

# EU Update

## Legal Insights from Europe's Capital

June 2026 | Edition #3

*This monthly EU newsletter for TerraLex member firms has been put together by **Gecić Law's** EU Law practice in Brussels, staffed by partner [Anne MacGregor](#) and associate [Nina Raluca Bucătaru](#). The aim is to provide an overview of EU legislative and policy developments and other relevant insights likely to impact TerraLex firm clients globally who do business in the EU market of some 450 million consumers in 27 Member States.*

### 1. EUROPE'S NEW MIDDLE CHILD: THE SMALL MID-CAP GETS A RULEBOOK

EU law has long divided companies into two broad camps: small and medium-sized enterprises (SMEs) on the one hand and large companies on the other. SMEs have typically been shielded from many of the burdens of EU law, facing fewer obligations, simpler reporting requirements and often receiving full exemptions. However, once SMEs grow beyond 249 employees, they are treated as large enterprises and must comply with a significantly heavier set of obligations, with no phased transition. This has sometimes incentivized businesses to limit their growth to avoid triggering these heavier requirements.

This problem is now being addressed. On 9 June 2026, the European Parliament and Council reached a provisional agreement to create a new category: **small mid-cap companies (SMCs)**. This intermediate group is designed to give companies that have outgrown SME status, but are not yet comparable to large corporations, a more gradual path to full compliance.

#### What is a Small Mid-Cap?

Small mid-caps, or SMCs, are a new category of companies sitting between SMEs and large enterprises.

Under the provisional agreement between the co-legislators, SMCs are companies with fewer than 1,000 employees and either annual turnover not exceeding €200 million or a balance sheet total not exceeding €172 million. This is broader than the [European Commission's original legislative proposal](#), which suggested setting the limits at 750 employees, €150 million in turnover and €129 million in total assets. The Commission will be required to review the thresholds within five years of the entry into force of the legislation, including their effect on administrative burden.

This measure is part of the EU's fourth simplification Omnibus package, proposed in May 2025. It also reflects the wider competitiveness agenda, following recommendations in the Draghi

# EU Update

## Legal Insights from Europe's Capital

June 2026 | Edition #3

and Letta reports to make the single market easier to navigate for growing European businesses.

### What Changes in Practice

The SMC label does not create a separate regulatory regime. Instead, it extends selected SME-style simplifications to companies that have grown beyond SME status but are not yet comparable to large corporate groups.

- In data protection, SMCs will benefit from lighter GDPR record-keeping requirements where their data processing is not high risk.
- In capital markets, SMCs will be able to access SME Growth Markets under MiFID II and benefit from simplified prospectus rules, reducing the documentation burden for growing companies seeking to raise funds on public markets.
- In environmental compliance, the package amends the Batteries Regulation by increasing the turnover threshold for due diligence exemptions from EUR 150 million to EUR 200 million and reducing the frequency of public reporting from three years to five.

The package also extends SMC treatment to registration requirements under the F-gases Regulation, procedural support in anti-dumping and anti-subsidy investigations, and support measures under the Resilience of Critical Entities Directive.

### Next Steps

The agreement must now be formally adopted by the European Parliament and the Council. After adoption and publication in the Official Journal, the regulation will take effect twenty days later. Member States will have fifteen months to transpose the directive into their national legal systems.

## 2. THE EU'S MANDATORY WITHDRAWAL BUTTON FOR CONSUMER CONTRACTS: NOW IN FORCE

The right of withdrawal is a core feature of EU consumer protection. Under the Consumer Rights Directive, buyers can cancel most online contracts within fourteen days without having to give a reason. In practice, exercising that right has often required navigating opaque

# EU Update

## Legal Insights from Europe's Capital

June 2026 | Edition #3

cancellation pages, drafting emails to customer service teams, or locating withdrawal forms buried in terms and conditions.

That changed on 19 June 2026. From that date, [Directive \(EU\) 2023/2673](#) — which amends the Consumer Rights Directive by inserting a new Article 11a — requires any online trader selling to EU consumers to provide a clearly visible and easily accessible electronic withdrawal function: a dedicated button or equivalent mechanism through which the consumer can exercise their legal right to cancel.

### **What the Button Must Do**

The requirement is more than cosmetic. The withdrawal function must be clearly labelled, for example as “Withdraw from Contract” or another similarly clear phrase and must remain available throughout the withdrawal period. Generic labels such as “Contact Us” or “Manage Order” will not be enough.

The withdrawal process itself must follow a defined sequence. When the consumer selects the withdrawal button, they must be directed to a confirmation page that displays the relevant contract details, including the purchase date and a description of the goods or services involved. After the consumer confirms their intention to withdraw, the trader is required to send an automated acknowledgment of receipt, typically by email. The consumer cannot be compelled to answer additional questions or provide reasons for their decision to withdraw.

