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COMMISSION STAFF WORKING DOCUMENT
IMPACT ASSESSMENT REPORT

Accompanying the document

**Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL**

on THE 28TH REGIME CORPORATE LEGAL FRAMEWORK - 'EU INC'

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Glossary

Term or acronym	Meaning or definition
AG	Aktiengesellschaft (German Public Limited Liability Company)
AML	Anti Money Laundering
API	Application programming interface
BORIS	EU Beneficial Ownership Registers Interconnection System
BRIS	Business Registers Interconnection System
B.V.	Besloten Vennootschap (Private Limited Liability Company)
DAC	Directive on Administrative Cooperation 2011/16/EU
eIDAS	Electronic Identification and Trust Services (Regulation (EU) 910/2014)
EEA	European Economic Area
ESOP	Employee Stock Ownership Plan
EUID	European unique identifier
GmbH	Gesellschaft mit beschränkter Haftung (German Private Limited Liability Company)
HLF	High Level Forum on Justice for Growth
IMF	International Monetary Fund
IPO	Initial public offering
IRI	EU insolvency registers interconnection
KYC	Know Your Client/Customer
N.V.	Naamloze vennootschap
OECD	Organisation for Economic Co-operation and

	Development
OOTTS	Once-Only Technical System
PO	Policy Option
QES	Qualified electronic signatures
S.A.	Sociedad Anónima (Spain)/ Société Anonyme (France)
SAFE	Simple Agreements for Future Equity
SDG	Single Digital Gateway
SE	Societas Europea
SME	small and medium-sized enterprise
S.L.	Sociedad Limitada (Spanish Limited Liability Company)
TIN	Tax identification number
VAT	Value Added Tax
VC	Venture capital

1. INTRODUCTION: POLITICAL AND LEGAL CONTEXT

Political context

In the current political and economic circumstances, the EU needs to focus on regaining competitiveness, closing the innovation gap with other major economies and increasing productivity to drive its economic growth, as strongly called for by the Draghi Report on competitiveness¹ and stressed by the Competitiveness Compass².

Startups and scaleups play an increasingly important role in terms of economic growth and competitiveness in today's economy. They are known for their agility, risk-taking nature and focus on scalability. They continue to shape the business landscape and play a vital role in driving innovation and economic progress. Startups and scaleups increase competition and are a major source of job creation. New startups aged 5-years old or younger have been estimated to account for around 20% of employment and create almost half of new jobs in Organisation for Economic Co-operation and Development (OECD) countries. Meanwhile, scaleups typically contribute as much as half of all new jobs created by small and medium-sized enterprises (SMEs)³. While the European Union is regarded as one of the most attractive regions for these businesses due to its access to a single market of over 450 million people, robust infrastructure and government support for innovation, the EU is lagging behind its major competitors.

The Letta report on the future of the Single Market highlighted the urgent need to remove the structural barriers preventing startups and scaleups from expanding across borders and called for a 'Simplified European Company'⁴. Similarly, the Draghi Report underlined the differences in laws and regulations across Member States which limit companies' ability to seamlessly operate across EU Member States and called for the adoption of a new EU-wide legal statute for innovative startups ('Innovative European Company')⁵.

In response to these reports and in line with President von der Leyen's Political Guidelines⁶ and the mission letter to Commissioner McGrath⁷, the Competitiveness Compass announced a 28th regime as part of a comprehensive set of actions to enhance the competitiveness of the European economy. More specifically, the Savings and Investments Union Communication, the Single Market Strategy and the EU Startup and Scaleup Strategy, respectively, set out a list of measures related to mobilising private investment, accessing finance, making the Single Market a reality and boosting the prospects of startups and scaleups in the EU, and underlined the important role that a 28th regime can play in those contexts⁸. In particular, the Single Market Strategy further specified that the 28th regime would provide a single, optional set of rules for companies operating across the EU, developed in a progressive and modular manner. It would establish a corporate legal framework based on digital-by-default principles, and would help companies overcome barriers in setting up, scaling up and operating across the Single Market. The 28th regime would simplify applicable rules and reduce the cost of failure by addressing specific

¹ [The Draghi report on EU competitiveness](#), September 2024.

² [Competitive Compass](#), January 2025.

³ OECD, [Unleashing SME Potential to Scale Up: Helping SMEs Scale Up](#), November 2025, p. 10.

⁴ Letta, [Much more than a Market](#), April 2024, p. 108.

⁵ [The Draghi report on EU competitiveness](#), part A, p. 33.

⁶ Von der Leyen, [Europe's Choice: Political Guidelines for the Next European Commission 2024-2029](#), 2024.

⁷ Von der Leyen, [Mission Letter Michael McGrath](#), September 2024.

⁸ [COM\(2025\) 124 final](#), [COM\(2025\) 500 final](#) and [COM\(2025\) 270 final](#).

aspects in relevant areas of law, including insolvency, labour and tax⁹. The 28th regime proposal was also announced in the 2026 Commission Work Programme¹⁰.

The European Council called on the Commission “in line with the respective competences under the Treaties” to propose without delay “an optional 28th company law regime allowing innovative companies to scale up” in March and October 2025¹¹. In parallel, the draft European Parliament own-initiative legislative report “On the 28th regime: a new legal framework for innovative companies”¹², scheduled for plenary adoption in January 2026, calls for a 28th regime that should mainly concern company law rules and introduce a new corporate form into national laws, with simplified company formation and registration. It also stresses the need for measures to facilitate employee stock ownership, mechanisms to ensure more efficient dispute resolution and strong safeguards to protect employee participation rights.

The initiative subject to this impact assessment directly responds to these calls by setting out a corporate legal framework for 28th regime companies, referred to as ‘EU Inc.’ companies in the legislative proposal. It draws on the existing EU company law and insolvency acquis and introduces a new legal form with related rules and procedures aimed to respond to the needs of startups and scaleups in the EU while being legally open to all founders and companies.

The initiative subject to this impact assessment provides one of the first deliverables under the 28th regime and will be complemented by initiatives in other areas, including employment, tax and innovation, following the modular and progressive approach referred to in the Single Market Strategy, as explained in the chapeau Communication accompanying this initiative. This Communication also refers to other related initiatives announced in the Competitiveness Compass, namely the European Business Wallets, for which the Commission presented a proposal on 19 November 2025¹³.

Legal context

EU company law acquis

The codified Directive (EU) 2017/1132¹⁴, provides a rulebook covering 16 million private and public limited liability companies and 2 million partnerships in the EU, regardless of their size or sector of activity, of which around 98–99% are SMEs. In recent years, the EU company law acquis has been significantly updated, in particular regarding digital tools and procedures. Some of these changes have been recently transposed, while others are still to be transposed. EU company law also sets out rules for single-member companies in Directive 2009/102/EC.

The Company Law Digitalisation Directive (EU) 2019/1151 made it possible to set up new companies, register new branches and file mandatory information and documents with business registers fully online (without physical presence), both in domestic and cross-border situations. It also requires that company information be stored by business registers in a machine-readable and

⁹ Single Market Strategy, p. 7.

¹⁰ [2026 Commission Work Programme, Annex I](#).

¹¹ [European Council conclusions on competitiveness, European defence and security and migration](#), 20 March 2025; European Council meeting - Conclusions, 23 October 2025, [EUCO 18/25](#).

¹² [2025/2079\(INL\)](#).

¹³ [COM\(2025\) 838 final](#).

¹⁴ [Directive \(EU\) 2017/1132](#) codified 6 Directives and was amended by [Directive \(EU\) 2019/1151](#) on the use of digital tools and processes in company law (Company Law Digitalisation Directive), [Directive \(EU\) 2019/2121](#) on cross-border conversions, mergers and divisions (Mobility Directive) and by [Directive \(EU\) 2025/25](#) on further expanding and upgrading the use of digital tools and processes in company law (UDCL).

searchable format or as structured data, which facilitates the use and sharing of this information. These rules were recently transposed by Member States (August 2023).

Company Law Directive (EU) 2025/25 on upgrading digital company law removed formalities (e.g., apostille) and simplified cross-border procedures through, for example, introduction of a multilingual EU Company Certificate (i.e., a “corporate passport” with essential company information) which other Member State authorities need to recognise and a multilingual EU Power of Attorney that companies can use to authorise a person to represent the company in cross-border company law procedures. These rules need to be transposed by July 2027.

EU company law rules require that, throughout their life cycle, limited liability companies file (submit) mandatory information, including changes, to the business registers under regulated deadlines. Similarly, business registers are obliged to make such information publicly available under specific deadlines. Following the Upgrading digital company law directive, the setting up of companies and filing are subject to mandatory preventive control, carried out by administrative or judicial authorities, notaries, or a combination thereof.

Business register information about companies is publicly available at EU level through the Business Registers Interconnection System (BRIS), which ensures inter-operability between national business registers (including EEA countries) since 2017. BRIS retrieves company information directly from Member States’ business registers and makes it available, with multilingual labels and free of charge, through a single access point at the European e-Justice Portal.

BRIS also provides a secure means for a “once-only” exchange of information between business registers, whereby companies do not need to submit the information separately to business registers in different Member States. BRIS will be linked with the EU Beneficial Ownership Registers Interconnection System (BORIS) and the EU insolvency registers interconnection (IRI) system to further facilitate access to company information and reduce burdens. To identify companies at EU level, BRIS uses the European unique identifier (EUID), which is automatically, free of charge attributed by business registers to companies when they are registered. 16 million limited liability companies and 4 million branches of EU companies in other Member States already have EUIDs, and commercial partnerships will have it soon¹⁵. The BORIS system also uses EUID to identify companies.

The Mobility Directive (EU) 2019/2121 introduced harmonised rules and procedures - with digitalised steps - for cross-border conversions and divisions of limited liability companies and amended the existing procedure for cross-border mergers. It includes rules on the negotiation of employee participation in company boards and anti-abuse provisions and facilitates the cross-border mobility for companies while providing effective safeguards for employees, minority shareholders and creditors.

EU rules also set out specific provisions for the capital maintenance for public limited liability companies, including a minimum capital requirement of EUR 25 000, rules on capital formation, distributions to shareholders, capital increases and decreases as well as rules for cases of acquisition of own shares by the company.

Finally, the *acquis* includes an EU legal form for public limited liability companies, *Societas Europea* (SE), through Regulation (EC) 2157/2001, which exists in parallel to national rules and

¹⁵ Following transposition of Directive 2025/25.

is optional for companies to use. It is accompanied by Directive [2001/86/EC](#) setting out rules on involvement of employees in SEs.

EU insolvency law acquis

The EU Insolvency law *acquis* covers the targeted harmonisation of certain procedural steps. The Restructuring and Insolvency Directive [2019/1023/EU](#) introduced minimum standards for preventive restructuring procedures and for debt discharge rules for failed entrepreneurs. The latter element provides for guarantees in relation to a second chance for entrepreneurs which is of particular importance for startup and scaleups. The Insolvency Directive¹⁶ establishes for the first time EU-wide minimum harmonisation rules on a number of key aspects of insolvency proceedings. The formal adoption is expected in Q1 of 2026. Although the Commission proposal suggested detailed rules for a simplified insolvency procedure specifically for micro-enterprises, the final text of the proposal only contains a general clause according to which Member States may adopt or maintain in their national laws simplified insolvency regimes for microenterprises. Finally, the Directive obliges Member States to ensure effective access to debt discharge by entrepreneurs even in cases where the opening of insolvency proceedings is refused due to the lack of assets, thus ensuring a second chance for entrepreneurs even in such cases.

Other related EU acquis/proposals¹⁷

Regulation (EU) No [910/2014](#)¹⁸ related to a framework for electronic identification and trust services in the internal market (eIDAS Regulation) provides an interoperable system for digital identification of natural persons. The fully on-line procedures under the EU company law, which require electronic identification of a natural person (founder, shareholder, director), rely on the eIDAS Regulation. Similarly, Directive (EU) [2025/25](#) provides that the digital EU Company Certificate and the digital EU Power of Attorney will be compatible with the European Digital Identity Wallet, as provided for in Regulation (EU) [2024/1183](#)¹⁹.

The recent Commission proposal for a Regulation on the European Business Wallets²⁰ aims to provide a harmonised digital framework for economic operators (companies, self-employed) and public sector bodies to securely identify, authenticate and exchange data across borders. The European Business Wallets uses the EUID under EU company law as a unique identifier for companies, allowing to link the Wallets with the official company information in the business register. Economic operators can purchase a Business Wallet for a fee.

Regulation (EU) [2018/1724](#) establishing a single digital gateway (SDG) facilitates online access to information, administrative procedures and assistance services across the EU; it is *lex generalis* and covers general principles and a range of administrative procedures. There is a clear distinction between the scope of the SDG and EU company law and insolvency law, which are *lex specialis*. The SDG Regulation explicitly excludes insolvency or liquidation procedures and other corporate law procedures from its scope (such as registration, formation of a company, filing by companies or firms within the meaning of Article 54 of the Treaty on the Functioning of the European Union (TFEU)); these are also therefore excluded from its once-only technical system (OOTS).

¹⁶ [COM\(2022\) 702 final](#).

¹⁷ See also Annex 10.

¹⁸ Amended by [Regulation \(EU\) 2024/1183](#) on establishing the European Digital Identity Framework.

¹⁹ Regulation (EU) [2024/1183](#) of the European Parliament and of the Council of 11 April 2024 amending Regulation (EU) No 910/2014 as regards establishing the European Digital Identity Framework

²⁰ [COM\(2025\) 838 final](#).

As regards interoperability, the Upgrading digital company law Directive (EU) 2025/25 contains a review clause whereby the Commission should assess the potential for cross-sector interoperability between BRIS and other systems providing mechanisms for cooperation between competent authorities, such as in the areas of taxation or social security or SDG and OOTS by July 2032, with the aim of creating more connected public administrations on a cross-border basis in the internal market. This is in line with the ongoing work to strengthen cross-border interoperability and cooperation in the public sector across the EU, including through Regulation (EU) 2024/903 (Interoperable Europe Act).

2. PROBLEM DEFINITION

2.1. WHAT ARE THE PROBLEMS?

The modern concept of startups refers back to companies in the technology sector in the US in the 20th century. Today, the term “startup” is widely used and normally refers to a company in its early stages of operation. Startups are grounded in innovation, often focusing on a single product or service, and require substantial capital to overcome high initial costs and limited early revenue. They typically require several years to make a profit and thus significant, high-risk investment are typically needed to get a startup off the ground. The transition to the scaling-up phase is characterised by a more structured management, market expansion and high capital needs to fuel rapid market capture.

The success of startups and scaleups depends on multiple factors, many of them inherent in their nature such as fierce competition, limited resources, and the need for continuous innovation to stay ahead. One of the most important conditions for startups to grow is access to capital and many startups have difficulty securing the funding they need at different stages of their development (e.g. from business and angel investors, venture and growth capital funds or regulated markets). Another important factor is startups needing to attract and retain top talent but often lacking the cash resources to offer competitive salaries. In addition, a business-friendly and digital regulatory environment plays overall an important role by providing the horizontal framework for startups and scaleups. However, startups operating in or expanding in the single market often face challenges due to the multi-jurisdictional and thus, burdensome, fragmented and complex rules, which result in obstacles and administrative burdens.

Startups and scaleups are part of a wider category of SMEs²¹. According to the recent Eurobarometer survey on startups, scaleups and entrepreneurship, 64% of the responding SMEs considered regulatory obstacles or administrative burdens the most important challenge, followed by payment delays (39%), access to finance (27%) and access to skills (19%). The survey also showed that the challenges startups face are similar to those faced by SMEs and that the share of startups experiencing some challenge is higher than for average SMEs in the EU, e.g. for regulatory obstacles or administrative burdens (71% vs 64%), payment delays (46% vs 39%), and access to skills (24% vs 19%). The challenges faced by scaleups, on the other hand, closely resemble those faced by the average EU SMEs.²²

Regulatory obstacles and administrative burdens also lead to high cost for companies, in particular small ones; in 2024, almost 9 out of 10 EU firms employed staff to deal with regulatory compliance, at an average cost of 1.8% of their turnover, which increased to 2.5% for SMEs, showing the impact of regulatory burden on SMEs and startups, using up resources that could

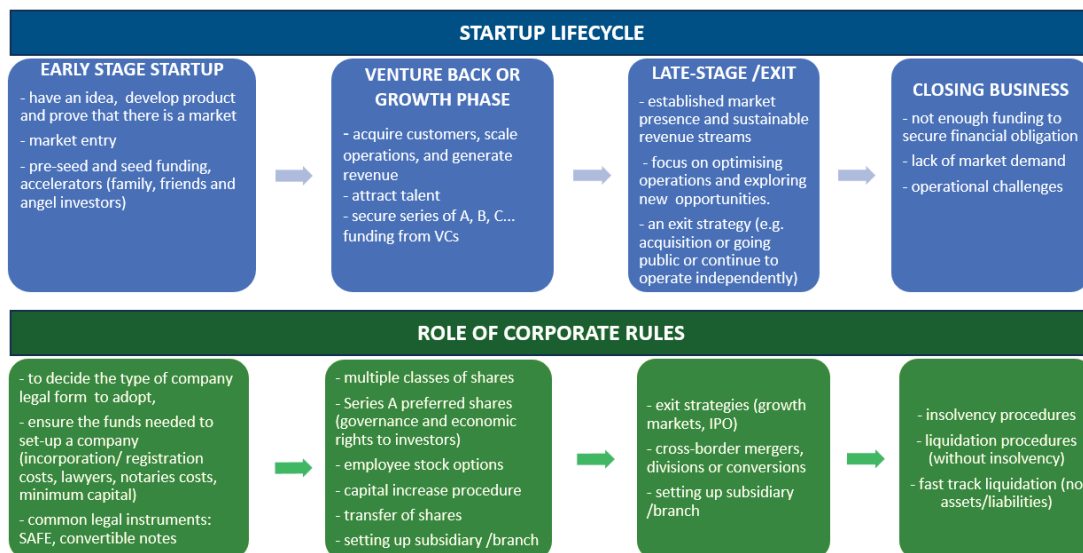
²¹ While SMEs also include sole-traders as enterprises, the startups and scaleups in this Impact Assessment refer only to companies with distinct legal personality.

²² COM, [Flash Eurobarometer 559 – startups, scaleups and entrepreneurship](#), July 2025.

otherwise support growth and innovation. The International Monetary Fund (IMF) estimates that legal fragmentation across Member States creates a non-tariff barrier equivalent to a tariff of about 44% on average for traded goods, keeping the potential of the single market underutilised²³.

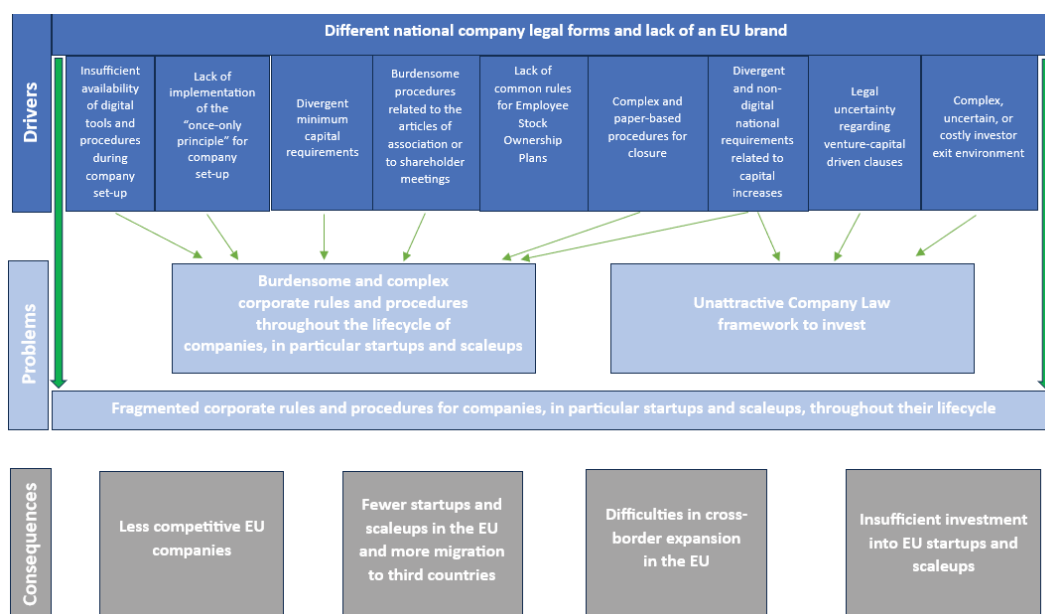
In the regulatory context, the corporate rules play an important role as they provide the backbone of the legal framework necessary for an enabling business environment and to attract investment. The chart below shows the role of the main corporate rules throughout the life cycle of a startup from inception to growth, maturity, and, in some cases, exit or closure.

Diagram 1: Startup lifecycle and corporate rules throughout this lifecycle



This impact assessment focuses on problems and drivers related to corporate rules, including insolvency. The problem tree illustrates the main drivers, problems and consequences. The following sub-chapters describe the problems affecting companies, in particular startups and scaleups, across their lifecycle in more detail, followed by a description of the related drivers.

²³ IMF, [Europe's Choice: Policies for Growth and Resilience](#), 16 December 2024.



The evidence for this initiative, including about problems and obstacles faced by companies and founders, in particular startups and scaleups, was gathered through wide-ranging consultation activities²⁴. These included a public consultation (1467 replies, with around 80% of those submitted by companies, founders and investors) and a call for evidence (879 replies) as well as 113 position papers submitted by different stakeholders. Two online workshops were organised with startup and scaleup companies and investors to provide real case examples of compliance costs. Information was also gathered through numerous bilateral meetings and targeted interviews with stakeholders, including startups. Meetings also took place with the representatives of the startup community behind the October 2024 petition for a “standardised pan-European “EU-Inc” and the “EU-Inc blueprint”, which sets out proposals for a standardised company structure, a digital-first approach, a modern instrument for investment and a scheme for employee stock options. Discussions with industry, Member States, the European Parliament’s Legal Affairs Committee and the relevant EU level stakeholder associations, including those representing different businesses²⁵, trade unions and legal professionals, also took place during 2025 in the framework of the High-level Forum on Justice for Growth²⁶ launched by Commissioner McGrath²⁷. The 28th regime corporate legal framework was discussed at all four meetings, with particular focus on the problems faced by companies, digital solutions, the legal approach and measures to attract investment. The Danish Presidency also organised an exchange of views on the 28th regime during the September 2025 meeting of the Council Working Party on company law. Exchanges with other EU institutions also took place in the context of the development of the European Parliament own-initiative legislative report on the 28th regime and of the European Economic and Social Committee’s study²⁸. Discussions with company law professors in the Commission’s Informal Expert Group on company law and corporate governance (ICLEG) also

²⁴ A description of all consultation activities and the feedback received is summarised in Annex 2.

²⁵ BusinessEurope, SMEUnited, European Startup Network, European Tech Alliance, European Digital SME Alliance, EuropeanIssuers.

²⁶ COM, [High-Level Forum on Justice for Growth](#).

²⁷ Launched in March and concluded in November 2025.

²⁸ EESC, [Establishing the 28th Regime in Europe](#).

provided an important contribution in terms of academic views and input on national rules and procedures.

2.1.1. Fragmented corporate rules and procedures for companies, in particular startups and scaleups, throughout their lifecycle

The overarching problem that companies face in the EU is the fragmentation of rules across Member States. Over 80% of respondents to the public consultation agreed to a large or very large extent that different national company law rules and company forms create a barrier to setting up, operating or closing down a company in the EU. Calls from the startup community for a standardised pan-European corporate structure, e.g. in the EU-Inc petition²⁹, also stress the fragmentation of rules for companies as one of the main barriers.

The 27 national legal systems with distinct rules and procedures and more than 60 available national legal forms for limited liability companies³⁰ create a fragmented and complicated corporate landscape for companies. Such divergence leads to legal uncertainty and to high information costs whereby founders (or legal or other professionals on their behalf) need to search, assess and compare information about different legal forms each time they set up a company in another Member State. 88% of respondents to the public consultation considered the need for legal advice due to the complexity of different company legal forms and procedures as a barrier to a large or very large extent. According to the 2025 EESC study, 75% of companies expanding to a second Member State reported they had to hire external legal counsel to navigate these differences³¹. These burdens are relatively larger for smaller companies, such as startups with limited financial and human resources.

The problem of divergent national rules is accentuated by the absence of an EU company brand suitable for startups. 74% of respondents to the consultation saw the lack of an EU brand as one of the main barriers to doing business and attracting investment to a large or a very large extent. With no EU brand, known and trusted by investors and business partners, startups need to adopt a national legal form in every Member State where they want to establish themselves.

Examples from the public consultation:

“It was a nightmare to navigate a company with two legal entities in 2 different countries (NL and DE). Hard in terms of employing people, letting international investors in. We need to have legal support in two countries which drives a lot of cost for us. Biggest barriers: signing the notarised deed of incorporation, depositing share capital at a bank and in-person ID verification with notary.”

“We are currently operating in 6 countries (BE, NL, LU, DE, AT, CH) and had to setup 6 different companies to make this work and be able to employ people in each country. Different legal counsel needed for each country. It starts with getting a bank account, which can often not be done fully online with a lot of banks. From there, going to the notary also needs to happen in person in some countries.” “The main problem is that it is different in every EU country; even if the essential contents are the same, you still need to spend huge amounts of time, effort and money on “getting it right”, essentially just duplicating the same work over and over again.”

The same applies when a startup wants to set up a subsidiary in another country, with the fragmentation of corporate regimes making it more difficult to successfully scale up in the EU. 81% of respondents to the public consultation identified difficulties in expanding to other Member States via subsidiaries as a large or very large barrier.

²⁹ [EU Inc Petition](#).

³⁰ [Directive \(EU\) 2017/1132](#).

³¹ EESC study quoting Eurochambres, 2024, p. 8.

In addition, fragmentation undermines the ability of European companies to compete for top talent and limits the growth potential of high-performing companies across the single market³². In the public consultation on the European Innovation Act, 60% of respondents agreed or strongly agreed that difficulties to offer globally competitive benefits and remuneration, including employee stock ownership plans (ESOPs) are preventing innovative companies in the EU from attracting and retaining talent. This is especially problematic for startups and scaleups that often cannot afford competitive salaries and use ESOPs for stock options to offer attractive benefits to their employees.

Finally, the respondents to the public consultation on the 28th regime, mainly founders and investors, described processes for closure of a company (outside of insolvency) as fragmented and said that delays often stem from divergent national procedures. In their view, this increases legal uncertainty for investors, tying up resources and capital that could otherwise be reinvested in new entrepreneurial projects. It also leaves inactive/dormant companies on national registers, resulting in administrative inefficiencies. This issue is important for startups given that their failure rate tends to be high due to challenges founders face while trying to grow their businesses. For example, the EU-27 five-year survival rate for enterprises born in 2013 and still active in 2018 was 45%³³. In general, closure is an important stage of company's lifecycle, as evidenced by Eurostat data showing an 8.5% rate of enterprise deaths (exempting insolvency) in 2023 as compared to 10.5% for enterprise births.

2.1.2. Burdensome and complex corporate rules and procedures throughout the lifecycle of companies, in particular startups and scaleups

Setting up and operating a company in the EU is also hindered by complex and slow procedures resulting in compliance costs. The lack of consistent implementation of digital tools and processes across Member States accentuates this. Many company-related processes still require manual submission or physical presence. 81% of respondents to the public consultation considered that the insufficient availability of digital tools and procedures for setting up of companies created a barrier to a large or very large extent; 74% thought so regarding operation of companies; and 63% regarding the closure. The majority of respondents also considered that the involvement of notaries was burdensome and slowed down procedures. 73% said that it was not possible to carry out all the steps of the company formation without the involvement of intermediaries and many explained that notaries did not apply online tools (even if those existed) but required physical presence (e.g. to check identity, sign and certify documents).

Examples from the public consultation:

"Incorporation was painfully slow, fraught with legal traps and cost us almost 50% of our seed capital of 50 000 EUR. It nearly killed the company right from the start".

"The process [in Spain] took 3,5 months and required five physical visits to various offices. It takes 1 hour maximum to setup the same startup in the UK. The delay meant missing two crucial grant deadlines. The notary requires physical presence for identity verification despite having a valid eIDAS certificate. Opening a bank account requires an in-person visit. Tax registration requires a physical stamp. Social security enrolment needs original documents. "

"I waited 6 weeks to get my one-person business in Austria approved because not possible "online"."

"I created 2 GmbHs in Germany. Notarisation was in person: EUR 1 000 amounting to 4% of my startup capital."

"I moved to Spain and I had to close the company because one of the requirements of the BV is to have a director living in the Netherlands. Opening and closing the company was costly."

³² Cf. COM, [The Promotion of Employee Ownership and Participation](#), 2014, p. 92.

³³ Eurostat, [Enterprise survival rates in the business economy](#), 2018.

Furthermore, despite the existence of specific EU rules on the use of electronic identification and electronic signatures, their inconsistent implementation is an important reason why companies cannot carry out fully on-line procedures. 88% of respondents replying on this issue indicated there were still problems with cross-border electronic identification of persons, of which 68% mentioned issues related to the recognition and/or acceptance of the electronic identification. This has an impact throughout companies' lifecycle as the underlying condition for online procedures is that the identity of founders, directors, shareholders can be verified electronically.

As to the setting up stage, according to the consultation activities, startups considered it took too long to set up a company in the EU. They argued that slow and complex processes and lack of possibility to set up a company in English pushed some founders to give up or set up in other jurisdictions such as Delaware due to its presumed business-friendly legal system and use of English language. According to the public consultation, 85% of respondents (989) set up a company but only 23% - in another EU/EEA country, and 21% (245) - abandoned setting up a company, out of which 71% - in their own country (EU/EEA), 39% - in another EU/EEA country and 11% - in a country outside the EU/EEA.

The problems related to slow setting up procedures mentioned in the public consultation often went beyond the company incorporation with business registers and included issues related to banks, tax, social security and anti-money laundering. These steps were said not to run in parallel, were often manual or disconnected from the registration of the company in the register and delayed the starting of a new business. 86% of respondents saw the lack of the "once-only" principle as a barrier and 84% stated that it was burdensome and time-consuming to have to submit company information separately to other authorities than the business registers.

The minimum capital requirements can also represent an entry barrier to founders. 68% of respondents agreed or strongly agreed that a minimum capital requirement creates an administrative burden for companies due to the formal process related to contributions. High capital thresholds for incorporation increase the upfront costs of establishing a business, which can be burdensome for early-stage companies seeking to launch quickly, sometimes even discouraging their entrepreneurial activity. Founders who seek to operate across multiple countries face legal uncertainty and burdens due to different minimum capital requirements and creditor protection mechanisms. A minimum capital requirement can also contribute to delays in setting up as it is frequently linked with opening a bank account, and a large number of respondents explained that this usually requires physical presence and that share capital deposits must often be verified in person at a bank.

Respondents to the public consultation provided concrete examples, such as that it took more than 2 months to open a bank account in the Netherlands. Some respondents also stated that banks require incorporation documents before opening a bank account, which further complicates and slows down registration and AML/KYC onboarding. Other examples included that, in Germany, it took 2 or even 4 months to obtain the tax ID with the company not being able to bill a client in that time. While it was possible to register a company in 20 minutes in Sweden, it took weeks to get a bank account verified, shareholder contributions verified in the bank, to receive a VAT number and to complete other formalities, and that real signatures on paper were required. In some cases, e.g. in Austria, there happened a circular loop whereby the mandatory capital had to be paid in to start the company but one could only open a bank account when the company was formed.

During the operational phase, one of the most important procedures is to amend the instrument of constitution/articles of association, necessary for any changes to the management structure, decision-making processes, investors, profit distribution, corporate restructurings such as mergers, or capital increases. However, companies and investors often face significant problems and delays. Many replies to the public consultation mentioned non-digital and heavy formalities in cross-border situations (e.g., notarial deeds, apostilles/legalisation, certified translations, registry checks). Around 50% of respondents assessed the lengthy adoption of amendments due

to the involvement of intermediaries and the lack of clarity about the applicable legal framework as problematic (to a large or very large extent). The lack of fully digital procedures was mentioned by 80% – and limited acceptance of electronic signatures either from other Member States or third countries by 70% - as causing practical difficulties to a large or very large extent.

The operation of a company is also affected by how quickly important decisions can be made. 41% of respondents reported problems with organisation of general and board of director meetings online and among those, several business associations, competent authorities and legal professionals, as well as responding companies, founders and investors stressed that while online and hybrid meetings were increasingly recognised, using them in practice was more difficult due to legal and technical barriers and fragmented national requirements.

As to the closure (outside of insolvency), around 63% of respondents to the consultation considered that not being able to carry out all the steps with the business register fully online, and without the involvement of intermediaries, and that having to notify several authorities separately was a barrier (to a large or very large extent). The length of the closure procedure and the absence of a simplified or harmonised EU procedure for winding up were also seen as barriers to a large or very large extent (by 58% and 67% of respondents). Many founders and investors noted that this complexity makes winding-up disproportionately burdensome for SMEs and startups, and that it can discourage entrepreneurship because founders risk significant personal liability, and can prevent founders from closing inactive structures, thereby limiting their subsequent investments, which are essential for startup growth.

The concerns regarding the length, complexity and costs were also frequently mentioned as a deficiency by the respondents in the context of liquidation through insolvency proceedings in the absence of a digitalised procedure. In addition, discrepancies between the Member States' insolvency laws can make it more difficult to anticipate the outcome for value recovery and to price risks, including for debt instruments. These elements are of particular importance to the investors who provide financing to companies, including to startups and scaleups and the expected recovery value, time and costs affect the extent and conditions under which companies can get access to funding they need for their operations and growth. The providers of financing take the future risk of the company becoming insolvent, the value of recovered assets and the length and complexity of insolvency proceedings into account when they decide about the price they will charge that company for the capital offered.

2.1.3. Unattractive company law framework to invest

Attracting private investment is essential for the growth of startups and scaleups which rely heavily on external equity financing. However, not being able to attract financing is likely the biggest obstacle to European startup growth³⁴. According to the Draghi Report³⁵, not a single EU company with a market capitalisation over EUR 100 billion has been created from scratch in the last 50 years. In contrast, all six U.S. companies valued above EUR 1 trillion were born in that same period. This stagnation is the direct result of a legal ecosystem not facilitating scaling.

