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**OGGETTO**: **EUF Monthly Monitoring Report - Aprile 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.
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**MONTHLY MONITORING REPORT**

**APRIL 2025**

# Summary of content

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# Banking regulation

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## Shadow-banking, factoring and commercial finance

### 28 April 2025 - Rapporteur presents his draft European Parliament own-initiative report on financial stability

On 28 April 2025, Johan van OVERTVELDT (ECR, BE), the rapporteur on the Parliament's draft own-initiative report on safeguarding financial stability, presented his proposals to the Committee on Economic and Monetary Affairs (ECON).

In his draft report, the rapporteur calls for support for the Capital Markets Union (CMU) while preserving financial stability. The rapporteur "*highlights the challenges arising from more integrated financial markets, including the trade-off between effective risk sharing and diversification, on the one hand, and the risks of contagion, spillover and amplification, on the other*", while stressing "*the importance of maintaining access to capital*" and preserving "*financial stability*".

The rapporteur highlights the risks to financial stability posed by funds with high exposure to leverage risk.

As far as banks are concerned, he calls for the Basel III agreements to be applied in full. He believes that NBFIs, which account for "*over 40% of EU financial sector assets*", can contribute to financial stability risks if they are not sufficiently regulated:

- **Tackle the supervision of unregulated entities such as family offices and supply chain finance companies.**
- Reform the Money Market Fund Regulation (MMFR) to bring the regulatory framework into line with international standards.
- Implement tools to better capture the scale and speed of liquidity outflows resulting from margin calls on systemic events.
- Ensure that clearing infrastructures remain resilient, and can benefit from coordinated supervision.
- Strengthen supervision of crypto-assets.
- Strengthen the cybersecurity of financial infrastructures.

Finally, it calls for a review of the current supervisory model, adopting "a comprehensive, system-wide and activity-based prudential approach to address the risks and vulnerabilities associated with different types of activity in the financial sector, such as lending, trading and asset management".

***Next steps:***
***MEPs must now submit their amendments to the draft report. The provisional plenary vote on the own-initiative report is scheduled on 20 October 2025.***

# Savings and Investment Union

## 8 April 2025 - MEPs react to draft report on competitiveness and Capital Markets Union (CMU)

On 8 April 2025, Aurore LALUCQ (S&D, FR), presented her draft report on European competitiveness and the creation of a Capital Markets Union (CMU) to the members of the ECON Committee, which she chairs at the European Parliament.

Reactions from MEPs varied according to their political group:

- **Isabel BENJUMEA BENJUMEA (EPP, ES**) announced that she would table amendments to incorporate her group's priorities, emphasizing administrative simplification, the mobilization of private investment, attractive taxation, and opposing any increase in the common debt;
- **Giovanni CROSETTO (ECR, IT)** was in favor of a relaxed regulatory framework that encourages innovation and supports businesses;
- **Enikő GYŐRI (PfE, HU)** expressed his reluctance to see any European integration, criticizing the cumbersome red tape of the supranational level and asserting that the direction of savings should remain a market prerogative;
- **Rasmus ANDERSEN (Greens/EFA, DE)** stressed the importance of a strategy combining public and private investment to meet climate objectives, while arguing for enhanced European supervision to guarantee financial stability and consumer protection:
- **Jussi SARAMO (La Gauche, FI)** welcomed the draft text, insisting on the need to protect retail investors, strengthen common public investment and firmly opposing any revival of securitization.

***Next steps***
***The deadline for tabling amendments has been set for 30 April. A final text should be put to the vote in the ECON Committee on 23 or 24 June 2025.***

# Supervision

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## 8 April 2025 - EBA publishes new list of institutions for 2025 prudential benchmarking exercise

On 8 April 2025, the European Banking Authority (EBA) has published an updated list of institutions subject to reporting requirements as part of the EU's 2025 prudential benchmarking exercise.

The purpose of this exercise is to assess the quality of the internal models used by banks to calculate risk-weighted exposures. It is an important tool for competent authorities, helping them to assess the reliability and consistency of internal approaches implemented in line with the EU regulatory framework. The list covers a sample of 110 institutions from 16 countries in the European Union and the European Economic Area.

The 2025 exercise will be based on the data collection formats and procedures already in place as part of regular prudential reporting. The EBA intends to promote more rigorous risk management and a level playing field between banks.

