

The Association Française de la Gestion financière (AFG) welcomes the Commission's ambition to modernise the General Block Exemption Regulation (GBER) to strengthen Europe's competitiveness, accelerate SME financing and better support innovation. Overall, the proposed revisions move in the right direction, but several targeted adjustments are needed to ensure legal certainty, coherence and effective mobilisation of private capital.

First, greater clarity and consistency in definitions are essential. Key concepts such as young enterprises, start-ups, innovative enterprises, scale-ups, social enterprises, natural persons and financial intermediaries play a central role in the revised framework but are not always clearly or consistently defined. Aligning these definitions with Commission Recommendation (EU) 2026/720 and consolidating them directly in the GBER would significantly improve legal certainty and uniform application across Member States.

Second, the revised risk finance framework rightly introduces greater flexibility, however, the overall ceiling for risk finance remains static. Introducing indexation or periodic review would ensure that the framework keeps pace with inflation and evolving financing needs, thereby reinforcing the competitiveness of European companies.

Third, while the extension of tax incentives for natural persons is welcome, limiting these incentives to direct investments significantly constrains their impact. Enabling investments via regulated investment funds would allow a much broader mobilisation of household savings toward SME and innovation financing, supporting the economy, and benefiting from diversification, and expertise from regulated professionals.

Fourth, certain operational thresholds, notably the 80% cap on public loan guarantees, risk undermining policy objectives by discouraging institutional investor participation. Greater flexibility in this area would enhance the effectiveness of SME financing tools.

Finally, the clarifications introduced for small mid-cap enterprises and investments by alternative investment funds are strongly supported. Extending these principles to the SME definition itself and embedding them directly in the GBER rather than in non-binding guidance, would further strengthen the framework.

In sum, while the draft revised GBER represents a meaningful step towards a more effective and strategic State aid framework, its success will ultimately depend on the precision of its definitions, the flexibility of its financial instruments and its ability to mobilise private capital at scale. Several targeted clarifications and adjustments would significantly enhance legal certainty, improve consistency across Member States and strengthen the overall impact of the framework.

Against this background, the following sections set out more detailed comments and concrete proposals on specific provisions of the draft GBER, with the objective of contributing

constructively to its finalisation and ensuring that it fully supports innovation, SME growth and Europe's long-term competitiveness.

Lastly, it seems that it would be useful to also better include the medium-sized companies into this regulation (both in terms of definition and of potential incentives, as they play a major role in the EU in terms of sovereignty).

1. Article 2 – Definitions

We would like to draw your attention to several points concerning definitions.

▶ **“Young enterprise”: A need to be consistent with the Commission Recommendation (EU) 2026/720 of 18 March 2026 on the definition of innovative enterprises.**

Article 29 of the GBER Project is extended to start-ups. We understand that start-ups are targeting businesses that have been registered for less than 5 years. According to the Commission Recommendation (EU) 2026/720 of 18 March 2026 on the definition of innovative enterprises, innovative startups, and innovative scaleups, innovative enterprises have a registration period of less than 10 years. For the sake of consistency, we propose to align the minimum registration period with that of innovative companies, ie registration period of less than 10 years.

▶ **“Start-up”: the same consistency need with the Commission Recommendation (EU) 2026/720**

AFG notes that several definitions are not specified in Article 2, in particular the concepts of “start-up,” “innovative enterprise,” and “scale-up,” which are not included. For the sake of consistency, we propose incorporating the same definitions as those adopted in Commission Recommendation (EU) 2026/720 of 18 March 2026 on the definition of innovative enterprises, innovative startups, and innovative scaleups.