The feedback to the public consultation confirmed that founders and companies face financing problems and problems to attract private investment, and that attracting investment is significantly hindered by the fragmentation and complexity of company law rules across the EU. According to the consultation, 86% of respondents identified legal complexity as a major barrier to investment, and 84% pointed to rigid capital and shareholder-rights rules as impeding capital

³⁴ Weik, [The Startup Performance Disadvantage\(s\) in Europe: Evidence from Startups Migrating to the U.S.](#), 2024.

³⁵ [The Draghi report on EU competitiveness](#), Part A, September 2024, p. 6.

injections. More than 70% highlighted the lack of accessible digital tools and information for completing investment procedures. Foreign investors also pointed to burdensome tax-identification procedures and limited clarity on shareholder rights. Overall, the consultation indicates a broad perception that company law frameworks impose high costs, long delays and legal uncertainty, reducing the attractiveness of EU companies for investment.

Investors wanting to invest in newly created startups or more mature companies must conduct extensive, costly due diligence on each different national company form for every country they plan to invest in. They must spend time and capital verifying how corporate governance rules, liability of directors and shareholders and other rules apply to different company forms in each jurisdiction. The Draghi Report identifies it as a structural weakness, noting that high costs associated with adhering to heterogeneous national regulations are a key factor contributing to innovative European companies "failing to scale up" and the persistent gap in later-stage financing compared to the US market³⁶. They contribute to the persistent home-bias within European venture capital markets and create additional transaction costs compared with other large markets like the US, where the Model Business Corporation Act³⁷ and the Delaware General Corporation Law provide two widely known corporate legal frameworks.

In addition, different national constraints on the use of standard venture capital instruments compromise legal certainty for investors and founders and prevent them from relying on a common set of predictable rules for structuring deals, allocating rights, and enforcing contracts. Investors cannot rely on EU-wide standardised documents, reducing confidence and discouraging cross-border investment. There are no standard early-stage funding instruments used consistently throughout the EU, in contrast to the US, where the Simple Agreement for Future Equity (SAFE)³⁸ has become a widely adopted seed-stage financing tool. This imposes disproportionate burdens on early-stage companies, which must either redesign venture capital contracts to fit local legal constraints or adopt costly workarounds, creating friction at the very moment when firms need simplicity and speed to secure financing. As a result, transaction costs remain high, and investment activity continues to be overwhelmingly domestic. It also hinders the emergence of large, pan-European funds for later-stage financing, where scaleups require large injections of capital to compete globally.

EU startups receive smaller funding round sizes, fewer follow-on investments, and much less late-stage capital than their US counterparts. Recent evidence confirms that European companies face a substantial late-stage funding gap: European startups are only half as likely as US startups to raise a USD 15M+ financing round, with just 4.1% reaching this threshold compared to 8.3% in the United States. This structural difference has contributed to an estimated USD 375 billion funding gap over the past decade³⁹. According to the EIF Venture Capital Survey 2024⁴⁰, firms in venture-capital portfolios identified securing equity finance, i.e., obtaining timely and sufficiently large follow-on funding rounds, as their main challenge during the scaleup phase, followed by customer acquisition and retention and recruiting skilled professionals. The 2024 EIB study "The Scale-Up Gap"⁴¹ shows that while companies located in the EU raise similar amounts as companies located in San Francisco do in their first five years, the divergence opens sharply

³⁶ [The Draghi report on EU competitiveness](#), Part A, September 2024, p. 24.

³⁷ The [Model Business Corporation Act \(MBCA\)](#) is a widely used standard corporate statute developed by the [Uniform Law Commission](#) and the American Bar Association.

³⁸ The [SAFE](#) was created and published by Y Combinator. It is a financing contract on the issuance of equity rights to be converted at a later date, commonly used by startups in seed funding rounds.

³⁹ Atomico, [State of European Tech 2024](#), p.89

⁴⁰ EIF, [Venture Capital Survey 2024](#), p. 36.

⁴¹ EIB, [The Scale-Up Gap](#), July 2024.

thereafter. By year ten, European scaleups have raised around 50% less cumulative capital, a result that holds even after controlling for industry, founding year and business-cycle effects.

To improve their funding prospects, a growing number of high-growth European startups incorporates or redomiciles a parent company outside the EU while keeping their operational and R&D activities in an EU subsidiary. According to Mind the Bridge's study, approximately 14% of European scaleups operate as "dual companies" (i.e., relocating their headquarters abroad while keeping operations in the EU), and 82% of these move their headquarters to the United States⁴². Importantly, these dual entities accounted for a disproportionately high share of all capital, signalling that Europe's highest-potential firms are the most likely to adopt third-country legal structures. More recent EU-level evidence confirms this trend. According to the EIB "Scale-Up Gap" Report⁴³, roughly one in four European high-growth companies with over EUR 10 million in cumulative funding have created a parent or holding company outside the EU, most commonly in the US. The EIB finds that 15% of EU scaleups have relocated their headquarters (vs. 9% US, 12% UK), with 74% of EU relocations going outside the EU, primarily to the United States. Between 2008 and 2021, 40 out of 147 EU 'unicorns' (i.e., privately held startups with a valuation of US\$1 billion or more) relocated abroad, mostly to the US. As of 2025, the EU hosted 110 unicorns, compared with 687 in the US and 162 in China⁴⁴.

This pattern of relocation is not only structural but also has measurable consequences. Evidence shows⁴⁵ that migrant companies raise significantly more venture capital, file more patents and, conditional on exit, achieve substantially larger valuations than comparable companies that remain in the EU. Migration does not make a firm more likely to exit, but it materially increases the scale and outcome of successful exits, suggesting that companies relocate primarily to access legal and financial infrastructures that the EU does not yet provide.

The so-called "Delaware Flip" is a corporate restructuring used by fast-growing European startups to relocate to Delaware driven by the need to access the deeper pool of US venture capital. By executing the flip, the startup simplifies US fundraising, streamlines the path to a potential IPO, and establishes a corporate structure that is palatable to future international acquirers, even as core R&D operations often remain in the EU. Recently, the Spanish startup Cafler, which provides digital vehicle services received unanimous approval from their shareholders to transition from a Spanish limited liability company to a US corporation, establishing its new registered office in Delaware. The company's president and co-founder stated that the relocation strategy positions Cafler "in a geography that is more favourable for current investors and for the future, especially in the US"⁴⁶.

During the preparation of this initiative, interviews took place with several founders and representatives of European 'unicorns'⁴⁷ including both businesses with parent entities in the EU and businesses that had set up parent entities registered in the state of Delaware. Businesses that had carried out a Delaware flip particularly emphasised the increased attractiveness of their company to international investors. In contrast, businesses whose parent company remained in the EU highlighted difficulties in attracting such investors. According to one of the founders interviewed, their company, which has completed successful funding rounds up to Series C+, was asked by investors in every single round to consider a Delaware flip.

Finally, equally important for access to late-stage funding are viable exit options as they determine how and when investors can realise the value of their stakes. In early-stage and growth financing, investors typically expect to recover their investment, and any return, through share transfers to new investors, secondary sales to venture capital funds, or public offerings (IPOs)

⁴² Mind the Bridge, [European Dual Companies – Scaleup Migration?](#), June 2017.

⁴³ EIB, [The Scale-Up Gap](#), July 2024.

⁴⁴ EIB, [The Scale-Up Gap](#), July 2024.

⁴⁵ Weik, [The Startup Performance Disadvantage\(s\) in Europe: Evidence from Startups Migrating to the U.S.](#), 2024.

⁴⁶ Entrepreneur Loop, ["Spanish Startup Cafler Relocates Operations to Delaware Seeking American Investment"](#), 30 September 2025.

⁴⁷ Privately held startup companies with a valuation of USD 1 billion or more.

once the company has matured. The availability of predictable and efficient exit routes is therefore critical for attracting capital, as it directly affects the risk-return balance of the investment. Still, in the 2024 EIF Venture Capital Survey⁴⁸, fund managers cited the exit environment in the EU as the biggest challenge for the development of venture capital, even surpassing fundraising challenges.

While the overall financing and exit environment is out of scope of this initiative and being addressed by initiatives under the savings and investments union and by EU financing programmes, existing company law frameworks in the EU contribute to this challenging exit environment for investors through fragmented rules and burdensome formalities for share transfers. Restrictions or legal uncertainty surrounding venture capital exit clauses (e.g. liquidation preferences, redemption shares, drag-along rights) discourage investment in EU-incorporated companies and drive investors toward jurisdictions where such terms are freely enforceable. At the same time, the lack of fully integrated EU financial markets encourages companies to pursue exit strategies (including IPOs) outside the EU rather than on domestic financial markets.

2.2. WHAT ARE THE PROBLEM DRIVERS?

2.2.1. Different national company legal forms and lack of an EU brand

The overarching driver is that national company legal forms are different across Member State and that there is no suitable EU legal form and no distinct EU brand for smaller companies such as startups. The existing EU European Company (*Societas Europaea*, SE)⁴⁹ legal form is designed for large public limited liability companies. It can only be created by existing companies from different Member States or national companies with subsidiaries in other Member States, which makes it ill-suited to newly created startups. The SE also requires a minimum subscribed capital of EUR 120 000, which is out of reach for a seed-stage business operating on minimal funding.

Member States provide for one or more distinct national legal forms for companies. This means distinct rules for corporate governance, issuance of shares, shareholders agreements, implementation of financing instruments and capital increases. In addition, as a response to the needs of startups and to promote their growth, some Member States have undertaken reforms of their legal forms to allow greater flexibility, such as the German *Unternehmergeellschaft* – UG, a "Mini-GmbH". Other Member States have introduced new simplified legal forms, such as the French *société par actions simplifiée*, SAS and the Polish *Prosta Spółka Akcyjna*, P.S.A.. Austria has also recently introduced the Flexible Capital Company (FlexCo) to enhance capital access and employee ownership⁵⁰.

These simplified legal forms represent divergent national solutions to solve challenges faced by startups. For instance, the French SAS prioritises flexibility to create tailor-made articles of association to accommodate complex venture capital-style governance and share agreements, making it highly customizable but not necessarily the quickest to set up. The Polish P.S.A. can be a purely digital solution, and it focuses on speed (24-hour setup when a standardised template is

⁴⁸ EIF, [Venture Capital Survey 2024](#), p.38.

⁴⁹ The other EU legal forms also do not provide appropriate solutions for startups. The European Economic Interest Grouping, EEIG, is a vehicle for collaboration among companies or legal bodies and/or natural persons and not for external investment and is to facilitate the economic activities of its members with its own activity staying strictly ancillary. The European Cooperative Statute, SCE, is aimed at cooperatives.

⁵⁰ For a historical and comparative overview of several simplified legal forms introduced in the past decades, see Nicolussi, [ECFR 2025, 195](#), pp. 206 et seq.

used) and ease of entry with a symbolic PLN 1 capital and possibility to provide contributions of work and services for shares rather than cash alone. The German UG is different as it is a "stepping stone", with minimal starting capital (EUR 1) but strictly mandated accumulation of capital until it reaches the full EUR 25 000 required to become a GmbH. Finally, the Austrian FlexCo tackles investor and employee financial participation by offering specific enterprise value shares and adopts advanced capital increase mechanisms but has a higher minimum capital requirement of EUR 10 000. These legal forms also differ as regards the notarial involvement to set them up; the UG and FlexCo require a notarial deed for the instrument of constitution, while this is an option for SAS founders; and not required if the standardised template is used for the P.S.A.

2.2.2. Insufficient availability of digital tools and procedures during company set-up

The existing EU company law rules, in particular the Digitalisation Directive (EU) 2019/1151, make it possible to carry out fully online the whole process of establishing private limited liability companies, and subsidiaries, including drawing up of the instrument of constitution and all the steps to enter the company in the business register, directly or through intermediaries (e.g. notaries). Similarly, the Directive ensures the fully online registration of cross-border branches and fully online filing, eliminating in all these cases the need for the mandatory physical presence of founders and directors⁵¹. For the electronic identification of founders, directors and the use of electronic signatures, the Directive relies on the eIDAS Regulation. Member States are also required to make online templates for setting up private limited liability companies available and set a deadline for online formation to be completed within five working days where a company is formed by natural persons who use the templates (or within ten working days in other cases)⁵². At the same time, these rules were recently transposed (August 2023), and 75% of respondents to the public consultation thought that the EU rules on fully online setting up of companies were not fully/correctly implemented and 73% - that companies were not aware of the existing rules and possibilities. The consultations also showed that there may also be issues with their implementation in Member States in particular in cross-border situations⁵³.

Furthermore, the existing EU rules do not yet address all aspects that were raised in the consultations by businesses, and in particular startups. For instance, the EU rules do not harmonise the content of the online templates for setting up of companies and the template in a language other than the official language of a particular Member State is only for information purposes. 68% of the respondents to the consultation confirmed that it was not possible to carry out all the steps of the company formation in English. Furthermore, the deadlines, although they speed up the registration procedure, they count from the time that all the formalities are complied with and do not cap the time needed to do the necessary formalities before submission of documents. Finally, setting up of a company takes place only at national level and according to the national substantive requirements.

2.2.3. Lack of implementation of the “once-only principle” for company set-up

The public consultation showed that companies are required to submit similar information to several authorities when setting up a company: to tax authorities to obtain the TIN (according to 90% of respondents), to social security funds or other competent authority due to social security

⁵¹ Except in limited cases when reasons to question the legal capacity/authority of applicants to represent a company.

⁵² From the date of completion of all formalities or from the date of payment of a registration fee, the payment in cash for share capital, or the payment for the share capital by way of a contribution in kind, as under national law.

⁵³ This is likely to improve, as Regulation (EU) No 910/2014 mandates all Member States to make European Digital Identity Wallets available by the end of 2026.

obligations (67%), to the relevant authority related to anti-money laundering issues (55%) and for other purposes, such as obtaining a VAT identification number (36%). In addition, respondents explained that, at present, obtaining a TIN or a VAT identification number can cause considerable delays, often weeks or even months.

The EU company law rules already provide for a number of “once-only” exchanges through BRIS⁵⁴. However, it does not harmonise – and does not implement the once-only principle – in case of other formalities related to setting up of a company, such as obtaining a TIN or a VAT identification number, registering for social security or filing beneficial ownership information. These vary significantly, and often the company once registered in the business register needs to separately submit the company information and data available in the business register also to these different authorities⁵⁵. For instance, in many Member States the TIN is issued without a separate application when a company is registered in the business register but in some (e.g. Czechia, Poland and Ireland), the company needs to file a separate application with the tax administration. While in some Member States (e.g. Belgium and France), the TIN and/or the VAT identification numbers match, contain or are technically related to the company registration number, in others (e.g. Croatia, Germany and Italy), this is not the case. Even in the Member States where the TIN is issued upon registration, the time to verify the tax relevant data may differ substantially, from one working day (e.g. Hungary) to several weeks (e.g. Czechia).

In most Member States, the business register also records beneficial ownership information but in some (e.g. Germany and Poland) the beneficial ownership information is filed to a different authority, resulting in companies needing to provide the basic company information (e.g. company name, EUID, legal form, address, legal representatives) again. An upcoming Commission Implementing Regulation on formats for submitting beneficial ownership information will require beneficial ownership registers to reuse or request data already available in other registers, if a series of conditions apply. Therefore, it is not guaranteed that the company information in the business register will be reused automatically in all cases.

2.2.4. Divergent minimum capital requirements

Different Member States have historically relied on diverse mechanisms to protect creditors, including rigid capital maintenance rules and formal procedures tied to minimum capital. Over time, many Member States have considered that minimum capital is not an effective or necessary instrument for creditor protection, leading to reforms in private limited liability companies to abolish or reduce minimum capital thresholds and introduce alternative safeguards such as solvency and balance sheet tests or strengthened directors’ liability rules. Currently, minimum capital thresholds for private limited liability companies vary significantly, reflecting fragmentation and divergent approaches in national company laws. For example, the Finnish Oy and the Estonian OÜ have no minimum capital, the Dutch B.V. requires EUR 0.01 and the French SAS requires EUR 1, while the Spanish S.L. requires EUR 3 000, the Austrian FlexCo requires EUR 10 000 and the German GmbH requires EUR 25 000 (its variant UG initially requires EUR 1).

Minimum capital must be subscribed and in many Member States also paid into a bank account and certified before incorporation can be completed. In several countries (e.g. Germany, Spain,

⁵⁴ E.g. when setting up cross-border subsidiaries and branches, striking off companies, changing of company information or during cross-border mergers, divisions and conversions, as set out in Commission Implementing Regulation (EU) 2021/1042 or will be covered in implementing acts following Directive (EU) 2025/25.

⁵⁵ <https://archive.doingbusiness.org/en/reports/global-reports/doing-business-2020>

Austria, Italy⁵⁶), the law obliges founders to produce bank certificates or notarial confirmation of paid-in capital as a precondition for incorporation, leading to longer incorporation periods.

2.2.5. Burdensome procedures related to the articles of association or shareholder meetings

Member States regulate the procedure to amend the articles of association differently, with some allowing amendments to be approved through fully online shareholder meetings while others require strictly physical meetings or place heavy conditions on remote participation. National laws diverge substantially in areas such as quorum and voting rules, authentication requirements and the technological tools permitted for shareholder communications (e.g., electronic notices, e-voting, virtual attendance)⁵⁷.

Even where online or hybrid meetings are legally permitted, practical implementation is hindered by inconsistent identity verification mechanisms, uneven acceptance of electronic signatures across borders, difficulties to validate proxies digitally and divergent national e-voting standards. Many countries still require notarial authentication with in-person verification for resolutions amending the articles, which prevents end-to-end digital workflows and imposes disproportionate burdens on foreign or cross-border shareholders.

2.2.6. Lack of common rules for Employee Stock Ownership Plans

Across the EU, companies face a highly fragmented company-law environment that makes it difficult to implement employee stock ownership plans (ESOPs) in a simple, reliable and cross-border manner. National rules differ significantly on core legal aspects such as the issuance and transfer of shares, mandatory involvement of notaries, shareholder-approval procedures, capital-increase rules, and restrictions on share classes. As noted in the Commission's 2014 Study on Employee Ownership⁵⁸ and documented in detailed country reports for all 27 Member States in the 2024 PEPPER V Report⁵⁹, even basic operations, such as issuing new shares, allocating options, or updating shareholder registers, trigger divergent formalities. This patchwork of requirements forces firms to maintain multiple parallel ESOP structures, exclude employees in certain jurisdictions from equity participation, use costly and legally risky workarounds or look for suboptimal alternatives such as phantom shares.

In cross-border situations, employee stock options granted in one Member States may not be recognised by another Member State due to varying definitions, conditions or frameworks, which may result in subjecting them to less favourable taxation compared with stock options granted under the national framework of that other Member State. This causes issues to cross-border employment situations where a company employs a person residing in another Member State or when an employee moves across borders. Despite reforms in several Member States including Germany, France, Spain, Italy, and Austria in recent years, Member States' tax frameworks related to employee stock options remain very different. In particular, Member States tax income derived from stock options at different moments – at grant, vesting, exercise or disposal of the underlying shares and some Member States tax employee stock options twice, at exercise and at

⁵⁶ In several Member States, incorporation requires proof that the subscribed capital has been paid into a bank account, which cannot be issued until AML/KYC checks are completed: Spain, LSC (RDL 1/2010) Art. 62 and 80; Germany, GmbHG §7(2)–(3) and §8(2); Austria, GmbHG §6(2) and §10(1) (and FlexKapGG §6). These provisions oblige founders to obtain bank confirmations before registration, causing sequential delays.

⁵⁷ ICLEG, [Report on Virtual Shareholder Meetings and Efficient Shareholder Communication](#), Sections 2.2, 3.1–3.3, 4.1–4.3, substantial divergences in Member States' rules on meeting formats, quorum and voting rules, authentication requirements, and permitted technological tools, create practical difficulties and additional costs for companies operating across borders.

⁵⁸ COM, [The Promotion of Employee Ownership and Participation](#), 2014.

⁵⁹ Kelso Institute Europe, [The PEPPER V Report](#), January 2024, pp. 87 et seq.

sale. Taxation of income derived from employee stock options before disposal of the underlying shares leads to situations where employees are subject to tax on unrealised gains ('dry tax charge'), potentially causing liquidity issues. Furthermore, misaligned moments of taxation between Member States may generate double taxation and exacerbate the above-mentioned cross-border issues, especially for highly mobile employees.

Another issue related to the taxation of employee stock options is the characterisation of the income derived therefrom. Some Member States (usually those that tax the income derived from employee stock options before disposal) tax such income as 'employment income' and, in addition, they sometimes require the payment of social contributions, whereas others (usually those that tax the income at issue at the moment of disposal) tax that income as capital gains. This also causes issues in cross-border situations and may lead to double taxation.

2.2.7. Complex and paper-based procedures for closure

National procedures to close companies, outside of insolvency, often take a long time due to waiting periods and requirements of e.g. notarised filings or public notices. For instance, in some jurisdictions such as Germany, the start and termination of liquidation need to be filed to the commercial register and there is a statutory waiting period (often a "Sperrjahr" or blocking year) to allow creditors to register claims, which can delay the final closure by a few months up to over a year. In Belgium, closing the company can be done with a single deed but a report from the statutory auditor (or an external auditor or chartered accountant) needs to be provided to the notary, making even the simplified process more complex and time-consuming. The Poland's liquidation process requires formal notification to the National Court Register (KRS), announcement to the Court Journal and a mandatory at least 3-month waiting period for creditors to register claims, further extending the total process, which often exceeds 6-12 months. In France, there are several steps with different deadlines and while it cannot exceed three years, still an extension can be requested, creating fixed costs especially for very small businesses. Even new simplified company forms in Member States often remain subject to the same national liquidation procedures.

In all Member States, the dissolution, the appointment of a liquidator and usually the final closure accounts need to be registered with the commercial registry. Multiple filings to other authorities are often necessary. For example, a separate clearance is needed from the tax authority, often a lengthy process as it can usually only begin after the physical disposal of assets (e.g. Austria and Malta). Mandatory official publications in gazettes or newspapers (e.g. Germany and Poland) are a pre-condition to launch the waiting periods while separate filings may also be required with social security authorities. In several countries, final filings for dissolution, particularly involving notaries or court clerks, often demand original physical documentation, authenticated signatures and certified copies, e.g., in Italy, original, notarized decision of dissolution needs to be submitted to the Registro delle Imprese. Similarly, mandatory submissions from creditors to the liquidator to announce their claims are frequently carried out via registered post, adding delays.

Simplified "fast track" liquidation procedures that offer a quick, cost-effective solution to close solvent companies differ and exist only in a few Member States. For example, Luxembourg employs a "once-stage dissolution" procedure for single member companies, where the sole shareholder can immediately dissolve the company and assume its assets and contingent liabilities. The Netherlands has a "turbo liquidation" procedure; a company with no assets can be dissolved and struck off the register immediately by shareholder resolution, which bypasses the statutory liquidation process but with strict transparency requirements on directors.

There are differences in Member States' laws also in the context of liquidation in insolvency; Although, the proposal for the Insolvency Directive aims to establish minimum harmonised rules

on a number of key aspects of insolvency proceedings, the current EU insolvency framework would still not provide for comprehensive digital insolvency procedures specifically for innovative companies, startups or scaleups.

2.2.8. Divergent and non-digital national requirements related to capital increases

The EU Company Law *acquis* does not cover the digitalisation and other aspects of capital increase procedures for private limited liability companies. Therefore, these are regulated by national laws and remain legally complex because of numerous procedural steps but also because they vary substantially across jurisdictions. In most Member States, increasing the share capital entails a sequence of mandatory legal acts, e.g. convening a shareholders' meeting, adopting a resolution to amend the articles, issuing subscription declarations, and registering the updated capital structure, each governed by detailed legal requirements.

In several Member States, the involvement of notaries or other intermediaries is required to authenticate key company acts. For example, in Germany, Austria, Italy, Spain, Poland and others, shareholder resolutions amending the articles of association and subscription declarations of newly issued shares must be executed before a notary. However, even between Member States with a notarial system, the role of notaries varies significantly, ranging from mandatory involvement for all substantive changes to only for specific transactions such as in-kind contributions (e.g. Estonia). This regulatory patchwork creates an expensive compliance burden and a lack of legal predictability.

Foreign investors face an additional legal obstacle: in some Member States, subscription to shares is legally impossible until the investor obtains a national TIN or equivalent. These requirements stem from national tax rules that oblige foreign natural and legal persons to complete identification, document legalisation of required documents (e.g., the power of attorney) and administrative registration before participating in a capital increase. In the absence of an EU-wide investor identifier, each Member State applies its own rules, formats and verification standards.

Case study: Non-digitalised capital increase procedures as a barrier to investment (Spain)

In Spain, capital increases are governed exclusively by national law and involve multiple mandatory formal steps, none of which can be completed through a fully digital procedure. A shareholders' resolution amending the articles of association, the subscription of newly issued shares and the registration of the updated capital structure all require notarial intervention and physical presence, either directly or through a notarised power of attorney.

For foreign investors, these formal requirements are compounded by national tax identification rules. As a general rule, foreign natural persons must obtain a Foreigners' Identification Number (NIE) before subscribing to shares, through non-digital procedures carried out in Spain or via Spanish consulates abroad. Foreign legal entities must obtain a corporate tax identification number (NIF first), which requires the submission of legalised or apostilled documentation and typically the appointment of a local representative. Legal representatives are also required to hold an individual NIE, adding further procedural steps and delays.

In this regard, Law 28/2022 on the promotion of the startup ecosystem introduced a limited simplification by allowing foreign investors in qualifying startups to obtain a tax identification number, without first securing a NIE, which can be completed online. However, this exception is narrowly circumscribed and does not apply to most scaleups or more mature companies⁶⁰.

Overall, the Spanish framework illustrates how the lack of digitalisation, combined with mandatory notarial formalities and fragmented tax identification requirements, results in a costly and time-consuming capital increase process, particularly for cross-border investment beyond the startup phase.

⁶⁰ Pursuant to Article 3 of Law 28/2022, it is limited to companies that qualify as “*sociudades emergentes*” (startups), namely entities that, inter alia: (i) have been incorporated for no more than five years (or seven years in specific sectors); (ii) have not been created as a result of a merger, division or conversion; (iii) have an annual turnover not exceeding EUR 10 million; and (iv) have not distributed dividends

2.2.9. Legal uncertainty regarding venture-capital driven clauses

High-growth companies typically require venture capital (VC) to fund early expansion. While venture capital investors often ask for certain economic and control rights to protect downside risk and align incentives, these are structurally incompatible with prevailing doctrines of some continental European company-law systems related to corporate governance, par-value capital, capital-maintenance and equal treatment of shareholders.

Expected control rights of VC investors include veto, board seat and board observer rights, which can conflict with board-autonomy rules, statutory decision-making powers and shareholder-rights provisions in Member States. Similarly, transfer-related mechanisms operate poorly in many Member States. For example, clauses which require shareholders to sell their shares together with the shares of other shareholders in an acquisition ('drag along') can be deemed incompatible with mandatory minority-protection rules and equal-treatment principles.

Regarding economic rights, key contractual mechanisms asked by venture capital investors such as liquidation preferences, protection against dilution of their stake, convertible preferred shares or participating/cumulative dividends cannot be reliably implemented in all Member States. For example, liquidation preference clauses, which guarantee investors priority on exit before *common* shareholders⁶¹, are in some Member States interpreted as an unlawful return of paid-in capital or an infringement of equal-treatment principles, because they reorder shareholder priority outside formal profit distributions. Anti-dilution protections (e.g., 'full ratchet' clauses or weighted average formula) can conflict with capital-maintenance rules, since adjusting conversion ratios reallocates nominal capital without a corresponding contribution. Similarly, redeemable or convertible preferred shares, essential to manage exit horizons, are constrained by prohibitions in some countries on 'disguised' share buy-backs or capital restitution, while participating dividends risk being treated as disproportionate distributions breaching the locked-in capital doctrine.

In addition, rigid rules based on par value and legal capital may prevent the use of modern early-stage instruments such as Simple Agreements for Future Equity (SAFEs) and other convertible funding mechanisms that rely on arrangements offering early investors a better price per share than later investors, for example discounts or valuation caps. In many Member States, shares cannot be issued below their nominal/par value, meaning that a SAFE converting at a 20–30% discount (although common in global early-stage financing) could constitute an unlawful issuance or a breach of capital-maintenance rules. Likewise, conversion at a valuation cap typically reallocates nominal value without new capital, conflicting with mandatory par-value equality and the prohibition on disguised capital distribution.

Case study: Limits to anti-dilution mechanisms under Italian Company Law⁶²

A typical clause used by VC investors in the United States is an anti-dilution clause that automatically adjusts the conversion price of preferred or convertible instruments on a down-round (i.e., where shares are offered at a lower price than in previous funding rounds) so that the investor's economic and voting positions are preserved without further cash contribution.

In practice, these clauses are self-enforcing in common-law markets and protect VC investors from ex post dilution. In Italy, however, the corporate law framework makes such automatic mechanisms legally precarious and practically unworkable. Italian law requires that newly-issued shares be paid-up (no issuance for nothing), strongly

⁶¹ *Common* shareholders are founders, employees, or early investors holding ordinary shares without preferential rights (e.g., liquidation preferences or anti-dilution protections), which are typically reserved for preferred VC investors.

⁶² This case study builds on the analysis in Enriques/Nigro/Tröger, Can U.S. Venture Capital Contracts Be Transplanted into Europe? Systematic Evidence from Germany and Italy, June 2025.

protects shareholders' pre-emptive rights, and subjects transfers or capital increases to mandatory substantive and procedural safeguards (including withdrawal/appraisal rights and the "principle of fair value"), all of which undermine a VC's ability to receive additional shares without a corresponding capital contribution or to have conversion mechanics operate below par value⁶³.

As a result, market practice in Italy resorts to imperfect workarounds (e.g., contingent shareholder-approved issuances, veto rights, buy-sell or veto mechanics) that are not self-enforcing, are litigation-prone, and do not reproduce the economic effect or certainty of U.S. anti-dilution protection, contributing to a less attractive investment environment for VC investors.

2.2.10. Complex, uncertain or costly investor exit environment

Despite the crucial role of exit mechanisms for attracting venture and growth financing as well as attracting talent with employee stock ownership, national rules governing private limited companies in some Member States require in-person steps and the involvement of notaries or intermediaries for transfer of shares, thereby raising transaction costs. In Spain, for example, transfers of *participaciones sociales* (quota-shares in an Sociedad Limitada [S.L.]) must be executed in a public deed before a notary⁶⁴, who must also verify compliance with the legal pre-emption procedure. Since the 2023 reform of the Notarial Act⁶⁵, such deeds may also be authorised by videoconference, provided identity verification requirements are met. However, practical use remains limited due to technical constraints and uneven adoption.

Similarly, in Germany⁶⁶, the purchase and assignment of shares in a GmbH must be notarised in person, rendering rapid electronic share transfers impossible. Notary costs for a purchase and assignment agreement for shares in a German GmbH typically range between EUR 120 and EUR 9 870, depending on the share price⁶⁷. These formalities intended to protect shareholders and to ensure legal certainty result in administrative burdens and delays that clash with the needs and fast-moving nature of venture capital financing, particularly in secondary sales between professional investors. Insofar as costs are incurred due to the mandatory involvement of intermediaries, they also make employee stock ownership less attractive, as they reduce the profit that employees can realise from the sale of their shares.

Finally, in most EU Member States, company law rules legally prevent shares of private limited companies from being traded on trading venues. To become a public limited liability company with access to equity trading venues, private companies must typically undergo a formal conversion (e.g., from an S.L., GmbH, or Besloten Vennootschap [B.V.] into an Sociedad Anónima [S.A.], Aktiengesellschaft [AG], Naamloze Vennootschap [N.V.], or equivalent). Recent years have seen some Member States grant their formerly private company legal forms the possibility of accessing markets under certain conditions (e.g., the Dutch and the Belgian B.V.). While this eliminates the need for a conversion procedure, the key reason why European startups rarely pursue IPOs in the EU remains that EU public markets are relatively shallow and not fully integrated, offering lower liquidity than U.S. exchanges, which reduces the attractiveness of listing domestically⁶⁸.

⁶³ Italian Civil Code related provisions: art. 2436 (capital and subscription rules), art. 2437/2437-ter (withdrawal/ appraisal rights), art. 2473 (SRL- change of corporate object and withdrawal), art. 2481-bis (authorised capital for SRLs), art. 2468 (rules on contributions); see also art. 2441 (exclusion of pre-emptive rights for capital increases) and related mandatory rules on capital maintenance.

⁶⁴ Article 106.1 LSC.

⁶⁵ Ley del Notariado, Art. 17 ter.

⁶⁶ §15(3) GmbHG.

⁶⁷ Cf. §34 and KV 21100 GNotKG.

⁶⁸ This broader challenge is being addressed under the [Savings and investments union](#), in particular the [Market Integration Package](#) (cf. Annex 10).

2.3. HOW LIKELY IS THE PROBLEM TO PERSIST?

If no EU action is taken, overall, the fragmentation of national rules will continue and make it difficult to set-up companies, in particular startups, and scale up those companies in the EU. The lack of an EU-wide harmonised company form tailored to their needs would continue to complicate activities, investment and scaling up across the Single Market. At the same time, founders needs are likely to evolve in the EU. Startup founders would need to find a legal form which offers them the flexibility required to stay globally competitive and needed to be active across borders in the EU and which would allow them to attract the necessary financing to grow and scale.

Several Member States made efforts to update their corporate laws to address the needs of startups and this trend is likely to continue and possibly increase given the ongoing plans, see, e.g., Slovenia's plan to adopt a strategy and related legislation to support startups⁶⁹ and Germany's plans for facilitating incorporation within 24 hours⁷⁰. However, these national legislative actions would continue to create a patchwork of laws rather than a unified common solution. A startup in Estonia can register in minutes, but that efficiency does not transfer when it scales to Spain or Poland and this situation would likely continue with solely national solutions as national legal forms are traditionally designed to operate best within national borders following national legal traditions making cross-border expansion a complex process. For this reason, it is equally unlikely that regulatory competition will lead to one Member State adopting an optimal corporate legal framework that businesses in all EU-27 would choose. More than 20 years after the European Court of Justice facilitated such competition through a series of landmark decisions on the freedom of establishment⁷¹, this has not been the case.

Overall, if founders in the EU keep facing the current fragmentation in company law rules, they are likely to continue experiencing less favourable conditions than their counterparts in third countries with similarly large markets. In particular, a significant portion of promising startups will continue moving to the US to scale up in its large market and profit from its attractive funding conditions. As both the Letta and Draghi Reports have concluded, the problem would persist without an EU action because, under the current global competition conditions, a European startup's "home market" must be of a continental – and not a national – scale.