**7 April 2025 - EBA publishes assessment of EU deposit guarantee scheme stress tests**

On 7 April 2025, the European Banking Authority (EBA) published a peer review report on the stress testing of deposit guarantee schemes (DGS), presenting an assessment of the performance of these tests in seven national schemes across the European Union (EU). This report assesses the implementation of these tests, which are essential for strengthening resilience to bank failures and protecting depositors, in line with the revised EBA guidelines and Article 4 of the Deposit Guarantee Schemes Directive (DGSD).

The assessment was carried out using five benchmarks, covering the period from 2021 to 2024. DGSs were assessed on their ability to perform stress tests, as well as on cooperation with competent authorities.

The report highlights several results, including:

- **Development of testing programs,** all DGSs have developed stress testing programs, with only minor deficiencies.
- **Compliance with mandatory tests,** five DGSs complied fully or almost fully with the requirements, while one did not conduct full simulations and another showed major shortcomings.
- **Effective cooperation,** all DGSs demonstrated strong cooperation with the relevant authorities, accompanied by robust stress tests.

The report concludes that the stress tests enabled the DGSs to strengthen their preparedness and resilience. It recommends follow-up measures for the competent authorities and identifies best practices to be adopted.

The report underlines the importance of stress testing in maintaining financial stability and protecting EU citizens in the event of bank failure.

**4 April 2025 - European Banking Authority (EBA) risk assessment 2024**

On 4 April 2025, the European Banking Authority (EBA) published its 2024 reports from the annual market and credit risk benchmarking exercises. These exercises assessed the quality of the internal models used by banks to calculate risk-weighted exposures (RWAs):

- Market risk, decreasing variability, the 2024 benchmarking exercise showed a continued decrease in the variability of risk measures submitted by banks, indicating improved practices.
    - The dispersion of initial market values (IMVs) remains low, although slightly higher than in 2023.
    - Measures such as value at risk (VaR) are more stable than stressed VaR (sVaR).
    - However, measures such as incremental risk charge (IRC) continue to show higher dispersion.

  - The authorities have noted that the variations observed are well explained, and the banks have taken steps to reduce this variability. The EBA plans to extend the ASA methodology to banks without internal capital models.

- Credit risk: a positive trend, but variations persist. The 2024 exercise confirms the improved consistency of internal models, with a drop in the variability of probabilities of default (PD).
  - However, the variability of losses given default (LGD) remains marked, notably due to the role of collateralization.
  - Implementation of the IRB roadmap is progressing, with an increase in model modifications across all asset classes.

The results of the 2024 benchmarking exercises confirm that European banks are making significant progress in managing market and credit risk. EBA will continue to monitor these practices and encourage greater convergence of regulatory approaches across the EU, helping to reinforce the stability of the European banking sector.

**3 April 2025 - The European Banking Authority (EBA) assesses cross-border risks in the European banking sector**

On 3 April 2025, the European Banking Authority (EBA) published two complementary reports: one analyzing the market share of European subsidiaries of non-EU banking groups, and the other on the funding structure of EU banks. These reports highlight the risks associated with the integration of non-EU banking groups into the single market, and provide a better understanding of the resilience of European banks to currency shocks.

The reports highlight the market share of European subsidiaries of non-European banking groups and the exposure of European banks to foreign currencies. Both reports reveal that in December 2023, subsidiaries of non-European banks accounted for 10.17% of banking assets in the EU. Their presence is particularly marked in derivatives (33.73%), and relies heavily on their relationships with other financial institutions established in the Union.

Their main sources of income are commissions (notably on commodities, fiduciary transactions and custody services) and interest from other financial institutions. Almost 80% of their assets are located outside their home country.

In addition, EU banks hold almost 30% of their assets in foreign currencies, with the US dollar accounting for the majority of external financing. Unsecured foreign currency financing, mainly provided by financial customers, remains dominant.

Finally, liquidity ratios remain solid overall, including in dollars, with an average net stable funding ratio (NSFR) of 107.2%, well above the regulatory threshold.

# Single market and competitiveness issues

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**8 April 2025 - Parliament's Committee on the Internal Market and Consumer Protection submits written question to the European Commission**

On 8 April 2025, the European Parliament's Internal Market and Consumer Protection Committee (IMCO) submitted a question to the Commission on commercial practices.

