

AECM reflections on a simplified SME definition under InvestEU

The European Association of Guarantee Institutions (AECM), on behalf of its members that implement and intermediate InvestEU products, strongly welcomes the Second Omnibus legislative proposal to increase the efficiency of the EU guarantee and simplify reporting requirements under InvestEU. In our [position paper](#) published in March 2025, we offer support for the general approach behind the proposal together with some further considerations. In light of ongoing discussions in the European Parliament and the Council, and as an addendum to our paper, **we would like to share some thoughts on the proposal for a simplified application of the SME definition under InvestEU.**

For AECM members that implement InvestEU financial instruments under direct access or as financial intermediaries of the European Investment Fund, a revised application of the SME definition would considerably enhance the distribution of the EU guarantee. Under the InvestEU programme, in addition to their standard commercial, financial, and legal due diligence processes, guarantee institutions must verify specific eligibility criteria and ensure compliance with State aid rules, which often generate operational complexities that in turn affect final beneficiaries. One of the most substantial controls performed by our members is to ensure compliance with the SME definition within the meaning of [Commission Recommendation 2003/361/EC](#). Our members face considerable challenges to determine the SME status of an enterprise, notably to establish whether it is autonomous or classified as a linked or partner enterprise, often requiring detailed research into the company register and/or into the company statutes. In addition, certain concepts from the SME definition overlap with those used by guarantee institutions in their standard analysis but differ in key details, necessitating additional verification for differently calculated data points.

In this context, we strongly support the Second Omnibus proposal as it addresses these issues by allowing for:

- **Reliance on staff headcount** – setting aside annual turnover and/or balance sheet criteria – **over the last accounting period** instead of the last two consecutive periods.

- **Alignment between the definition of consolidated group with data typically available in the financial accounts of final recipients** (or equivalent documents relating to staff headcount), rather than the complex requirements to classify a partner enterprise, which requires manual consolidation from non-controlling participation above 25% but below 50%, and other concepts subject to legal interpretation in assessing control elements to qualify linked enterprises, such as dominant influence or adjacent markets.

Furthermore, the proposed adjustments are fully consistent with the spirit of Commission Recommendation 2003/361/EC and would ensure that guarantee institutions implementing the InvestEU guarantee can effectively target smaller entities. In this respect, AECM members would like to underline the following:

- **The proposed simplification would not alter the essence of the SME definition** but would rather streamline its application to alleviate the administrative burden on the final recipients, the financial intermediaries and the implementing partners. For guarantee institutions that hold a mandate to finance almost exclusively SMEs, this would allow them to determine SME status more swiftly and efficiently, thereby facilitating the implementation of the EU guarantee.
- **The consolidation principle would remain to determine the SME status of an enterprise** but would be considerably streamlined as calculating staff headcount through standard disclosures is much more straightforward.
- **The State aid framework under InvestEU remains unchanged**, whereby for financial instruments with a State aid component, the SME definition continues to apply within the meaning of Commission Recommendation 2003/361/EC. As such, guarantee institutions that implement financial instruments conferring an advantage in State aid terms would continue to apply the comprehensive SME definition.

These clarifications aim to ensure that guarantee institutions and final beneficiaries can both benefit from streamlined processes while amplifying the reach and impact of the EU guarantee. As we move forward into the trilogues, **we invite co-legislators to consider the position of guarantee institutions**, which are amongst the primary providers of finance to SMEs – including microenterprises – and strongly advocate for this adjusted application of the SME definition.

About us

The **European Association of Guarantee Institutions (AECM)** represents 48 members operating in 32 countries in Europe, and 6 international partners. They are national promotional banks and institutions or private/mutual sector guarantee schemes. Their mission is to support SMEs in getting access to finance. They provide guarantees to SMEs that have an economically sound project but do not dispose of sufficient bankable collateral. This so-called SME financing gap is recognised as market failure. By guaranteeing for these enterprises, guarantee institutions address effectively this market failure and facilitate SMEs' access to finance. The broader social and economic impact of this activity includes the following:

- Job creation and preservation of jobs by guaranteed companies
- Innovation and competition: crowding-in of new ideas leading to healthy competition with established market participants
- Structure and risk diversification of the European economy
- Regional development since many rural projects are supported
- Counter-cyclical role during crises

SME guarantees generally pursue a long-term objective and our members, if public, private, mutual or with mixed ownership structure, have a promotional mission.

AECM's members operate with counter-guarantees from regional, national, and European level. At the end of the year 2023, AECM's members had about EUR 207 billion of guarantee volume in portfolio, thereby granting guarantees to around 4.7 million SMEs. AECM's members are by far the most important counterparts of the EIF concerning EU counter-guarantees, handling EU (counter-)guarantees from the very beginning in 1998.

Have a look at our [AECM brochure](#) and at our most recent publications:

[Priorities for the legislative period 2024-2029](#)

[AECM considerations for the Multiannual Financial Framework 2028-2034](#)

[AECM Statistical Yearbook 2023](#)

European Association of Guarantee Institutions – AECM
Avenue d'Auderghem 22-28, bte. 10, 1040 Brussels
EU Transparency Register: 67611102869-33

