BRUSSELS REGULATORY BRIEF: SEPTEMBER AND OCTOBER 2025

Date: 30 October 2025

EU Policy and Regulatory Newsletter

By: Francesco Carloni, Mélanie Bruneau, Nikolaos Peristerakis, Giovanni Campi, Dr. Michael Hofmann, LL.M., Antoine de Rohan Chabot, Petr Bartoš, Sara Rayon Gonzalez, Edoardo Crosetto, Etienne Perrin, Martina Pesci

ANTITRUST AND COMPETITION

European Commission Accepts Commitments to Address Bundling Concerns in the Tech Sector

On 12 September 2025, the European Commission (Commission) accepted legally binding commitments offered by a tech company to address concerns related to a possible abuse of dominant position by tying its communication and collaboration platform to its operating system and applications for business customers. The alleged conduct would have anticompetitively foreclosed competitors in the market for cloud-based communication and collaboration products.

Commission Imposes First Ever Fine for Incomplete Response to Request for Information in Antitrust Proceedings

On 8 September 2025, the Commission imposed a €172,000 fine on a company and its then parent company for providing an incomplete reply to a request for information during its antitrust investigation in the synthetic-turf sector. While similar fines have long been imposed in merger-control proceedings, this marks the first time the Commission has fined a company in antitrust proceedings.

Commission Notes Growing Foreign Investment Activity and Progress Toward Harmonization in its Fifth Annual Report on FDI Screening

On 14 October 2025, the Commission released its fifth annual report on the screening of foreign direct investments (FDI) into the European Union (EU) (Report). The 2025 Report highlights that investment screening has become a central component of the EU's economic and security policy. The EU is entering a new phase in which self-resilience is prioritized alongside competitiveness and innovation, an evolution that will test the EU's ability to balance economic openness with the need to protect strategic assets and technologies critical to European security.

FINANCIAL AFFAIRS

Commission Sets Out Simplification Drive in Financial Services Secondary Legislation

©2005-2026 K&L Gates LLP. All Rights Reserved.

The Commission decided to de-prioritize 115 non-essential Level 2 acts in financial services to simplify regulatory burdens for companies.

European Parliament Rejects Legal Affairs Mandate on Omnibus Proposal

Members of the European Parliament have rejected the Legal Affairs Committee's report on the Omnibus proposal amending the Corporate Sustainability Reporting Directive and the Corporate Sustainability Due Diligence Directive.

ANTITRUST AND COMPETITION

European Commission Accepts Commitments to Address Bundling Concerns in the Tech Sector

On 12 September 2025, the European Commission (Commission) accepted and made legally binding commitments from a tech company (Tech Company) aimed at addressing serious competition concerns linked to its team collaboration platform.

In July 2023, after a complaint, the Commission opened an investigation to assess whether the Tech Company's conduct in connection with the distribution of its collaboration and communication platform (Communication Platform) violates Article 102 of the Treaty on the Functioning of the European Union, which prohibits companies from abusing a dominant market position. A company is dominant when it holds such market power that it can operate independently of competitors, customers, and ultimately consumers.

In June 2024, after opening a second investigation based on another complaint, the Commission sent a Statement of Objections to the Tech Company with the preliminary view that the Tech Company abused its dominant position since at least 2019 in the market for Software-as-a-Service (SaaS) productivity applications for professional use by tying its Communication Platform to its core SaaS productivity applications for business customers. Tying occurs when a dominant company makes the use or purchases of one product where it has a dominant market position (i.e., the tying product) conditional on obtaining another product (i.e., the tied product). These practices may restrict consumer choice and foreclose competitors who are unable to match such distribution advantages.

The Commission found in its preliminary investigation that the Tech Company restricted competition and claimed that, for many customers, Tech Company's Communication Platform became the go-to solution not necessarily by choice, but by design, integrated seamlessly into the tools they were already using.

In order to address the Commission's concerns, the Tech Company offered to: (i) increase the price difference between some of the Tech Company's suites with and without its Communication Platform by 50%; (ii) clarify that any software offer on its websites that includes the Tech Company's suites with its Communication Platform also displays an offer without the Communication Platform; and (iii) publish detailed documentation on interoperability and data portability for developers.

The Commission concluded that these amended commitments adequately address its concerns and decided to make them legally binding in a commitment decision under Article 9 of Regulation 1/2003. The commitments will

©2005-2026 K&L Gates LLP. All Rights Reserved.

remain in force for seven years, except for the commitments related to interoperability, which will remain in force for 10 years.