3. WHY SHOULD THE EU ACT?

3.1. LEGAL BASIS

This initiative aims to address the fragmentation of national rules by introducing a common unified set of rules including a harmonised national company form throughout the life-cycle of a company, by providing common rules for digital setting up of a company and by removing regulatory barriers to attract talent and to cross-border investment both in relation to EU and third country investors in order to boost innovation and to improve the functioning of the internal market. For objectives related to the freedom of establishment, the appropriate legal basis for the initiative could be Article 50 of the Treaty on the Functioning of the European Union (TFEU), requiring a Directive. However, for a more multi-pronged initiative consisting of a single act aiming at the approximation of national laws with measures introducing, inter alia, fast, digital and cost-effective procedures for EU and third country investors to invest as well as providing

⁶⁹ [Slovenia wants to become one of the most attractive environments for startup companies by 2030 | GOV.SI](#).

⁷⁰ [German coalition agreement](#), 2025, p. 4.

⁷¹ Case C-212/97, *Centros Ltd v Erhvervs- og Selskabsstyrelsen*, 9.3.1999, ECLI:EU:C:1999:126; Case C-208/00, *Überseering BV v Nordic Construction Company Baumanagement GmbH (NCC)*, 5.11.2002, ECLI:EU:C:2002:632; Case C-167/01, *Kamer van Koophandel en Fabrieken voor Amsterdam v Inspire Art Ltd.*, 30.9.2003, ECLI:EU:C:2003:512.

investors with exit options to liquidate their investment through a share transfer or the listing of the companies to public markets, Article 114 TFEU could be considered as the appropriate legal basis given that the approximation of laws is necessary to ensure the smooth functioning of the internal market for investment and to boost the competitiveness of the EU economy as a whole. As regards the legal instrument to be chosen for the initiative, the direct applicability of a Regulation would reduce regulatory complexity and offer greater legal certainty for companies and their investors across the Union, thereby contributing to the functioning of the single market. The choice of the legal instrument would depend on the choice of the legal basis for the initiative.

3.2. SUBSIDIARITY: NECESSITY OF EU ACTION

As the described problems show, the current situation is mainly caused by divergent national rules and lack of a common set of rules at EU level. First, a coordinated action is required to introduce a common legal framework with a harmonised company form and an EU brand. Similarly, a co-ordinated action is required to ensure that all Member States have rules in place and that they work in cross-border situations. Such common rules and procedures should cover the setting up and operation of the company as well as ensure an investor-friendly environment. Finally, for companies to grow, it is crucial to be able to attract talent; therefore, ESOPs that work in cross-border situations are essential elements to achieve the objective pursued.

Member States acting individually could not satisfactorily remove the barriers because national company forms, including newly introduced simplified forms, could not achieve the introduction of European wide common rules including a harmonised legal form nor could they achieve rules and procedures that would be compatible and coherent in order to work in cross-border situations. A coherent common legal framework for a simplified company legal form aiming in particular to respond to the needs of startups and scaleups, attracting talent and investments can be achieved exclusively at EU level.

3.3. SUBSIDIARITY: ADDED VALUE OF EU ACTION

There is a strong added value of action at EU level in the context of this initiative because it focuses on boosting competitiveness by establishing a single corporate legal framework aiming to address the needs in particular of startups and scaleups across the Single Market and to provide the necessary legal certainty. It is impossible to achieve this through bilateral or multilateral cooperation between Member States that would not be able to address the fragmentation of the Single Market and would, on the contrary, result in further fragmentation. In addition, EU action is needed because this initiative aims to build on BRIS, which is already operational at EU level. EU action also ensures that a “once-only” principle is applied in all Member States and therefore, that incorporation is not only fast but also fully digital and recognized by all national authorities and business registers. Similarly, the initiative enables companies to attract and retain talent across the Union through ESOPs. Common rules are also required to provide clarity and a flexible legal framework that facilitates the implementation of the contractual agreements between the company and the investors, reducing the legal fees and time-to-contract that currently drain early-stage capital. Providing clear exit options for investors which would allow them to apply the same valuation and risk models across the single market also requires an EU action. In line with the principle of proportionality, the planned initiative will not go beyond what is necessary to achieve its objectives by targeting specific issues which could not be achieved by Member States on their own.

4. OBJECTIVES: WHAT IS TO BE ACHIEVED?

4.1. GENERAL OBJECTIVES

The general and specific objectives of this initiative are presented in the following table:

Table 1: Overview of the objectives

OBJECTIVES	
Specific objectives	General objectives
<ul style="list-style-type: none"> - Provide a common corporate legal framework for companies, in particular startups and scaleups, in the EU - Provide simple and efficient corporate rules and procedures throughout the company lifecycle - Ensure that corporate rules provide an enabling framework to invest 	<ul style="list-style-type: none"> - Contribute to strengthening the competitiveness of EU companies and the EU economy and to better functioning of the single market (overarching) - Provide better conditions for starting a business and better opportunities for growth and scaling up for companies, in particular startups and scaleups, in the EU - Encourage more investment into EU companies, and in particular startups and scaleups

In order to respond to the problems identified, the overarching aim of the planned initiative is to contribute to strengthening competitiveness of EU companies and of the EU economy, and to better functioning of the single market, responding to the calls in the Letta and Draghi reports and following the Competitiveness Compass and the 2025 Single Market Strategy. The objective is to provide better business environment – through corporate rules – not only for starting a business but also better opportunities for growth and scaling up of companies and therefore, to encourage founders to set up companies, and in particular startups, in the EU and to stay in the EU to scale up and develop their companies. The objective of this initiative is also to encourage more investment into EU companies, and in particular startups and scaleups, given the crucial importance of access to investment and financing for these companies to develop and grow.

4.2. SPECIFIC OBJECTIVES

To address the problem drivers, the initiative aims to meet the below specific objectives.

Provide a common corporate legal framework for companies, in particular startups and scaleups in the EU

The consultation activities showed that the fragmentation was an overriding problem both for entrepreneurs wishing to set up and grow a company and for cross-border investors. The initiative would seek to reduce this fragmentation by providing a common framework for companies, and in particular startups and scaleups, through a harmonised legal form that would exist according to the same set of main rules in all Member States and a clear EU brand which would be recognised and trusted by business partners and investors. At the same time, the planned initiative would aim to strike the right balance between providing common rules but also leaving flexibility for the founders, which is in particular important for startups to be able to adapt quickly to changing market needs.

Provide simple and efficient corporate rules and procedures throughout the company lifecycle

Overall, the consultation activities confirmed the need for simpler and less costly rules for companies, in particular for startups who need speed and simplicity to be able to quickly respond to opportunities in the market and are deterred from setting up and scaling up in the EU by lengthy, complex and costly procedures. In this context, the planned initiative would aim to simplify and make rules more efficient by introducing digital-only procedures for 28th regime companies, when companies set up, to make their governance and decision-making easier as well as when solvent or insolvent companies close down. This is in line with the calls from the overwhelming majority of respondents to the public consultation (86.5%) for digital-only tools and processes without paper-based alternatives. The initiative would also look at other ways to make the setting up 28th regime companies simple and efficient, including as regards access to registration, use of templates and minimum capital requirements. The planned initiative would

also aim to simplify rules by ensuring that authorities involved, e.g. in the setting up and closing of 28th regime companies, i.e. business registers, tax and social security authorities, beneficial ownership registers, share the company information directly without companies needing to resubmit it to every authority (once-only principle). Respondents to the consultation stressed the importance of employee stock ownership plans to attract and retain talent by startups and scaleups; the initiative would aim to provide simple and efficient rules on ESOPs to make it easier for 28th regime companies to set up such plans.

Ensure that corporate rules provide an enabling framework to invest

The consultation activities confirmed that companies experience problems to attract private investment, and that high-growth companies aiming to scale across the EU face, among others, fragmented and complex company-law rules, which reduce their attractiveness to investors. In this respect, the planned initiative aims to address the divergences across the EU by providing a flexible governance system for 28th regime companies and a flexible capital framework in particular related to increasing capital, issuing shares and requirements linked to minimum capital. Given the importance of financing for startups and scaleups, the planned initiative also aims to enable founders to raise financing in a flexible way, taking into account the availability of modern early-stage financing instruments. As the availability of predictable and efficient exit routes is critical to attract capital and therefore to create an enabling framework to invest in 28th regime companies, the planned initiative also provides enabling provisions in this context, including to make transfers of shares easier.

5. WHAT ARE THE AVAILABLE POLICY OPTIONS?

5.1 WHAT IS THE BASELINE FROM WHICH OPTIONS ARE ASSESSED?

In the absence of an EU action, startup founders would continue to face over 60 different national company forms for limited liability companies in the 27 Member States and would need to adopt a different national legal form in every Member State in which they plan to incorporate. Member States would continue to reform their national corporate rules but without being able to address cross-border situations and to provide a recognisable EU brand.

As to the setting up of companies, the implementation of the Digitalisation Directive is likely to improve and allow founders to set up private limited liability companies fully online, including with notaries, but with templates in national languages and through national interfaces. The electronic identification of natural persons (e.g., founders) and use of qualified electronic signatures, in particular in cross-border situations are likely to improve through the availability of European Digital Identity Wallets under the eIDAS Regulation. Registration with business registers would be subject to time limits set in the Digitalisation Directive, but the costs and time of involving intermediaries (notaries) is likely to continue to vary between Member States. Member States are also likely to continue to introduce the once-only principle in the context of registration (possibly regarding TIN or VAT identification numbers) but the national solutions would likely vary. The implementation of EU Anti Money Laundering (AML) legislation enabling beneficial ownership registers to retrieve basic company information from business registers would provide further improvement, but companies would still need to file additional information separately.

During other phases of the life cycle, companies are likely to continue to face divergent requirements across Member States, including those related to amendments of the articles of association, shareholders' meetings and company closures. In insolvency liquidations, in certain

cases digital channels would have to be made available⁷², whereas all other aspects would be likely to remain non-digitalised. While Member States would be likely to simplify, digitalise and introduce new procedures (as e.g. done with a simplified “turbo liquidation” in the Netherlands), this would not reduce fragmentation or ensure compatible solutions in cross-border situations. The up-take of ESOPs, including those using employee stock options, is likely to remain constrained by diverging approaches between Member States. More Member States are likely to further develop and provide incentives, including a favourable tax treatment, but only for specific national ESOP schemes.

As to attracting investment, there might be some convergence between Member States on company law features relevant for attracting investment, but important differences in capital and share regimes, including minimum capital requirements and formalities for capital increases, are likely to persist. As regards exit options for investors, formal requirements on share transfers would continue to vary considerably between Member States.

While other initiatives, in particular the proposal for European Business Wallets and Single Digital Gateway/OOTS⁷³, would overall improve the business environment through digital solutions, they would not directly address the problem drivers identified in section 2.2.

As a result, the costs would remain significant for founders to set up and scale up their companies in the EU and for investors mainly due to persistent fragmentation of the rules and procedures. This would lead to missed opportunities for companies in the Single Market.

5.2 DESCRIPTION OF THE POLICY OPTIONS

This section outlines the policy options. The report presents seven distinct sets of policy options, each addressing a specific group of problem drivers identified in section 2.2 above. The links between policy options, problem drivers and policy objectives are also presented in the intervention logic at the end of this section. The policy options aim to create a common, simple and flexible corporate law framework that can support companies, and in particular startups and scaleups in attracting investment and growing across the Single Market. They cover the main features related to a future 28th regime company, including creating a harmonised company legal form, how it can be set up and who can set it up, how it can be registered, and the main elements such as its governance model (organisation), operation (digital procedures for general meetings, capital increase), the use of modern early-stage financing instruments like SAFEs, the employee stock options, share transfers as well as its closure. As regards its seat, the 28th regime company would be subject, as any other EU company, to the fundamental freedoms including the rulings of the Court of Justice of the European Union⁷⁴. This means that in accordance with the freedom of establishment, founders would be free to choose the Member State in which they would like to incorporate a 28th regime company. The law applicable to the organisation of such a company would be generally determined by its registered office and all Member States would need to recognise the legal capacity of a 28th regime company lawfully incorporated in another Member State. At the same time, the legislative initiative will introduce new elements, additional to the existing rules, for 28th regime companies and only those are assessed as policy options in this IA.

⁷² Pursuant to the Restructuring and Insolvency [Directive 2019/1023/EU](#), it must be possible to perform, by use of electronic means of communication (a) the filing of claims; (b) the submission of restructuring or repayment plans; (c) notifications to creditors; (d) the lodging of challenges and appeals.

⁷³ See section I and Annex 10, also EP's [PD JUST In-depth Analysis](#) p. 40 on the general potential of SDG.

⁷⁴ Notably: Case C-212/97, *Centros Ltd v Erhvervs- og Selskabsstyrelsen*, 9.3.1999, ECLI:EU:C:1999:126; Case C-208/00, *Überseering BV v Nordic Construction Company Baumanagement GmbH (NCC)*, 5.11.2002, ECLI:EU:C:2002:632; Case C-167/01, *Kamer van Koophandel en Fabrieken voor Amsterdam v Inspire Art Ltd.*, 30.9.2003, ECLI:EU:C:2003:512; Case C-210/06, *Cartesio Oktató és Szolgáltató bt*, ECLI:EU:C:2008:723.

Overall, the policy options cover the company life cycle from a company creation through growth, maturity to closure. However, given that some measures cut across these different phases, the policy options are presented by topic and not according to the life cycle stages. All the policy options are based on legislative measures. This is because all the described drivers, which the policy options aim to address, are of legal nature and it would only be possible to address them through legislative action. In addition, given that the Commission has committed to present a legal act creating the 28th regime corporate legal framework in the Competitiveness Compass and subsequent Single Market and Startup and scaleup Strategies, and that Member States have called for a legal act in the [European Council Conclusions](#), the preferred option will be composed of a package of legislative measures (selected policy options) that will together constitute such a legal act.

Finally, the planned legislative initiative will make use of the existing digital tools and systems and substantive rules in Codified Directive (EU) 2017/1132 as amended by the Digitalisation Directive 2019/1151 and the Upgrading digital company law Directive 2025/25⁷⁵. For instance, it would apply to the future 28th regime companies the existing EU rules on fully online setting up of companies and subsidiaries, registration of cross-border branches and fully online filing with business registers. 28th regime companies would be also required to disclose mandatory company information as set out in EU rules. They would have a European Unique Identifier (EUID) and also be able to use the already existing EU Company Certificate and the EU Digital Power of Attorney and benefit from reduced formalities such as no need for apostille for company documents. Once set up as 28th regime companies, they would also be able to carry out cross-border mergers, conversions and divisions in line with the existing EU rules. While those existing rules will be part of the legal framework available to 28th regime companies, they are not presented as new policy options in this Impact Assessment given that they are already part of EU company law and were subject to specific Impact Assessments.

The design of the policy measures was informed by a structured assessment of the problems and their underlying drivers, as well as by a review of regulatory approaches in other jurisdictions and existing practices in Member States. In particular, elements of corporate legal frameworks in third countries and in several Member States that have proven effective in supporting start-ups and scale-ups were examined, while identifying gaps and limitations where national solutions remain insufficient to address cross-border situations. The drafting of the measures also benefited from extensive engagement with stakeholders, including founders, investors, business associations, legal practitioners and public authorities, through consultations, workshops and targeted exchanges. These inputs helped to identify where the current framework falls short in practice and to calibrate the measures so that they directly address the key drivers of the problem while remaining proportionate and feasible.

Policy options 1 to provide a harmonised company legal form for entrepreneurs

In order to contribute to the objective of ensuring a common corporate legal framework, these policy options focus on creating a harmonised company legal form and in particular, on who could benefit from it. While the 28th regime company will be a limited liability company (i.e. company limited by shares), the policy options differ in terms of whether only the company legal form for a 28th regime company would be harmonised or also its branches, who could set up such

⁷⁵ [Directive \(EU\) 2017/1132](#) codified 6 Directives and was amended by [Directive \(EU\) 2019/1151](#) on the use of digital tools and processes in company law (Company Law Digitalisation Directive), [Directive \(EU\) 2019/2121](#) on cross-border conversions, mergers and divisions (Mobility Directive) and by [Directive \(EU\) 2025/25](#) on further expanding and upgrading the use of digital tools and processes in company law (UDCL).

a 28th regime company and how. This has important impact on scope as it would determine what could be the potential take-up of the new legal form.

The policy options do not assess whether the initiative should apply only to limited liability companies which qualify as innovative companies or as startups or whether it should be open to all limited liability companies. This is because all different consultation activities have clearly shown that almost all stakeholders call for a legal form which would respond to the needs of innovative companies but be available to all limited liability companies. A limitation to innovative companies would require that at the incorporation stage, such a company would need to demonstrate that it meets the pre-defined criteria for innovative companies. This could be difficult for newly established startups (e.g. demonstrate any R&D spending or turnover). In addition, any limitation to a specific sub-set of companies would mean that a company would need to change its legal form when it does not meet the definition anymore, resulting in extra administrative burden. The ‘EU Inc blueprint’ also raised some of these reasons stressing that the future proposal should not be only for startups or early-stage companies⁷⁶. For all these reasons, the limitation of the scope to innovative companies is from the outset discarded.

Table 2: Description of Policy Option 1

A harmonised legal form			
Baseline (status quo)	Policy Option 1a	Policy Option 1b	Policy Option 1c
Member States maintain and may introduce new national legal forms. Directive 2017/1132 regulates the fully-online setting up of companies without harmonising the incorporation requirements. The European Company (SE) EU legal form is available for large public limited liability companies.	Introduce a new harmonised legal form for a 28 th regime company with a recognisable EU brand, to be set up by natural persons as founders.	Option 1a + to be set up also by legal persons (28 th regime subsidiaries), with a possibility for existing companies to convert through domestic conversions, and with harmonised rules for setting up of branches of 28 th regime companies.	Option 1b + a possibility for existing companies to create a 28 th regime company through a cross-border conversion, division or merger in accordance with Directive 2019/2121.

Option 1a would introduce a new harmonised company legal form for 28th regime companies, which Member States would need to introduce into their national legal orders. This company legal form would provide an EU brand, which all companies under this form would include in their name. Under this option, a 28th regime company could only be created by natural persons as founders, therefore this option would be only for newly created companies.

Under option 1b, in addition, legal persons (companies) could set up their subsidiaries as a 28th regime company under the harmonised legal form and new 28th regime companies could also set up further 28th regime subsidiaries, making the 28th regime company legal form available for groups of companies. In addition, a 28th regime company could also register a harmonised 28th regime company branch in the same or another Member State in case it wanted to carry out its activities through a branch rather than opening a new legal entity (subsidiary). Finally, existing companies could also convert into a 28th regime company through a domestic conversion.

⁷⁶ EU Inc, [What we DON'T want!](#).

Under option 1c, existing companies could also create a 28th regime company through a cross-border conversion, merger or division, following the procedures set out for those cross-border operations in Directive (EU) 2019/2121.⁷⁷

Policy options 2 to make registration of companies, in particular startups, quicker and simpler

In order to contribute to the objective of ensuring simple and efficient corporate rules and procedures throughout the company lifecycle, a number of policy options are considered to make the registration of 28th regime companies quicker and simpler, in particular taking the needs of startups and scaleups into account.

In the context of calls for quicker setting up, some stakeholders, in particular from the startup community, have called for the creation of an EU-level registry for registration of 28th regime companies. The creation of such an EU central registry for businesses would require building a new framework and infrastructure to enable a centralised registration system at Union level. In order for such a system to be functional, it would normally require setting up an EU body in charge of the registration and issuing of certificates about 28th regime companies, with appropriate budget, human resources and premises, and the creation and maintenance of a database of such companies at EU level. This would not be a realistic option politically, legally and financially. It is also not necessary given that BRIS interconnects national business registers and provides a means to make company information publicly available at EU level and to exchange information between EU business registers and thus can be developed to provide a central EU interface for registration. Therefore, the option to create an EU level registry for registration of 28th regime companies is discarded from the outset and not presented as an option.

The policy options are thus based on the development of a central EU interface through BRIS for the registration a 28th regime company in the respective national business registers. The options vary in terms of level of procedural harmonisation.

Table 3: Description of Policy Option 2

Registration of a 28 th regime company			
Baseline (status quo)	Policy Option 2a	Policy Option 2b	Policy Option 2c
Registration is purely at national level. Deadlines for fully online setting-up a company according to Directive 2019/1151. Member States are obliged to provide national model instrument of constitution template in English as a reference document. Mandatory preventive administrative, judicial or notarial control.	Create a central EU interface based on BRIS for the registration of 28 th regime companies with harmonised bilingual templates (EN/national language) and preventive administrative, judicial or notarial control	Option 2a + introduce a deadline (48 hours) and cost ceiling of EUR 100 to complete the registration including the preventive administrative, judicial or notarial control when the standardised template is used by founders as natural persons.	As policy option 2b with preventive control by judicial or administrative authorities (but excluding notaries) when the standardized template is used by founders as natural persons.

Under **option 2a**, a central EU interface would be created through BRIS for founders to be able to register 28th regime companies by using a standard single harmonised template with structured data for registration and instrument of constitution/articles of association, which would exist in

⁷⁷ This is thus a creation of a 28th regime company through such cross-border operations and is different from the question of an existing 28th regime company carrying out itself such cross-border operations. EPRS [European Added Value Assessment](#) also emphasises the potential of the 28th regime in the context of defence technology scaleups.

English and in national language of the Member State where the 28th regime company would be registered. Under this option, BRIS would transfer the template to the relevant national business registers together with the relevant structured data. Having BRIS, based on technologies which ensure that the information is encrypted, not modifiable and securely transferred to the relevant business register, as the backbone of the central EU interface would ensure legally certain registration procedure. The rest of the fully online formation of the 28th regime company would be carried out in accordance with Codified Directive 2017/1132 as amended by Directives 2019/1151 and 2025/25, including preventive check carried out by administrative authorities, courts or notaries, depending on Member State.

Option 2b would ensure that a 28th regime company could also be set up through a central EU interface but this option would, in addition, ensure that all formalities for the registration of a company, including preventive check, would be carried out within the set deadlines of 48 hours and under a cost ceiling of EUR 100 in all Member States when the standardised template is used by founders as natural persons.

Option 2c would follow option 2b in most aspects but would differ in relation to who could carry out preventive checks. In option 2c, there would be no notarial involvement. This would mean that Member States where notaries currently carry out preventive checks, would need to ensure that preventive checks are carried out by other administrative or judicial authorities.

Policy options 3 to ensure once-only submission of information in the context of registration

As an additional element to make the formation of the 28th regime company quicker and simpler, the policy options below aim to ensure that the founder does not need to submit the same information several times to different authorities in the context of the registration. The policy options provide that company information is automatically transferred by business registers to other authorities (i.e. government-to-government, G2G) and differ in terms of authorities involved as well as whether other identifiers (beyond the registration number and the EUID), which are needed by a company to be operational, could be received as part of the registration process.

Table 4: Description of Policy Option 3

Once-only submission of information in the context of registration			
Baseline (status quo)	Policy Option 3a	Policy Option 3b	Policy Option 3c
In the context of registration, companies need to deal with the authority in charge of issuing the tax identification number (TIN) and VAT identification number and submit information to social security authorities in accordance with national law. As to the beneficial ownership information, the beneficial ownership register can retrieve the company information available in the national business register from the register in accordance with Implementing Act	In the context of the company registration, ensure that the information about the company is transferred from the business register to the authority in charge of issuing the TIN, to the social security authority and to the beneficial ownership register, with any beneficial ownership information as part of the template, without the 28 th regime company needing to submit it again (“once-only principle”).	Option 3a + the 28 th regime company would obtain the TIN from the relevant authority ⁷⁸ as part of the registration process, with any additional information needed to obtain the TIN as part of the template.	Option 3b + the 28 th regime company would obtain the VAT identification number from the relevant authority as part of the registration process (unless more information needs to be checked).

⁷⁸ This option would not apply to those cases where the TIN is also the VAT identification number.

Under **option 3a**, in the context of the registration, the relevant company information, submitted by a 28th regime company to business register in the Member State where it is registered, would be automatically transferred by that business register to the national authority competent for issuing the TIN and the VAT identification number, social security authority and beneficial ownership register in the same Member State. This would provide for a “once-only” approach and mean that the company would not need to resubmit the same information separately to other authorities. This option would require that the information and any additional information needed for the beneficial ownership register, would be already submitted to the business register by the company as part of the template/in the context of registration.

Under **option 3b**, in addition, as part of the information registration process, the relevant national authority would issue the TIN to the 28th regime company, instead of the company needing to separately apply for it. This option would require that the information needed by the relevant authority to issue the TIN would need to be already submitted by the company as part of the standardised registration template/in the context of the registration.

Under **option 3c**, in addition to receiving a TIN number, the 28th regime company would also receive the VAT identification number from the tax authority, as part of the registration process. This option would require that the information needed by the tax authority to issue the VAT identification number would need to be already submitted by the company as part of the standardised registration template/in the context of the registration, with the possibility for the tax authority to check additional case-specific information.

Policy Options 4 to facilitate closure (liquidation) of the company

Policy options 4 also aim to contribute to the specific objective of ensuring simple and efficient corporate rules and procedures throughout the company lifecycle, and in particular focus on the closure of 28th regime companies. They cover both liquidation outside of insolvency as well as insolvency related closure. The options provide for simplification of the procedure to different degrees, including through the use of digital tools.

Table 5: Description of Policy Option 4

Closure (liquidation) of the company			
Baseline (status quo)	Policy Option 4a	Policy Option 4b	Policy Option 4c
Company liquidation both inside and outside insolvency, remains governed by divergent national rules, resulting in varied timelines, high costs and complex formalities.	Ensure that all relevant filings by the liquidator for closure outside of insolvency are transferred from business register to other authorities (“once-only principle”) and allow online filing of claims from creditors	Option 4a +simplified liquidation procedure (outside of insolvency) for no assets/no debts to be concluded within a specific short deadline.	Option 4b + Simplification of insolvency procedures thanks to their full digitalisation

Option 4a would allow a 28th regime company or a liquidator to submit company information only once to the business register, with that information being then transmitted electronically by business registers to the other relevant national authorities, e.g., tax and social security authorities, so that no separate submissions of the same information would be necessary any more to those other authorities. In addition, creditors would be able to submit their claims online to the liquidator when they undergo liquidation outside of insolvency, both voluntary and involuntary.

Option 4b would in addition introduce a fast-track liquidation procedure outside of insolvency for simple situations where companies do not have any assets or any liabilities. The procedure

would be conducted fully online, require minimal documentation and be concluded within a harmonised short deadline.

Option 4c would in addition simplify liquidation in insolvency procedures thanks to their full digitalisation. This would mean that all communications between the competent authorities and the insolvency practitioners as well as all other parties to the proceedings (the debtor, the creditors) within such proceedings would have to be performed by electronic means. It would also involve the establishment and mandatory use of electronic auction systems as well as their interconnection for the sale of the assets of the debtor.

Policy options 5 for attracting talent

In order to contribute to the objectives of ensuring simple and efficient corporate rules and procedures for companies, and in particular startups and scaleups throughout their lifecycle and of providing an enabling framework to invest, a number of policy options are considered in particular to facilitate the participation of employees in the financial success of 28th regime companies and to make it easier for those companies to attract and retain talent.

Table 6: Description of Policy Option 5

Attracting talent			
Baseline (status quo)	Policy Option 5a	Policy Option 5b	Policy Option 5c
Fragmentation in terms of general conditions and taxation of employee financial participation, leading to different approaches and varying degrees of uptake in Member States	Possibility for 28 th regime companies to set up ESOPs and issue classes of shares with distinct voting rights	Option 5a + introduce an optional common employee stock ownership scheme for 28 th regime companies, based on employee stock options and with common criteria ('EU-ESO')	Option 5b + provide harmonised timing for the taxation of employee stock options granted in the context of the EU-ESO

Option 5a would ensure that 28th regime companies can set up employee stock ownership schemes (ESOPs), allowing them to also issue classes of shares with distinct or no voting rights for this purpose. 28th regime companies would be generally free to choose the structure of such ESOPs, e.g. if they should be based on the granting of stock options or shares, and the taxation would remain subject to Member States' national frameworks.

Option 5b would complement option 5a by providing for an optional common employee stock ownership scheme tailored to the needs of startups and scaleups specifically for 28th regime companies (EU-ESO). The EU-ESO would be based on stock options that 28th regime companies could grant their employees and the employees of their subsidiaries. This would happen in line with a pre-defined vesting schedule, setting out the period between the granting and the first date the stock options can be exercised.

Option 5c would include a provision deferring the moment of taxation of employee stock options granted under the EU-ESO until the disposal of the shares acquired through the exercise of their stock options. This would ensure that the employees of 28th regime companies who participate in the EU-ESO are taxed only on realised gains, thus avoiding a 'dry tax charge'.

Policy options 6 for a flexible governance and capital regime for founders and investors

These policy options aim to contribute to the objectives of ensuring simple and efficient company law procedures throughout the company lifecycle and of creating an enabling framework to invest. The aim is to provide a flexible governance system with online meetings of corporate bodies, a capital regime that meets the needs of startups and the expectations of early-stage and venture capital investors, and digital procedures throughout the operational phase.

Table 7: Description of Policy option 6

A flexible governance and capital regime for founders and investors			
Baseline (status quo)	Policy Option 6a	Policy Option 6b	Policy Option 6c
Member States maintain divergent governance and capital regimes and procedural formalities, including non-harmonised minimum capital requirements, burdensome steps for capital increases and additional requirements, e.g. that foreign investors need to obtain a tax identification number (TIN) often involving a physical presence requirement.	Create a flexible governance system, provide simple and fully digital procedures for increasing capital and issuing shares and enable the use of modern early-stage financing instruments like SAFEs.	Option 6a + 0/EUR 1 minimum capital but no paid-in share capital for incorporation of 28 th regime companies and harmonised creditor protection safeguards in addition to capital maintenance rules.	Option 6a + common minimum share capital of EUR 5 000 for incorporation of 28 th regime companies with harmonised creditor protection safeguards based primarily on capital maintenance.

Option 6a would provide for flexible, common rules on the governance of the company, including a minimum requirement for 1 shareholder and 1 director and the possibility to conduct meetings of the corporate bodies online, either fully or in hybrid mode. This option would also simplify capital increase and share issuance procedures by allowing them to be carried out fully digitally and reducing formalities such as simplifying the issuance of the TIN for foreign investors through a fully online, streamlined and time-efficient procedure. This policy option would also allow 28th regime companies to authorise the board of directors to decide on a share issuance, and it would allow 28th regime companies to issue convertible instruments (e.g. convertible loan notes) and warrants, enabling founders to raise early financing in an easy, fast and flexible way and supporting the use of modern early-stage financing instruments like SAFEs (Simple Agreements for Future Equity).

Option 6b would, in addition to policy option 6a, provide that a 28th-regime company could be incorporated with 0/EUR 1 minimum capital but no paid-in share capital for incorporation, removing the need to open and certify a bank account for depositing the initial capital before incorporation. In light of the lack of any requirement for paid-in capital, creditor protection would not just rely on capital maintenance, but additional safeguards would be added, notably the requirement for directors to carry out a balance sheet test and a solvency test before approving distributions to shareholders. Where the directors do not carry out these tests or do not carry them out with sufficient care and the company becomes unable to pay its debts, the directors would be personally liable for the damages resulting from the distribution.

Option 6c would also build on policy option 6a but, as an alternative to policy option 6b, it would introduce a common minimum share capital requirement of EUR 5 000, placing it in the middle range of legal forms that currently require a (not just symbolic 1 EUR) minimum capital in the EU. Creditor protection under this option would primarily be achieved through harmonised safeguards on the maintenance of capital.

Policy options 7 to facilitate exit options

In order to contribute to the objective of creating an enabling framework to invest for startup founders and investors, the following policy options would aim to facilitate exit options for shareholders of 28th regime companies. They focus on simplifying the transfer of shares – to different degrees - and on enabling access to public equity markets for 28th regime companies.

Table 8: Description of Policy option 7

Facilitating exit options			
Baseline (status quo)	Policy Option 7a	Policy Option 7b	Policy Option 7c

Different procedures in Member States as regards share transfers, often requiring in-person steps and/or the mandatory involvement of intermediaries, depending on the legal company form. Access to public equity markets restricted to public limited liability forms in most Member States.	Ensure that transfers of shares of 28 th regime companies can be carried out fully digitally.	Option 7a + no requirement to involve intermediaries in share transfers of 28 th regime companies.	Option 7b + a possibility for Member States to allow access to public equity markets to 28 th regime companies.
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------

Option 7a would allow for transfers of 28th regime companies' shares to be executed fully digitally and where Member States require the involvement of intermediaries, such as notaries or lawyers, in share transfers, these intermediaries would have to provide their services fully online.

Option 7b would maintain these fully digital procedures for transfers of shares of 28th regime companies. In addition, it would not require the involvement of notaries or lawyers in such share transfers, but any transfers would need to be notified to the 28th regime company and recorded in a digital register of shares maintained by the company.

Option 7c would provide Member States with the option to allow 28th regime companies access to public equity trading venues, provided they comply with all national and EU rules for companies entering these public equity markets⁷⁹. Where Member States would not choose to allow access to such markets to 28th regime companies, these companies would need to convert to a national public limited liability form for such access.

5.3 OPTIONS DISCARDED AT AN EARLY STAGE

The following policy options were considered in the context of the 28th regime corporate legal framework but discarded at an early stage, taking into account in particular views expressed by stakeholders as well as political and legal considerations. The reasoning for the discarding of the first two policy options is already described in section 5.2 and in the introductions to policy options 1 and 2. For the further reasoning on all other discarded options, see Annex 9.