This question was submitted in writing prior to its presentation in plenary on 5 May, as provided for in article 142 of the Parliament's rules of procedure, and will be defended by Anna CAVAZZINI (Greens/EFA, DE) on behalf of the IMCO committee.

In their question, the MEPs point to the need for reforms to tackle a number of issues: "*market fragmentation, high administrative burden and compliance costs, inconsistent enforcement of EU laws and lack of resources allocated to this, unjustified obstacles to the free movement of goods and services, access to basic public goods under pressure, and investment gaps in digital innovation and environmental adaptation that increase economic inequalities within the EU*".

On the basis of these findings, the IMCO Commission is addressing a series of questions to the European Commission:

- What approach will the forthcoming new Single Market Strategy take to the risks to the integrity of the Single Market caused by geopolitical tensions, climate change, obstacles to EU competitiveness and economic disparities?

- What specific reforms does the Commission envisage to reduce market fragmentation and administrative burdens in particular sectors? Does it envisage targeted proposals to make the application of EU legislation in the Member States more consistent, notably through a simplified and harmonized framework?

- Consumers are increasingly sensitive to reductions in the quantity or quality of goods or services for the same or higher prices. How does the Commission intend to assess the scale and underlying causes of these practices, and consider appropriate measures to increase transparency and consumer awareness? In addition, how does the Commission intend to investigate the causes of the different levels of basic goods inflation and consumer price rises observed in some Member States?

- How will the Digital Markets Regulation and the Digital Services Regulation affect the dynamics of new commercial practices within the Single Market, and what steps should be taken to further strengthen online consumer protection while ensuring the simplification and coherence of the Union's digital legislation?

- What specific reforms does the Commission envisage to improve cross-border service provision and worker mobility, and in which sectors does it see a need to harmonize Member States' fragmented legal frameworks in this respect?
- How does the Commission intend to simplify reporting obligations affecting European companies, particularly small and medium-sized enterprises?

***Next steps :***
***The Commission now has three months to respond to the IMCO Committee.***

**30 April 2025 - The IMCO Committee presents a resolution to alert the Commission to the stakes involved in commercial practices**

On 30 April 2025, following a question to the European Commission by Anna CAVAZZINI (Greens/EFA, DE) on behalf of the European Parliament's Internal Market and Consumer Protection Committee (IMCO), a motion for a resolution was submitted for debate and vote at the plenary session on 8 May 2025.

Basing the resolution on the question posed on commercial practices and on the observation "*that it remains essential to improve the functioning of the single market and to remedy persistent fragmentation, through common and harmonized Union policies, greater efficiency in implementation and monitoring, and simplification of European regulation; that reducing administrative burdens and costs, particularly for small and medium-sized enterprises (SMEs), can help stimulate innovation and support European businesses; that unlocking the full potential of the Single Market requires overcoming persistent obstacles to the free movement of goods and services*. "

In her motion for a resolution, IMCO Committee Chair Anna CAVAZZIN therefore calls for "*a significant reduction in administrative burdens, particularly for SMEs, which play a vital role in supporting local communities and economie*s" and for "*legal certainty and consistency for businesses, as well as predictability for long-term investments*".

MEPs have proposed a series of amendments to this draft resolution. In particular, the Renew group is proposing to specify that SMEs and small-cap companies should benefit as a priority from simplification measures under the omnibus simplification proposals.

***Next steps:***
***The resolution has been adopted in plenary on 8 May 2025.***

# Digital Finance

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**11 April 2025 - FIDA: ESBG calls for adjustments to avoid market imbalances**

On 11 April 2025, the European Savings Banks Group (ESBG) expressed its concerns about the draft regulation on access to financial data (FIDA), pointing out that this text is not sufficiently aligned with the objective of reducing the regulatory burden, as set out by the European Commission in its "Compass for Competitiveness".

The main points raised are as follows:

- A "disproportionate burdens and limited operational feasibility" without taking into account the significant changes that have occurred since its first proposal.
- Lack of evidence of real demand "there is no clear evidence of substantial client demand for IFAD".
- Very high implementation costs for European financial institutions in view of past experience with the Payment Services Directive (PSD2).
- The regulation mainly benefits dominant non-European players, to the detriment of local financial institutions and European data sovereignty.

