF), and that laying down rules for the strategic plans of the CAP (Common Agricultural Policy), financed by the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD).

This includes amongst other things :

- An increase in the “Invest EU” EU guarantee:
 - An increase of 2.5 billion euros to stimulate around 25 billion euros of public and private investment.
 - Priority to be given to areas identified by the Competitiveness Compass and the Clean Industry Pact.
- Better coordination with private funding:
 - InvestEU (the guarantee or fund) can finance the guarantee or counter-guarantee of subordinated loans and interest, loss restructuring, etc. (see p.21);
 - Explicit authorization of the combination of various types of public and private financing (amendments to article 7 of the InvestEU regulation, p.16).

This proposal is [linked](#) to the Clean Industrial Deal, which states that it will create a leverage effect, primarily via InvestEU and the European Investment Bank (EIB).

Sustainable Finance

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24 February 2025 - EBA report on the availability of ESG risk data and the introduction of a standardized ESG risk exposure methodology

On 24 February 2025, the European Banking Authority (EBA) [published](#) a report assessing the availability and accessibility of data relating to environmental, social and governance (ESG) risks, as well as the feasibility of introducing a standardized methodology to identify and qualify credit exposures to these risks.

The analysis assesses the feasibility of a common methodology for classifying ESG risk exposures, without defining management rules or making recommendations. It paves the way for future work on the impact of environmental and social factors in the prudential framework.

The report identifies the challenges involved in standardizing ESG risks, looking at data collection, assessment methods and regulatory frameworks. The study focuses on non-financial companies (NFCs), SMEs and household mortgages (HHs).

According to the report's findings, progress has been made in recent years, but the ESG data landscape remains incomplete. Large corporates and mortgage exposures benefit from more accessible data, particularly on climate risk (mainly transition risk). However, SMEs and other exposure classes face significant challenges in terms of data collection and quality.

The EBA report highlights three key elements of analysis among its main findings:

- **ESG reporting frameworks:** the CSRD and ESRS standards should significantly improve the availability of ESG data, but efforts are needed to include SMEs.
- **Climate stress tests:** although still exploratory, they provide a methodological basis for categorizing climate risk exposures.
- **ESG in credit ratings:** rating agencies' methodologies vary considerably, with governance risks better integrated than environmental and social risks.

Regarding the feasibility of a standardized methodology, EBA concludes that it is premature to establish a single, robust methodology for identifying and quantifying ESG risks. It recommends a step-by-step approach, starting with the climate transition risk of large corporates, then gradually extending to mortgages and other exposure classes. In addition, the integration of ESG risks into the prudential framework must be based on tangible evidence to guarantee its robustness and effectiveness.

5 February 2025 - Simplify EU taxonomy to promote sustainable finance

On 85 February 2025, the European Commission's Sustainable Finance Platform [published](#) a report outlining numerous recommendations to simplify reporting on the taxonomy and improve its effectiveness.

The report identifies key areas for improvement, including simplification, data access and regulatory consistency. It builds on the recommendations on data and usability (2022) and the compendium of market practices (2024).

The report proposes five main measures to simplify taxonomy reporting:

- Refine the “do not cause significant harm” (DNSH) assessment and reporting obligations by distinguishing between users (non-financial/financial entities), uses (sales/capital expenditure) and geographical areas (EU/non-EU exposures);
- Introduce a materiality principle applicable to all entities, materiality thresholds for all key performance indicators (KPIs) for non-financial companies, and a simplified assessment of the “do no material harm” principle for the sales KPI. In addition, clarify KPIs related to the calculation of operating expenses (OpEx KPIs), while limiting their mandatory scope to research and development (R&D);
- Define clear guidelines for the use of estimates in taxonomy and establish safe harbors for financial sector reporting;
- Allow approximations and estimates for all assets in the context of the green asset ratio (GAR) and green investment ratio (GIR), while introducing a simplified retail valuation and a reduced denominator for strictly measurable asset classes in relation to the taxonomy;
- Develop simplified, voluntary approaches for small and medium-sized enterprises (SMEs), as well as banks and investors, to integrate taxonomy into their disclosures.