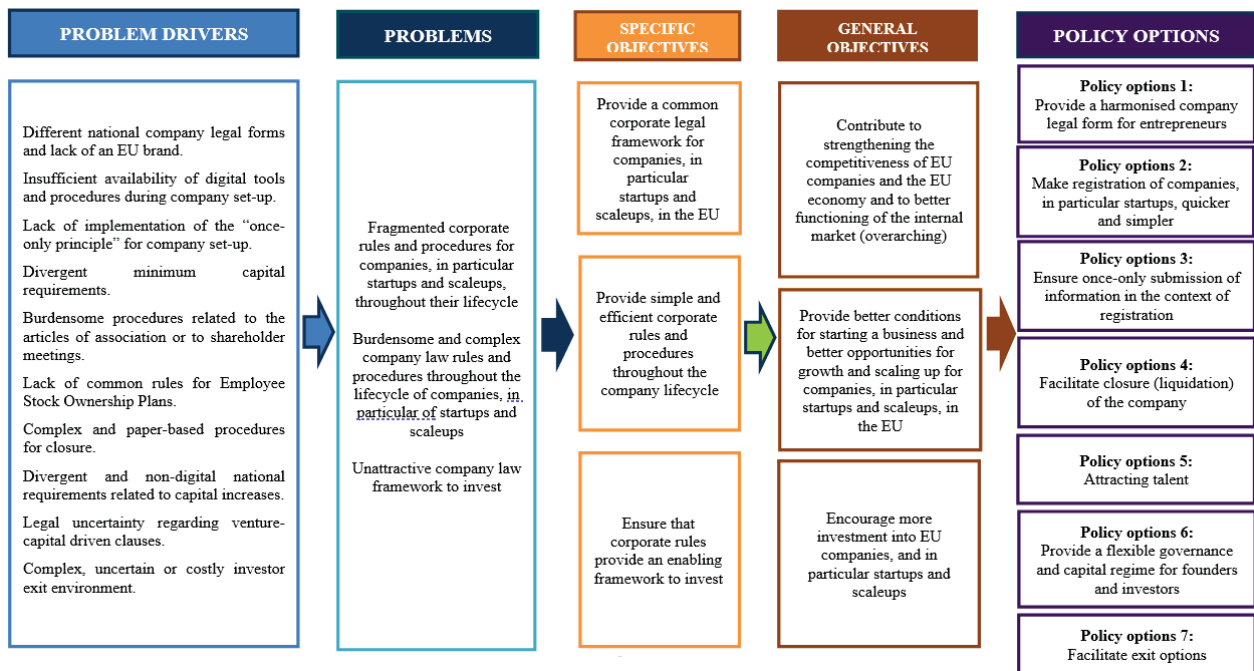
- Limitation of scope of this initiative to innovative companies or startups (discarded for reasons of political feasibility in light of clear feedback from stakeholders against a limitation of the scope and as such limitation could result in extra administrative burden);
- Creation of an EU-level registry for registration of 28th regime companies (discarded for reasons of technical and political feasibility as well as coherence, as BRIS already plays an important role in company law procedures and can be developed to provide a central EU interface);
- Harmonisation of employee participation rules for 28th regime companies (discarded for reasons of legal and political feasibility, as employee participation harmonisation would require a different legal basis and would not garner the necessary political support);
- Harmonisation of the type of taxation (employment income or capital gain) of employee stock options granted in the context of the common EU-ESO (discarded for reasons of political feasibility, as this harmonisation would significantly interfere with Member States' sovereignty, some of which have zero or low-rate capital gains taxation).
- Common rules for access to public equity markets (discarded for reasons of coherence; a comprehensive set of additional, more rigid rules would be required, conflicting with the aim of a simple and flexible framework);

⁷⁹ This option would notably not affect capital markets laws and regulations (e.g., prospectus requirements under [Regulation \(EU\) 2017/1129](#)). Access requirements of individual trading venues would equally be unaffected.

- Asset locks as an option under 28th regime (discarded for reasons of coherence and relevance; asset locks would conflict with the aim of the 28th regime corporate legal framework to attract investment and require a distinct set of rules).
- A simplified insolvency procedure for the 28th regime (discarded for reasons of incompatibility with the main structure, mechanism and the objectives of 28th regime as such a procedure could apply only to companies without any legal or financial complexity).

5.4 INTERVENTION LOGIC

Diagram 3: Intervention logic



6. WHAT ARE THE IMPACTS OF THE POLICY OPTIONS?

This section includes an assessment of the proposed policy options. The impacts assessed to be relevant for the policy options in this IA were selected on the basis of their expected magnitude, their likelihood, their relevance to stakeholders and the link to Commission objectives in line with the Better Regulation Guidelines (see Annex 4, section 1). The figure below shows the selected impacts and stakeholders:

Diagram 4: Selection of impacts and shareholders

Main category of impacts	Assessment				Qualitative	Quantitative
	Society	Companies	Investors (incl. employees with ESOPs)	Public administrations and notaries (EU, national)		
Ease of doing business (benefit)		●			●	
Ease of attracting investment (benefit)		●	●		●	
Administrative burden reduction (benefit)		●	●		●	partial
Administrative and adjustment costs (cost)		●	●		●	
Benefits for public authorities				●	●	
Costs for public authorities				●	●	partial
Functioning of the internal market and competitiveness (benefit)	●	●	●	●	●	

The assessment of policy options is based on evidence from the open public consultation and workshops with companies, bilateral interviews and meetings and other sources including the discussions at the High Level Forum on justice for growth, literature review, previous impact assessments and/or expert assessment. Each policy option is evaluated on its effectiveness, efficiency and coherence. Under effectiveness, it was assessed to what extent each policy option meets the objectives, with some policy options analysed against all three objectives and some – against the relevant one(s). Under efficiency, the policy options were assessed against the selected impacts and under coherence, the assessment was about the extent to which each policy option improves internal and external coherence.

A combination of quantitative, monetary and qualitative assessment was adopted. All the available evidence is translated into a straightforward scoring system to have comparable scores between policy options as well as between various impacts. Every policy option is assessed and scored in comparison to policy option 0 (the baseline) for the applicable part of the lifecycle, including investment. All the available evidence is translated into scores (0-5). In the scoring, the options are compared to the baseline and not between the options (see Annex 4, section 2.1.2).

As to the efficiency assessment, the scoring system (0-5) is similar for costs and benefits compared to the baseline. This means that for the costs, the score shows the increase in costs compared to the baseline and for benefits, the score shows an increase in benefits compared to the baseline. For example, a score of 0 means no impact, while a score of 2 means rather limited increase in costs/benefits and a score of 5 means a very large increase in costs/benefits. Policy options are then compared to select a preferred option on each main issue. The following sub-sections summarise the results of the assessment.

6.1 Policy options 1 to provide a harmonised company legal form for entrepreneurs

Effectiveness

PO1a - Introduce a new harmonised legal form for a 28th regime company with a recognisable EU brand, to be set up by natural persons as founders.

PO1b - PO1a + to be set up also by legal persons (28th regime subsidiaries), with a possibility for existing companies to convert through domestic conversions, and with harmonised rules for setting up branches of 28th regime companies.

PO1c - PO1b + a possibility for existing companies to create a 28th regime company through a cross-border conversion, division or merger in accordance with Directive 2019/2121.

	PO1a	PO1b	PO1c
Specific objective 1: Provide a common corporate legal framework for companies, in particular startups and scaleups, in the EU	2	3	4

These policy options would contribute to objective 1 by providing a harmonised legal form for 28th regime companies with a recognisable brand. Options 1b and 1c would be more effective in terms of meeting the objective of a common corporate legal framework by providing not only a harmonised legal form with a recognisable EU brand, but also a harmonised 28th regime branch. PO1b and 1c would make a common legal form and a common branch available for potential startup founders (natural persons) and for legal persons (groups could benefit as a parent company could also be a founder). PO1b would in addition make it possible to create a 28th regime company through domestic conversion and PO2c through cross-border mergers, divisions or conversions, both of those therefore being more effective than PO2a.

Efficiency

Main categories of impacts	PO1a	PO1b	PO1c
Companies and investors			
Ease of doing business	2	3	4
Ease of attracting investment	2	3	4
Administrative burden reduction (benefit)	2	3	4
Administrative and adjustment costs	0	1	2
Public authorities			
Costs	1	2	3
Benefits	2	3	3
Economy and society at large			
Functioning of the internal market and competitiveness	2	3	4

Policy Options 1 have a horizontal and enabling character; rather than generating strong standalone efficiency gains, they create the structural conditions under which the other policy options can operate effectively. Introducing a single, common corporate legal form is a necessary precondition for the effective application of common registration procedures, once-only information exchange, digital governance, investment-related measures and exit mechanisms introduced under subsequent options. Therefore, it is also an important element for making doing business in the EU easier for founders and an enabling element to facilitate attracting investment to 28th regime companies. Founders and investors would not need to carry out a due diligence of all the different national legal frameworks where they plan to set up a company or invest.

Under PO1a, only founders as natural persons could create a 28th regime company. Based on feedback from founders and small companies, including the results of the public consultation, it is estimated that 90% of new 28th regime companies would be founded by natural persons. This would be equal to 1 502 new 28th regime companies in the 1st year and 277 958 over 10 years (see Annex 4). PO1b and 1c would score higher because they would make it possible also for legal persons to be founders of 28th regime companies and thus relevant for groups. It is estimated that this would correspond to 8% of newly created 28th regime companies, i.e., 134 companies in the first year and 24 707 over 10 years. In addition, under these options, 28th regime companies could be created through a domestic conversion. Considering the interest of existing startups in the 28th regime, it is estimated that 1.9% of the 28th regime companies would be created this way. In the 1st year, this would amount to 32 conversions and over the period of 10 years to 5,868 28th

regime companies. As to the creation through cross-border operations under PO1c, these are assessed to be relatively costly and take at best a few months⁸⁰, and therefore, are not expected to be used by early startups with limited financial resources. However, cross-border operations might be of interest to scaleups, which may wish, for example, to merge with companies from other Member States to create a 28th regime company. It is estimated that 0.1% of 28th regime companies would be created through such cross-border operations, which would amount to 2 28th regime companies in the first year and to 309 over 10 years. Both PO1b and 1c are expected to create some adjustment costs for existing companies.

Member States would need to ensure that this corporate legal form would be part of their national order and available to founders and companies in their Member State. As this new corporate legal form would be available in parallel to the existing national legal forms for companies, it would not affect the existing national company legal forms but would enlarge the choice available to founders. As in case of choosing any other legal form, founders would be free to decide whether they will create a company with an existing national form (e.g. a German GmbH or a French SAS) or whether they will create a 28th regime company under the new legal form proposed in this initiative. At the same time, Member States would need to adapt other relevant laws such as tax and labour laws as necessary. PO1c would require most adjustments as compared to other options (e.g., require adaption of national laws related to cross-border conversions, divisions and mergers) and therefore, result in higher costs for public authorities. At the same time, public authorities would also benefit by being able to rely on common rules and a recognisable brand when dealing with 28th regime companies registered in other Member States.

Similarly, the 28th regime corporate legal form would also be available in parallel to the EU legal form for public limited liability companies, *Societas Europaea* (SE) introduced through Regulation (EC) 2157/2001. The two regimes – the SE and the 28th regime corporate framework – would respond to different types of companies and their different needs. They would both offer alternative optional frameworks for companies and, therefore, this co-existence would not result in any practical problems.

The harmonised corporate legal form across the EU would reduce fragmentation and thus, have a positive impact on the functioning of the internal market. It would also strongly reduce the time spent on legal advice and its costs. In contrast to the US, where corporate law is mostly State based, the initiative would provide common rules throughout the single market, thus having a positive impact on the EU's competitiveness vis-à-vis third countries.

Coherence

Policy options 1a, 1b and 1c are coherent and complementary with other options because PO1 would provide a common legal form with a recognisable brand, which is at the heart of this initiative. The other policy options would provide complementary common rules and procedures relevant in the lifecycle of companies, in particular startups and scaleups.

By providing a harmonised company legal form addressing the 28th regime company's whole lifecycle, these options are coherent with the objectives of the Competitiveness Compass to make it possible for innovative companies to benefit from a single, harmonised set of EU-wide rules wherever they invest and operate in the Single Market. They also directly respond to the

⁸⁰ [Directive 2019/2121](#): harmonised procedure with several steps, including drawing up the draft terms of the cross-border operation, a report by management to shareholders and employees, a report by an independent expert and a reasoned response to employees, and can include negotiation of employee participation in company boards.

announcement of an EU corporate legal framework in the Single Market and the Startup and Scaleup Strategies. Their coherence scores are 3, 4 and 4 respectively.

6.2 Policy options 2 to make registration of companies, in particular startups quicker and simpler

Effectiveness

PO2a - Create an EU single interface based on BRIS for the registration of 28th regime companies with harmonised bilingual templates (EN/national language) and preventive administrative, judicial or notarial control.

PO2b – PO2a + introduce a deadline (48 hours) and cost ceiling of EUR 100 to complete the registration including the preventive administrative, judicial or notarial control when the standardised template is used by founders as natural persons.

PO2c – As PO2b but with preventive control by judicial or administrative authorities (excluding notaries) when the standardized template is used by founders as natural persons.

	PO2a	PO2b	PO2c
Specific objective 1: Provide a common corporate legal framework for companies, in particular startups and scaleups, in the EU	2	3	3
Specific objective 2: Provide simple and efficient corporate rules and procedures throughout the company lifecycle	3	4	4

Policy options 2 would contribute to objective 1 and even more strongly to objective 2 as a common EU system for registration of 28th regime companies with harmonised templates would be an essential part of the common corporate legal framework and provide founders with simpler and more efficient registration procedures. PO2a would already be an important step towards a common framework and simple and efficient registration, but PO2b and 2c would be more effective by providing also a harmonised deadline of 48 hours and a price ceiling of EUR 100 for the registration in the whole EU. PO2c would not change the overall effectiveness by requiring that the responsibility for preventive control be taken over by other authorities instead of notaries. Both would further reduce legal uncertainty, lead to faster planning and lower risk for potential founders, and result in a predictable and non-deterrent entry cost for founders.

Efficiency

Main categories of impacts	PO2a	PO2b	PO2c
Companies and investors			
Ease of doing business	3	4	4
Ease of attracting investment	2	3	3
Administrative burden reduction (benefit)	3	4	4
Administrative and adjustment costs	0	0	0
Public authorities			
Costs	2	3	4
Benefits	1	1	1
Economy and society at large			
Functioning of the internal market and competitiveness	2	3	3

These policy options would strongly contribute to making business easier and they would respond to a strong call from startups and the rest of the business community as they would make it easier and quicker for founders (natural persons) to register a new 28th regime company. Option 2b and 2c would have the strongest impact because they would simplify the setting up of companies most and make it quickest to register a 28th regime company. They would provide more legal certainty to founders (natural persons) and investors through the bilingual/EN template for an instrument of constitution/Articles of Association and would facilitate attracting investment both from intra-EU as well as from third country investors. All the options integrate the preventive control in a streamlined registration process resulting in important efficiency gains. Preventive control is key to reducing administrative formalities in the use of company

information by other companies (as e.g. business partners), creditors or public authorities and to ensuring mutual recognition, and therefore, the efficient application of the “once-only” principle. It is also important for the prevention of abusive or fraudulent letter-box companies linked to tax evasion and/or money laundering. PO2a leaves the preventive control to Member States, while PO2b integrates the preventive control within the cost ceiling and set deadline of EUR 100 and 48 hours but leaves it to Member States to decide whether preventive control will be carried out by judicial or administrative authorities or by notaries. PO2c requires judicial or administrative preventive control.

These policy options would strongly reduce the administrative burden as founders would not need to check different requirements and use different interfaces and templates in each Member State where they want to register a company. PO2b and 2c would be the most efficient as the cost of registration and time involved are capped at 48 hours and EUR 100. It is estimated that for each founder setting up a 28th regime company, both Po2b and 2c would bring cost savings between EUR 550 and EUR 1 300 depending on the Member State of registration and whether a notary is involved and national template is used or not. This would amount to a total one-off administrative burden reduction between EUR 152 876 900 and EUR 340 256 273 for the estimated 277 958 new 28th regime companies founded by natural persons over a period of 10 years. At the same time, given that these policy options cover setting up a new optional company legal form, they would not entail any adjustment costs.

As regards public authorities, there would be some costs to implement these policy options and adapt to the single interface. Given that all Member States have already invested in IT developments to connect national business registers to BRIS, they will be able to reuse existing technology and would only need to develop the new software to receive the company registration data from the single interface through BRIS, amounting to an estimated EUR 100 000 per Member State, EUR 2.7 million in total. In addition, under PO2b and 2c, those Member States where preventive control is carried out by other authorities than business registers, would need to ensure technical solutions or adapt the existing ones, to connect the authorities, including notaries (under Po2b) to the business registers. The cost of connecting the IT system is estimated at EUR 50 000 per Member State as the average incremental cost of connecting existing IT systems of authorities performing preventive control to the business register. Such estimate is based on the assumption that in most Member States preventive control authorities already interact with business registers and would therefore require only limited adaptation to accommodate the additional data flows foreseen under this policy options. Where such connections do not yet exist, the related costs are expected to remain limited, as information exchange between public authorities typically relies on widely used open standards (such as open APIs) that can be acquired from third-party providers and adapted, rather than developed from scratch. The cost of further development of BRIS, needed in the context of this initiative, including as regards the user interface for company registration, is estimated at EUR 1 million for the Commission.

In addition, the cost ceiling of EUR 100 to complete the registration when using a standardised template, would entail reduced revenue for business registers and other authorities involved in the registration, including preventive control. Such reduced revenue is largely attributable to net increase of companies, i.e. companies that would not have been created in absence of a 28th regime, hence suggesting that the company registrations facilitated would likely offset, at least to some degree, the reduced revenue through increased economic activity, job creation, and subsequent tax contributions. As to PO2c, it would be expected to result in additional costs for authorities as the responsibility for preventive control currently carried out by notaries would need to be taken over by other authorities, impacting the legal systems of those Member States and leading to adjustment costs. At the same time, all options with harmonised bilingual

templates could make it easier for business registers to process the information submitted to register 28th regime companies, bringing some benefits to public authorities, and centralising preventive checks within one administrative or judicial authority under option 2c could also create cost savings for public bodies in those Member States where these checks are currently carried out by a notary and an administrative or judicial authority.

All policy options would directly reduce fragmentation in the single market by providing that 28th regime companies could be set through a centralised EU level system while at the same time fully integrated into Member States' systems and regulatory environment. PO2b and 2c would have an additional strong impact and would also contribute to enhancing the competitiveness of the EU economy by providing an affordable and fast setting up of 28th regime companies compared to other jurisdictions. This would be an important positive development given the current situation where many startup founders abandon setting up a company in the EU because of regulatory fragmentation and slow and costly procedures and instead set up a company outside the EU, e.g. in Delaware.

Given the strong positive impact on ease of doing business, considerable reduction in administrative burden for companies and positive contribution to functioning of the internal market and to competitiveness, the efficiency of this option is considered overall to be positive even if it will also result in some costs for public authorities.

Coherence

Options 2a, 2b and 2c are coherent with the other policy options under the initiative – with the scores: 3, 4 and 4 - as they provide a foundation for the legal framework governing the 28th regime companies. They are in particular coherent with options 3 as they complement each other to provide for a quick and efficient setting up of a company both with the business registers and with other authorities relevant for the registration. These policy options, and mostly PO2b, will be in line with policy objectives under the Single Market and Startup and scaleup Strategies which called for the possibility of enabling companies to establish in Europe more rapidly, ideally within 48 hours, under the 28th regime. They will be also coherent with – and build on - the digital procedures and systems in the EU company law, and in particular on BRIS. As they integrate preventive control into the streamlined registration process, they are in line with the Upgrading digital company Directive (EU) 2025/25, which made the setting up of companies and filing in all Member States subject to mandatory preventive control, carried out by administrative or judicial authorities, or notaries. These options are also coherent with the anti-money laundering and taxation policies aiming at prevention of abusive or fraudulent letter-box companies linked to tax evasion and/or money laundering. Finally, these options would be coherent with and rely, like the Company Law digitalisation Directive, on the European Digital Identity Framework established under Regulation (EU) No 910/2014.

6.3 Policy options 3 to ensure once-only submission of information in the context of registration

Effectiveness

PO3a - In the context of the registration, ensure that the information about the company is transferred from the business register to the authority in charge of issuing the TIN, to social security authority and to the beneficial ownership register, with any beneficial ownership information as part of the template, without the 28th regime company needing to submit it again (“once-only principle”).

PO3b – PO3a + the 28th regime company would obtain the TIN from the relevant authority as part of the registration process, with any additional information needed to obtain the TIN as part of the template.

PO3c – PO3b + the 28th regime company would obtain the VAT identification number from the relevant authority as part of the registration process (unless tax authorities need more case specific information than what included in the template).

	PO3a	PO3b	PO3c
Specific objective 1: Provide a common corporate legal framework for companies, in particular startups and scaleups, in the EU	1	2	3
Specific objective 2: Provide simple and efficient corporate rules and procedures throughout the company lifecycle	2	3	4

All the policy options would contribute to objectives 1 and 2 as applying the “once-only principle” to setting up of 28th regime companies would be an important part of the common corporate legal framework and to provide simpler and more efficient procedures. The lack of once-only submission to authorities was highlighted as a problem in the consultation activities under the policy options founders setting up 28th regime company would not need to separately submit information to the authority in charge of issuing the TIN and the VAT identification number, social security authorities and beneficial ownership registers. PO3c would contribute most by providing the largest range of common procedures.

Efficiency

Main categories of impacts	PO3a	PO3b	PO3c
Companies and investors			
Ease of doing business	2	3	4
Ease of attracting investment	0	0	0
Administrative burden reduction (benefit)	2	3	4
Administrative and adjustment costs	0	0	0
Public authorities			
Costs	1	2	2
Benefits	1	2	3
Economy and society at large			
Functioning of the internal market and competitiveness	2	3	4

These policy options would simplify setting up of 28th regime companies for founders and in that way, also contribute to the ease of doing business in the EU. Policy option PO3c would score the highest as not only the company information would be shared with the authority in charge of issuing the TIN and the VAT identification number, social security authorities, and beneficial ownership registers, but the company could also receive the TIN and VAT identification numbers, leading therefore to biggest simplification for the founders. The once-only-transmission of information between registers and those authorities and beneficial ownership registers, and therefore no need to resubmit company information, would also reduce administrative burden for companies. The savings would be highest under PO3c thanks to founders being able to receive the TIN and VAT numbers without additional separate submissions (but with information being already part of the original template), although in some cases tax authorities might need to check additional information for VAT purposes, diminishing this benefit. The savings would be mainly due to time saved by founders. It is estimated that for each founder setting up a 28th regime company PO3c would bring cost savings between EUR 80 and EUR 341 depending on the Member States of registration. This would amount to total of savings of EUR 28 718 065 for the setting up the estimated 277 958 new 28th regime companies over a period of 10 years.

The policy options would impose one-off IT costs on some Member States⁸¹ to need to ensure a technical solution for the automatic transmission of the company information. Given the digitalisation of public authorities, this is expected to entail only marginal extra IT costs due to the possibility to exchange data through standard Application Programming Interfaces (APIs),

⁸¹ See Annex 4 for details per Member States.

which is a standard technology and a normal development for achieving the 2030 target of 100% digital public services for businesses under the Digital Decade Policy Programme 2030 (that on average in 2025 already stands at 86.2% completion⁸²). The costs related to once-only transmission of information between business registers and beneficial ownership registers should also diminish thanks to interconnection between BRIS and BORIS, following the Upgrading digital company law Directive (EU) 2025/25. At the same time, the public authorities concerned would benefit from these policy options, and in particular PO3c, as company information would be directly transferred (including information required by beneficial ownership registers and for the TIN and VAT purposes). They would not have to request or review additional documents from companies, which should result in cost savings e.g. in time and handling company information. The once-only transmission of company information – in particular PO3c – would also contribute to encouraging founders to set up in the EU by simplifying the setting up of 28th regime companies.

Coherence

Options 3a, 3b and 3c are all coherent and complementary with the other policy options under the initiative with the following scores: 3, 4 and 5. They are in particular coherent with policy options 2 as the application of the once-only principle will ensure that the setting up of the company is rendered even simpler and quicker thanks to no need to re-submit similar information to other authorities. PO3c ensures most coherence as it provides for most simplification by ensuring that TIN and VAT identification numbers can be provided as part of the registration procedure.

These policy options, and mostly option 3c, contribute to digitalising the single market, in particular through exchanging digital data between authorities, which importance was underlined in the 2025 Single Market Strategy. They are also coherent with the Digital Decade, which aims to enhance the Member States' capacity to make their public administrations more digital and data-driven, and with the recent developments to digitalise the EU company law, in particular the Digitalisation and Upgrading digital company law Directives, which already introduced the use of the “once-only principle” in a number of contexts. These options – in particular 3b and 3c - also contribute to the objectives of ensuring automated identification of taxpayers, as set in the evaluation report on the Directive on Administrative Cooperation (DAC) 2011/16/EU⁸³. They are also coherent and complementary with the Single Digital Gateway Regulation and the Once-Only Technical System (OOTS), which enables an automated cross-border exchange between authorities of documents and data for procedures covered under the SDG. Finally, by ensuring that the company information subject to preventive control will be used for beneficial ownership purposes, these options are coherent and contribute to the AML Directive 2024/1640⁸⁴, which requires Member States to keep accurate and up-to-date beneficial ownership information.

6.4 Policy options 4 to facilitate closure (liquidation) of the company

Effectiveness

PO4a - Ensure that all relevant filings by the liquidator for closure outside of insolvency are transferred from business register to other authorities (“once-only principle”) and online filing of claims from creditors.
PO4b – PO4a + simplified liquidation procedure (outside of insolvency) for no assets/no debts to be concluded within a specific deadline.

⁸² COM, [State of the Digital Decade 2025 Factsheet](#), June 2025.

⁸³ Report on the evaluation of Council Directive 2011/16/EU on administrative cooperation in the field of taxation, [COM\(2025\) 695 final](#).

⁸⁴ [Directive \(EU\) 2024/1640](#) on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.

PO4c – PO4b + simplification of insolvency procedures thanks to their full digitalisation

	PO4a	PO4b	PO4c
Specific objective 1: Provide a common corporate legal framework for companies, in particular startups and scaleups, in the EU	1	2	3
Specific objective 2: Provide simple and efficient corporate rules and procedures throughout the company lifecycle	2	3	4

All policy options would contribute to objective 1 as providing rules for closure of solvent and insolvent 28th regime companies would constitute an important contribution towards a common framework that would span the whole lifecycle of 28th regime companies. PO4a and 4b would cover a number of aspects relevant for solvent companies but PO4c would be the most effective for contributing towards a common framework, as it would also address closure of in case of insolvency and simplify the procedure through digital solutions.

However, these policy options would be even more effective in meeting objective 2. Fully online filing to the liquidator and once-only transmission of information under PO4a and a simple, harmonised a procedure for simple closures of solvent companies under PO4b would provide simpler and more efficient procedures for 28th regime companies. PO4b would also provide more legal certainty and allow to close solvent companies more quickly. PO4c would be most effective in terms of simplicity and efficiency as, in addition, it would also make insolvency liquidation procedures more efficient through digitalisation.

Efficiency

Main categories of impacts	PO4a	PO4b	PO4c
Companies and investors			
Ease of doing business	2	3	4
Ease of attracting investment	1	2	3
Administrative burden reduction (benefit)	2	3	4
Administrative and adjustment costs	0	0	0
Public authorities			
Costs	1	2	3
Benefits	1	2	3
Economy and society at large			
Functioning of the internal market and competitiveness	2	3	4

Given a high failure rate of startups, efficient closure is important for the overall ease of doing business as it allows founders to direct their resources (human and financial) into new entrepreneurial projects. In this context, these policy options would have a positive impact by making it possible for founders to more efficiently close companies, and therefore, diminish the cost of failure. These options and mostly PO4c would also encourage investors to invest into 28th regime companies knowing that their capital will not be trapped but could be reinvested efficiently after the closure of a company and making it easier to calculate the financial risk of their investments.

Companies would save on the administrative burden of multiple filings in closure cases outside of insolvency under PO4a, estimated to amount to EUR 3 150 199, based on the assumption that 8.5%⁸⁵ of the new 28th regime companies might need to liquidate. In addition, savings would be higher for companies without assets and debts thanks to a harmonised simplified procedure under

⁸⁵ According to [2025 Eurostat](#), there was an 8.5% rate of enterprise deaths (excluding insolvency) as compared to a rate of 10.5% of enterprise births in 2023 in the EU. Research done in the US ([Startup Failure Rate Statistics](#)) refers to even higher rates with the failure rate being 10% in the first year.

PO4b⁸⁶, which is estimated to result in a reduction of costs by EUR 131 258 and in significantly shorter time, possibly by around 8 months, of the closure procedure. PO4c would score the highest thanks to digitalisation of the closure procedure for insolvent companies, including scaleups and startups.

Overall, the costs for public authorities are expected to be limited. Member States would need to ensure a technical solution for the automatic submission of the company information from the register to other authorities for closures of solvent companies under PO4a but this is expected to only entail marginal extra IT costs due to the possibility to exchange data through standard APIs. Similarly, no or little additional costs are also expected due to digitalising the insolvency proceedings under PO4c, since the work on digitalisation of judicial procedures in Member States, including insolvency procedures, is already on-going. Some costs could be expected for development and maintenance of platforms for electronic auctions systems in insolvency (which already exist in 14 Member States for online judicial auctions but are only used by 3 MS for insolvency cases), which are estimated to amount to between EUR 185 000 to 370 000 for their development, and to EUR 324 000 for their maintenance for all Member States. At the same time, authorities and in particular business registers would benefit from some reduced administrative inefficiencies linked to inactive and dormant companies left in national registers and from some cost savings e.g. in time and handling of company information thanks to digitalisation of the procedures.

By making it possible for founders to more efficiently close solvent and insolvent companies these policy options, and in particular PO4c, would allow founders to more quickly direct their resources (human and financial) into new projects and encourage investors to invest into 28th regime companies. Therefore, they would have a positive impact on competitiveness in the EU. This would be an important improvement as currently according to the Draghi Report, EU companies face higher restructuring costs compared to their US peers, which places them in a position of significant disadvantage in highly innovative sectors.

Coherence

Options 4a, 4b and 4c are coherent with the other policy options under the initiative with the scores: 2, 3 and 4, as they are essential to complete the framework that governs the 28th regime company from its creation until its closure, especially given the high failure rate of startups and importance of efficient closure to allow founders to be able to redirect resources to another business initiative. They are in particular coherent with policy options 3 as both sets of options include further digitalising of exchanges between authorities through the use of “once-only principle”. They are also coherent with policy options 7, both addressing alternative scenarios towards the end of the company’s lifecycle. PO4c would ensure most coherence allowing for faster procedures for both solvent and insolvent companies.

These policy options are coherent with and complement current EU rules in the area of insolvency, including the Restructuring and Insolvency Directive 2019/1023/EU and the proposal for the Insolvency Directive⁸⁷, expected to be adopted in the beginning of 2026 following the provisional political agreement reached in November 2025. They also respond to the Competitiveness Compass and the Single Market and the Startup and scaleup Strategies, which mentioned that a 28th legal regime would include aspects of insolvency and reduce the cost of

⁸⁶ Under the assumption that 1% of the solvent companies undergoing closure could benefit from the harmonised simplified procedure.

⁸⁷ [COM\(2022\) 702 final](#).

failure, which these policy options would address by making closure of solvent and insolvent companies easier.

6.5 Policy options 5 for attracting talent

Effectiveness

PO5a - Possibility for 28th regime companies to set up employee stock ownership plans (ESOPs) and issue classes of shares with distinct voting rights.

PO5b – PO5a + introduce an optional common employee stock ownership scheme for 28th regime companies, based on employee stock options and with common criteria (EU-ESO).

PO5c – PO5b + provide harmonised timing for the taxation of employee stock options granted in the context of the EU-ESO.

	PO5a	PO5b	PO5c
Specific objective 1: Provide a common corporate legal framework for companies, in particular startups and scaleups, in the EU	1	2	3
Specific objective 2: Provide simple and efficient corporate rules and procedures throughout the company lifecycle	1	3	4
Specific objective 3: Ensure that corporate rules provide an enabling framework to invest	1	3	4

All three policy options contribute to objective 1. While PO5a would enable all 28th regime companies to set up ESOPs, including schemes for non-voting shares, thus removing some of the existing restrictions in Member States, option 5b – with the common scheme ‘EU-ESO’ – would be more effective as it would additionally provide a common scheme on the basis of which companies, including startups and scaleups, could set up stock option-based ownership plans. PO5c would remove different timings of taxation for the stock options granted in the context of the common EU-ESO in Member States as a further incentive to choose this scheme; by harmonising also this taxation aspect, it would be most effective at achieving objective 1. As regards objective 2, PO5a would contribute to it to a relatively small extent, as it would leave it to companies to make all relevant choices for setting up an ESOP within the legal limits, while PO5b would make a bigger contribution to simplifying procedures through the provision of the EU-ESO for 28th regime companies. PO5c would be most effective by additionally setting out a single, simple point in time for taxation with regard to the stock options granted in the context of the EU-ESO. All three policy options would also contribute to providing an enabling framework to invest with PO5c being the most effective as the added harmonised timing of taxation creates the most attractive conditions for employees to make use of the EU-ESO and become investors themselves, aligning their interests with the interests of other investors.

Efficiency

Main categories of impacts	PO5a	PO5b	PO5c
Companies and investors			
Ease of doing business	1	3	4
Ease of attracting investment	1	2	4
Administrative burden reduction (benefit)	1	2	3
Administrative and adjustment costs	1	1	1
Public authorities			
Costs	0	0	2
Benefits	0	0	0
Economy and society at large			
Functioning of the internal market and competitiveness	2	3	4

All three policy options would make it easier in particular for EU startups and scaleups to attract and retain talent by being able to offer competitive benefits to their staff through the use of

ESOPs which is crucial for outside investors and would incentivise employees to become shareholders themselves. They would thus have a positive impact both on the ease of doing business and on the ease of attracting investment. PO5a would have a moderately positive effect as 28th regime companies would not be limited by national company law requirements on available ESOP types and structures, including the choice of distinct voting rights of employee shares. PO5b would have a stronger positive effect as the common EU-ESO based on stock options, which are the most important instruments for startups and scaleups to facilitate employee stock ownership, would improve the perceived value of stock options by employees and the possibility for companies to signal their ability to attract and retain talent to investors. PO5c would achieve the best results as it also harmonises the timing of taxation of the stock options granted in the context of the EU-ESO, deferring it to the moment of disposal (meaning that an employee would not have to pay taxes on stock options when they are granted or exercised but only when stocks received through these options are disposed, which is the first time the employee would receive cash or liquid proceeds from their options). This would avoid a ‘dry tax charge’ on employees, making employee stock options significantly more attractive and improving their uptake by employees. PO5c would improve the ease of attracting investment in the strongest way as the harmonised taxation timing in all Member States would make it significantly more attractive for employees to actually exercise options, which would assure investors that a company using the EU-ESO has a mechanism in place to facilitate retaining key staff no matter where they are placed in the EU.