The ESBG recommends restricting the scope of the regulation to targeted uses, excluding large companies from the scope and prohibiting data access by third-country providers. These adjustments are designed to reduce the risk of market imbalance and preserve the sovereignty of European data.

If these modifications are not taken into account, the ESBG calls for the withdrawal of the text. In addition, several EU countries have already expressed concerns about the administrative burden that implementing the regulation could entail, underlining the importance of re-examining the project.

**8 April 2025 - ECB stresses urgent need for digital euro to reduce dependence on foreign platforms**

On 8 April 2025, the European Parliament's Committee on Economic and Monetary Affairs (ECON) received Piero CIPOLLONE, member of the Executive Board of the European Central Bank (ECB) and Chairman of the Eurosystem's High-Level Working Group on a Digital Euro, for a hearing on the subject of the digital euro.

This exchange echoes an intervention by Piero CIPOLLONE in September 2024, where he had already presented the ECB's progress. The second progress report, published at the end of 2024, details the work of the group responsible for drafting the regulation. The exchange will provide an opportunity to take stock of progress on the digital euro project.

First of all, he stressed the urgent need to develop a digital euro in order to reinforce Europe's strategic autonomy in payments. At a time when retail payments are becoming massively digital, a growing proportion of them are based on non-European systems, undermining the continent's monetary sovereignty. The digital euro is a European response to this dependence, guaranteeing a sovereign, secure payment solution that is free for basic use and respects privacy.

Piero CIPOLLONE recalled the crucial role of cash, which is still widely used, particularly in times of crisis. However, they are no longer sufficient to cover all needs, especially for online purchases. The digital euro would complement cash, ensuring financial inclusion, resilience and innovation.

He also warned against the rise of dollar stablecoins and foreign digital wallets, which threaten European financial stability. A digital euro would offer a competitive European alternative, under public governance.

The project is progressing: a legal framework is being drawn up, technical tests are progressing, and innovative partnerships are being launched to explore new uses, such as conditional payments. The ECB promises a solution that is interoperable, accessible offline, and beneficial to both consumers and service providers. On 9 April, it published a progress report on its work to design a European rulebook for the digital euro.

Piero CIPOLLONE called on co-legislators to adopt the digital euro and legal tender regulations without delay, claiming that delaying action would expose Europe to a loss of control over its financial system. "The time has come to make strategic autonomy a reality in payments," he concluded.

Giovanni CROSETTO (ECR, IT), Gilles BOYER (Renew, FR) and Jussi SARAMO (La Gauche, FI) insisted on the need to accelerate the development of the digital euro to counter the domination of non-European platforms and guarantee strategic autonomy. The ECB replied that it wished to offer a reliable European solution, while leaving the choice to citizens and avoiding excessive concentration of funds in digital portfolios.

On the economic front, Nikos PAPANDREOU (S&D, EL) and Damian BOESELAGER (Greens/EFA, DE) questioned the impact on financial institutions and the place of stablecoins. The ECB pointed out that the digital euro would reinforce financial stability and enable money flows currently captured by foreign providers to be retained.

Auke ZIJLSTRA (PfE, NL) and Rada LAYKOVA (ENS, BG), in particular, expressed concerns about programmed payments. The ECB assured them that only conditional programmability would be allowed, without compromising privacy or freedom of use.

## Sustainable Finance

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### 25 April 2025 - EBA publishes key indicators on climate risk in the EU/EEA banking sector

On 25 April 2025, the European Banking Authority (EBA) published an ESG dashboard that monitors climate risks by centralizing access to comparable climate risk indicators for the EU/EEA banking sector.

The dashboard assesses climate risks from two angles: transition, which concerns risks related to political and economic changes, and physical risks, which concern the direct effects of climate change on assets.

Banks in the EU/EEA (over 70% in many countries) are exposed to companies in sectors that are major contributors to climate change, implying a major climate transition risk, particularly in the event of sustainability-related political measures, technological investment needs or changes in consumer preferences.

Data on physical risks show an average exposure of less than 30%, with differences according to region and assessment method.