▶ *“Natural person”*: The concept of a “*natural person*” appears to have been removed from Article 2. However, it is referred to again in Article 26 (1) and in Article 30 of the draft GBER. We understand that the other references to the concept of “*natural person*” do indeed refer to the definition set out in the above-mentioned articles. In these circumstances, we propose adding to Article 2 a specific point defining “*natural person*” as follows: *‘natural person’ means a person that is not a legal entity and that is not an undertaking for the purposes of Article 107(1) of the Treaty.*

▶ *“Social enterprise”*: This concept does not appear in the current GBER. The definition set out in Article 2(92) of the draft GBER appears to allow a degree of flexibility for Member States, in the absence of a dedicated EU-level framework for social enterprises.

In this context, we would welcome clarification as to whether the assessment of what constitutes a social enterprise is intended to be left to the Member States.

► **“Financial intermediaries”: Need a clear definition**

For clarity, we recommend adding a definition of this term that encompasses alternative investment funds meeting the conditions set out in Annex IV of the draft text under consultation.

2. Article 25 – Risk finance aid in favour of SMEs provided via financial intermediaries

We welcome the proposal introducing flexibility to the rules governing investments in activities that comply with the EU Taxonomy. We also support measures aimed at strengthening Europe’s self-sufficiency in critical materials and the defence capabilities of the European Union.

We note that the total amount of risk-based financing has increased to €16.5 million. However, we regret that the total amount of risk-based financing referred to in Article 25(8) is neither indexed to inflation nor reviewed annually to ensure financial needs are met in line with the economic situation. This would enable it to evolve in line with the economic reality facing the European economy, allowing resources to be adjusted according to need and strengthening the competitiveness of European companies in terms of financing.

3. Article 26 - Risk finance aid to SMEs in the form of tax incentives for private investors who are natural persons

We regret that the benefits of this measure are limited to direct investments. We believe that including investments made through alternative investment funds that meet the conditions set out in Annex IV would be an effective way to channel European individuals’ savings toward financing European undertakings. Direct investment in SMEs is only possible for a limited segment of the population that has access to SME capital. We believe that extending this mechanism to other individuals through investment funds would be a good way to channel individual savings toward financing the real economy, where needs are significant.

The benefits from collective investment schemes are numerous, diversification, fiduciary duty from regulated professionals, etc.

By way of illustration, the French system of mutual funds for innovation (*Fonds commun de placement dans l’innovation – FCPI*) and local investment funds (*Fonds d’investissement de proximité – FIP*) is an example of what can be implemented for individuals, allowing them to benefit either from an income tax deduction at the time of subscription or from an exemption from capital gains tax upon exiting the fund. Following an evaluation of this system, it was recently completely overhauled to focus exclusively on financing innovative startups.

4. Article 28 – Aid in the form of guarantees on loans provided by financial intermediaries

In addition to the comments relating to the definition of “financial intermediaries” set out in the above-mentioned Article 2, the 80% limit on public guarantee on the underlying loan, as set out in Article 28(6) of the draft RGEC, have made difficult if not impossible for some programs to succeed (like the “transition bonds” programme in France), especially as asset managers are not able to invest (or in a very limited way) directly with their own capital to bridge this 20% gap.

5. Article 29 – Aid for young enterprises and start-ups

As noted above, we support the revision of this provision. However, for the sake of consistency, we recommend incorporating the definitions set forth in Commission Recommendation (EU) 2026/720 of March 18, 2026, on the definition of innovative enterprises, innovative start-ups, and innovative scale-ups.

6. Annexe IV - Definition of small mid-cap enterprises

The AFG welcomes the addition of this annex, particularly the clarification regarding investments held by alternative investment funds in small- and mid-cap companies.

As mentioned above, we believe that this clarification could also be applied to Annex I, which defines SMEs.

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We thank you again for the opportunity you have given us to share our observations on the final Draft General Block Exemption Regulation (GBER).

We are at your disposal to discuss the above elements in person.

The Association Française de la Gestion Financière (AFG) represents and advocates for the role of asset management in shaping the French economy. It counts over 400 members, including nearly 330 asset management companies, which collectively manage 90% of assets under management in France, i.e. 5,000 billion euros.

About AFG - Transparency register number: 5975679180-97