All three options will furthermore lead to administrative burden reduction. It is expected that these policy options would reduce the costs of professional advice on ESOPs, in particular regarding legal requirements and the preparation of necessary documents, which typically accounts for a large majority of the costs to set up an employee stock ownership plan. Option 5c would reduce burdens most because 28th regime companies could use a common, easy-to-use ESOP scheme with a harmonised timing of taxation, allowing many of them to rely on low-cost professional advice to set up the scheme. It is estimated that 10% of 28th regime companies would take up the EU-ESO under option 5c and that the estimated saving would amount to EUR 12 971 406 over a period of 10 years. Only limited one-off adjustment costs would be expected, notably for those companies converting into 28th regime companies and which have already set up ESOPs under their previous legal form in accordance with national laws.

As regards costs for public authorities and budgets, PO5c may result in changes to national legislation on the taxation of employee stock options. PO5c thus comes with negative liquidity effects for tax authorities (with corresponding positive liquidity effects for employees) due to the tax deferral that occurs in the context of the common EU-ESO. The effect is, however, expected to be moderate, especially when compared with the total amount of Member States’ tax revenues, as PO5c would only modify the timing of taxation and as some Member States already offer similar schemes on employee stock options where taxation is deferred to the point of sale, in which cases no cost effects would be expected. Otherwise, none of the options 5 are expected to have any further significant cost-benefit impacts on public authorities and budgets.

Finally, all three options would contribute to the functioning of the internal market and to increased competitiveness as they would improve the practical feasibility and scalability of ESOPs within the single market. The improvement would be in particular noticeable under PO5b and 5c, given that the current fragmentation of national rules on ESOPs and on the moment of taxation of employee stock options and the lack of harmonisation related to ESOPs at EU level are often forcing companies to adopt different ESOP designs per Member States. The policy options and in particular PO5b and PO5c would also have a positive impact on competitiveness of the EU as having a harmonised system for the 28th regime companies would allow those

companies to better compete for top talent with other jurisdictions such as the US. The current ease of setting up stock option-based ESOPs in the US and the favourable treatment of stock options qualifying as ‘incentive stock options’ under federal tax laws is one of the important reasons for founders to set up or move their companies there.

Coherence

The policy options 5 are in particular complemented by policy option 6a whose measures on capital increases and share issuances facilitate that companies can provide shares for employees participating in ESOPs, but also by policy options 7, which facilitate exit opportunities for investors, including employee shareholders. As regards external coherence, the promotion of employee participation in profits and enterprise results has been on the agenda of the EU institutions and bodies for more than three decades. All three policy options also contribute to the Startup and scaleup Strategy’s objective of supporting the attraction and retention of highly skilled and diverse talent from within the EU and from non-EU countries. Their coherence scores are thus 3, 3 and 4.

6.6 Policy options 6 to provide a flexible governance and capital regime for founders and investors

Effectiveness

PO6a - Create a flexible governance system, provide simple and fully digital procedures for increasing capital and issuing shares and enable the use of modern early-stage financing instruments like SAFEs.

PO6b – PO6a + 0 or EUR 1 minimum capital but no paid-in share capital for incorporation of 28th regime companies and harmonised creditor protection safeguards in addition to capital maintenance rules.

PO6c – PO6b + common minimum share capital of EUR 5 000 for incorporation of 28th regime companies with harmonised creditor protection safeguards based primarily on capital maintenance.

	PO6a	PO6b	PO6c
Specific objective 1: Provide a common corporate legal framework for companies, in particular startups and scaleups, in the EU	1	2	2
Specific objective 2: Provide simple and efficient corporate rules and procedures throughout the company lifecycle	3	4	3
Specific objective 3: Ensure that corporate rules provide an enabling framework to invest	3	4	3

These policy options cover a wide range of measures for a harmonised and flexible governance and financing regime and therefore, contribute towards all 3 objectives. PO6a would be effective by harmonising and providing digital solutions for a comprehensive number of issues related to governance, procedures for increasing capital and issuing shares, simpler formalities for TIN for foreign investors and enabling of modern financing instruments like SAFEs, which are relevant for attracting early-stage and VC investment. However, PO6b and 6c would be more effective as they would both provide common rules on minimum capital and creditor protection of 28th regime companies. PO6b would be most effective overall as the abolition of minimum capital before incorporation would free up initial funds for startup founders while still achieving sufficient creditor protection through other means than capital maintenance rules.

Efficiency

Main categories of impacts	PO6a	PO6b	PO6c
Companies and investors			
Ease of doing business	2	4	3
Ease of attracting investment	2	3	2
Administrative burden reduction (benefit)	2	4	3
Administrative and adjustment costs	1	1	2

Public authorities			
Costs	1	1	2
Benefits	1	3	2
Economy and society at large			
Functioning of the internal market and competitiveness	2	3	2

All these options would have a strong positive impact on the ease of doing business and making it easier to attract investment. PO6a reduces legal and coordination costs by simplifying share issuances and capital increases, enabling a fully digital and flexible governance and allowing the use of modern early-stage financing instruments. Both options 6b and 6c provide for creditor protection but PO6b, with the abolition of mandatory paid-in minimum share capital, would be most efficient in terms of contributing to the market entry of new founders and of improving companies' ability to engage investors quickly and flexibly, avoiding delays to incorporation. PO6c would improve legal clarity through harmonisation of minimum capital requirements but would require an upfront capital commitment of EUR 5 000, potentially delaying market entry and deterring founders from choosing the 28th regime (in particular if other company legal forms in their Member State have lower capital requirements).

The measures introduced under PO6a and common to all policy options, in particular the fully digital procedures, would reduce costs and administrative burdens usually associated with governance and capital operations, including costs of physical shareholders' meetings, in-person notarial appointments for capital increases and external advisory costs to adapt early-stage instruments (e.g. SAFEs) and VC financing contracts to restrictive national regimes. They would also reduce the time spent and delays in preparing physical meetings and documents per financing or governance event for founders, companies and investors. The efficiency gains under PO6a are estimated to amount to an average of EUR 1 100 per transaction⁸⁸. The lack of minimum paid-in share capital at the moment of incorporation under option 6b would create further cost savings estimated at around EUR 400 per company in those Member States where paid-in share capital is currently required at the moment of incorporation or registration, amounting to total cost savings of EUR 55 206 278 over 10 years. These options are assumed to result in only limited one-off adjustment costs, e.g. for adapting internal processes to fully digital procedures for companies which decide to convert into the 28th regime.

Public authorities involved in governance and capital-related operations and professionals also exercising public functions, in particular notaries, would face limited and predominantly one-off adjustment costs under PO6a, as fully digital governance, online meetings of corporate bodies and simplified digital procedures for capital increases and share issuances would most likely require some adaptations to existing workflows or IT tools used. At the same time, some moderate efficiency gains could be expected for public authorities, stemming from less paper-based documentation and sequential processing, thanks to the use of digital procedures, and therefore lower administrative workload.

Policy options 6 would also have a positive impact on the functioning of the internal market and competitiveness by improving legal certainty and encouraging cross-border activity. PO6a would reduce transaction hurdles and coordination costs for companies and investors operating across Member States. PO6b would have the strongest positive effect because a harmonised capital framework with creditor safeguards but no requirement for paid-in capital before incorporation would reduce structural entry barriers that currently differ across Member States and distort

⁸⁸ As the number of financing transactions that could be expected by 28th regime companies cannot reliably be estimated, no overall calculations were carried out.

founders' choices, and would create more entrepreneur-friendly conditions, making the EU a more attractive place to set up companies as compared with other jurisdictions.

Coherence

Policy Options 6a, 6b and 6c are internally coherent with other policy options, with the respective scores of 3, 4 and 3. Measures under PO6a to facilitate capital increases help companies provide shares for employees participating in ESOPs, thereby supporting policy options 5. These measures are also mutually reinforcing with PO7 in terms of making 28th regime companies more attractive for investors. Furthermore, policy options 6b and 6c are coherent with PO2 by contributing to making the setting up of 28th regime companies simpler and quicker through a minimum capital requirement adapted to startups, with PO6b not requiring any paid-in capital for incorporation and thus removing the necessity to open a bank account before registration. PO6b therefore scores highest in terms of coherence.

As regards coherence with other EU policies, PO6a is in line with EU efforts to promote digital procedures and to reduce administrative formalities as followed in the recent developments of EU company law, especially in the Digitalisation and the Upgrading digital company law Directives. Its simple procedures for increasing capital and issuing shares also facilitate investment in EU companies, thereby contributing to a better connection between savings and productive investments as envisaged under the EU's Savings and Investment Union. PO6b and PO6c, by harmonising minimum capital requirements, contribute to a simpler and quicker setting up of 28th regime companies and therefore, respond to the calls for enabling companies to be set up in Europe more rapidly under the Single Market and Startup and scaleup Strategies, with PO6b showing the strongest external coherence.

6.7 Policy options 7 to facilitate exit options

Effectiveness

PO7a - Ensure that transfers of shares of 28th regime companies can be carried out fully digitally.

PO7b – PO7a + no requirement to involve intermediaries in share transfers of 28th regime companies.

PO7c – PO7b + possibility for Member States to grant access to public equity markets to 28th regime companies.

	PO7a	PO7b	PO7c
Specific objective 1: Provide a common corporate legal framework for companies, in particular startups and scaleups, in the EU	1	2	3
Specific objective 3: Ensure that corporate rules provide an enabling framework to invest	2	3	4

While all three options would contribute to objective 1, they would more strongly contribute to objective 3 in terms of improving the investment environment. PO7a would ensure that share transfers of 28th regime companies can be carried out fully digitally across the EU and PO7b would harmonise further by removing mandatory involvement of intermediaries. PO7c would be most effective as it enables Member States to allow 28th regime companies to attract financing through public equity markets without mandatory conversion into another legal form, which would make it possible to keep the EU-brand of the 28th regime at the IPO stage.

Efficiency

Main categories of impacts	PO7a	PO7b	PO7c
Companies and investors			
Ease of doing business	2	3	4
Ease of attracting investment	2	3	4
Administrative burden reduction (benefit)	3	4	4
Administrative and adjustment costs	1	1	1

Public authorities			
Costs	1	2	2
Benefits	1	1	1
Economy and society at large			
Functioning of the internal market and competitiveness	2	3	4

All three policy options improve the ease of doing business for investors and companies as well as the ease of attracting investments. The digital share transfers under PO7a would reduce costs and burdens that come with in-person and paper-based procedures, particularly in cross-border situations, and no mandatory involvement of intermediaries under PO7b would further reduce transaction costs and procedural delays. PO7c would have the most significant impact by also addressing investor exits on public markets. While the benefits of PO7c would primarily affect a small subset of companies (late-stage scaleups and other companies mature enough for going public), this option would be an important step to reinforce the credibility and attractiveness of the 28th regime legal framework throughout the full lifecycle of a company.

Both investors and companies would benefit from administrative burden reduction, including, due to reduced time and less costs linked to in-person formalities for share transfers under PO7a, which are estimated to amount to approximately EUR 700 per-transaction. PO7b delivers an even stronger reduction in costs by removing the mandatory involvement of notaries and other intermediaries, which is one of the main compliance cost drivers for share transfers under PO7b, with the estimated saving of EUR 1 780– EUR 2 850 for a growth-stage secondary transaction of EUR 500 000 due to reduced time and notarial and filing costs per transaction⁸⁹. PO7c would help companies avoid the need for legal conversion but would only affect a small group of late-stage scaleups and other IPO-ready companies; as conversion costs are also relatively low when compared with overall costs of accessing public markets, it does not score higher than PO7b in terms of administrative burden reduction. At the same time, administrative and adjustment costs would be rather limited for all options. PO7b would additionally require companies to verify and record share transfers due to no involvement of intermediaries fulfilling this task, leading to limited costs that could however be absorbed within existing governance arrangements. PO7c would not impose new obligations or costs.

As regards costs for public authorities, including notaries, there would be only limited one-off adjustment costs under PO7a, mainly linked to ensuring infrastructures to support digital share-transfer procedures and to adapting workflows as necessary. The removal of mandatory intermediary involvement under PO7b would lead to revenue losses for intermediaries, including notaries, in those Member States where they are involved in share transfers. At the same time, moderate efficiency gains could be expected for public authorities due to fewer paper-based procedures and in-person appointments.

All policy options 7 would contribute to the functioning of the internal market as digital means would make share transfers faster and more predictable across borders and lower transaction costs that disproportionately affect cross-border investors. By eliminating divergent formalities for share transfers in notarial and non-notarial Member States, PO7b would further improve capital mobility and reduce home bias, also enhancing EU competitiveness and attractiveness compared to third-country corporate legal frameworks (e.g. the Delaware General Corporation Law or UK Companies Act) that do not require the involvement of intermediaries in share transfers. PO7c offers the strongest positive impact on the functioning of the internal market and

⁸⁹ Estimations for other scenarios are described in Annex 4 on methodology. The estimations focus on costs per transaction as it is not possible to extrapolate these costs to an EU-wide annual total, as there is no reliable data on the overall number of share transfers in private companies.

EU competitiveness as enabling 28th regime companies to go public would further enhance the Union’s attractiveness as a place to scale and exit innovative companies.

Coherence

PO7a, PO7b and PO7c are coherent with other policy options under this initiative, with the respective scores of 2, 3 and 4. They are in particular coherent with policy options 6, and mostly with PO6a, as digital share transfers under PO7b and simpler and more digital capital increases and share issuances under PO6a both create a more attractive framework for investing in 28th regime companies. They also contribute to PO5 by facilitating transfers of shares, including those acquired through ESOPs, with PO7c being most coherent as it allows Member States to provide for the possibility of these shares being traded on public markets. PO7c score highest as it ensures consistency across the full corporate lifecycle, covering also investment through access to public equity market which is most relevant for late-stage startups and mature companies.

As regards coherence with other EU policies, PO7a is consistent with EU-wide efforts to promote digital procedures and reduce administrative barriers in business operations, in particular through the recent Digitalisation and the Upgrading digital company law Directives. PO7b complements those by further reducing legal fragmentation. All policy options are particularly coherent with the Savings and Investment Union, which supports both exits by investors in private companies and deeper and more integrated EU capital markets by facilitating IPO exits.

7. HOW DO THE OPTIONS COMPARE?

The policy options were compared through a multi-criteria analysis (MCA), which took into account the effectiveness, efficiency, coherence and proportionality of all policy options. The MCA relies on two components: the scores resulting from the assessment of each policy option and the weights assigned to each impact representing its relative importance. The scoring system is based on an ordinal scale ranging from 0 to 5, where scores indicate the direction and relative strength of impacts compared to the baseline, rather than measurable magnitudes. A score of 0 reflects no material change compared to the baseline, while a score of 5 reflects a very strong improvement net of the baseline. These scores are derived from a systematic assessment of available qualitative and quantitative evidence and are used to support a structured and transparent comparison of policy options, not to imply cardinal precision⁹⁰.

In the main MCA scenario, effectiveness, efficiency and coherence were weighted at 30%, 60% and 10% respectively. Effectiveness was assessed by scoring each of the three specific objectives separately, with each objective assigned a weight of 10%. Efficiency was assessed through seven distinct impacts, of which five impacts were each assigned a weight of 10% and two impacts (costs and benefits for public authorities) were each assigned a weight of 5%, with the overall efficiency score reflecting the net effect of benefits minus costs. Coherence was assessed as a single criterion with an overall weight of 10%. The results of the MCA show that policy options 1c, 3c, 4c, 5c, 6b and 7c rank highest under all three criteria. Policy option 2b scores higher due to efficiency. The table below summarises the results of the assessment of all policy options described in section 6.

Table 9: Summary of the results of the assessment of all policy options

Weight	PO1a	PO1b	PO1c	PO2a	PO2b	PO2c	PO3a	PO3b	PO3c	PO4a	PO4b	PO4c
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⁹⁰ In line with the inherent limitations of ordinal scales, the MCA does not seek to calculate absolute impact values or net benefits, but to assess the relative performance of options across the criteria of effectiveness, efficiency and coherence. The MCA follows the approach recommended in the Better Regulation Toolbox #62.

Effectiveness	30%	0.60	0.90	1.20	0.75	1.05	1.05	0.45	0.75	1.05	0.45	0.75	1.05
Efficiency	60%	0.85	1.15	1.40	0.95	1.30	1.25	0.60	0.90	1.25	0.70	1.10	1.50
Coherence	10%	0.30	0.40	0.40	0.30	0.40	0.40	0.30	0.40	0.50	0.20	0.30	0.40
Total	100%	1.75	2.45	3.00	2.00	2.75	2.70	1.35	2.05	2.80	1.35	2.15	2.95

	Weight	PO5a	PO5b	PO5c	PO6a	PO6b	PO6c	PO7a	PO7b	PO7c
Effectiveness	30%	0.30	0.80	1.10	0.70	1.00	0.80	0.45	0.75	1.05
Efficiency	60%	0.40	0.90	1.30	0.70	1.40	0.80	0.80	1.15	1.45
Coherence	10%	0.30	0.30	0.40	0.30	0.40	0.30	0.20	0.30	0.40
Total	100%	1.00	2.00	2.80	1.70	2.80	1.90	1.45	2.20	2.90

A second MCA scenario, applying alternative weights of 45%, 45% and 10% to effectiveness, efficiency and coherence respectively, was used to test the sensitivity of the results to changes in the weighting assumptions. The ranking of options remained unchanged, confirming the robustness of the conclusions⁹¹. An additional sensitivity analysis based on lower and higher take-up rates for the 28th regime corporate framework was conducted to assess the stability of the results under different uptake assumptions⁹².

8. PREFERRED OPTION

8.1 Package of preferred measures

Based on the assessment above, the preferred option consists of a package of the following measures, as presented in the table below. They are all complementary. PO1 provides a common legal form with a recognisable brand and the other policy options provide common procedures relevant for different parts of the life cycle of 28th regime companies, including setting up (PO2 and 3), attracting and retaining talent through employee stock option plans (PO5), governance and financing including no minimum capital requirement (PO6), attracting investment through improved exit options to be able to scale up (PO7) and closure (PO4). Therefore, this package of measures tackles the identified drivers and addresses the objectives in the most comprehensive, effective and efficient way and is coherent with other EU initiatives.

The initiative aims to establish a single, legal framework aiming to address the needs in particular of startups and scaleups across the Single Market. Therefore, it is cross-border in nature and its aims could not be achieved by Member States on their own. It is also focused on those measures which are needed to build a coherent corporate legal framework and to address problems raised by stakeholders and the problem drivers. Therefore, in line with the principle of proportionality, the initiative does not go beyond what is necessary to achieve its objectives.

Table 10: Summary of the preferred policy options

Policy options 1 to provide a harmonised company legal form for entrepreneurs	Policy option 1c: Introduce a new harmonised legal form for a 28 th regime company with a recognisable EU brand, to be set up by natural persons as founders and by legal persons (28 th regime subsidiaries), with a possibility for existing companies to convert through domestic conversions, and through a cross-border conversion, division or merger in accordance with Directive 2019/2121), and harmonised rules for branches of 28 th regime companies.
Policy options 2 to make registration of companies, in	Policy Option 2b: Create an EU single interface based on BRIS for the registration of 28 th regime companies with harmonised bilingual templates (EN/national language) and preventive control, and introduce a deadline (48 hours) and cost ceiling of EUR 100 to complete the registration including

⁹¹ The MCA tables and summary results are included in Annex 4 section 2.5.1.

⁹² The sensitivity analysis results are presented in Annex 4 section 2.5.2.

particular startups quicker and simpler	the preventive administrative, judicial or notarial control when the standardised template is used by founders as natural persons.
Policy options 3 to ensure once-only submission of information in the context of registration	Policy option 3c: In the context of the registration, ensure that the information about the company is transferred from the business register to the authority in charge of issuing the TIN and the VAT identification number, to social security authority and to the beneficial ownership register (with any beneficial ownership information as part of the template), without the 28 th regime company needing to submit it again (“once-only principle”), and that the 28 th regime company would obtain the TIN and the VAT identification number from the relevant authority as part of the registration process, with any additional information needed to obtain those as part of the template ⁹³ .
Policy options 4 to facilitate closure (liquidation) of the company	Policy option 4c: Ensure that all relevant filings by the liquidator for closure outside of insolvency are transferred from business register to other authorities (“once-only principle”), provide for online filing of claims from creditors, a simplified liquidation procedure (outside of insolvency) for no assets/no debts, and simplified insolvency procedures thanks to their full digitalisation.
Policy options 5 for attracting talent	Policy option 5c: Possibility for 28 th regime companies to set up employee stock ownership plans (ESOPs) and issue classes of shares with distinct voting rights, and an optional common employee stock ownership scheme for 28 th regime companies, based on employee stock options and with common criteria (EU-ESO), and with harmonised timing for the taxation of employee stock options granted in the context of the EU-ESO.
Policy options 6 to provide a flexible governance and capital regime for founders and investors	Policy option 6b: Create a flexible governance system, provide simple and fully digital procedures for increasing capital and issuing shares and enable the use of modern early-stage financing instruments like SAFEs, and 0 or EUR 1 minimum capital but no paid-in share capital for incorporation of 28 th regime companies and harmonised creditor protection safeguards in addition to capital maintenance rules.
Policy options 7 to facilitate exit options	Policy option 7c: Ensure that transfers of shares of 28 th regime companies can be carried out fully digitally, without requirement to involve intermediaries, and with a possibility for Member States to grant access to public equity markets to 28 th regime companies.

8.2 Impacts of the package

This section assesses the overall impacts of the package of preferred measures. While the preceding analysis examined the impacts of the specific policy options in relation to the relevant part of the lifecycle, the assessment below focuses on the cumulative effects that arise from combining these measures into a single, coherent regulatory regime applicable to the entire lifecycle of 28th regime companies including investment, addressing all the identified drivers in section 2.2.

Regulatory coherence, transparency and trust in 28th regime companies

The package of preferred measures is expected to increase regulatory coherence and reduce fragmentation by providing companies, in particular startups and scaleups, with a single, consistent corporate legal framework applicable across Member States. It would enable founders and investors to base long-term organisational and growth decisions on a predictable set of rules. In addition, an easily recognisable EU brand is expected to bring increased transparency and strengthen trust in 28th regime companies. Investors, including venture capitalists, would be more likely to invest in 28th regime companies and other companies (suppliers, contractors) - more likely to do cross-border business with 28th regime companies.

⁹³ Unless such authorities need to check more case specific information than what is included in the template.

Compliance burden reduction for 28th regime companies

The package of preferred measures is expected to strongly reduce the compliance burdens faced by companies at each step of the 28th regime company's lifecycle. Each founder setting up a 28th regime company would benefit from cost savings between EUR 850 and EUR 1 300 depending on the Member State of registration⁹⁴. This would amount to an overall one-off administrative burden reduction between EUR 227 828 649 and EUR 340 256 273 for the estimated 277 958 28th regime companies founded by natural persons (over a period of 10 years). In addition, thanks to the application of once-only principle in the context of registration, each founder is expected to benefit from additional savings between EUR 80 and EUR 341 depending on the Member States of registration, amounting to overall additional savings of EUR 28 718 065 over a period of 10 years. This would mean total savings of almost EUR 370 million for setting up 277 958 28th regime companies over 10 years. Finally, the removal of paid-in minimum share capital at the moment of incorporation would create further cost savings estimated at approximately EUR 400 per company amounting to total cost savings of EUR 55 206 278 over 10 years.

The package would also simplify the operational phase by introducing digital tools for corporate law procedures and allowing for online shareholder and board of direct meetings. In addition, it is expected that each 28th regime company setting up an employee ownership plan, including the easy-to-use EU-ESO scheme with a harmonised timing of taxation, could benefit from EUR 420 cost savings, with the estimated up-take of 10% by 28th regime companies over a period of 10 years resulting in an overall cost savings of EUR 12 971 406. Only limited one-off adjustment costs would be expected, notably for those companies converting into 28th regime companies and which have already set up ESOPs under their previous legal form.

As to the closure, based on the assumption that 8.5%⁹⁵ of the 28th regime companies might need to be liquidated (outside of insolvency), those companies are expected to save EUR 3 150 199 on the administrative burden of multiple filings. Savings would be higher for solvent companies without assets and debts undergoing a harmonised simplified procedure⁹⁶, which is estimated to reduce costs by EUR 131 258 and result in a much shorter timeframe, and digitalisation of insolvency procedures would be also expected to reduce costs for companies.

Investment-friendly environment

The package of preferred measures is also expected to strongly improve the investment environment for 28th regime companies by increasing legal certainty, standardisation and predictability for growth strategies as well as venture capital and other equity-based financing. Rather than directly increasing investment volumes, the package will primarily affect the conditions under which investors and companies assess risk, transaction costs and long-term viability in the EU.

Both investors and companies would benefit from administrative burden reduction, including due to reduced time and less costs linked to due diligence about legal requirements, in-person formalities for share transfers and mandatory involvement of notaries and other intermediaries, with the estimated saving of EUR 1 780 – EUR 2 850 for a growth-stage secondary share transfer transaction of EUR 500 000. Similarly, there would be cost and burden reductions thanks to fully

⁹⁴ Depending on whether a notary is involved and if a national template is used.

⁹⁵ According to [2025 Eurostat](#), there was an 8.5% rate of enterprise deaths (exempting insolvency) as compared to a rate of 10.5% of enterprise births in 2023 in the EU. Research done in the US ([Startup Failure Rate Statistics](#)) refers to even higher rates with the failure rate being 10% in the first year.

⁹⁶ Under the assumption that 1% of the solvent companies undergoing closure could benefit from the harmonised simplified procedure.

digital procedures to increase capital and issue shares, with savings estimated to amount to around EUR 1 100 per financing round⁹⁷. In addition, while the package would leave it to Member States' discretion, it would provide legal certainty that 28th regime companies can attract financing through public equity markets without mandatory conversion into another legal form and thus keep the EU-brand of the 28th regime at the IPO stage.

EU competitiveness and long-term economic dynamics

By strengthening the regulatory framework for companies, in particular startups and scaleups in the single market, the package of preferred measures would make the EU a more attractive location for innovative and growth-oriented companies and therefore, contribute to the EU's long-term competitiveness. It would provide common rules throughout the EU Single Market and the 28th regime company would be recognised in all Member States, which would offer a strong advantage as compared to other jurisdictions, e.g. the US, where state laws require corporations to apply for a permission to operate in a state in which they are not registered (so-called foreign qualification).

The possibility for an affordable and fast incorporation of 28th regime companies would encourage European founders to set up their companies in the EU instead of third countries. The package would also enhance the EU's attractiveness as a place to scale and exit innovative companies, and to attract and retain employees, as a viable alternative to non-EU jurisdictions. More efficient approaches to closure of solvent and insolvent companies should also have a positive impact on competitiveness as these should reduce the costs of closure, currently considered higher in the EU as compared to other jurisdictions such as the US. The package of measures will also contribute to Sustainable Development Goals, and in particular SDG 8 on decent work and economic growth, SDG 10 on reducing inequality within and among countries and SDG 17 on partnership for the goals, as it will contribute to economic growth by enhancing the business environment in the single market, will improve companies', and in particular startups' and scaleups' access to cross-border markets, and will foster international cooperation and investment in the single market. All these effects are expected to materialise gradually and depend on uptake, learning effects and ecosystem development, and are therefore assessed qualitatively.

8.3 REFIT (simplification and improved efficiency)

This initiative is part of the 2026 Commission Work Programme as a new initiative under the heading 'A new plan for Europe's sustainable prosperity and competitiveness'. This initiative will not revise the existing legislation but put forward a new 28th regime corporate legal framework. This initiative has an important dimension in terms of administrative burden reduction and simplification, including through digitalisation and application of the "once-only principle" as shown in section 6 in the assessment of impacts of policy options and in section 8 summarising the impacts of the package of preferred measures. Overall, this initiative will positively contribute to REFIT.

8.4 Application of the 'one in, one out' approach

The 'one in, one out' approach was considered in relation to the preferred policy package. The initiative does not impose new mandatory administrative or compliance obligations on companies compared to the baseline. Accordingly, the estimated "IN" under the 'one in, one out' framework

⁹⁷ Estimations for other scenarios are described in Annex 4 on methodology. The estimations focus on costs per transaction as it is not possible to extrapolate these costs to an EU-wide annual total, as there is no reliable data on the overall number of share transfers in private companies.

is zero. At the same time, the initiative is expected to reduce administrative burdens for companies in particular startups and scaleups, that choose to operate under the 28th regime. These burden reductions have been quantified using the Standard Cost Model and are estimated at between EUR 328 million and EUR 440 million over a period of 10 years. These savings would be expected from simpler and more efficient registration procedures with the application of the once-only principle and no need to pay in minimum share capital at incorporation. The benefits would also come from the introduction of a common EU-ESO scheme for employee stock options with a harmonised timing of taxation, and measures to simplify and digitalise closure procedures for 28th regime companies. The reduction of administrative burden would be also expected both for companies and investors thanks to digital procedures and simplifications of transactions, including share issuances, capital increases and share transfers, and are estimated per transaction, to amount to EUR 1 780 – EUR 2 850 for a share transfer transaction and around EUR 1 100 per financing round. All these savings are reported as an “OUT”.

9. HOW WILL ACTUAL IMPACTS BE MONITORED AND EVALUATED?

As a first step, the Commission will contribute to ensuring correct transposition of the package of preferred measures and focus on monitoring its implementation to assess if it is successful in achieving the specific objectives identified in this IA. As a second step, the Commission will evaluate the effectiveness, efficiency, coherence and EU added value of this initiative no sooner than 5 years after its entry into force to allow the necessary period for its implementation and evidence collection in Member States.

The monitoring results will support the assessment of whether the different components of the 28th regime corporate legal framework are functioning as intended and whether and what adjustments may be necessary over time.

Table 11: Summary on Monitoring and Evaluation

Objectives	Monitoring indicators	Data sources
Contribute to strengthening the competitiveness of EU companies and the EU economy and to better functioning of the internal market.	<ul style="list-style-type: none"> - Number of companies incorporated as 28th regime companies per year - Number of domestic conversions into 28th regime companies per year - Number of 28th regime companies created through cross-border conversions, divisions or mergers per year 	<ul style="list-style-type: none"> - BRIS
Provide better conditions for starting a business and better opportunities for growth and scaling up for companies, in particular startups and scaleups, in the EU.	<ul style="list-style-type: none"> - Number of 28th regime companies set up fully online through the EU central interface - Number of 28th regime companies created with the standardised templates - Number of 28th regime subsidiaries founded with parent companies in other Member States - Number of cross-border corporate operations carried out by 28th regime companies (e.g. cross-border registrations, restructurings, mergers, divisions, cross-border branch registrations) - Number of 28th regime companies using the simplified liquidation procedures 	<ul style="list-style-type: none"> - BRIS - Data from national authorities - Targeted follow-up surveys or studies

	-	
Encourage more investment into EU companies, in particular startups and scaleups.	<ul style="list-style-type: none"> -Number of successful investment rounds of 28th regime companies -Value/market capitalisation of newly created 28th regime companies after 5 years -Number of 28th regime companies using the EU-ESO -Take-up of simplified financing instruments (including SAFEs) among 28th regime companies 	<ul style="list-style-type: none"> -Data from national authorities -Funding round databases -Targeted follow-up surveys or studies



Brussels, 18.3.2026
SWD(2026) 321 final

PART 2/3

COMMISSION STAFF WORKING DOCUMENT
IMPACT ASSESSMENT REPORT

Annexes

Accompanying the document

**Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL**

on THE 28TH REGIME CORPORATE LEGAL FRAMEWORK - 'EU INC'

{COM(2026) 321 final} - {SEC(2026) 321 final} - {SWD(2026) 322 final}

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ANNEX 1: PROCEDURAL INFORMATION

1. LEAD DG, DECIDE PLANNING/CWP REFERENCES

This Impact Assessment Report was prepared by DG Justice and Consumers (DG JUST).

This initiative "28th regime – EU corporate legal framework" is included in the 2026 Commission Work Programme.

2. ORGANISATION AND TIMING

The Call for Evidence was published along with the public consultation on “Have Your Say”¹ between 8 July and 30 September 2025.

Two Inter-Service Coordination Group (ISCG) meetings and three Cabinet/Services meetings were held in 2025 and 2026 during the preparation stage of this impact assessment. The representatives from the following Cabinets and Directorates-General of the Commission took part in the Cabinet/Services meetings: CAB-VON DER LEYEN, CAB-SÉJOURNÉ, CAB-VIRKKUNEN, CAB-MCGRATH, CAB-ALBUQUERQUE, CAB-HOEKSTRA, CAB-ZAHARIEVA, CAB-MÎNZATU, CAB-DOMBROVSKIS, CAB-BRUNNER, SG, LS, JUST, RTD, GROW, EMPL, TAXUD, FISMA, CNECT, HOME. The following DGs were part of the ISCG: SG, LS, BUDG, FISMA, RTD, GROW, HOME, TAXUD, OP, SG REFORM, TRADE, EMPL, JRC, ENV, ESTAT, COMP, MOVE, REGIO, DIGIT, DEFIS, COMM, CNECT, ECFIN, ENER, CLIMA, EAC, MARE, SANTE.

DG JUST has considered the comments made by Cabinets and DGs regarding the Impact Assessment.

3. CONSULTATION OF THE RSB

An Upstream meeting with the Regulatory Scrutiny Board was held on 20 October 2025.

The Impact Assessment accompanying this proposal was examined by the Regulatory Scrutiny Board on 11 February 2026. A positive opinion was received on 13 February and recommendations from the Board were duly addressed in the final version of the impact assessment.

RSB comments on 13 February 2026	How RSB comments have been addressed in the IA
<p>The Board notes the additional information provided by DG JUST and commitments to make changes to the report.</p> <p>The Board gives a positive opinion. The Board considers that the report should be further improved with respect to the following aspects:</p> <p>(1) The report should better explain what the</p>	<p>The report was adapted to take into account the RSB recommendations. See responses to the specific points below.</p>

¹ COM, Have Your Say: [28th regime – a single harmonized set of rules for innovative companies throughout the EU](#).