### **Who Is Affected**

The rule applies to traders that sell to EU consumers online. This includes non-EU businesses where they direct sales, bookings, or advertising to consumers in the EU.

Businesses in any country selling to EU consumers should therefore assess whether their online contracts fall within a category for which EU law grants consumers a statutory right of withdrawal.

This may include contracts for goods, services, digital content, digital services and certain financial services.

The rule does not, however, cover:

- Contracts concluded by phone, email or in person.

# EU Update

## Legal Insights from Europe's Capital

June 2026 | Edition #3

- Contracts excluded from the statutory right of withdrawal under EU law, such as bespoke or perishable goods, hotel bookings for specific dates, or digital content and digital services where the consumer has validly waived the withdrawal right.

### **The Bigger Picture**

The withdrawal button reflects a broader EU focus on consumer-facing digital design. EU policymakers are increasingly requiring online processes to be structured in a way that allows consumers to exercise their rights easily and without unnecessary friction.

This approach is also expected to feature in the forthcoming Digital Fairness Act, scheduled for the fourth quarter of 2026. That initiative is likely to address issues such as dark patterns, addictive design features, and subscription traps in a more comprehensive way.

### **3. THE RIGHT TO REPAIR: EUROPE GIVES PRODUCTS A SECOND LIFE**

#### **The Problem with Throwaway Products**

Across the EU, many appliances are discarded each year not because they can no longer be used, but because repair is difficult, costly or practically unavailable. Spare parts may be hard to obtain, diagnostic tools may be limited to authorised service centres, and professional repair can cost more than replacement. This creates both economic waste and environmental damage.

The Right to Repair Directive, formally Directive (EU) 2024/1799, seeks to address this problem by making repair more accessible for consumers and by placing clearer obligations on manufacturers. Member States must transpose the directive into their national laws by 31 July 2026, from which point the core obligations will begin to apply.

#### **What the Directive Requires**

The directive applies first to product categories where EU rules already contain reparability requirements. These include some of the most common household and electronic products on the EU market: mobile phones, tablets, washing machines, dishwashers, refrigerators, televisions, electronic displays, vacuum cleaners and servers.

For these products, the directive changes the position after the point of sale. Manufacturers will have to make repair a service that consumers can realistically access, rather than one that exists only through limited or costly channels. They must offer repairs at reasonable prices and

# EU Update

## Legal Insights from Europe's Capital

June 2026 | Edition #3

within reasonable timeframes, and make spare parts, tools and repair information available to independent repairers and consumers, not only to authorised service networks.

The rules also cover software-related barriers to repair. Where a software update is necessary to restore the product's functionality, the manufacturer must provide it. This is particularly relevant for connected devices and electronics, where a product may depend as much on software access as on the replacement of a physical component.

The directive also introduces more transparency before the consumer commits to a repair. Repairers will have to provide a European Repair Information Form setting out the estimated price, the parts to be used and the expected timeframe. The purpose is to give consumers a clearer basis for deciding whether repair is worthwhile, and to make repair services easier to compare.

### **A New Right for Consumers**

The directive also strengthens the consumer's position once a product breaks. For covered products, consumers will have a clearer right to request repair rather than replacement in certain circumstances.

It also makes repair a less risky choice. Where a product is repaired under the legal guarantee, the liability period will be extended by at least one year.

### **Who Needs to Prepare**

Manufacturers and importers of covered products will bear the primary responsibility for compliance. They must assess their policies on spare parts availability, access to repair tools and technical information, software updates, repair pricing, and terms for authorised repairers.

Businesses that currently operate closed or authorised-only repair models may need to make substantial changes to their practices.

In addition, retailers and distributors must ensure that consumers are informed about their repair rights, any applicable guarantee extensions, and the European repair platform.

### **What Comes Next**

# EU Update

## Legal Insights from Europe's Capital

June 2026 | Edition #3

The 31 July 2026 deadline marks the first phase of implementation. The initial scope is limited to product categories already covered by EU reparability requirements, but the directive is designed to expand as further product groups are brought under ecodesign rules.

Businesses should not treat the current product list as final. Manufacturers, importers and retailers with broad consumer product portfolios should begin assessing which product lines may fall within future repair obligations.

END

*Disclaimer: This newsletter contains summaries of general principles of EU law. It is not a substitute for specific legal advice and should not be relied upon in relation to the application of the law or subject matter covered. For further advice on the topics included or any aspect of EU law, please contact [Anne McGregor](#), Partner at Gecić Law in Brussels. Specific member firms can provide advice on the implementation of EU law in their respective jurisdictions – you can find member firms on the TerraLex website: <https://www.terralex.org/firms>*