Finally, the dashboard presents indicators on the alignment of EU/EEA banks with the EU Taxonomy. **The green asset ratio (GAR) remains low, due to the structure of the indicator and the ongoing economic transition. This ratio is also influenced by the fact that few activities are currently aligned with the Taxonomy criteria**. To facilitate interpretation, additional indicators accompany the data, detailing loans to specific counterparties and exposures eligible for Taxonomy assessment.

**25 April 2025 - EFRAG shares its work plan for the ESRS revision**

On 25 April 2025, the European Financial Reporting Advisory Group (EFRAG) shared its work plan and timetable for the revision of the European Sustainability Reporting Standards (ESRS)

The document describes EFRAG's planned timetable for meeting the 31 October deadline for ESRS revisions. This plan is based on the European Commission's current Omnibus proposals, but may be modified in line with developments in the legislative process.

EFRAG aims to revise the ESRS standards to significantly lighten the reporting burden, based on feedback from companies and users, including auditors. The aim is to make sustainability reporting more useful for decision-making, while reducing the amount of mandatory information.

The first draft of the revised standards is expected to be published in August and September 2025, according to the timetable presented. EFRAG will also be gathering information from stakeholders (notably via the ongoing consultation).
EFRAG has identified several avenues for simplifying ESRS:

- Rethink the architecture of the standards, in particular the presentation of narrative requirements, and better articulate cross-cutting and thematic standards.
- Clarify complex points, insisting on the application of the materiality principle, to avoid unnecessary reporting and focus on the essentials.
- Lighten general requirements, through cross-cutting simplification measures (e.g. for acquisitions, sensitive data or measurement uncertainties).
- Significantly reduce the number of mandatory data items, making optional those that are deemed of little use in decision-making.

***Next steps***
***Following publication of the provisional version of the revised standards, EFRAG will propose a consultation at the end of July 2025, with a series of public events in early September in various member states.***

**23 April 2025 - Omnibus: first hearing of the rapporteurs in the JURI Committee**

On 23 April 2025, a hearing took place in the European Parliament's JURI Committee. The Vice-President of the European Commission, Stéphane SEJOURNE, was present and spoke on a number of key issues.

- **Regarding the 28th regime**, he indicated that the Commission has been working for several months on a series of ten major barriers to be removed, to facilitate trade within the internal market. He also stressed that this progress would have to be made in parallel with the customs reform currently being drawn up.
- **With regard to the Omnibus on "small and mid-caps" (scheduled for May 21),** the proposal will involve modifications to several legislative texts: all texts that provide for differentiated treatment for SMEs will be affected by this initiative.

This first session also saw an exchange of views between the various political groups on the legislative simplification project proposed as part of the Omnibus initiative.

- Jörgen WARBORN (rapporteur, EPP) emphasized the need to strengthen European competitiveness, which is currently lagging behind the world's major economic powers.

- **The rapporteur's key proposals**
  - Harmonize Omnibus package texts and raise the applicable thresholds.
  - Clarify terminology: replace "value chain" with "chain activity", a formulation deemed more accessible to businesses.
  - Check the practical feasibility of climate transition plans.
  - Extend full harmonization between member states.
  - Examine subsidiarity exceptions, to limit regulatory fragmentation.
  - Simplify legal drafting, notably Article 8.
  - Reinforce SME protection via an "SME shield".

- S&D criticized a counter-productive approach that would introduce further complexity and confusion, and expressed concern about the loss of environmental and social objectives.

- Pascal CANFIN for Renew stressed the importance of preserving a central majority to keep the text balanced, without giving in to extremes.

- Main priorities:
  - Maintain double materiality (CSRD).
  - Ease audits for companies.
  - Balance between large companies and SMEs in value chain obligations.
  - Preserve civil liability provisions under the CS3D directive.
- The Greens want to preserve the original scope of the CSRD, particularly in support of medium-sized SMEs, and are in favor of a real reduction in the administrative burden, by reviewing the obligations on auditors.

Finally, a representative of the European Commission's Directorate General for Financial Stability, Financial Services and Capital Markets (FISMA) pointed out that the Commission is planning a review of the detailed standards that companies are required to publish, in order to significantly reduce their administrative burden, and that it is committed to publishing targeted guidelines on sustainability auditing, incorporating feedback, particularly on the overload coming from auditors.