<p>scope of the initiative is.</p> <p>(2) The report does not describe all options in sufficient detail.</p> <p>(3) Benefits and adjustment costs should be further analysed.</p>	
<p>(1) As the proposed initiative is to apply to all companies the use of limiting and not clearly defined terms like ‘innovative’, ‘start-up’, ‘scale up’ or ‘founders’, etc., including in the general and specific objectives, should be avoided; the coupling of some measures with definitions to be provided in the context of the European Innovation Act should be revisited.</p>	<p>The report was reviewed. The problems, drivers, objectives and policy options are amended to ensure that the scope of this initiative is clear. The initiative aims to respond to the needs of startups and scaleups while it will be legally open to all founders and companies.</p>
<p>(2) The report should describe the modular approach chosen and elaborate why areas such as taxation, insolvency, accounting, audit, labour law/employee participation and conflict resolution to ensure legal certainty are excluded from or only partially addressed in the retained options.</p>	<p>The explanation about the modular approach was included in the introduction to the report. In addition, the report now makes reference to the chapeau Communication which will be published alongside the initiative for the 28th regime corporate legal framework. The chapeau Communication will provide more detailed explanation about the planned measures in other policy areas beyond corporate law.</p>
<p>(3) The main report should further describe the measures in sufficient detail to allow for their assessment. It should, for example, describe the proposed liability of directors and also assess what consequences such liability might have in terms of risk aversion when starting 28th regime companies.</p>	<p>Additional descriptions were added for a number of policy measures in section 5.2 in order to provide more details about the policy options. For instance, regarding technical solutions under policy options 2 to ensure quick registration with sufficient legal certainty and compliance checks and as regards the once-only principle in policy options 3 and 4.</p> <p>As regards directors’ liability for violations of creditor safeguards, the description of policy option 6b in the main report has been expanded. The revised text describes the safeguards in a clearer way and also the conditions under which directors could be held liable.</p> <p>The assessment of this policy option under section 2.2 of Annex 4 has also been expanded and is now describing how balanced conditions for directors’ liability with regard to the safeguards under policy option 6b ensure that these safeguards are complied with, without disincentivising directors from approving distributions that do not create a risk for the viability of a company.</p>

<p>(4) The impacts of the proposed intervention should be better assessed in the main report, including unintended consequences, as well as the interplay of the 28th regime with existing provisions in national systems that are constructed around their own internal logics. It should also further assess how the <i>Societas Europaea</i> would co-exist with the 28th regime. The report should, as far as possible, complement the stakeholder input received with more observational data. The main report should analyse whether the intervention could lead to a net increase in the total number of companies and assess what impacts might follow from this.</p>	<p>As regards interplay of the 28th regime corporate legal framework with the existing provisions in national systems, as well as with the EU legal form of <i>Societas Europea</i>, in particular the section 6.1 was amended to provide more explanations. It now explains the interplay of the 28th regime legal form with national legal forms. In addition, it explains that the 28th regime corporate legal form would also be available in parallel to the EU legal form for public limited liability companies, <i>Societas Europea</i> (SE). The two regimes would respond to different types of companies and their different needs.</p> <p>The Annex 4 (Analytical methods), section 2.3 was also amended to provide additional explanation regarding how the assumptions and calculations about the expected number of 28th regime companies were made.</p>
<p>(5) The report should better assess the impacts, including financial costs and benefits, that might accrue for national administrations, including the costs related to adjusting IT systems. It could also further explain whether and how the proposed harmonisation leads to a reduction of the regulatory burden. The report should be consistent in its use of an ordinal ranking in the choice of preferred options.</p>	<p>The impacts for national administrations and in particular costs related to adjusting IT systems were reviewed and section 6.2 was amended. The report uses ordinal ranking and further explanations on this issue were included in section 7.</p> <p>Each sub-section of section 6 explains under “efficiency” the estimated administrative burden reduction per policy option. In addition, the section 8.2 (impacts of the package) explains the estimated administrative burden reduction resulting from the package of measures (so from the whole initiative). In addition, more detailed explanations of assumptions are included in Annex 4 (Analytical methods) in section 2.3 Efficiency of policy options and in particular 2.3.1 Methodology of the efficiency scoring.</p>
<p>(6) The monitoring framework should be expanded to cover not only final outputs and impacts in terms of investment but to also monitor and evaluate the results of different measures and intermediate steps and to identify the data to be collected in order to measure costs, benefits and their data sources.</p>	<p>The monitoring framework in section 9 of the IA was expanded to also cover the outcomes of different measures and intermediate steps. Data sources were identified accordingly.</p>

4. EVIDENCE, SOURCES AND QUALITY

The impact assessment draws on an extensive amount of desk research, literature review and wide-ranging consultation activities, described in detail throughout the Impact Assessment report, Annex 2: Stakeholder consultation and Annex 4: Analytical methods. The input from these sources was collected and processed by the experts in the Company Law Unit of DG JUST (JUST A3).

ANNEX 2: STAKEHOLDER CONSULTATION (SYNOPSIS REPORT)

The objective of the consultation activities was to gather data evidence and stakeholder views about:

- Existence of problems in the areas to be covered by this initiative;
- Different policy options, which can be considered in the areas to be covered by this initiative;
- Data to assess better the costs and benefits of different policy options.

This Annex includes the description of the methodology used by the Commission services when carrying out the consultation activities and the analysis of results of these consultation activities by the main issues relevant for this impact assessment.

1. CONSULTATION ACTIVITIES AND SOURCES OF INFORMATION

The **public consultation** on the 28th regime and the **call for evidence** were launched on 8 July and lasted till 30 September. The consultation was launched in English only and the deadline of 12 weeks counted from that publication. The separate call for evidence document was published in all EU languages from the outset.

A total of 1 470 stakeholders responded to the public consultation. Beyond the replies to closed-ended questions, more than 21 000 written submissions to open questions were received. In addition, 113 position papers were submitted as part of the consultation. The call for evidence received 879 replies, which are all published on the Commission Have Your Say website².

Two stakeholder groups accounted for over 80% of the total answers to the public consultation: 690 (47%) responses were received from EU citizens (who were mostly founders given that around 62% of them had set up a company, but also investors) and 534 (36%) from companies. 61% of the companies were - micro (1 to 9 employees), 24% - small (10 to 49 employees), 11% - medium (50 to 249 employees) and 4% - large (250 or more employees). Thus, 96% of company responses to the public consultation were from SMEs.

Otherwise, 76 replies were submitted by EU level and national business associations; 56 - under the “other” category and included legal professionals, i.e. notaries and lawyers as well as organisations representing tax advisers and accountants, chambers of commerce and other organisations including those representing founders and startup community; and 18 replies - from EU level and national trade unions. There were 15 replies from public authorities from 13 Member States (Austria, Belgium, Czechia, Denmark, Estonia, France, Latvia, Luxembourg, Slovakia, Spain, Poland, Italy, the Netherlands), mostly from Ministries of Justice but also from other Ministries, business registers and other public bodies and agencies, including at regional level. There were also 31 replies from academic/research institutions, 29 - from non-EU citizens, 16 - from NGOs and 2 replies - from environmental organisations.

There were contributions from all EU Member States as well as from third countries. Most responses came from Germany (388 or 26%), followed by the Netherlands (157 or 10%), Italy (144 or 10%), France (94 or 6%) and Belgium (88 or 6%, including the replies from EU level

² [Have your say website](#)

associations). Non-EU responses were also received, among others from the UK, the US, Switzerland and Norway.

It was not mandatory to respond to all questions and the respondents were able to focus on issues that were of most relevance for them. In addition to replying to the questionnaire, the respondents could also upload a file with a more detailed contribution. Respondents made use of these options, and as it is explained in the analysis below, there were therefore different overall numbers of respondents per different sections of the consultation.

DG JUST organised **2 virtual workshops with companies and investors** in December 2025. One workshop focused on discussing in more detail with founders/companies the corporate law related barriers they experienced when setting up, running or closing down a company in the EU, and in particular costs of those, as well as impacts/benefits that could be expected from the measures set out in the consultation on the 28th regime to provide for simple, flexible and fast procedures for the 28th regime companies. The second workshop aimed to discuss with companies and investors the corporate law related barriers they experienced when trying to attract investment or to invest in a company in the EU, including related costs, and expected impacts/benefits of measures set out in the consultation to make it easier to invest and to attract investment in 28th regime companies.

These were organised with a selected group of participants, chosen from the respondents replied to the public consultation. 7 companies in the workshop on setting up, running or closing down a company in the EU and 9 companies and investors – in the investment related workshop. In both, the participants provided valuable input confirming the existence of the problems relevant for this initiative and provided concrete examples of their experiences when setting up companies across the EU or attracting investment for their companies.

Numerous bilateral meetings (targeted consultations) took place between DG JUST³, but also at Cabinet/Commissioner level, and **key stakeholders** in the area of company law to discuss issues relevant to this initiative and of most relevant for them, both on the initiative of DG JUST and on the initiative of stakeholders. These included meetings with European level organisations, including BusinessEurope, the Council of the Notariats of the European Union, the Council of Bars and Law Societies of Europe, the European Trade Union Confederation, national level organisations representing **companies, legal professionals including notaries, trade unions and specific sectors**.

In particular, several meetings took place with the **representatives of the startup community** behind the October 2024 petition for a “standardised pan-European EU Inc” and the EU Inc blueprint setting out proposals as regards a standardised company structure, a digital-first approach, a modern instrument for investment and an option scheme for employee stocks. The proposals of EU Inc and challenges they were aware of in these different issues were discussed. A number of meetings also took place with **individual companies** to gather more information about challenges they experienced in case of attracting investment and issuing employee stock options in particular.

Numerous bilateral meetings also took place with **representatives of national authorities**, mainly Ministries in charge of company law issues. The Danish Presidency also organised an exchange of views on the 28th regime during the September 2025 meeting of the **Council Working Party on company law**.

All these meetings brought valuable insights into the problems currently faced by companies and other stakeholders, and about issues of importance in the context of company law procedures to different groups of stakeholders. The companies and investors provided concrete examples on

³ COM, [Meetings held by the Directorate-General for Justice and Consumers with interest representatives](#).

administrative burdens, costs and time needed for different company law procedures in their experience and provided their views on what improvements would facilitate setting up and operating companies and attracting investment to companies in the EU.

Discussions with industry, Member States, the European Parliament and the relevant EU level stakeholder associations, i.e. Association for Financial Markets Europe, Better Finance, BusinessEurope, Council of Bars and Law Societies of Europe, Council of the Notariats of the European Union, Ecommerce Europe, EuroCommerce, European Business Registry Association, European Consumer Organisation, European Digital SME Alliance, EuropeanIssuers, European Judicial Network in civil and commercial matters, European Networks of Councils of the Judiciary, European Startup Network, European Tech Alliance, European Trade Union Confederation, Invest Europe and SMEUnited, also took place during 2025 in the framework of the **High-Level Forum on Justice for Growth** (HLF) launched by Commissioner McGrath⁴. The 28th regime corporate legal framework was discussed at all four meetings (in March, June, October and November), including with particular focus on the problems faced by companies, digital solutions, the legal approach and measures needed to attract investment.

The May and the September High-Level Forum meetings were also prepared by **two online meetings**, bringing together Member State representatives from ministries responsible for company law issues, representatives of the European Parliament and the EU level stakeholder associations participating in the HLF **at the technical expert level**. The discussion papers on (i) the scope of the EU corporate legal framework under the 28th regime, the use of digital measures to provide for simpler, faster procedures for the 28th regime companies and the possible legislative approaches and (ii) the relevant issues for designing an investor friendly EU corporate framework that would facilitate access to finance for 28th regime companies, with summary of the views expressed during these technical meetings, were then submitted as the basis of discussions for the June and October HLF meetings.

During the High-Level Forum discussions, there was overall agreement among participants in the High-Level Forum that there is a need to improve the business environment for companies, and overall support for the 28th regime. However, trade unions strongly stressed the importance of protecting workers' rights, in particular as regards employee participation, and called for first amending the European Company (SE) Regulation. Many participants stressed the importance of the voluntary/optional character of the 28th regime for companies. Several participants, in particular representing Member States, as well as some business associations, were sceptical about addressing issues beyond corporate law, such as tax, labour or insolvency, under the 28th regime and preferred to focus on corporate law. Several underlined that while the fragmentation of the company law was indeed a problem, many difficulties were outside the company law area. Some considered other issues, such as efficiency of judicial proceedings or language barriers, as more important hurdles for companies. The importance of not allowing 28th regime companies to circumvent rules on employee participation in boards of companies was also raised. With regard to the main problems faced by companies, many participants stressed legal fragmentation, difficulty to access finance and administrative burdens overall. Member States underlined the need for a robust Impact Assessment to describe what problems companies face and what solutions might be most appropriate.

On digitalisation, many participants of the HLF on Justice for Growth stressed the very good progress already made in recent years in EU company law and the importance of taking the 2019 and 2025 company law digitalisation directives into account, especially that the latter has not been transposed yet, and of using BRIS and EUID. Overall, participants were in favour of (optional)

⁴ Launched in March and concluded in November 2025.

templates, multilingual or bilingual rather than in English only. A few Member States and notaries emphasised the importance of the preventive checks in the company formation procedures, including the involvement of notaries.

As regards the applicable capital regime, a majority of Member States were in favour of abolishing or reducing the minimum capital requirement to a symbolic amount to enhance entrepreneurship and competitiveness, and most stressed the need for alternative creditor safeguards. A few Member States stated that the minimum capital should not be entirely abolished, and two Member States regarded it as an important element that should not be merely symbolic. Business associations overall considered minimum capital as an obstacle and supported a zero/symbolic or low amount while trade unions cautioned against circumvention of workers' rights and proliferation of empty shell companies.

Overall, business associations stressed the need to address access to finance including venture capital and the important role of the 28th regime in addressing the current fragmented environment for investments. Most Member States were open to discuss not applying the par value principle, allowing companies to freely determine the value of shares, with some noting that should par value be removed, safeguards for creditors would be needed. At the same time, some others argued that the abolition of the par value principle was not necessary. As regards innovative financing instruments, several Member States expressed interest in their potential to facilitate early-stage financing, while one Member State considered that their use should be regulated at national level. Some also questioned whether legislative action was needed given that companies already used such instruments at national level. The views were mixed among business associations with a couple of them strongly supportive or open, and one preferring to leave the issue aside for the sake of simplicity.

On the capital structure, a broad majority of Member States expressed preference for a share-based model. Member States and other participants supported a flexible approach allowing for free transferability of shares as a default rule, with restrictions depending on the company's choice in the Articles of Association. A couple of Member States highlighted the importance of legal certainty for share transfers and the role of notaries and/or business registers and one – of including provisions to protect shareholders in the law.

On access to financial markets, while Member States and other participants underlined the need to allow companies to grow within the 28th regime legal framework, views were mixed on allowing access to public markets without changing the company legal form. Many Member States expressed doubts about granting access to regulated markets with some, however, advocating for access to SME/SMC growth markets. Some other Member States and business stakeholders stressed that access to regulated markets would make the 28th regime more attractive for companies and investors, thereby also supporting the objectives of the Savings and Investments Union by taking the capital markets perspective into account. A substantial number of participants did not have a definitive position on this issue⁵.

The Commission **Informal Company law Expert Group (ICLEG)** consisting of 16 company law academics and practitioners from 12 Member States and EFTA countries (Denmark, Germany, Spain, France, Ireland, Italy, Lithuania, Luxembourg, the Netherlands, Norway, Austria and Poland) held four meetings in 2025 with DG JUST where the issues relevant for the initiative were discussed. During the discussions, as regards the scope, several ICLEG members argued that the future proposal should not be restricted to certain types of companies and that one should not try to

⁵ The report as well as discussion papers and agendas of the HLF meetings are available on the HLF's website: [High-Level Forum on Justice for Growth](#).

define those. The participants also discussed about what legal approaches might be best suited to establish a unified corporate identity/brand recognised throughout the EU, and differences between the creation of a new legal form and introducing an EU label. The need for a consistent framework that allows for national variations while providing uniformity was emphasised.

As regards rules and procedures for 28th regime companies, the need to simplify procedures was also stressed during discussions, for instance by ensuring that founders only needed to contact one authority per Member State, and the role of national single-entry points for company formation and the possibility of one EU access point were mentioned. There was support for using standardised templates with limited and pre-determined options, which could assist entrepreneurs in the incorporation. The use of English as a standard language for legal documents was also suggested, with some ICLEG members mentioning that bilingual templates might be better given usual national requirements for the official Member State language. As regards liquidation, it was pointed out that it should be done as a “one-stop-shop” without the need for companies to file separately to different authorities, but these were viewed as less urgent compared to the need for streamlined company setup processes. The need for flexibility and digital tools as regards governance of companies were also mentioned.

As regards measures relevant for attracting investment to 28th regime companies, there was broad agreement that these were important issues to address. Making private contractual instruments such as “Simple Agreements for Future Equity” (SAFEs) contracts easier, looking at classes of shares and authorised capital were considered to be essential topics. The need for both simplicity and flexibility was underlined. On minimum share capital, it was mentioned that it does not provide a protection for creditors as the current financial situation of the company is more relevant. It was also argued that more flexibility would be useful for types of shares, to be able to delegate an increase of capital to the board of directors and to have more flexible rules on capital.

The minutes of these meetings are available in the Commission register of expert groups⁶. ICLEG also drew up templates with national laws relevant for this initiative, which were used as background information for this IA report.

Finally, Commission took into account the **JURI own-initiative legislative report “On the 28th regime: a new legal framework for innovative companies”**⁷, scheduled for plenary adoption in January 2026, when preparing the impact assessment for this initiative. For a summary of the own-initiative report, see section 4 below.

2. RESULTS OF THE CONSULTATION ACTIVITIES

This part presents the analysis of feedback received to the public consultation on the 28th regime per topics relevant for this impact assessment. In addition, the feedback received from stakeholders on the call for evidence is included in section 3 below.

A harmonised company legal form for entrepreneurs

Over 85% of respondents considered that divergent company law frameworks in Member States created barriers to a large or very large extent and that legal advice was needed due to complexity related to different company legal forms and/or to the procedure to set up companies in other Member States. The lack of available information about company legal forms and/or the procedure to set up companies in other Member States (70%) was seen as creating problems to a large or very

⁶ [Register of Commission Expert Groups and Other Similar Entities: Informal Expert Group on Company Law and Corporate Governance \(E03036\)](#).

⁷ [2025/2079\(INL\)](#).

large extent. 74% of respondents also saw the lack of an “EU brand” for private companies as a barrier for setting up, operating or closing down a company or attracting finance in the EU to a large or very large extent.

More than 88% of respondents (1184) agreed that the **EU-brand** would bring benefits, while 8% did not know or had no opinion and less than 4% replied negatively. When asked about the specific benefits and their magnitude, respondents considered that the most significant benefit was that investors would be attracted to invest in the 28th regime companies, with 93% considering that this would be the case to a large or very large extent (and 73% as very large). The next benefit would be that more startups would be created in Europe (84% agreed to a large or very large extent), followed by other companies (suppliers, contractors etc.) from other Member States being attracted to do business with the 28th regime companies (82% agreed to a large or very large extent). The benefit that consumers would recognise the 28th regime company as an EU company and would buy more products and services from such companies were also ranked as a very important benefit (74% agreed to a large or very large extent).

As to an appropriate company type for 28th regime companies, respondents were asked about whether the new corporate rules would be available to all companies of a specific type or to a subset of companies (such as innovative companies, startups, scaleups etc.) - 81% of all respondents (1084) selected the private limited liability company. Among them, the vast majority (83%) wanted the 28th regime company type for all private limited liability companies, while 10% preferred restricting it to a sub-set of private limited liability companies (startups, innovative companies and scaleups). 8% of respondents (107) selected the public limited liability company and the majority of those (69%) wanted the 28th regime company type for all public limited liability companies. 11% (146) chose another company type; a majority of those considered that the 28th regime should be available to both private and public limited liability companies, without restrictions on size or sector as this would allow companies to start as private and transition to public as they grew. Others mentioned that while focus should be on private limited liability companies, they should be able to access public stock markets (e.g. possible in Belgian law). Taking inspiration from existing national legal forms such as the French SAS and the Austrian FlexCo was also mentioned. At the same time the trade unions were of the view that the 28th regime should apply to a very limited scope - only to a subset of private limited liability companies.

There was also a general agreement among participants of the *HLF on Justice for Growth*, including Member States, business associations and legal professionals, in favour of a broad scope for the corporate framework, i.e. not limited to a sub-set of companies such as startups or innovative companies, due to difficulties to establish an appropriate definition, the administrative burden involved in demonstrating compliance and complications when companies no longer meet the definition. Some business associations stressed the importance of not limiting the access to newly created companies, and the need to cover the whole lifecycle.

As regards **who should be able to set up a 28th regime company**, 85% of respondents replied that both entrepreneurs and groups of companies (both natural and legal persons) should be able to do it. 14% said that it should be only entrepreneurs (natural persons) and only 1% - only groups of companies. The same percentage was reflected across most categories of respondents, with strongest majorities for both natural and legal persons among companies and business associations, and nearly all responding public authorities also in favour of that solution. The views were split, between the set up by natural persons only and by both natural and legal persons, among notary associations, and all the responding trade unions (10) said that only natural persons should be able to set up a 28th regime company.

In relation to the **minimum number of shareholders**, 80% of respondents replied that 28th regime companies should have at least one shareholder, 7% - minimum two shareholders and 4% - only one shareholder (single member company). 9% of respondents considered another option.

As regards **how 28th regime companies can be set up**, a large majority of respondents thought that both ways – by creating “from scratch” (88%) and converting an existing company (81%) – should be available. All the replying public authorities (11) thought that both methods should be available, whereas all replying trade unions (12) asked for only creation “from scratch”. Most of respondents who ticked the response “other” (9%) explained that both ways – from scratch and through conversion – should be made available. Out of those in favour of creation through a conversion (1092), 73% indicated a cross-border conversion according to existing EU rules and 62% - a domestic conversion. Nearly all of those in favour of a creation through a domestic conversion (96%), indicated that private limited liability companies should be able to convert, 57% wanted this to be possible for public limited liability companies and 43% - for partnerships. A preference for private limited liability companies was clear in replies from companies, citizens (mainly founders and investors) and public authorities, whereas a difference between private and public was less pronounced in replies from business associations. Finally, 9% suggested other company types, with a few references to specific national company forms, steward owned companies or cooperatives.

Regarding the **seat of the 28th regime companies**, 80% of respondents indicated that they should be allowed to have the registered office and the central administration (head office) in different Member States, as opposed to 14% in favour of the registered office and the central administration (head office) in the same Member State. While business associations, companies, citizens (mainly founders and investors) and public authorities were in favour of allowing seats in different Member States, the responding trade unions were in favour of registered and head offices in the same Member State. While the responding notary organisations were mostly in favour of both seats in the same Member State, some legal professional organisations preferred to leave it to national law. 6% of respondents suggested other solutions, e.g. a few companies pointed out that many startups work remotely and might not have physical headquarters. Half of those who responded to this question provided further justifications. Among those in favour of allowing seats in different Member States, many – in particular citizens (mainly founders/investors) and business associations – strongly stressed the importance to facilitate companies’ cross-border operations, support scaling and cross-border business models and reduce administrative burdens; numerous companies and founders stressed that this was needed for modern, digital-first businesses with teams working remotely across Europe. A number of companies and founders also referred to the US and Delaware C-corporation, where companies are registered in Delaware but have their operational headquarters in another US state. Overall, a number of respondents seemed to understand the term head office in a broader sense than the place where the central management is located. Among those in favour of both seats in the same Member State, the most often mentioned reason was to prevent forum shopping/regulatory arbitrage and circumvention of tax and social security rules; the second reason - in particular among companies but also some citizens (mainly founders/investors), was to simplify steps and reduce complexity for companies.

As regards **employee participation**, i.e. representation of employees on boards of companies, in 28th regime companies, 44% of respondents believed that the 28th regime company should be subject to existing national rules (where those exist) on employee participation in the same way as other companies registered in the same Member States, while 36% had the opposite opinion and the remaining 20% had no opinion. All responding trade unions and the majority of public authorities thought that 28th regime companies should be subject to national employee participation rules, and some trade unions stressed that doing this would undermine safeguards at national level and weaken the social standards and acquired employee rights. Also, most of the replying notary organisations stressed that the 28th regime should not undermine national labour law. Most of

business associations who had an opinion was in favour of applying national rules, including given difficult negotiations in the past, and to respect national competences.

Only slightly more among companies and citizens (mostly founders/investors) were in favour of applying national employee participation rules as compared to those against. However, it is difficult to draw clear conclusions from these results as some of the replies focused on employee share ownership and not employee participation in the boards. Most of those in favour who provided justifications, mentioned that it was important to respect the different national employee participation laws and some - that the 28th regime should not give unfair advantages over domestic businesses. Many of those against applying national rules argued that this would lead to fragmentation, legal uncertainty and burdens for companies and many thought that also employee rules should be harmonised rules to make it simpler for 28th regime companies. Those who replied in more detail, explained that such employee participation rules for 28th regime companies should ensure fair treatment of employees but also respond to the needs of innovative companies and therefore avoid administrative burdens and some mentioned exemptions from employee participation for small and fast-growing companies.

Most respondents (70%) were in favour of allowing **28th regime companies to carry out cross-border conversions, divisions or mergers** in accordance with existing rules on companies' cross-border mobility in Directive (EU) 2019/2121 (reflected across different categories of respondents), while 3% opposed, and 26% had no opinion. Respondents in favour who provided additional comments – in particular business associations and some companies - stressed that applying this Directive would ensure legal certainty and safeguards for stakeholders including employees. A few trade unions mentioned that corporate mobility across borders can be positive, provided it does not come at the expense of workers' rights. A few respondents against applying the Directive said that rules should be even simpler for 28th regime companies.

84% of respondents considered that all **tools and processes for the 28th regime companies should be fully digital**, without paper-based alternatives; 12% preferred online procedures with a parallel paper-based/offline option, and 4% opted for primarily digital procedures but allowing for some exceptions. The preference for fully digital-only procedures was widely shared across stakeholder groups, with 89% of companies and citizens (mainly founders and investors), 72% of business associations and 75% of public authorities in favour of digital-only. In contrast, 71% of trade unions asked for online procedures with paper alternatives and a notarial organisation - for primarily digital procedures with some exceptions. Respondents emphasised the need for digital procedures covering the entire company lifecycle, including setting up, operating or closing and investment processes.

Setting up of companies

In addition to views expressed related to the need for legal advice due to complexity of different procedures to set up companies in other Member States and insufficient information about such procedures mentioned already above, 81% of respondents assessed the **insufficient availability of digital tools and procedures related to setting up of companies** as being a problem to a large or very large extent. More than 86% considered that the **hassle costs** (such as unnecessary waiting time, delays) related to the setting up a company were high and almost 68% - very high. 78% considered the **administrative burden** related to setting up as being high or very high.

When asked about the **main barriers which made it difficult to set up private limited liability companies fully online**, 75% of respondents thought that EU rules on fully online setting up of companies were not implemented fully/correctly, and 73% - that companies were not aware of the existing rules, and that it was not possible to carry out all the steps for the formation of a company fully online. In addition, 74% - that the process to form a company takes too long and that technical solutions were not user-friendly and did not function properly, 73% - that it was not possible to

carry out all the steps without the involvement of intermediaries, and 68% - that it was not possible to do the formation in English. The majority of the respondents who answered open questions considered that barriers related to company formation went beyond company incorporation procedure and registration in the business registers and also included issues related to banks, tax, social security and anti-money laundering; that depended on Member States and a large majority of replies focused on problems in Germany and Spain, followed by Italy and the Netherlands with some examples of also other Member States. The majority mentioned **involvement of notaries** as a reason for not having online setting up of companies, and many explained that notaries did not fully apply online tools (even if those existed) but required physical presence for e.g. checking identity, signing documents, certifying documents. Responses also mentioned that in some countries, **legal or tax advisors** were required for filings, particularly for companies with foreign shareholders, and that often lawyers, accountants or tax advisers were involved due to anti-money laundering rules, tax obligations and local legal advice requirements, in particular for foreign founders or complex legal environments. The responding tax adviser and legal professional organisations stressed that engaging tax advisers, lawyers or notaries was strongly advised when establishing a company, as decisions at this stage can have serious consequences for the business, its shareholders and other stakeholders.

The problems related to the **verification of identity of natural persons and to digital signature and lack of interoperability** between countries were also mentioned, which was thought to have an impact throughout the company lifecycle; problems in cross-border situations were highlighted in particular. A large number of respondents also stressed the **barriers linked to banks**, including that opening of bank accounts usually requires physical presence and that share capital deposit must often be verified in person. The responding notarial organisations stressed the importance of mandatory public preventive control through courts, administrative bodies and/or notaries, which ensured that company information entered in business registers was complete and correct and was essential to prevent the misuse of company law for illegal activities, such as money laundering and terrorist financing.

On the **length of the setting up of the company**, over 40% of respondents said that it takes more than 20 working days; 24% - between 10 and 20 working days and 16% - between 5 and 10 working days. 11% replied that the process takes between 2 and 5 working days, which was also the view of the responding notaries, and only 7% - that it is less than 2 working days. These views were broadly shared by companies and most business associations, only very few public authorities and trade unions replied and those considered the process took less than 5 days. For 89% (760) of respondents, one of the **reasons why the formation process takes too long** was the time needed by business registers to complete company registration; for 83% (713) – it was due to the involvement of intermediaries; and 23% cited other reasons. The additional reasons included delays in opening a bank account and depositing capital, manual anti-money-laundering checks and cross-border filings with multiple authorities, as these steps were sequential and could not run in parallel, extending timelines.

As to the **formation of company in English**, the majority considered that everything should be in English, while some others opted for dual language requirement (Member State language/EN), and it was said that having all procedural steps in English was crucial to attract foreign investors and promote cross-border activity.

When asked about specific digital tools and solutions, 89% of respondents thought that **a single access point/interface and harmonised registration form** would contribute to a very large (80%) or large extent (9%) to a fast and efficient setting up of 28th regime companies.

On the issues related to **cross-border electronic identification of persons**, 88% of respondents (747) indicated there were still problems, of which 68% mentioned issues related to the recognition

and/or acceptance of the electronic identification, 64% - the lack of clarity and guidance on the use of electronic identification in company registration and filing procedures, 58% - the limited availability of electronic identification solutions and 53% - technical problems when using electronic identification. A minority (12%) saw no issues and 8% mentioned other ones. A large majority of respondents pointed out that problems were due to the fact that digital ID solutions were built for national citizens and residents only and did not work cross-border. They explained that despite the EU eIDAS and Digital ID frameworks, many Member State registers still refused to recognise foreign eIDs or required manual identity checks or physical verification. Unclear guidance on use of eIDs in company registration, technical problems such as failed verification were also mentioned. The lack of interoperability between national systems forced founders to rely on costly workarounds or intermediaries; some suggested that a harmonised e-ID recognition across the EU was essential to make the 28th regime truly digital. Some respondents referred to **non-EU nationals** who did not meet the requirements for using eIDAS identification and were prevented from participating in startups as investors.

As regards **electronic signatures**, 90% of respondents (792) indicated there were still problems; 72% indicated there were still issues related to the recognition and/or acceptance of the electronic signatures, 62% mentioned the lack of clarity and guidance on the use of electronic signatures in company registration and filing procedures, 53% - the limited availability of electronic signature solutions, 49% - technical problems, 46% - costs to obtain and use electronic signatures and 41% had concerns about the security and integrity of electronic signatures. 10% saw no remaining problems and 6% mentioned other issues. Respondents to the open question (61) mentioned a lack of acceptance of electronic signatures by authorities, including notaries, lawyers, courts, and also by banks, the inconsistent recognition of electronic signatures across Member States, and the requirement of an in-person registration to obtain one.

Once-only submission of information in the context of registration

Over 85% of respondents considered that the lack of implementation of the “once-only” principle (whereby company needs to submit the information only once and information is automatically shared between the authorities) created barriers to setting up, operating or closing down a company or attracting finance in the EU to a large or very large extent. In the context of setting up companies fully online, 84% considered it was burdensome/time-consuming to have to submit company information separately to other authorities than the business registers. Similarly, as regards steps of the formation procedure, which cannot be carried out fully online, respondents mentioned registration with tax and social security authorities, which required separate, non-digital submissions to national authorities. In many cases, tax and social security registrations were still manual or disconnected from the company registry process. Cross-border filings with multiple authorities were also mentioned as one of the reasons why the formation process takes too long.

90% (836) of respondents who considered it a barrier that company information must be submitted separately to authorities other than the business register, indicated that information had to be submitted to tax authorities, in the context of obtaining a Tax Identification Number (TIN), 67% - to social security funds or other competent authority due to requirements related to social security obligations, 55% - the relevant authority related to anti-money laundering issues and 36% - tax authorities for other tax purposes; and 24% mentioned other authorities (e.g. data protection authorities (for data controllers), intellectual property offices, central bank authorities for foreign direct investment approvals, health and safety inspectorates, etc.) and purposes. As to other purposes, respondents mentioned, among others, corporate income tax registration, VAT registration, and declarations required for business activity classification or advance payments under national tax regimes; these were said to prolong the company formation process and duplicate information already provided to business registries.

When asked about specific digital tools and solutions, 89% of respondents thought that application of the once-only principle would contribute to either a very large (80%) or large extent (9%) to a fast and efficient setting up of 28th regime companies.

Operations of companies

74% of respondents considered the insufficient availability of digital tools and procedures related to operation of companies, e.g. digital general meetings, online filing, as being a problem to a large or very large extent.

79% of the respondents to the public consultation considered that the hassle costs (such as unnecessary waiting time, delays) related to the operating a company were high or very high. 80% considered the administrative burden related to operating as being high or very high.

During the operational phase, one of the most important procedures is to amend the **Instrument of Constitution/Articles of Association**, which is necessary for any changes to the management structure, decision-making processes, investors, profit distribution or corporate restructuring such as mergers and capital increases, and questions about the Instrument of Constitution/Articles of Association were also included in the consultation. When asked about the **practical difficulties when amending the Instrument of Constitution/Articles of Association**, 80% of respondents said that the lack of fully digital procedures and limited acceptance of electronic signatures across jurisdictions either from Member States (or 70% - from third countries) causes practical difficulties to a large or very large extent. According to around 50% it was also problematic (to a large or very large extent) that the adoption of amendments took too long due to the involvement of intermediaries and lack of clarity about the applicable legal framework to amend the Instrument of Constitution/Articles of Association (e.g. required steps, authorities/intermediaries involved, timeline for approval and registration). No English language version of the template, the lack of online general meetings, challenges with shareholder identification were assessed as problematic by around 40% of respondents. Respondents, including companies and citizens (mainly founders and investors), also reported practical difficulties, such as cross-border procedural burdens (e.g., notarial deeds, apostilles/legalisation, certified translations, registry checks), fragmentation and lack of interoperability between national procedures, reliance on intermediaries for each change, and registry inefficiencies (e.g., paper filings, mandatory notarisation, local publications, variable fees).