By offering commitments, the Tech Company has avoided a potentially large fine and an infringement decision under Article 7 of Regulation 1/2003. Although the Commission decision does not constitute a finding of violation, it effectively rewrites the rules of engagement in the European software market. By decoupling the Collaboration Platform from Tech Company's productivity suites and opening the door for competitors to integrate more seamlessly into the Tech Company's ecosystem, the European Union (EU) aims to ensure a level playing field. The Tech Company also decided unilaterally to apply these commitments not just in the European Economic Area but also worldwide.

Commission Imposes First Ever Fine for Incomplete Response to Request for Information in Antitrust Proceedings

On 8 September 2025, the Commission imposed a fine of €172,000 on a company and its then ultimate parent entity for providing an incomplete reply to a request for information during its antitrust investigation in the synthetic-turf sector.

In June 2023, the Commission was carrying out unannounced inspections (dawn raids) at companies active in the synthetic-turf sector. As part of the investigation, the Commission issued two requests for information (RFI) to the company. The first RFI was an informal RFI pursuant to Article 18(2) of the Regulation 1/2003 whereby the recipient is not obliged to respond. However, the recipient who decides to respond can be fined in the amount of up to 1% of a company's total turnover in the last financial year if the information provided is incorrect or misleading. The Commission assessed and compared the information provided by the company with the information that was seized during the dawn raids and found that the company's responses were incomplete. Providing incomplete (but not misleading) information in response to a simple RFI, though, is not subject to a fine according to Article 23(1) (a) of Regulation 1/2003.

The Commission subsequently sent an RFI by decision to the company pursuant to Article 18(3) of the Regulation 1/2003 (RFI by Decision). The recipient of an RFI by Decision, unlike in the case of a simple RFI, must respond, and the Commission is empowered to impose fines of up to 1% of a company's total turnover in the last financial year not only for providing incorrect and misleading information but, according to Article 23(1) (b) of Regulation 1/2003, also for incomplete information in response to an RFI by Decision and if the information is not provided within the required time limit. The Commission again found that the response to the RFI by Decision was incomplete.

The Commission launched a separate procedural investigation into the company in November 2024 that resulted in the imposition of a fine against that company and its then parent company of €172,000. According to Teresa Ribera, executive vice-president for Clean, Just and Competitive Transition: “Information requests are a vital tool to uncover antitrust infringements. If companies do not provide full and complete replies to our requests, they can compromise our investigations [...].” She also stated that the Commission will not hesitate to pursue similar cases in the future to ensure that its investigations are carried out effectively to the benefit of consumers. The Commission set the fine at 0.3% of the company's total turnover at group level in the last financial year and granted a 30% fine reduction for cooperation as the company actively cooperated after the Commission started the infringement proceedings.

©2005-2026 K&L Gates LLP. All Rights Reserved.

While the fine may appear limited, this is the first time that the Commission has fined a company for providing an incomplete response to an RFI in antitrust proceedings. This decision also adds to the enforcement record on the Commission's procedural infringements. For instance, the Commission imposed fines for the deletion of electronic evidence during inspections (€15.9 million, 2024) and for breaking seals during dawn raids (€38 million, 2008; Suez Environnement, €8 million, 2011), as well as fines in merger-control proceedings for incorrect or misleading information (the highest being €110 million, 2017). Although responding to an RFI may be burdensome, companies that receive an RFI must be very careful when responding to an RFI and ensure that their replies are accurate, complete, and verified; otherwise, they will face liability if their responses are incorrect, incomplete, or misleading.

Commission Notes Growing Foreign Investment Activity and Progress Toward Harmonization in its Fifth Annual Report on FDI Screening

On 14 October 2025, the Commission released its fifth annual report on the screening of foreign direct investments (FDI) into the EU (Report). While the Commission does not have the power to directly review foreign investments into the EU, it has initiated since 2020 a process of coordination and partial harmonization of the foreign investment review regimes by EU member states through the adoption of the EU FDI screening Regulation. Under that Regulation, member states can ask questions on FDI reviews that are notified in other EU member states, and the Commission can in some instances provide a formal opinion on certain foreign investment reviews that are notified by EU member states through the EU FDI screening mechanism.