***Next steps***
***The rapporteur's draft report is expected in early June.***
***Members of the European Parliament will have until June 27 to submit amendments.***
***The European Parliament plenary vote to adopt its position is scheduled for 13 October.***

**16 April 2025 - Stop the clock" directive published in the JOEU**

On 16 April 2025, the "stop the clock" directive of the omnibus initiative on the simplification of sustainable finance rules was published in the Journal Official of the European Union.

Adopted earlier in the month by the co-legislators, the new rules came into force the day after publication, and member states have until 31 December to transpose the new rules.

**16 April 2025 - First conclusions of the Polish Presidency on the omnibus initiative**

On 16 April 2025, the Polish Presidency of the Council of the EU shared its first compromise proposal on the proposed directive amending the content of the Directive on Corporate Sustainability Reporting (CSRD), the Directive on Corporate Sustainability Due Diligence (CS3D) and the Taxonomy. These adjustments appear to be relatively close to the basic text, with no major changes, suggesting that member states may not stray too far from the Commission's initial proposal. This will have to be confirmed by further discussions within the Council.

It should be noted that the proposed thresholds are maintained, without any further extension. The principle of voluntary reporting is also maintained for companies with between 250 and 1,000 employees, on the basis of a standard inspired by the VSME standard.

Among the Council's proposals:

- The scope of the directive has been reduced to include public interest enterprises (PIEs), which will not be subject to exceptions (recital 8a).

- For large companies with sales of less than €450 million that are not subject to the Duty of Care Directive (CS3D), the Council establishes that they will now have the option of declaring partial alignment with the Taxonomy. This will enable these companies to benefit from lighter obligations, for those that do not communicate publicly on their sustainability (recital 6 on the opt-in regime of the Taxonomy).

- There is a clarification on information requests from large companies (over 1,000 employees) to smaller companies in their value chain. Large companies will no longer be allowed to request certain information from these smaller companies, if they are not already required to provide it under the sustainability standards (Recitals 9 and 14 concerning voluntary reporting).

- The scope of the CSRD has been reduced, and only companies with more than 1,000 employees will still have to comply with the directive. Companies with between 501 and 1000 employees (“wave 1”) will no longer be subject to reporting from 2027, and member states will even have the option of exempting them from 2026. The same principle applies to “wave 1” listed companies, which will no longer be subject to reporting from 2027. (Recital 18 / 18a / 19 and 19a on the legal clarification linked to the reduction in thresholds).

**8 April 20225 - ECON and ENVI Committees hear Commissioner Maria Luis ALBUQUERQUE on taxonomy**

On 8 April 2025, the European Parliament's Committee on Economic and Monetary Affairs (ECON) and Committee on the Environment, Public Health and Food Safety (ENVI) organized the hearing of Commissioner Maria Luis ALBUQUERQUE, responsible for financial services and the Savings and Investment Union (UEI), for a hearing on the subject of Green Taxonomy. The aim was to exchange the views of the various political groups and obtain answers from the European Commission on the reform launched at the same time as the presentation of the Omnibus simplification package on sustainability obligations.

European Commissioner Maria Luis ALBUQUERQUE introduced her remarks by recalling that the Commission's aim is to simplify existing rules as far as possible, and reduce the administrative burden on companies by almost 25% by 2029. The Commission is proposing to simplify the taxonomy and the delegated climate/environmental acts in order to lighten the burden on companies, particularly with regard to reporting.

The introduction of materiality thresholds (10% and 25%) could reduce this burden by 70%, enabling players to focus on their core activities. According to the Commissioner, this could “*lighten the burden without altering the credibility of the legislative framework*”.

Following the Commission's consultation (which closed on 26 March 2025), some 360 responses were received. The Sustainable Finance Platform and the Member State Expert Group also gave their majority support to the proposed measures.