The platform estimates that the proposals will together contribute to reducing the disclosure requirements for non-financial companies by more than a third compared with the current situation. If adopted, these

recommendations will be key to maintaining Europe's competitive edge, fostering sustainable growth, strengthening economic resilience and securing global leadership, while advancing the ambitious goals of the Green Deal.

Digital Finance

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18 February 2025 - ESA publishes roadmap for designation of critical third-party ICT service providers

On 18 February 2025, the European Supervisory Authorities (ESAs - EBA, ESMA, EIOPA) [published](#) a roadmap for the designation of Critical Third-Party ICT Service Providers (CTPPs) by the ESAs. This is part of the implementation of the pan-European oversight framework for CTPPs set out in the DORA Digital Operational Resilience Regulation.

To designate CTPPs in 2025, ESAs will follow the following steps:

- **Collection of information registers:** Competent authorities must submit to the ESAs, by April 30, 2025, information registers on agreements with third-party ICT service providers received from financial entities.
- **Criticality assessments:** ESAs will carry out DORA-mandated criticality assessments and notify third-party ICT service providers of their classification as critical by July 2025.
- **Final designation:** After a six-week challenge period for providers, ESA will officially designate CTPPs and begin their monitoring commitment.

Third-party ICT service providers who are not designated as critical may voluntarily apply to be classified as such once the list of CTPPs has been published.

Other topics

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12 February 2025 – EU Commission presents its work program and announces withdrawal of the ROME 1 review

On 12 February 2025, the EU Commission [work program](#) that includes the different [priorities](#) the EU Commission wants to pursue that was published on 12 February 2025.

We have identified the following new initiatives (legislative and non-legislative) of interest for EUF :

- The three Omnibus simplification packages (expected between Q2 to Q4)
- The SFDR review on Q4 2025
- The Savings and investment union Communication Q1 2025

- **The review of the Securitization framework on Q2 2025**

A certain number of proposals are formally withdrawn :

- The directive proposal on credit servicers, credit purchasers and the recovery of collateral.
- The regulation proposal on sovereign bond-backed securities
- **The Regulation proposal on the law applicable to the third-party effects of assignments of claims (ROME 1).**

Lastly the FiDA proposal that was expected to be withdrawn has been maintained in the last version of the proposal.

February 2025 - European Parliament analyzes European Commission impact studies 2019-2024

In February 2025, the European Parliament [published](#) an analysis of 143 impact assessments (IAs) from the European Commission during its 2019-2024 mandate.

The overall average quality of the 143 impact studies assessed was “satisfactory”, with an average score of 3.5/5.

The results appear to be in line with a generally positive trend in the quality of impact studies and the European Commission's Better Regulation efforts. However, there is still room for improvement in several areas, as the report's conclusions show:

- Impact identification and assessment remains one of the weakest aspects of impact assessments. Analysis of the impact assessments evaluated as part of this review shows that the economic impact of the policy options selected for the proposed legislative initiatives has been assessed more systematically than the social and environmental impact.
- The impact on SMEs and competitiveness was often poorly assessed. Since 2023, the situation has improved thanks to the European Commission's reinforced commitment to competitiveness and simplification of rules for SMEs.
- The majority of impact studies were considered to have good monitoring and evaluation systems.
- Stakeholder consultation, an important component of policy development, achieved satisfactory results in the impact studies examined.
- Quantification of costs and benefits is progressing steadily in the impact studies.
- Consistency between the European Commission's legislative proposal and the impact assessment remained unchanged from the previous review period (71% of impact assessments analyzed were deemed “consistent” over the two review periods. The remaining 29% were either “partially” consistent.

The European Parliament recognized that some impact assessments had problems with relevance and transparency. This was particularly true of the draft regulation on late payments (LPR), where the assessment was based on outdated figures and data.

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