Increased Number of Cases Notified Through the EU FDI Screening Mechanism

According to the Report, in 2024:

- EU member states handled a total of 3,136 FDI notifications, up from 1,808 in 2023. 59% of these FDI notifications resulted in no-jurisdiction letters or received unconditional clearances, while formal screening occurred in 41% of these notifications.
- Out of the 41% FDI notifications that were formally screened: (i) the vast majority (86%) resulted in unconditional authorization decisions; (ii) 9% involved an approval subject to conditions; and (iii) 1% were blocked/withdrawn.
- 477 of the 3,136 notifications were notified by member states to the Commission under the EU FDI screening mechanism. Out of these 477 cases:
  - Other EU member states raised questions in 10% of cases.
  - The Commission issued formal opinions in less than 2% of cases.
  - 92% of these 477 cases were closed within two weeks, while the remaining 8% underwent an in-depth (Phase II) assessment and took a considerably longer timeframe.
  - Half of the Phase II cases that underwent an in-depth assessment (4%) concerned investments in the manufacturing sector, often due to concerns about technology leakage and supply-chain security, followed by investments in the Information, Communications, and Technology (ICT) sector and the financial sector.

©2005-2026 K&L Gates LLP. All Rights Reserved.

2024 also marked the entry into force of new FDI screening mechanisms in Bulgaria and Ireland, bringing the total number of member states with such frameworks to 24 out of the 27 EU member states. The three remaining EU member states (Cyprus, Croatia, and Greece) that do not yet have FDI review regimes are in the process of adopting FDI review laws.

Investment Trends in 2024

In terms of original foreign investment into the EU, the Report noted the following:

- The United States remained the EU's top foreign investor, accounting for 30% of acquisitions (597 deals, a 7% increase compared to 2023) and 37% of greenfield investments (626 projects, a 17% decrease compared to 2023).
- The United Kingdom ranked second, representing 23% of acquisitions (451 deals) and 24% of greenfield projects (412 transactions).
- Other notable trends included a sharp rise in acquisitions from Singapore (+85%) and Norway (+34%) and a 23% rebound in Chinese and Hong Kong investments after a decline in 2023.

As for the destination countries for foreign investment:

- Germany was the leading EU destination for mergers and acquisitions (M&A) deals by non-EU acquirers, with 21% of all deals (a 17% increase compared to last year).
- France was the second EU destination with 13% of M&A deals.
- Poland and the Netherlands recorded the strongest growth in deal activity by non-EU acquirers, increasing 39% and 30% respectively.
- Ireland and Denmark saw declines of 26% and 9%.

The EU manufacturing sector remained the most active sector for FDI, representing 27% of foreign M&A, followed by the ICT sector at 24%. For greenfield investments, retail dominated (31%), followed by professional, scientific, and technical activities (15%), manufacturing (13%), and ICT (10%).

Looking Ahead

The EU plans to further harmonize FDI reviews while at the same time expanding the scope of FDI reviews to outbound investments.

- The adoption of the revised FDI screening regulation is in an advanced process of adoption and is currently being negotiated before the European Parliament, the Council of the EU, and the Commission. The proposal seeks to make FDI screening mechanisms mandatory for all 27 EU member states, establish a minimum level of harmonization and a common scope of reviewable transactions, and extend screening to cover EU-based investors ultimately controlled by non-EU entities. It also aims to enhance cooperation and accountability between the Commission and national authorities. On 15 January 2025, the Commission adopted Recommendation (EU) 2025/63, calling on member states to assess potential security risks associated with EU outbound investments in semiconductors, artificial intelligence, and quantum technologies. Member states are asked to review past and ongoing transactions to identify risks of technology leakage for military or intelligence misuse and report their findings by June 2026.

©2005-2026 K&L Gates LLP. All Rights Reserved.

FINANCIAL AFFAIRS

Commission Sets Out Simplification Drive in Financial Services Secondary Legislation

On 1 October 2025, the Commission published a letter to the European Supervisory Authorities (ESAs) outlining its decision to de-prioritize a significant number of Level 2 measures in the financial services frameworks.

This initiative, part of the Commission's broader agenda on simplification, responds to concerns from stakeholders about the growing volume of delegated and implementing acts stemming from recent legislative reforms. Existing legislative initiatives mandate the Commission to adopt more than 430 Level 2 measures across banking, insurance, securities, sustainable finance, and anti-money laundering frameworks.

The Commission has categorized these empowerments into three groups: those with a legal obligation to act within a set timeframe; those with a legal obligation but no deadline; and those where the Commission is not legally required to act. Following consultations with the European Parliament, the Council of the EU, and ESAs, 115 empowerments have been identified as “nonessential” for the effective functioning of the underlying Level 1 acts.

To manage these, the Commission will follow a two-step approach. First, the nonessential Level 2 acts listed in the annex to its letter will not be adopted before 1 October 2027. Second, in cases where empowerments carry a legal obligation to act by a specific deadline, the Commission will propose amendments or repeals during upcoming reviews of the relevant Level 1 legislation. Many of these reviews are scheduled within the next two years.

