

SMALL MID-CAPS

Helping Europe's growing businesses



When SMEs grow beyond 249 employees, they become “large enterprises” and have to comply with a lot more obligations, the so-called “cliff edge”. This can discourage growth and limit competitiveness. The European Commission is therefore introducing a new category of companies (250-749 employees) - small mid-caps - to allow a gradual transition and reduce administrative burden.

38,000

small mid-cap companies in all EU Member States

Key contributors to Europe's competitiveness and innovation

Company size thresholds

CATEGORY	Micro	Small	Medium-sized	NEW Small mid-cap
Staff	< 10	< 50	< 250	< 750
Turnover	≤ €2 million	≤ €10 million	≤ €50 million	≤ €150 million
OR				
Balance Sheet	≤ €2 million	≤ €10 million	≤ €43 million	≤ €129 million



WHY IT MATTERS

- Avoid a “cliff-edge” and allow small mid-caps (SMCs) to keep the same favourable environment as SMEs, with simplification and reduced administrative burden, even after outgrowing SME status
- Provide better incentives for SMEs to grow and become more competitive
- Allow for targeted policy support to SMCs and better data collection



IN PRACTICE

The Commission is proposing changes to extend certain SME benefits to SMCs:

Simplified listing rules and reduced prospectus requirements, saving up to €12.7 million.

An SMC in the battery industry will save up to €40,000 per year with exemption from certain rules on due diligence and tracing back supply chains.

A dedicated helpdesk will provide information on trade defence, such as how to submit complaints to initiate cases.

The omnibus also includes simplification measures benefiting both SMEs and SMCs:

- **Record keeping:** exemption from keeping detailed records of activities involving the processing of personal data, in cases where the activities are not likely to result in a high risk to individuals' rights and freedoms.
- **F-Gas portal:** small importers and exporters would be exempt from registering in the F-gas Portal, unless they exceed certain F-gas thresholds.

Additionally, the omnibus introduces broader simplifications for businesses, including streamlined processes to prove their products meet EU standards, even when standard guidelines are not available. It also proposes allowing businesses to provide specific instructions and declarations digitally. The full package will cut administrative costs by at least **€400 million** per year.

