

Dear Mr Jaspar, Dear Mr Klinz,

The EU financial reporting framework is applicable to 13.5 million limited liability companies (most of which are SMEs) and around 3500 issuers of securities admitted to trading on EU capital markets. In 2020, the group of capital market experts of the CMU High Level Forum emphasised that *“easily accessible, reliable, understandable and comparable public information is needed to attract investors”*. In March 2024, the Eurogroup (EG) in inclusive format called on the Commission *“to further harmonise accounting frameworks in a targeted manner to enhance cross-border comparability of available information on companies, without increasing administrative burden, to allow in particular small and medium-sized businesses (SMEs) and other non-listed firms to better benefit from the new European Single Access Point (ESAP) and thus facilitate investment in those companies”*, and to that end *“to consider making appropriate proposals, including with regard to the development of a voluntary IFRS-light regime for SMEs”*.

In order to reply to the above calls, the European Commission is considering a possible initiative to improve the presentation and availability of financial information by small and medium-sized enterprises (SMEs), with a view to helping investment in SMEs. This could ensure better access to finance for EU businesses, either through equity or other means, especially for innovative, fast-growing companies and start-ups.

The availability of high-quality and comparable financial information is crucial for the optimal allocation of capital and for the competitiveness of the EU economy. Nevertheless, reporting and financing practices differ significantly across EU Member States.

DG FISMA has conducted preliminary exchanges with a selection of investors, business representatives and financial advisers. Investors emphasised the importance of easy access to relevant and usable information, especially in the screening phase for potential investment opportunities, to alleviate time-consuming and resource-intensive outreach and comparisons. SMEs and non-listed companies saw potential merit in more harmonised rules on information presentation, but were concerned about any additional burden.

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A possible way forward could be to develop a voluntary, targeted template that would contain a core set of key performance indicators (KPIs) of companies, allowing them to share relevant information both domestically and cross-border, and to consider make these accessible on European Single Access Point (ESAP).

As an initial step, we would be grateful if EFRAG could help assessing the interest of relevant stakeholders in such a voluntary KPI-based reporting initiative and the possible content and structure of such a template, by running a survey or a stakeholders' consultation on such a template. It would be important to understand the views of both potential preparers (SMEs) and users (investors, banks etc.) of such a disclosure. EFRAG's consultation could also assess the possible additional costs and administrative burden for SMEs together with the impact on market competitiveness, making sure that such measure would not undermine interoperability with existing global reporting standards and represent a real added value for companies.

The Commission would be grateful to receive your assessment, in the form of a report, by end of June 2026 at the latest. We would also appreciate it if EFRAG remains in close contact with the Commission at technical level and to keep me informed. If you have any question, do not hesitate to contact Mr Sven Gentner, Head of Unit Corporate Reporting, Audit and Credit Rating Agencies (Sven.Gentner@ec.europa.eu +32 229 85365).

I remain grateful for your personal commitment, and the commitment of all the people in the EFRAG community, for the work that you are doing to ensure that European corporate reporting rules effectively contribute to the public good.

Yours sincerely,

Maria Luís Albuquerque