European Parliament Rejects Legal Affairs Mandate on Omnibus Proposal

On 21 October 2025, Members of the European Parliament (MEPs) rejected the mandate adopted by the Legal Affairs Committee (JURI) on the Omnibus proposal amending the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D). Following this rejection, MEPs are expected to table further amendments to the proposal, which will then need to be approved during the next plenary session of the European Parliament, scheduled for 13 November.

The rejection underscored widening political divisions within the European Parliament. The centrist coalition that typically secures major legislative compromises, including the European People's Party (EPP), the Socialists & Democrats (S&D), and Renew Europe (Renew), fractured over the proposed text. While the EPP and parts of Renew backed JURI mandate as a necessary step to reduce regulatory burdens and increase legal clarity for businesses, many S&D and Green MEPs withdrew support, warning that the proposal would significantly dilute EU's sustainability and human-rights framework. On the other side, more conservative and far-right groups argued the reforms did not go far enough in easing compliance obligations. The resulting cross-party misalignment led to the narrow rejection of the mandate, reflecting the growing polarization between calls for competitiveness and demands to preserve the integrity of the EU's sustainability agenda. The JURI report sought to narrow the scope of both directives. It proposed reducing the number of companies subject to mandatory obligations, introducing simplified reporting templates, and limiting due diligence requirements to the largest firms only. Under the proposed changes to CSRD, mandatory reporting would apply only to companies with more than 1,000 employees and annual turnover exceeding €450 million. Smaller companies would be exempt, though they

©2005-2026 K&L Gates LLP. All Rights Reserved.

could choose to report voluntarily. Sector-specific requirements would become optional and standard reporting templates would be streamlined to focus on key quantitative indicators.

For CS3D, JURI proposal limits obligations to identify, prevent, and mitigate adverse human rights and environmental impacts to large EU companies with over 5,000 employees and turnover above €1.5 billion, as well as to non-EU companies generating more than €1.5 billion within the EU. It also introduces a risk-based approach, allowing companies to collect information from business partners only where there is a material risk of impact, replacing the previously broader data-collection duties. Enforcement would remain primarily at national level, with the civil liability regime further reduced, while potential fines would be capped at 5% of global turnover.

Once the European Parliament adopts its mandate, interinstitutional negotiations, also known as trilogues, with the Council of the EU and the Commission will begin. The institutions aim to conclude the legislative process by the end of 2025.

©2005-2026 K&L Gates LLP. All Rights Reserved.

KEY CONTACTS



FRANCESCO CARLONI
OFFICE MANAGING PARTNER, BRUSSELS

BRUSSELS, MILAN
+32.2.336.1908
FRANCESCO.CARLONI@KLGATES.COM



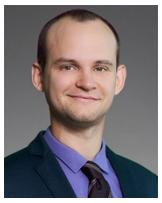
NIKOLAOS PERISTERAKIS
PARTNER

BRUSSELS
+32.2.336.1934
NIKOLAOS.PERISTERAKIS@KLGATES.COM



DR. MICHAEL HOFMANN, LL.M.
COUNSEL

BRUSSELS
+32.2.336.1921
MICHAEL.HOFMANN@KLGATES.COM



PETR BARTOŠ
SENIOR ASSOCIATE

BRUSSELS
+32.2.336.1922
PETR.BARTOS@KLGATES.COM



EDOARDO CROSETTO
TRAINEE ASSOCIATE

BRUSSELS
+32.2.336.1924
EDOARDO.CROSETTO@KLGATES.COM



MÉLANIE BRUNEAU
PARTNER

BRUSSELS
+32.2.336.1940
MELANIE.BRUNEAU@KLGATES.COM



GIOVANNI CAMPI
SENIOR POLICY DIRECTOR

BRUSSELS
+32.2.336.1910
GIOVANNI.CAMPI@KLGATES.COM



ANTOINE DE ROHAN CHABOT
COUNSEL

BRUSSELS
+32.2.336.1941
ANTOINE.DEROHANCHABOT@KLGATES.COM



SARA RAYON GONZALEZ
ASSOCIATE

BRUSSELS
+32.2.336.1942
SARA.RAYONGONZALEZ@KLGATES.COM

This publication/newsletter is for informational purposes and does not contain or convey legal advice. The information herein should not be used or relied upon in regard to any particular facts or circumstances without first consulting a lawyer. Any views expressed herein are those of the author(s) and not necessarily those of the law firm's clients.

©2005-2026 K&L Gates LLP. All Rights Reserved.