Finally, the hearing gave way to questions and answers:

- **Janusz LEWANDOWSKI (EPP, PO**) alerted to the lack of clarity around the 25% materiality threshold for operating expenses and the fact that data collection requirements remain burdensome despite simplification.
- **Lidia PEREIRA (PPE, PT)** supported the delegated act as part of the simplification package, while questioning the relevance of the 10% and 25% thresholds and their potential impact on investments.
- **Lara WOLTERS (S&D, NL**) warned against an excessive reduction in the number of companies subject to Taxonomy, which would weaken its scope. She also asked whether a mandatory intermediate category was envisaged for partial alignment.
- **Annalisa CORRADO (S&D, IT**) expressed concerns about overall consistency, particularly with the first omnibus package, and the complexity of the do-no-harm principle.
- **Auke ZIJLSTRA (PfE, NL)** criticized the economic losses induced by the directive and called for a review of the scope, particularly for nuclear power.
- **Alexandr VONDRA (ECR, CZ)** called for greater consideration to be given to gas and nuclear power, which are absent from the current revisions, and asked for guarantees from the Commission.

- **Gilles BOYER (Renew, FR)** pointed out that the option of separate reporting complicated the overall reading, particularly for green bonds.
- **Martin HOJSIK (Renew, SK)** expressed concern about a weakening of environmental protection and a lack of clarity on the objectives pursued.
- **Bas EICKHOUT (Les Verts/ALE, NL**) deemed the reform unnecessary, believing that the taxonomy was working well, and criticized the introduction of the 10% threshold, which he felt was disconnected from the CSRD.
- **Rasmus NORDQVIST (Les Verts/ALE, DK)** denounced risky deregulation, a source of greenwashing, and a possible violation of the REACH regulation.
- **Jussi SARAMO (La Gauche, FI)** deplored an 80% reduction in available data, which undermines transparency and verification of corporate sustainability.
- **Li ANDRESSON (La Gauche, FI)** warned of the exclusion of SMEs from the scope, which risks depriving them of access to financing.
- **Anja ARNDT (ENS, DE)** recalled the objectives of the taxonomy (climate, circularity, pollution) and raised the question of its concrete implementation for SMEs.

In response to these questions, Commissioner Maria Luis ALBUQUERQUE replied that the revisions were intended to meet urgent needs without calling long-term objectives into question. She defended the 10% threshold as pragmatic, asserted that nuclear power was not included in the revision, and gave assurances that green bonds would not be affected. She insisted on the need to avoid greenwashing while simplifying requirements for companies, acknowledging that the balance remains difficult to strike.

***Next steps***
***The EU Commission plans to adopt the proposal and proposed amendments to this delegated act by the end of the second quarter of 2025.***

## 1 April 2025 - Sustainable Finance Platform progress report on sustainable finance

On 1 April 2025, the Sustainable Finance Platform published a progress report on sustainable finance. This report presents the technical criteria for new economic activities and the first revision of the Taxonomy's delegated act on climate.

The Sustainable Finance Platform, mandated by the European Commission, is reviewing and adjusting the criteria for transitional activities and developing new selection criteria to broaden the Taxonomy's coverage. It ensures that these activities contribute to environmental objectives without causing significant harm (DNSH).

In particular, the report contains a proposal to revise the criteria and analysis of the delegated climate act along the following lines:
- Improving the use of climate change adaptation criteria;
- Harmonizing activity descriptions for greater clarity;
- Updating the criteria in line with the latest scientific and technological advances:
    - For research, development and innovation activities close to the market linked to various environmental objectives (circular economy, pollution prevention, water and marine resources, biodiversity).

  - For manufacturing activities such as nickel and lithium production, with an emphasis on contribution to climate change mitigation.
  - For fundamental research (TRL 1-5) aimed at making a substantial contribution to the protection and restoration of biodiversity and ecosystems, and to the transition to a circular economy.

- Recommendations for improving the DNSH criteria and their application
  - The Platform paid particular attention to the usability of the technical selection criteria, both for the substantial contribution and for the Do No Significant Harm (DNSH) principle. A previous Platform report identified the usability of DNSH criteria as a major problem. The current report contains a section dedicated to how operability has been taken into account for each proposed new activity.
  - The Platform proposes revisions to improve the DNSH criteria' effectiveness, consistency and operability. A more thorough review of all DNSH criteria is identified as a priority for future work. Clarifications of terminology and details of requirements concerning adaptation to climate change are also proposed.

The assessment of materiality is one of the changes proposed for the DNSH criteria, but no reference is made to the 10% threshold announced by the Commission.

# Other topics

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**16 April 2025 - Jonas FERNANDEZ (S&D, ES) calls for a new Single Act**

On 16 April 2025, Jonas FERNANDEZ (S&D, ES), MEP and S&D coordinator in the Committee on Economic and Monetary Affairs (ECON), spoke in an interview about the European Commission's simplification proposals.