58% of respondents were in favour of making the use of standardised template of the Instrument of Constitution/Articles of Association mandatory for 28th regime companies, while allowing some flexibility through pre-determined optional clauses (e.g. voting rights, profit distribution, board rules). Around 30% preferred to be able to choose between an optional standardised template or tailor-made Articles of Association, and 8% supported a fully mandatory model without any modification possibilities. Business associations, companies and citizens (mainly founders and investors), who provided further comments, favoured a modular framework built around a standardised core for speed of incorporation, complemented by optional clauses allowing adaptation to different business models. On the other hand, trade unions favoured the use of expert-group-developed standard clauses to ensure transparency, equal opportunities, and adequate protection of creditors, minority shareholders, and employees. Notaries' associations were generally opposed to EU-wide templates, arguing that divergent national legal systems make harmonisation difficult. When given a choice between the use of a standardised template of Instrument of Constitution/Articles of Association and flexibility, 59% of respondents considered that it was more important to allow founders some flexibility to tailor their Instrument of Constitution/Articles of Association to their specific needs, even if this may lead to longer registration times and less uniformity across the EU, and around 34% prioritised faster company registration through a fully standardised template, even if this would limit ability to customise governance structures, while 7% proposed other approaches.

As regards the question whether companies currently face problems to **hold meetings online**, the views of respondents were split, with 41% - reporting positive experiences and 41% - negative. Among those reporting problems, several business associations, a few competent authorities and legal professionals, companies, and citizens (mainly founders and investors) emphasised that while online and hybrid meetings were increasingly recognised in principle, using them in practice was difficult due to fragmented national rules, legal and technical barriers and procedural requirements. Challenges included identity verification across borders, uneven recognition of qualified e-signatures, proxy validation, e-voting standards and notarial or in-person formalities, which generated legal uncertainty and additional costs.

There was unanimous support among stakeholders for allowing shareholders and directors to participate and vote both online and physically in company meetings (hybrid mode), rather than only online or only in person solutions. Trade unions, without opposing digital options, stressed that online participation and voting must not affect applicable company law and that safeguards should prevent abuse. Furthermore, a clear majority of respondents (88%) considered that 28th regime companies should have the autonomy to decide on the format of general meetings and board meetings in their Articles of Association, whereas around 9% supported regulation by law.

Closure (liquidation) of companies

63% of respondents considered the insufficient availability of **digital tools and procedures for the closure of companies (outside of insolvency)** as being a problem to a large or very large extent. In addition, 58% considered that the **hassle costs** (such as unnecessary waiting time, delays) related to closing down were high or very high, and 57% considered the **administrative burden** related to closing down as high or very high.

When asked about **specific barriers to the efficient closure**, 67% of the respondents saw the lack of a simplified/harmonised procedure for winding-up as a barrier (to a large or very large extent). Around 63% saw the fact that it is not possible to carry out all the steps of the closure (as regards the business register) fully online, that it is not possible to carry out all the steps without the involvement of intermediaries and that it is necessary to separately notify several authorities as a barrier to a large or very large extent. Finally, 58% agreed (to a large or very large extent) that the length of the closure process, no possibility to carry out the closure in English (54%) and lack of user-friendliness or problems with technical solutions (53%) were high barriers to closure of a company in the EU.

Among those who provided additional comments, business associations and legal professionals, noted that key actions (notarisation of deeds, tax and social security clearances, creditor notifications and registry updates), still required in-person presence, adding time and costs, and the public authorities confirmed that fully digital closure was not yet possible since notarial supervision and physical filings remained mandatory in most Member States. The citizens (mainly founders and investors) echoed these concerns, describing closure processes as fragmented, slow and expensive, especially for small or dormant firms. As regards the involvement of intermediaries, respondents who gave additional comments explained that in most Member States, companies cannot complete dissolution without notaries, lawyers, auditors, liquidators or translators whose participation is often legally required, sometimes even in straightforward or single-shareholder cases.

As regards the length of the closure procedure, stakeholders mentioned that it typically takes between six and eighteen months depending on the Member State, company size and whether insolvency is involved. Some business associations also noted that mandatory involvement of intermediaries, such as notaries, lawyers, auditors, liquidators, and translators, multiple authority clearances, creditor-notification periods, tax audits, and manual registry steps, led to significant delays and costs. A few trade unions stressed that employee consultation and redundancy procedures were essential safeguards, and companies, and citizens (mainly founders and investors)

emphasised that sequential filings, notarial acts and manual verification made dissolution fragmented and disproportionately burdensome. On use of English, there was a strong consensus among respondents that all key steps in company closure procedures should be accessible in English.

When asked about the **main obstacles related to insolvency for companies**, in particular in cross-border situations and beyond the existing Restructuring and Insolvency Directive and the proposal for Insolvency Directive, 435 respondents replied and almost one-third gave no substantive reply and instead mentioned no experience or no opinion on the topic. A recurring element in contributions (73) was that traditional insolvency proceedings were too costly, complex or bureaucratic for micro- and small companies or duplicating or too divergent from one Member State to another. A few stakeholders (11) also mentioned the diverging availability of restructuring or absence of cross-border recognition of insolvency proceedings. A number of stakeholders mentioned different insolvency filing triggers and directors' liability (25), differing ranking of claims across Member States (25), non-solving of cases of asset-less entities leading to zombie firms (17) and lack of harmonisation on discharge rules, in particular of public debts (16). Some business organisations mentioned high costs, complexity and bureaucracy for micro- and small companies or duplication or high divergence of insolvency rules from one Member State to another and some of these also called for a harmonised simplified digital insolvency procedure for microenterprises or smaller businesses. 3 responding national Ministries were against insolvency being included as a part of the future 28th regime, whereas a national investment agency deplored the fragmentation of the insolvency laws and suggested that certain sections of the proposal on the Insolvency Directive (a unified framework for pre-pack sales, standardised director obligations and creditor rights and digital tools for asset tracing and cross-border coordination) could become a part of the future 28th regime.

As to the **main solutions on insolvency**, 50 respondents called for a harmonised simplified digital insolvency procedure for all businesses or only for microenterprises and smaller businesses; some others (16) asked for a smoother cross-border recognition of insolvency or restructuring procedures, including group proceedings (under the European Insolvency Regulation); a few of were in favour of a 28th EU insolvency regime (11) and some others - against (7). The relaxation of the current rules on directors' liability (24); further harmonisation of debt discharge, in particular of public debts (21); and harmonisation of ranking of claims (7) were also mentioned.

The respondents were also asked in the consultation about the main problems related to the **cost of failure for companies** in the single market. The "failure" was understood in responses in different ways; most often - as corresponding to insolvency proceedings, including preventive restructuring frameworks in the sense of Insolvency Directive (EU) 2019/1023 and insolvency liquidation; in some responses - as linked to company law winding-up/liquidation, voluntary or involuntary, outside the scope of insolvency proceedings; and finally, in some responses – more broadly as "closure of the company", and therefore, the replies were not always easy to assess coherently. The responding public authorities understood failure as insolvency and expressly referred to the Insolvency Directive (EU) 2019/1023 and the related problems including unrecovered investments, outstanding debts and costly insolvency proceedings coupled with reputational damage and cultural stigma, which were seen as increasing uncertainty, discouraging cross-border activity and reducing second-chance opportunities. The responding business associations suggested that key problems related to cost of failure included high restructuring costs compared to international peers, leading to a competitive disadvantage; non-financial costs, such as reputational damage and cultural stigma surrounding business failure in many European countries, which discourage entrepreneurs from re-entering the market and undertaking risk. Some companies stressed that insolvency restructurings were time-consuming. Some citizens (mainly founders and investors) and companies, mentioned that redundancy costs across Member States were high and the redundancy rules too rigid, limiting

companies' ability to restructure to adapt to the market needs. Some other companies saw the divergent rules on cross-border closures, the complex, slow and expensive exit procedures where liquidation often requires notarized filings, public notices and long waiting periods as problematic, with even dormant companies subject to high compliance costs. In addition, some companies and citizens (mainly founders and investors) noted that founders risk personal liability and stigma, with little support for second attempts, which discourages innovation, agility and the willingness to take entrepreneurial risks essential for startup growth.

As to **potential measures to reduce the financial and non-financial cost of failure**, the responding public authorities suggested simplification of insolvency procedures, in particular for early-stage companies, to be preceded by an assessment of the Insolvency Directive (EU) 2019/1023 and mentioned that the promotion of a “prevention culture” would be helpful and that a cultural change was required to reframe failure as a learning opportunity, not a permanent stigma. It was also proposed to make the voluntary liquidation procedure for 28th regime as simple as possible to reduce the need for insolvency proceedings. The responding business associations called for EU-wide harmonisation of insolvency rules, faster and automatic recognition of insolvency proceedings, reduced bureaucracy, fast-track micro-liquidation procedures, automatic debt discharge and director safe harbour protections. The responding companies and citizens (mainly founders and investors) had divergent views: some focused on harmonisation of the insolvency regimes, the establishment of second-chance frameworks and the change of culture related to insolvency stigma; some others noted that a digital, simplified, fast and transparent closure procedure would reduce both costs of failure and allow entrepreneurs to re-enter the market without unnecessary legal and administrative burdens. Yet others proposed to harmonise company closure across the EU to reduce the cost of failure, remove the need for notarization and long waiting periods, limit personal liability for honest founders and offer second-chance incentives.

Attracting talent (employee stock options)

As regards **types of companies which would most need rules to facilitate the use of employee stock options** or similar equity-based instruments, a strong majority of respondents considered that both startup and scaleup companies would most need such rules (89% and 86%, respectively), and 75% said so about innovative companies. Overall, a high majority of respondents chose all startups, scaleups and innovative companies; this was the case among business associations, companies and citizens (mainly founders and investors). A third of responding public authorities and more than half of responding trade unions did not have an opinion. Among those who provided additional comments, many business associations stressed that employee stock options were in particular important for startup, scaleup and innovative companies to attract and retain top talent, as they often lack the cash resources to offer competitive salaries, and a few welcomed employee stock options' incentives for all types of companies at national level but stressed they were not calling for rules to be included in the future EU initiative. Many companies similarly said that employee stock options were in particular important for startups, scaleups and innovative companies as those often lacked the liquidity to offer competitive salaries, and some - that they were important to motivate employees and to align the interests of employees and companies, and a third - that employee stock options were important to bridge salary gaps, compete for talent and “counter the pull of the US” and that without harmonised rules, employees risk losing the beneficial treatment from one Member State when moving to another one. Many companies also stressed that all companies should benefit from ESOs, e.g. that early-stage companies need ESOs to compete for talent but larger innovative companies or scaleups might need them to retain talent. Overall, many called for harmonised rules on employee stock options in the EU, and some specifically referred to tax elements. The legal professionals and tax adviser associations stressed that ESOs should be available to all types of companies. A few trade unions stressed that financial participation schemes carried risks for employees and lead to tax loss for Member States, while shifting entrepreneurial risks to

employees; and it was noted that ESOs should never replace wages or regular remuneration, nor be used to supplement salaries in a way that undermines fair compensation practices.

When asked about the **main barriers to using employee stock options**, the responding business associations stressed that the fragmentation of tax regimes was the main barrier, and in particular, that depending on the Member State, employees may be taxed on unrealised gains, there are valuation mismatches between startups and tax authorities, and employee risks double taxation across jurisdictions in case of mobility or where the place of employment is different from the residence of the employee, making employee stock options unattractive. It was also noted that startups struggled with notarised paperwork requirements. A big majority of companies and citizens (mainly founders and investors) also saw the lack of harmonized tax treatment and legal frameworks across EU countries, requiring individual legal advice per Member State, as main barriers, making it complex to offer employee stock options to cross-border talent. In particular, it was explained that taxation often occurs at the grant or vesting stage, rather than when gain is realised, creating upfront costs for employees with no actual gains, and reducing the attractiveness and usability of equity-based compensation. In addition, the classification of income from stock options can differ, with some jurisdictions treating it as ordinary income (subject to higher tax rates) and others as capital gains (with typically lower tax rates), which complicates the net benefit calculation for employees and can deter companies from offering employee stock options. Approximately half of the companies and founders reported that the fragmented legal frameworks, notarisation and translation requirements and administrative burdens across EU Member States made it difficult, costly and burdensome for companies, especially startups, to implement stock option plans. It was also mentioned that securities rules often restricted offering options to residents of another Member State; that valuation mismatches and inconsistent methods across Member States exposed employees to unfair or unpredictable charges as discrepancies between market value assessments by companies and tax authorities can lead to disputes and financial unpredictability. Few founders mentioned that the companies may need to establish different employee stock option schemes (ESOPs) in each jurisdiction to comply with national rules. Two public authorities identified the fragmentation of legal and tax frameworks across EU as barriers; another barrier was the lack of standardised documentation and processes, making employee stock option implementation costly and legally risky for early-stage companies. One notaries' association confirmed that the limited use of employee stock options was primarily due to the lack of attractiveness from a tax perspective.

Governance and capital regime for founders and investors

The legal advice needed due to complexity related to different company legal forms and/or the procedure to invest in companies in other Member States was assessed as a barrier to a large or very large extent by 86% of respondents and the complex and non-flexible rules e.g. governing capital increases and shareholder rights - by 84% of respondents. In addition, lack of available information about company legal frameworks and/or the procedure to invest in companies in other Member States as well as insufficient availability of digital tools and procedures to invest in companies were also considered high barriers by over 70% of respondents.

As regards **capital regime and the minimum share capital requirements** for 28th regime companies, 36% of respondents supported having no minimum capital; 29% - favoured a symbolic amount (e.g. EUR 1); 16% - preferred to have minimum share capital between EUR 1 000 and EUR 5 000; 8% between EUR 5 000 and EUR 10 000; 6% - between EUR 10 000 and EUR 25 000; and 5% - were in favour of another solution. 68% of respondents agreed or strongly agreed that minimum capital requirement creates an administrative burden for companies, 67% - that the amount of the minimum capital is not related to companies' size and activity and thus, not suited to their real needs, and 52% - that minimum capital is not a necessary protection for creditors.

Almost 70% of companies, citizens (mostly founders and investors) and business associations were in favour of share capital at a symbolic amount (EUR 1) or at EUR zero, while around 30% - advocated for a sum between EUR 1 000 and EUR 25 000. Business associations highlighted that minimum capital requirements are increasingly irrelevant as a protection for creditors and can hinder startup formation and cross-border scaling. Public authorities were also largely (over 70%) in favour of a symbolic amount (EUR 1) or at EUR zero, with 8% in favour of minimum capital between EUR 1 000 and EUR 5 000 and 17% - between EUR 5 000 and EUR 10 000. Trade unions generally thought that the minimum share capital for 28th regime companies should mirror national requirements to prevent circumvention of domestic rules and protect workers and creditors and saw it as an important protection for creditors; some explicitly warned that “1-euro companies” risk enabling abuse and social dumping. While notary organisations were of the opinion that a symbolic capital, such as EUR 1, would undermine creditor protection and encourage regulatory arbitrage and called for a meaningful minimum capital or to be set at national level to preserve financial reliability, the responding bar associations were more flexible (two national bars supported no or symbolic capital and one suggested a range between EUR 5 000 and EUR 10 000).

When asked about possible **safeguards for creditors** in case minimum capital was set at a low amount or not required, 44% of respondents to the public consultation replied that other creditor safeguards should be provided while 32% thought that no safeguards would be necessary. The views were split among business associations, and companies and citizens (mainly founders and investors). Trade unions and notaries shared concerns about weakening creditor protection if minimum capital requirements were removed or set too low; for instance, some notary organisations emphasised that minimum capital should be mandatory and complemented by solvency and liquidity tests before any distribution. The legal professionals also broadly agreed that, if the 28th regime dispensed with a statutory minimum capital, strong alternative safeguards would be essential to maintain creditor confidence and financial reliability.

In the context of **specific types of safeguards**, 88% of respondents agreed or strongly agreed that the distribution of dividends should be allowed only if the company can pay its planned expenses over a defined period of time; 75% - that companies should need to allocate a specific percentage of profits to company’s legal reserve up to a predefined amount; and 63% - that there should be a mandatory minimum capital increase in case of a significant annual loss. Notary associations, some public authorities, companies and citizens (mainly founders and investors) advocated for a solvency test that would allow verification of a company’s viability in the mutual interest of shareholders and creditors. Some business associations emphasized that these obligations should not restrict significantly profits that companies can invest in R&D and operational activities and some companies emphasized that good information for creditors on companies’ financial situations could help compensate for the symbolic nature of capital’s amount.

The most frequently mentioned barriers to **attracting private investments for companies and for EU investors** were time-consuming **capital increase procedures** (847 replies for companies, 670 – for EU investors), the high administrative or legal costs related to those (831 and 616 replies, respectively), and the mandatory involvement of intermediaries and in-person formalities when approving capital increases at general meetings (749, 639). Other obstacles included the absence of cross-border platforms for issuing and transferring SME and startup securities (675, 572), legal uncertainty or lack of clarity regarding required steps of a capital increase procedure (598 replies), language and translation requirements (582, 521) and difficulties in verifying investor/shareholder identity remotely (541, over 450). Over 450 respondents agreed that other issues (procedures for foreign investors to obtain the TIN and lack of information about shareholders’ rights) also constituted barriers for companies and EU investors. The top barriers **for non-EU investors** were related to the involvement of intermediaries (652 replies), time-consuming capital increase procedures (641), related costs (601), procedures to obtaining the TIN (545), lack of cross-border

platforms (538), language and translation requirements (535) and limited access to information on shareholders' rights for foreign investors (507), with more than 450 agreeing that other issues (legal uncertainty about the steps of a capital increase and difficulties to verify shareholder identity) also constituted barriers.

As regards measures to **reduce or eliminate barriers to capital increases and other investments**, over 80% of respondents considered that introducing harmonised EU procedures for capital increases (83%) and enabling fully online capital increases, including online participation in general meetings and voting (80%) would help reduce barriers to a large or very large extent. Around three quarters agreed that barriers would be reduced to a large or very large extent by simplifying the procedure to issue the TIN for foreign investors (76%) and by standardised templates, e.g. for a general meeting resolution on capital increase (74%). Investors, companies and business associations were in favour of harmonised capital increase rules and model templates for general meetings' resolutions on capital increases; several business associations underlined that harmonisation should preserve flexibility for companies to adapt such documents to their specific needs, particularly regarding special rights such as pre-emption rights.

As regards **private equity investment agreements, such as the US SAFEs or the French BSA AIR**, 65% of respondents agreed that directors of 28th regime companies should be authorised - either by the general meeting of shareholders or through the articles of association - to negotiate and implement those; 14% considered that this should be possible under certain conditions and a fifth had no opinion or did not know. The majority of respondents who provided additional comments, including business associations, companies and citizens (mainly founders and investors), were in favour of introducing a European version of the US SAFE agreement and most mentioned benefits from such agreements, including that they would facilitate innovation driven quick and flexible early-stage fundraising and reduce the related red-tape. Some stated that directors should be empowered to negotiate and sign SAFE-like agreements as long as they are authorized by shareholders or that is clear in the articles of association to ensure transparent oversight, accountability and prevent the potential misuse of 28th regime. A small number of public authorities and notary associations suggested that SAFE agreements should be subject to preventive control and allowed only if national law does so.

More than 72% of respondents agreed that an optional standardised model/template for such private equity investment agreements should be developed for 28th regime companies to facilitate their early-stage financing; 9% said that this should be developed under certain circumstances and almost 16% had no opinion. The majority of respondents (public authorities, business associations, companies and citizens (mainly founders and investors)) who gave additional comments, through that a standardised, optional EU templates could reduce legal complexity, increase transparency, build trust and confidence among investors and founders, and accelerate cross-border investments, especially for early-stage startups. A few public authorities, founders, companies and business associations suggested that the development of such a template should be rather market-driven to ensure it is well-suited to the needs of investors and entrepreneurs. Notaries' associations considered that no template was needed as these need to be tailor-made and legal advice was needed.

83% of respondents to the consultation (across all stakeholders' groups, except trade unions) also supported **the issuance of multiple classes of shares** by 28th regime companies; 6% considered that this should be possible under certain circumstances and 9% had no opinion. A few trade unions provided additional comments focusing on only one aspect of multiple voting shares, i.e. their use in stock-option based employee stock ownership plans and said that such plans can attract talent, but they carry high risks for employees, lead to tax losses for Member States and should be subject to uniform rules and cannot replace remuneration. The respondents also provided feedback on **types of share classes which could be most relevant or beneficial**, with public authorities

mentioning those with limited or no voting rights, dividend preferences, liquidation preferences and flexible governance privileges as they could support diverse investor profiles and simplify cross-border fundraising; and business associations, companies and citizens (mainly founders and investors) emphasized that there should be flexibility to issue a variety of share classes, and that non-voting shares and dividend preferences were important for attracting investment and retaining founder control while the company should be able to offer non-voting shares to employees as a way to incentivize and retain talent. When asked about **benefits from the use of multiple classes of shares**, 80% of respondents strongly agreed that this would make 28th regime companies attractive to investors and entrepreneurs/start-ups; 75% - that it would attract highly skilled employees and provide motivation for a long-term engagement and facilitate the use of tailored shareholders' agreements. There were strong majorities in favour in all stakeholders' groups, except trade unions.

Exit options

When asked if 28th regime companies should be able to **freely transfer shares without restrictions**, respondents were divided, with 44% - against the free transfer of shares without restrictions and 38% - in favour, with 17% with no opinion. Among those who submitted additional comments, the majority thought that shares should be freely transferable with restrictions being optional and defined in the articles of association. Public authorities stressed that the need for balance between the free transfer of shares and the protection of minority shareholders, e.g. through optional restrictions to ensure transparency, trust and AML compliance. Business associations, companies and citizens (mainly founders and investors) noted that reasonable restrictions such as pre-emption rights, lock-up periods or approval clauses should be available to founders in the articles of association to ensure investors' confidence to provide liquidity and also preserve ownership stability while protecting minority shareholders' rights and preventing hostile takeovers. Notarial associations also agreed that founders should be able to include restrictions in the articles of association. In case **restrictions on the transfer of shares** would be necessary, 77% of respondents preferred pre-emption rights, 49% - the right of shareholders to approve a new shareholder and 40% - the temporary transfer prohibition (lock-up period). In addition, 84% replied that restrictions on the transfer of shares should be left for companies to define in the Articles of Association; 7.6% - considered that these should be mandatory.

As regards the **preferred financing channels for 28th regime companies**, the most preferred one among respondents to the consultation was capital contributions from new shareholders or private investors, including, but not limited to, business angels, venture and growth capital funds, corporate venture capital, and other private equity actors, with 91% of respondents agreeing to a large extent (and 76% to a very large extent); then debt funding (e.g. loans, bonds, etc. including access to debt exchange markets for the issuance and trading of debt securities) and access to SME Growth Markets, by 74% and 68%, respectively. Around half of respondents also thought (to a large or very large extent) that admission to regulated Stock Markets: full public listing on a regulated exchange (47%) and equity-based crowdfunding (44%) should be preferred financing channels. Finally, admission to other Multilateral Trading Facilities (MTF, private platform that allow for the trading of equity instruments under flexible but regulated conditions) were raised by 38%. Business associations preferred (to a large or very large extent) contributions from new investors, access to SME Growth markets and debt funding and to a moderate extent - equity-based crowdfunding, admission to regulated stock markets and admission to other MTF. Companies and citizens (mainly founders and investors) supported (to a large or very large extent) contributions from private investors, access to SME Growth markets, admission to regulated stock markets and debt funding while they were split on equity-based crowdfunding and admission to other MTF. Public authorities were less supportive of the admission to other MTF; and trade unions had a clear preference for contributions from private investors, equity-based crowdfunding and access to SME Growth markets and were against the other channels of financing.

73% of respondents (across all stakeholders' groups, except trade unions and notaries) thought that the 28th regime corporate legal framework proposal should include **provisions to facilitate the eventual access of a 28th regime company to regulated markets** as the company grows; only 6.5% were against and 20% - had no opinion. Among those who provided additional comments, business associations noted that the 28th regime should be consistent with the goals set forth in the Savings and Investment Union strategy and consider the whole lifecycle of a company, and therefore, the 28th regime legal form should be compatible with the scaling up of the company and the perspective to go public. Companies and founders emphasised that simplicity should be prioritised and the facilitation of access to regulated markets should not entail a more complex corporate structure; and that transitional rules should allow a smooth progression towards more stringent transparency, reporting and governance requirements of regulated markets, which would provide predictability for founders and minority shareholders, reassure investors, and avoid painful legal restructuring later. Some notarial associations noted that in case of scaling up, companies should convert into a legal form suitable for regulated markets, and trade unions shared these views. A small number of stakeholders (business associations, companies, founders and one trade union) considered that including listing provisions in the 28th regime risks making it too complex and undermining its original purpose of supporting startups and SMEs.

3. FEEDBACK FROM THE CALL FOR EVIDENCE

The table below summarises the main topics addressed by 879 respondents who specifically replied to the call for evidence, published in parallel with the public consultation document on the 28th regime.

Subject	Main Idea	Magnitude	Views expressed
The concept of the 28th regime	A very interesting initiative	Most respondents	-To improve the common market: -To trade without facing 27 different national systems, -To remove bureaucracy (time and cost) -It does not allow for the admission of a new Member State. -It suggests a framework detached from Member States.
	Providing a telling name (not calling it 28 th regime company)	A few responses	Its name and abbreviation should not include a reference to startups and scaleups (as all companies should be eligible).
Corporate form	An EU corporate form	A majority (with exception of some associations due to perceived risk regarding social law matters)	A single and autonomous entity which can operate across all Member States (without the need of branches or subsidiaries)
	A harmonized entity in each Member State	A smaller number of responses	Simplicity to expand into another Member State without friction, set up by natural or legal persons, from scratch or after conversion of an existing entity
	Reforming the SE	A respondent	Focus on reforming the SE to make it more accessible to SMEs and startups in order not to add another layer of laws which could generate more complexity due to the

			coexistence of two legal systems.
	As a temporary measure until deeper harmonisation	A few stakeholders	A first step towards the development of a European Code (like the US Uniform Commercial Code and the OHADA)
Legal basis	A Regulation (rather than a Directive)	Most of the stakeholders	-For some respondents, a Regulation means common rules -Others recognise that Regulation allows for faster and more uniform adoption
Scope	Not limited to innovative companies	Most responses	-Adaptability for future business models (because of new criteria of innovation in the future) -For all companies without any threshold, so available to micro, small, medium-sized undertakings and cooperatives
Determination of the seat	Connecting factor	Some responses	-Should be allowed to have the registered office and the central administration in different Member States -From the perspective of corporate law, only the registered seat should be considered (not for tax and social legislations)
Articles of Association	Template for shareholders	Many responses	Modular template ensuring both faster registration and flexibility for founders
Investment	Template for directors and investors	Many responses	Investment document like SAFEs in the USA: a standardised template for private contractual agreements for early-stage financing
Digitalisation	Digital-First	Majority of responses	-Interoperability between national registers (thanks to EUID and Company Certificate) -Allowing electronic signature of financing documents -Digital capital increases (share issuance and resolutions to increase capital)
Employee ownership	To attract and to retain talents	Many responses (including some trade unions)	Targeted measure could be useful: - for businesses: it brings lower employee turnover and strengthens capital's continuity and stability, - for economy: it supports inclusive growth, and it counters brain drain. It should take the form of: - standardized options which could be granted Europe-wide - with a clear tax treatment: tax at sale (capital-gains treatment) with a minimum holding period to qualify - portability when employees move within the EU
Tax-related issues	Simplification	Some responses	EUID should serve also for TIN, VAT and Economic Operators Registration and Identification number (EORI number) for

			custom declarations
Steward-ownership	For long-term perspective	Few responses	-By separating voting control from economic rights -Non-transferable voting rights ensuring irrevocable asset lock (requiring equivalent protection and restriction in case of conversion, merger and division) -Distributions of profits limited in time or amount and performance-related -Enforceability of these rules through a mandatory supervision
Cost of failure	For economy and entrepreneurs	Few responses	Opt-in basis: specialised courts to approve restructuring plans over minority objections

4. MAIN CONTENT OF THE DRAFT JURI OWN-INITIATIVE REPORT

The draft JURI report with recommendations to the Commission on the 28th Regime: a new legal framework for innovative companies:

- acknowledges that significant differences in the regulatory frameworks of EU Member States create obstacles and associated costs that hinder the pan-European financing and scaling of companies, in particular SMEs, startups and scaleups;
- stresses that facilitating easier access to capital and talent through a simplified and uniform legal framework will enhance the ability of SMEs, startups and scaleups to compete globally, attract investment and contribute to job creation and social cohesion within the Union;
- welcomes the Commission’s commitment to submit a legislative proposal on the 28th regime, which should mainly focus on company law rules;
- underlines the importance of uniform rules across the Union, which can be achieved through a regulation (as the most appropriate measure to introduce a 28th regime) or a maximum harmonisation directive;
- opposes the use of Article 352 TFEU as legal basis for the 28th regime as this would require unanimity in Council, is critical of the use of enhanced cooperation as this would lead to fragmentation of the internal market, and considers Articles 50 and 114 TFEU as the appropriate legal basis for the corporate law matters of the 28th regime – and in this context acknowledges that the 28th regime might have to consist of a package of separate legislative proposals;
- considers that the corporate legal form should not be limited to a new category of ‘innovative companies’ or to other limiting factors, as that would create additional red tape and an unnecessary bureaucratic burden;
- considers that only limited liability companies not listed on the stock market should be able to participate in the 28th regime, which should be a set of rules that must be incorporated into existing or new national corporate forms;
- proposes naming the corporate form covered by the 28th regime the Societas Europaea Unificata (S.EU);
- highlights the need for simple and digital company formation and registration of the S.EU to be completed digitally within 48 hours, while ensuring legal certainty;

- calls for a uniform Union-level digital portal for S.EUs, complementing and extending the existing BRIS, and for further development and adaptation of a single Union-level company identifier;
- calls for the elaboration of standardised multilingual model documents for shareholder agreements and articles of association to be used by S.EUs and recommends that these serve as optional default templates for the registration process, reducing drafting complexity and ensuring cross-border legal clarity;
- suggests that, for a company to be eligible to be registered as an S.EU, the immediately paid-in minimum capital requirement should be EUR 1, while calling for alternative mechanisms for ensuring the financial health of companies and mitigating risks to creditors, such as solvency tests;
- underlines that the 28th regime must under no circumstances become a vehicle to undermine, reduce, weaken or circumvent existing levels of protection for weaker parties at the level of the Union or the Member States, and should be without prejudice to Union and national law in the area of labour and social law, therefore requiring effective safeguards; with regard to employee participation in company boards, the draft resolution calls for ensuring that the artificial use of the S.EU with a view to circumvent current levels of employee participation protection in the law of the Member States is effectively prevented and proposes that in certain circumstances the rules of the Member State of the place of employment should apply;
- as protections against ‘killer acquisitions’ leading to the relocation of innovation outside of the Union, calls for including optional forms of steward ownership, asset locks and different classes of shares, especially loyalty shares and dual-class shares, including veto shares;
- with a view to facilitate attracting talent, calls for harmonisation of rules for employee financial participation through employee stock ownership plans (ESOPs) and employee stock options;
- calls for a range of measures to facilitate access to finance, including harmonised rules on equity-like debt instruments (such as profit participation rights, silent partnerships or profit-linked loans) on a contractual basis; and
- considers that an alternative dispute resolution mechanism should be established for disputes relating to S.EUs to ensure fast and specialised dispute resolution, that Member States should consider introducing a special panel within their national courts dedicated to such disputes; furthermore, Parliament calls for these panels to conduct proceedings in English to support cross border accessibility.

The annex to the motion for resolution contains recommendations that concern general principles and the legal basis, scope, creation of the corporate form, safeguards, encouraging long-term strategies and optional forms, attracting and supporting talent, attracting capital, specialised dispute resolution, impact assessment, review and evaluation.

ANNEX 3: WHO IS AFFECTED AND HOW?

1. PRACTICAL IMPLICATIONS OF THE INITIATIVE

Businesses taking on the legal form of a 28th regime company will be positively affected at each step of their lifecycle. The initiative will in particular benefit startups and scaleups, as it responds in many of its features to their needs, and also companies active across the EU. Companies will benefit from simpler and more efficient registration procedures with the application of once-only principle and no need to pay in minimum share capital at incorporation. The benefits would also come from the introduction of the common EU-ESO with a harmonised timing of taxation of income from employee stock options, as well as from measures to simplify and digitalise closure procedures for those 28th regime companies which will need to be liquidated. The savings are estimated at between EUR 328 million and EUR 440 million over a period of 10 years. 28th regime companies will also benefit from digital procedures and simplifications of capital operations, including capital increases. Further benefits for companies would come from the digital tools for corporate law procedures, including allowing for online shareholder and board of direct meetings. At the same time, only limited one-off adjustment costs would be expected for companies, in particular for those already existing companies which would convert into 28th regime companies and therefore, would need to adapt internal processes to use digital procedures.

Investors, including venture capitalist and other early-stage investors, investing in 28th regime companies will benefit from administrative burden reduction, including due to reduced time and less costs linked to due diligence about legal requirements and legal uncertainty regarding expected economic and control rights. They will also benefit from cost reductions due to the removal of in-person formalities for share transfers and mandatory involvement of notaries and other intermediaries, with the estimated saving of EUR 1 780 – EUR 2 850 for a growth-stage secondary share transfer transaction of EUR 500 000. Similarly, fully digital procedures for capital increases and share issuances will also benefit investors, who will be able to subscribe new shares without in-person steps. Where Member States allow 28th regime companies access to public equity markets without legal conversion, investors would also profit from improved exit opportunities. Employees investing in 28th regime companies through the EU-ESO would additionally benefit from a simple, stock-option based scheme for financial participation in their companies and from a favourable timing of taxation that avoids dry tax charges on their employee stock options throughout the EU.

Public authorities, including business registers are expected to benefit from some efficiency gains, stemming from digitalisation of the procedures and the “once-only” transmission of company information, and therefore, savings in terms of time and handling of company information and less paper-based documentation. Being able to rely on common rules, a recognisable brand and harmonised bilingual templates might also increase the transparency and trust for public authorities, in particular when dealing with 28th regime companies coming from other Member States. Some reduction of administrative inefficiencies linked to inactive and dormant companies in national registers could be expected thanks to more efficient company closure procedures.