In his introductory remarks, the MEP stressed that the Socialists "*will not take part*" in deregulation under the guise of simplification. For the MEP, the Patriots for Europe group (PfE), the ECR group and the EPP group would use the simplification agenda to "*dismantle*" the Green Deal.

The MEP also denounces the fact that "*the same tension can be observed in financial prudential regulation, in the protection of civil rights in the digital environment and in almost any EU regulation that the Right associates with high 'administrative costs'*", and that this simplification has little to do with the objective of competitiveness.

Jonas FERNANDEZ also highlights the priorities he feels are missing from the European Commission's agenda:
- **Single market:** Jonas FERNDAEZ (S&D, ES) criticizes the Commission's agenda for its "lack of real interest in the vitality of the single market".
- **Public funding:** the MEP deplores the lack of "revision of the state aid framework".
- **European financing**: the MEP considers that the derogation from budgetary rules is not sufficient to finance defense, and that it would be necessary to set up community financing tools.

- **Incomplete Single Market**: the MEP denounces the invisible internal barriers to the Single Market, which result from the poor application of regulations or imperfect transposition of directives, and which would raise the price of goods within the Union by 44% and the price of services by 110%.

The solution proposed by Jonas FERNANDEZ (S&D, ES) is to develop a new Single Act, based not on a revision of the Treaties but on "*a legislative agenda entirely geared to consolidating the single market*".

Finally, Jonas FERNANDEZ considers that, with regard to the Banking Union and the Capital Markets Union, these two initiatives are blocked in the Council by the blocking of member states, and in the Parliament by the EPP's cooperation with *"eurosceptic, euro-hostile or anti-European forces*". For Fernandez, these difficulties can only be overcome by "a new pro-European consensus focused, in economic terms, on deepening the single market".

## April 2025 - CSU/CDU and SPD confirm their coalition to govern Germany

In April 2025, after several weeks of negotiations, the German parties CSU/CDU (EPP group in the European Parliament) and the SPD (S&D group in the European Parliament) proposed a coalition agreement outlining the government's future course of action. The provisional agreement (in German) was finally formally approved by the three parties on 5 May 2025.

The coalition plans to prioritize action to encourage investment, innovation and competition, reduce taxes and energy prices, improve incentives to work, and support decarbonization while cutting red tape and pursuing an active trade policy.

Measures relevant to the financial sector include:

- The establishment of a sovereign wealth fund to provide at least ten billion euros of federal equity through guarantees or financial transactions, to support nearly 100 billion euros of private investment.
- Support for the revision of Solvency II to reduce the prudential requirements associated with equity investments.
- **The elimination of national prudential requirements wherever possible, in order to increase investment opportunities for financial institutions**.
- <u>Support the introduction of a European financial transaction tax</u>.
- Monitoring the taxation of dividends to avoid the "cum-cum" scandal again.
- The transformation of the "Riester" savings product into a new product by removing the bureaucratic burden, eliminating mandatory capital guarantees and reducing administrative, product and acquisition costs. In addition, the possibility of widening the circle of eligible beneficiaries will be examined, and the new product will be accompanied by public assistance for low- and middle-income earners. The Riester product will also become a standard investment vehicle.
- Centralizing and merging the various jurisdictions involved in the fight against money laundering.
- Support for the existence of two methods of remuneration for financial intermediaries distributing insurance products: by fee or by commission. Current regulations will be examined to ensure that they are sufficient to avoid conflicts of interest.
- Support for capital markets and their competitiveness through the introduction of an annual report by the Commission on the competitiveness of the sector in relation to other international jurisdictions, the introduction of uniform European financial regulations and opposition to any over-transposition.
- Opposition to a mutualized European Deposit Insurance Scheme (EDIS).

- **A review of regulations governing crypto-currencies, shadow banking and grey capital markets, to identify areas that are not sufficiently regulated**.

As far as industrial policy is concerned, the future government proposes:

- Supporting sustainable German industries via tools such as quotas for low-emission steel production, a green gas quota or requirements for public procurement legislation.

In terms of simplification, the coalition agreement calls for accelerated efforts to simplify and eliminate administrative burdens.

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