As regards costs, the package is expected to result in one-off IT costs for business registers to adapt to the EU single interface for registration of 28th regime companies estimated at EUR 2.7 million for all Member States. In some Member States there will be also some IT costs to connect authorities, other than business registers, in charge of preventive control to the business registers, estimated at EUR 50 000 per Member State. The need to provide a technical solution for the automatic transmission of the company information or to ensure infrastructures to support other digital procedures are also expected to result in one-off IT costs, but these are expected to be

limited due to ongoing digital developments. In the context of insolvency proceedings, some costs could be expected for development and maintenance of platforms for electronic auctions systems estimated to amount to between EUR 185 000 to EUR 370 000 for development, and to EUR 324 000 for maintenance in all Member States. The cost ceiling of EUR 100 to complete the registration (with a standardised template) would entail reduced revenue for business registers and other authorities involved in the registration, including preventive control. It is expected that this will be at least partially offset by increased economic activity and tax contributions from new companies created under the 28th regime legal form. The tax deferral in the context of the common EU-ESO schemes would result in negative liquidity effects for tax authorities, however the effect is expected to be moderate, especially when compared with the total amount of Member States' tax revenues and only affect Member States which do not already offer similar schemes.

Intermediaries such as notaries, are often involved in corporate procedures throughout the company's lifecycle, e.g. registration of companies including preventive control, procedures related to capital and shares, amendments to company documents such as the articles of association, but their involvement varies across Member States. Such intermediaries would benefit from this initiative in terms of increased legal certainty from the harmonised corporate framework with an EU brand across the EU and increased efficiency thanks to more efficient and digitalised procedures. As regards costs, overall, there might be some one-off adjustment costs to adapt intermediaries' existing workflows and IT tools to digitalised and simplified procedures for 28th regime companies, including their registration, digital governance including possible online meetings of corporate bodies and simplified digital procedures for capital increases and share issuance. As regards registration, similarly as for public authorities, the cost ceiling of EUR 100 would entail reduced revenue also for intermediaries, and in particular notaries, in Member States where they are involved in those procedures. The removal of mandatory intermediary involvement for share transfers would lead to revenue losses for intermediaries, including notaries, in those Member States where they are involved in share transfers.

As to **professionals providing private legal or consultancy services**, they could also face some reduced revenue given that common rules including a central interface for registration could reduce the need for recourse to legal and professional advice. On the other hand, the expected increased business activity and enhanced competitiveness would most likely at least partially offset such reduction and in turn bring new business opportunities.

In general, **stakeholders dealing with companies, e.g. creditors, shareholders, consumers** would also benefit from the initiative as a single corporate legal framework with an easily recognisable EU brand would be expected to increase trust in 28th regime companies and also transparency about the rules that apply to them, making it easier for such stakeholders to invest in or buy from 28th regime companies.

2. SUMMARY OF COSTS AND BENEFITS

I. Overview of Benefits (total for all provisions) – Preferred Option		
<i>Description</i>	<i>Amount</i>	<i>Comments</i>
<i>Direct benefits</i>		
Compliance burden reduction	Between EUR 328 005 855 and EUR 440 433 479 for policy options PO1 – PO6. Savings were calculated per transaction/financing round for part of the measures of PO6 and for PO7, amounting to EUR 1 100 and EUR 1 780– EUR 2 850, respectively.	Estimated administrative cost savings over 10 years across the lifecycle of 28 th regime companies, resulting from simpler and more efficient registration procedures with the application of once-only principle and no need to pay in minimum share capital at incorporation; the common EU-ESO scheme for employee stock options with a

		harmonised timing of taxation; measures to simplify and digitalise closure procedures; and digital procedures and simplifications of capital operations, including capital increases and share transfers. Estimates are based on Standard Cost Model calculations and depend on take-up assumptions. Estimations for part of the measures of PO6 and for PO7 were done per operation as the number of financing transactions/share transfers by 28 th regime companies cannot reliably be estimated.
Ease of doing business	No quantified estimates available.	Improved ease of doing business due to the availability of a single optional EU corporate framework covering key stages of the company lifecycle. This impact reflects qualitative efficiency gains. See detailed description and motivation in Annex 4 in the sections on efficiency.
Ease of attracting investment	No quantified estimates available.	Improved conditions for attracting private investment due to increased legal certainty, standardised and digitalised procedures and enhanced cross-border scalability of companies. Quantification is not feasible due to the indirect and market-driven nature of investment decisions. See detailed description and motivation in Annex 4 in the sections on efficiency.
Benefits for public authorities	No quantified estimates available.	Efficiency gains for public administrations resulting from reduced handling of duplicate company filings, increased reuse of company data and more streamlined digital procedures. Quantification is not feasible due to differences in national administrative arrangements and data availability. See detailed description and motivation in Annex 4 in the sections on efficiency.
<i>Indirect benefits</i>		
Improved functioning of the internal market and competitiveness	No quantified estimates available. However, the up take of 28 th regime company is assessed and it is estimated that over 10 years the number of new 28 th regime companies will surpass 300 000.	Reduced fragmentation of company law and lower barriers to cross-border establishment and scaling-up contribute to improved functioning of the Single Market and enhanced EU competitiveness. These impacts are expected to materialise gradually and are not amenable to robust quantification. See detailed description and motivation in Annex 4 in the sections on efficiency.

II. Overview of costs – Preferred option				
	Businesses		Administrations	
	One-off	Recurrent	One-off	Recurrent

PO1c	Direct adjustment/ administrative costs	limited	-	limited	-
PO2b	Direct adjustment/ administrative costs	-	-	EUR 2.7 million IT development costs (100 000 per MS) EUR 900 000 IT connection costs (50 000 per 18 MS)	-
PO3c	Direct adjustment/ administrative costs	-	-	marginal IT costs	-
PO4c	Direct adjustment/ administrative costs	-	-	between EUR 185 000 and 370 000 for the development of platforms for electronic auctions systems in insolvency EUR 324 000 for the maintenance of platforms for electronic auctions systems in insolvency	-
PO5c	Direct adjustment/ administrative costs	limited	-		-
PO6b	Direct adjustment/ administrative costs	limited	-	limited	-
PO7c	Direct adjustment/ administrative costs	limited	limited	limited	-
Total preferred options	Direct compliance costs	One-off familiarisation costs for those existing companies that choose to become 28 th companies through domestic conversions, or through cross-border mergers, divisions or conversions, including legal and organisational changes. The 28 th regime is optional/ voluntary and depend on the choice of the company to opt into that regime. Quantification is not feasible due to heterogeneity across firms.	Costs of verifying and recording share transfers, assumed to be limited and largely absorbed within existing governance arrangements	One-off costs related to adapting business registers, IT systems to support the 28 th regime. These costs are expected to be limited and mainly incurred during the implementation phase (EUR 4.2 million across EU-27).	-

III. Application of the 'one in, one out' approach – Preferred option(s)			
[EUR M]	One-off (annualised total net present value over the relevant period)	Recurrent (nominal values per year)	Total
Businesses			
New administrative burdens (Ins)	0		
Removed administrative burdens (OUTs)	EUR 328 to EUR 440 million		EUR 328 to EUR 440 million
<i>Net administrative burdens*</i>	EUR 328 to EUR 440 million removed		EUR 328 to EUR 440 million (OUTs)
Adjustment costs**			
Total administrative burdens***	EUR 328 to EUR 440 million (OUTs)		

(*) *Net administrative burdens* = *INs* – *OUTs*;

(**) *Adjustment costs* falling under the scope of the OIOO approach are the same as reported in Table 2 above. Non-annualised values;

(***) *Total administrative burdens* = *Net administrative burdens* for businesses + *net administrative burdens* for citizens.

3. RELEVANT SUSTAINABLE DEVELOPMENT GOALS

IV. Overview of relevant Sustainable Development Goals – Preferred Option(s)		
Relevant SDG	Expected progress towards the Goal	Comments
SDG8 Decent work and economic growth	This initiative will contribute indirectly to economic growth as it will enhance the business environment in the Single Market	SDG8 mission statement: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all".
SDG10 Reduce inequalities within and among countries	This initiative will contribute towards this goal by reducing structural disparities and improving companies, including SMEs, startups and scaleups, access to cross-border markets.	SDG10 mission statement: "Reduce inequality within and among countries".
SDG17 Partnership for the goals	This initiative will foster international cooperation and investment within the Single Market.	SDG17 mission statement "Strengthen the means of implementation and revitalize the global partnership for sustainable development".

ANNEX 4: ANALYTICAL METHODS

[in a separate document]

ANNEX 5: COMPETITIVENESS CHECK

1. OVERVIEW OF IMPACTS ON COMPETITIVENESS

Dimensions of Competitiveness	Impact of the initiative (++ / + / 0 / - / -- / n.a.)	References to sub-sections of the main report or annexes
Cost and price competitiveness	++	Annex 4: Analytical methods, section 2.3 <i>Efficiency of the policy options.</i>
International competitiveness	+	
Capacity to innovate	+	
SME competitiveness	+	

2. SYNTHETIC ASSESSMENT

The initiative is expected to have a positive impact on EU competitiveness by improving the functioning of the Single Market for companies, in particular through the reduction of legal and administrative fragmentation in company law. By introducing an optional common EU corporate legal framework, the initiative reduces the need for companies to adapt to multiple national company law regimes when establishing or scaling up across borders as well as the need for investors to adapt to multiple regimes when investing in companies in different Member States. This simplification is expected to generate efficiency gains primarily through reduced one-off and recurring administrative costs, simpler and faster corporate procedures and increased legal predictability.

As shown in the efficiency analysis and quantified in Annex 4 using the Standard Cost Model, the preferred policy package leads to substantial reductions in administrative burdens for companies, notably in relation to company formation, investment and interactions with public authorities. These cost reductions improve cost and price competitiveness by lowering fixed and transaction costs, which is particularly relevant for smaller and younger firms with limited administrative capacity. The overall reduction in administrative burden for companies opting into the 28th regime is estimated to be in the order of EUR 328 million to EUR 440 million over a ten-year period.

The initiative is also expected to strengthen international competitiveness within the Single Market. By offering a single, recognisable EU corporate framework applicable across Member States, the initiative reduces legal uncertainty and home-bias effects for both companies and investors in the EU and increases the attractiveness of EU companies to third-country investors. This is expected to support cross-border scaling strategies and make the EU a more attractive jurisdiction for entrepreneurial activity and investment, relative to a situation where businesses must rely on multiple national corporate forms. These effects materialise primarily through improvements in the business environment rather than through direct impacts on aggregate trade flows or macro-economic investment volumes.

With regard to innovation capacity, the initiative is expected to have a positive, though more indirect, impact. By facilitating access to finance, including through enhanced legal certainty for investors and improved conditions for the use of equity-based incentives such as employee stock options, the 28th regime supports the growth and scaling of innovative firms. Reduced administrative friction and greater predictability of corporate processes may allow firms to reallocate resources towards productive and innovative activities. These effects are expected to materialise gradually and depend on take-up and ecosystem learning.

The competitiveness impacts are particularly relevant for SMEs, start-ups and scale-ups, which are more exposed to administrative costs and legal fragmentation across the Single Market. By lowering relative entry and transaction costs and facilitating cross-border scaling, the initiative enhances SME competitiveness and expands growth opportunities within the Single Market. Firms with cross-border ambitions, venture-capital-backed companies and companies undergoing rapid growth or restructuring are expected to benefit most from the initiative.

Overall, while the initiative does not directly target sector-specific competitive dynamics or macro-economic trade indicators, it is expected to improve competitive conditions at firm and system level by strengthening market integration, reducing unnecessary regulatory frictions and supporting efficient reallocation and scaling of economic activity within the EU. The magnitude of these effects depends on take-up over time, but the direction of impact on competitiveness is clearly positive.

3. COMPETITIVE POSITION OF THE MOST AFFECTED SECTORS

Given the horizontal nature of the proposal which positively impacts companies regardless of their sector of activity, a sectoral analysis would not be relevant.

ANNEX 6: SME CHECK [FOR SME RELEVANT AND HIGHLY RELEVANT INITIATIVES]

OVERVIEW OF IMPACTS ON SMEs

Relevance for SMEs
Highly relevant for SMEs

(1) IDENTIFICATION OF AFFECTED BUSINESSES AND ASSESSMENT OF RELEVANCE
Are SMEs directly affected? (Yes/No) In which sectors?
Yes. The proposal is horizontal in nature (new EU corporate legal framework) and positively impacts companies regardless of their sector of activity.
Estimated number of directly affected SMEs
It is estimated that there would be 308 843 28 th regime companies over a 10-year period. 90% of those, i.e. 277 958, are estimated to be set up by natural persons and are thus expected to be micro or small companies. The remaining 10% are estimated to be set up by legal persons or by transforming existing companies into 28 th regime companies (through domestic conversion or through cross-border mergers, divisions or conversions). Those are expected to include some small and in particular medium size companies (scale-ups).
Estimated number of employees in directly affected SMEs
The estimated number of employees is linked to the estimated cumulative uptake of around 300 000 of 28 th regime companies over 10 years. It is estimated that those companies would employ around 1 600 000 employees after 10 years.
Are SMEs indirectly affected? (Yes/No) In which sectors? What is the estimated number of indirectly affected SMEs and employees?
Yes, potentially for all 26 mio. SMEs and their 89-90 million employees across sectors (see (3) below for the expected indirect impacts).
(2) CONSULTATION OF SME STAKEHOLDERS
How has the input from the SME community been taken into consideration?
SME representatives were widely consulted during the preparatory process for this impact assessment. Among the 36% of replies to the public consultation on the 28 th regime which came from companies (534 replies), 96% were from SMEs. In addition, 47% of replies came from EU citizens (690) who were in big part founders given that around 62% of them had set up a company. Many participants at the 2 online workshops on the 28 th regime were SMEs, in particular at the workshop which focused on discussing with founders/companies the corporate law related barriers they experienced when setting up, running or closing down a company in the EU. A number of more targeted bilateral meetings were also with SMEs or startups. Among others, several meetings took place with the representatives of the startup community behind the October 2024 petition for a “standardised pan-European EU Inc” and the EU Inc blueprint. European associations representing or closely related to SME interests, and in particular, SMEUnited, Digital SME Alliance as well as European Startup Network and European Tech Alliance, were also

participants of the High-level Forum on Justice for Growth and took part in the discussions about the 28th regime corporate legal framework.

Are SMEs’ views different from those of large businesses? (Yes/No)

Overall, all companies, including SMEs and large companies, were supportive of the measures planned for the 28th regime corporate legal framework during the consultation activities.

At the same time, the call for the 28th regime was strongest among the startup – and therefore SME – community as shown by over 15 000 signatures to the petition for a “standardised pan-European EU Inc”. There was also a very strong interest among the startup and SME community in facilitating the setting up of companies in the EU, with calls stressing that the current procedures are not sufficiently digital, easy and quick. Similarly, simpler and more digital ways of attracting investment were called for to help startups develop and scale up. There was also strong agreement across stakeholders in consultation activities that employee stock options are in particular important for startup, scaleup and innovative companies to attract and retain top talent, as they often lack the cash resources to offer competitive salaries.

Responses from large businesses supported these positions but placed greater emphasis on making the 28th regime framework available to all types of companies and covering the whole lifecycle of a company, including scaling up and the decision to go public. For instance, some associations representing large businesses were strongly in favour of allowing for the possibility to list on regulated markets under the 28th regime corporate framework.

(3) ASSESSMENT OF IMPACTS ON SMEs⁸
What are the estimated direct costs for SMEs of the preferred policy option? (Fill in only if step 1 flags direct impacts)
<i>Qualitative assessment</i>
One-off familiarisation costs for those existing SMEs that choose to become 28 th companies through domestic conversions, or through cross-border mergers, divisions or conversions, including legal and organisational changes. The 28 th regime is optional/ voluntary and depend on the choice of the company to opt into that regime. Quantification is not feasible due to heterogeneity across firms.
Quantitative assessment
Limited. No new costs for SMEs.
What are the estimated direct benefits/cost savings for SMEs of the preferred policy option⁹?
<i>Qualitative assessment</i>
The package of preferred measures is expected to strongly reduce the compliance burdens faced by SMEs at each step of their lifecycle. The package would also simplify the operational phase by introducing digital tools for corporate law procedures and allowing for online shareholder and board of direct meetings. In addition, it is expected that each 28 th regime company setting up an employee ownership plan, including the easy-to-use EU-ESO with a harmonised timing of taxation, could benefit from cost savings. Finally, the package of preferred measures is expected to strongly improve the investment environment for 28 th regime companies by increasing legal

⁸ The costs and benefits data in this Annex are consistent with the data in Annex 3. The preferred option includes the mitigating measures listed in section 4.

⁹ The direct benefits for SMEs can also be cost savings.

certainty, standardisation and predictability for growth strategies as well as venture capital and other equity-based financing. SMEs would benefit from administrative burden reduction, including due to reduced time and less costs linked to due diligence about legal requirements, in-person formalities for share transfers and mandatory involvement of notaries and other intermediaries.

Quantitative assessment

As the vast majority of newly formed 28th regime companies will be SMEs, the expected overall administrative burden reduction of EUR 328 million to EUR 440 million over a period of 10 years will mostly benefit this group of enterprises.

What are the indirect impacts of this initiative on SMEs? *(Fill in only if step 1 flags indirect impacts)*

Some existing SMEs could convert into 28th regime companies (see above). In addition, through increased entrepreneurial activity across the Single Market and potential enhanced innovation capacity, it is expected that existing SMEs could have indirect benefits, for example thanks to new business partners and sub-contracting.

(4) MINIMISING NEGATIVE IMPACTS ON SMEs

Are SMEs disproportionately affected compared to large companies? *(Yes/No)*

If yes, are there any specific subgroups of SMEs more exposed than others?

No.

Have mitigating measures been included in the preferred option/proposal? *(Yes/No)*

No.

CONTRIBUTION TO THE 35% BURDEN REDUCTION TARGET FOR SMEs

Are there any administrative cost savings relevant for the 35% burden reduction target for SMEs?

Administrative burden reduction of EUR 328 million to EUR 440 million.

ANNEX 7: OVERVIEW OF POLICY OPTIONS - PROBLEM DRIVERS - SPECIFIC OBJECTIVES

Overview of policy options with the related problem drivers and specific objectives		
Policy options	Problem drivers	Specific objectives
<p>Policy option 1a - Introduce a new harmonised legal form for a 28th regime company with a recognisable EU brand, to be set up by natural persons as founders.</p> <p>Policy option 1b - Option 1a + to be set up also by legal persons (28th regime subsidiaries), with a possibility for existing companies to convert through domestic conversions, and with harmonised rules for setting up branches of 28th regime companies.</p> <p>Policy option 1c - Option 1b + a possibility for existing companies to create a 28th regime company through a cross-border conversion, division or merger in accordance with Directive 2019/2121.</p>	<p>Different national company legal forms and lack of an EU brand.</p>	<p>Provide a common corporate legal framework for companies, in particular startups and scaleups, in the EU.</p> <p>Provide simple and efficient corporate rules and procedures throughout the company lifecycle.</p> <p>Ensure that corporate rules provide an enabling framework to invest.</p>

<p>Policy option 2a - Create a central EU interface based on BRIS for the registration of 28th regime companies with harmonised bilingual templates (EN/national language) and preventive administrative, judicial or notarial control.</p> <p>Policy option 2b - Option 2a + introduce a deadline (48 hours) and cost ceiling of EUR 100 to complete the registration including the preventive administrative, judicial or notarial control when the standardised template is used by founders as natural persons.</p> <p>Policy option 2c - As policy option 2b but with preventive control by judicial or administrative authorities (but excluding notaries) when the standardized template is used by founders as natural persons.</p>	<p>Different national company legal forms and lack of an EU brand.</p> <p>Insufficient availability of digital tools and procedures during company set-up.</p>	<p>Provide a common corporate legal framework for companies, in particular startups and scaleups, in the EU.</p> <p>Provide simple and efficient corporate rules and procedures throughout the company lifecycle.</p>
<p>Policy option 3a – In the context of the company registration, ensure that the information about the company is transferred from the business register to the authority in charge of issuing the TIN, to the social security authority and to the beneficial ownership register, with any beneficial ownership information as part of the template, without the 28th regime company needing to submit it again (“once-only principle”).</p> <p>Policy option 3b - Option 3a + the 28th regime company would obtain the TIN from the relevant authority¹⁰ as part of the registration process, with any additional information needed to obtain the TIN as part of the template.</p> <p>Policy option 3c - Option 3b + the 28th regime company would obtain the VAT identification number from the relevant authority as part of the registration process (unless more information needs to be checked).</p>	<p>Different national company legal forms and lack of an EU brand.</p> <p>Lack of implementation of the “once-only principle” for company set-up.</p>	<p>Provide a common corporate legal framework for companies, in particular startups and scaleups, in the EU.</p> <p>Provide simple and efficient corporate rules and procedures throughout the company lifecycle.</p>

¹⁰ This option would not apply to those cases where the TIN is also the VAT identification number.

<p>Policy option 4a — Ensure that all relevant filings by the liquidator for closure outside of insolvency are transferred from business register to other authorities (“once-only principle”) and online filing of claims from creditors.</p> <p>Policy option 4b - Option 4a + simplified liquidation procedure (outside of insolvency) for no assets/no debts to be concluded within a specific short deadline.</p> <p>Policy option 4c - Option 4b + simplification of insolvency procedures thanks to their full digitalisation.</p>	<p>Different national company legal forms and lack of an EU brand.</p> <p>Complex and paper-based procedures for closure.</p>	<p>Provide a common corporate legal framework for companies, in particular startups and scaleups, in the EU.</p> <p>Provide simple and efficient corporate rules and procedures throughout the company lifecycle.</p>
<p>Policy option 5a - Possibility for 28th regime companies to set up employee ownership plans (ESOPs) and issue classes of shares with distinct voting rights.</p> <p>Policy option 5b - Option 5a + introduce an optional common employee stock ownership scheme for 28th regime companies, based on employee stock options and with common criteria (‘EU-ESO’).</p> <p>Policy option 5c - Option 5b + provide harmonised timing for the taxation of employee stock options granted in the context of the EU-ESO.</p>	<p>Different national company legal forms and lack of an EU brand.</p> <p>Lack of common rules for Employee Stock Ownership Plans.</p>	<p>Provide simple and efficient corporate rules and procedures throughout the company lifecycle.</p> <p>Ensure that corporate rules provide an enabling framework to invest</p>
<p>Policy option 6a - Create a flexible governance system, provide simple and fully digital procedures for increasing capital and issuing shares and enable the use of modern early-stage financing instruments like SAFEs.</p> <p>Policy option 6b - Option 6a + 0/EUR 1 minimum capital but no paid-in share capital for incorporation of 28th regime companies and harmonised creditor protection safeguards in addition to capital maintenance rules</p> <p>Policy option 6c - Option 6a + common minimum share capital of EUR 5 000 for incorporation of 28th regime companies with harmonised creditor protection safeguards based primarily on capital maintenance.</p>	<p>Different national company legal forms and lack of an EU brand.</p> <p>Burdensome procedures related to the articles of association or to shareholder meetings.</p> <p>Divergent and non-digital national requirements related to capital increases.</p> <p>Legal uncertainty regarding venture-capital driven clauses.</p> <p>Divergent minimum capital requirements.</p>	<p>Provide simple and efficient corporate rules and procedures throughout the company lifecycle.</p> <p>Ensure that corporate rules provide an enabling framework to invest</p>

<p>Policy option 7a – Ensure that transfers of shares of 28th regime companies can be carried out fully digitally.</p> <p>Policy option 7b - Option 7a + no requirement to involve intermediaries in share transfers of 28th regime companies.</p> <p>Policy option 7c - Option 7b + a possibility for Member States to grant access to public equity markets to 28th regime companies.</p>	<p>Different national company legal forms and lack of an EU brand.</p> <p>Complex, uncertain or costly investor exit environment.</p>	<p>Provide simple and efficient corporate rules and procedures throughout the company lifecycle.</p> <p>Ensure that corporate rules provide an enabling framework to invest</p>
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ANNEX 8: NUMBER OF COMPANIES

To estimate the uptake of the 28th regime companies, the number of private limited liability companies (LLCs) in the EU was used. The calculations are based on data from the business registers: a) 2022 business register data as presented in the Impact assessment report accompanying the proposal on Upgrading Digital Company Law¹¹; b) Up-to-date business register data (2025) from the Business Registers Interconnection System (BRIS).

The table below shows the evolution over the past 3 years until the beginning of 2025. In the EU-27, there were 15.2 million private LLCs in 2022 and 17.2 million in 2025. Thus, the EU average net growth of LLCs is approximately 668 000 companies per year.

Number of private limited liability companies (LLCs)				
Member State	Business Registers 2022	Business Registers 2025	Change	Percentage change
EU-27	15,205,802	17,209,106	2,003,304	13.17%
AT	179,978	126,712	-53,266	-29.60%
BE	514,875	504,253	-10,622	-2.06%
BG	776,108	898,286	122,178	15.74%
HR	116,198	148,542	32,344	27.84%
CY	179,990	190,000*	10,010	5.56%
CZ	517,558	592,965	75,407	14.57%
DK	317,384	356,833*	39,449	12.43%
EE	241,181	278,188	37,007	15.34%
FI	262,380	294,171	31,791	12.12%
FR	2,624,440	3,160,024	535,584	20.41%
DE	1,466,828	1,588,405	121,577	8.29%
EL	107,716	119,941	12,225	11.35%
HU	402,439	404,659	2,220	0.55%
IE	254,526	299,907	45,381	17.83%
IT	1,282,101	1,500,000*	217,899	17.00%
LV	131,858	134,962	3,104	2.35%
LT	124,122	201,228	77,106	62.12%
LU	74,461	83,418	8,957	12.03%
MT	49,493	60,671	11,178	22.59%

¹¹ Annex 6: Number of companies, Branches and subsidiaries, [SWD\(2023\) 178 final](#).

*Number of private LLCs was estimated on the basis of business register and BRIS data.

NL	1,140,033	1,223,132	83,099	7.29%
PL	449,754	586,100	136,346	30.32%
PT	616,550	716,278	99,728	16.18%
RO	1,307,886	1,200,000*	-107,886	-8.25%
SK	315,803	363,658	47,855	15.15%
SI	72,258	76,773	4,515	6.25%
ES	977,711	1,500,000*	522,289	53.42%
SE	702,171	600,000*	-102,171	-14.55%

In addition, as a response to the needs of startups and to promote their growth, some Member States have undertaken reforms of their legal forms to allow greater flexibility or introduced new simplified legal forms. Therefore, the uptake of simplified national legal forms in France, Germany and Greece was also specifically looked at.

In France, the SAS (Société par Actions Simplifiée) was first introduced in 1994 and it enjoyed growing success, particularly since the 2010s. The number of SAS companies increased from just over 100 000 in 2006 to more than 840 000 in July 2019. Their number has thus multiplied more than eightfold in 13 years. One in three LLCs in France were SAS companies in 2019. This sharp increase in SAS companies has not yet taken over the number of private limited liability companies (SARLs). Nevertheless, the share of SARLs has decreased by 20 percentage points, from 84% in 2006 to 64% in July 2019.

In Germany, the UG (Unternehmergesellschaft) has been available to company founders as a legal form variant of the private limited liability company (GmbH) since 2008¹².

DE - number of UGs within the first 10 years of introduction ¹³			
Date	Number of companies	Change	Percentage change
1.11.2009	19,563		
1.11.2010	41,014	21,451	109.65%
1.11.2012	76,377	35,363	86.22% (this covers 2 years)
1.11.2013	91,104	14,727	19.28%
1.11.2014	103,686	12,582	13.81%
1.11.2018	141,553	37,685	36.28% (this covers 4 years)

¹² For Germany, recent data shows a significant decline in the growth of UG numbers. However, this effect is primarily due to the fact that the UG is only a variant of the GmbH and that UGs can adopt the GmbH 'brand' by meeting the minimum capital requirement of the GmbH. Over time, many UGs become GmbHs this way, thus reducing the net growth rate of the UG. For example, out of those UGs that were incorporated in the first year of the introduction of the UG, around 20% have become an GmbH within 15 years, Lieder/Hoffmann, GmbH 2025, p. 785, 795.

¹³ Universität Jena, [Forschungsprojekt Unternehmergesellschaft](#), November 2018.

The IKE in Greece is a private limited liability company tailored for flexibility, startups and SMEs. The data from the Hellenic Statistical Authority for the period 2018-2022 show a clear positive trend. The Greek Business Register’s statistical data for IKE in 2025 shows it is by far the most used company form in Greece. The number of registered IKEs almost doubled over 3 years:

EL – simplified private LLCs (IKE)			
Year	Number of companies	Change	Percentage change
2018	27,016		
2019	34,337	7,321	27.10%
2020	39,441	5,104	14.86%
2021	46,456	7,015	17.79%
2022	56,797	10,344	22.27%
2025	106,254	49,457	87.08% (this covers 3 years)

While the take-up of simplified legal forms in the specific Member States shows a significantly higher growth rate compared to the overall net-growth of private limited liability companies in the respective Member States, the figures also show that growth rates for these forms have been very different between MS, making them unreliable for predicting the uptake of an EU-wide harmonised legal form. In addition, the number of companies with the simplified form is included in the overall number of private limited liability companies and in some other Member States, there are no specific simplified legal forms, but the legal form for private limited liability companies has been modernised (e.g. Finland). Therefore, the reference point for the estimated up-take of 28th regime companies is the annual net-growth of all private limited liability companies in the EU.

Overall, the estimated number of new 28th regime companies over a 10-year period is based on conservative assumptions about the annual take-up rates, taking the net growth of 668 000 private LLCs created each year and applying a specific take-up rate for each year. The assumed take-up rates reflect the optional nature of the 28th regime and gradual adoption over time as awareness about this new legal form increases and the benefits of a common corporate legal framework become more widely recognised. Lower initial uptake is assumed in the early years due to learning effects and path dependency, followed by a progressive increase as legal certainty improves and the regime is expected to gain credibility among founders, investors and intermediaries.

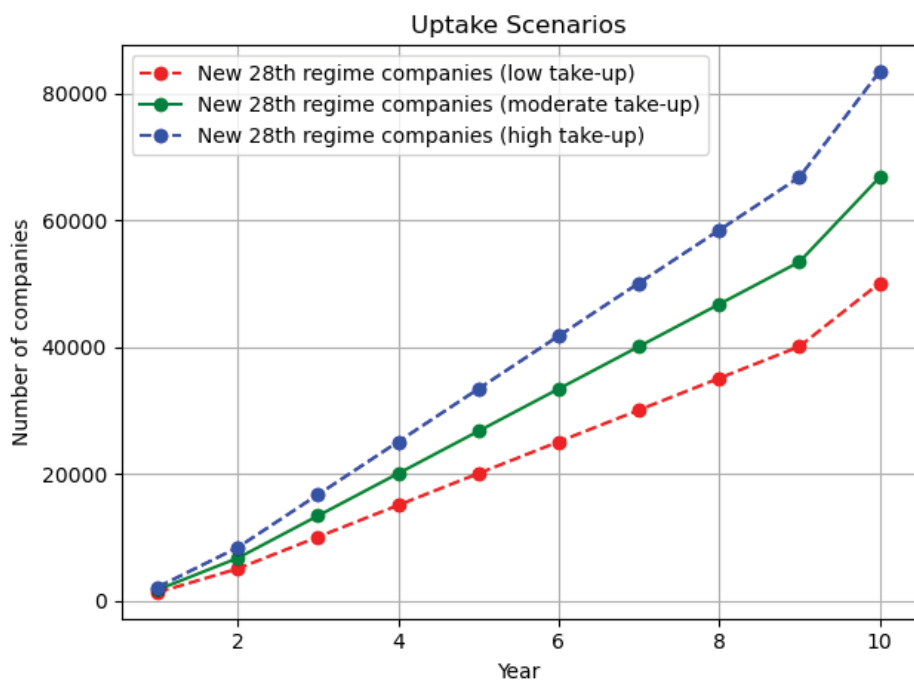
The following take-up rates refer to the share of new 28th regime companies out of the newly created LLCs. This average annual net increase is used as a simplifying assumption for the purpose of estimating potential uptake, in line with the proportionality principle and in the absence of evidence suggesting a structural break in company formation trends over the assessment horizon.

Year	Low take-up rate 28 th regime legal form	Moderate take-up rate 28 th regime legal form	High take-up rate 28 th regime legal form	New 28 th regime companies (low take-up)	New 28 th regime companies (moderate take-up)	New 28 th regime companies (high take-up)
1	0.19%	0.25%	0.31%	1,252	1,669	2,087
2	0.75%	1.00%	1.25%	5,008	6,678	8,347
3	1.50%	2.00%	2.50%	10,017	13,355	16,694
4	2.25%	3.00%	3.75%	15,025	20,033	25,041
5	3.00%	4.00%	5.00%	20,033	26,711	33,388
6	3.75%	5.00%	6.25%	25,041	33,388	41,735
7	4.50%	6.00%	7.50%	30,050	40,066	50,083
8	5.25%	7.00%	8.75%	35,058	46,744	58,430
9	6.00%	8.00%	10.00%	40,066	53,421	66,777
10	7.50%	10.00%	12.50%	50,083	66,777	83,471
Total number of companies				231,632	308,843	386,053

The cumulative total number of newly formed 28th regime companies over a period of 10 years is estimated for three take-up scenarios:

- 230 000 companies (231 632) assuming a low take-up rate;
- 300 000 companies (308 843) assuming a moderate take-up rate;
- 380 000 companies (386 053) assuming a high take-up rate.

The moderate take-up scenario with 308 843 new 28th regime companies over a 10-year period was selected for the overall assessment of impacts as most balanced. The low and high take-up scenarios are used in the sensitivity analysis (see Annex 4 section 2.5.2).



ANNEX 9: DISCARDED OPTIONS

The following policy options were considered but were discarded at an early stage:

a) Harmonisation of the type of taxation (employment income or capital gain) of employee stock options granted in the context of the common EU-ESO

This option has been discarded as it has not been considered as viable from a political perspective. Member States characterise and tax the income arising from employee stock options differently, and this lies within their tax sovereignty. Some Member States have only zero- or low-rate capital gains taxation, therefore harmonisation of the characterisation of the income stemming from employee stock options granted in the context of the EU-ESO as ‘capital gains’ could lead to no or no significant taxation of such gains or would require those Member States to introduce capital gains taxation for the sole purposes of taxing those gains. Additionally, income characterised as capital gains is most often not subject to social security contributions, therefore imposing on Member States a characterisation of the EU-ESO-related income as capital gains would also have implications in that respect. Member States are best placed to determine how the income stemming from employee stock options granted in the context of the common EU-ESO should be characterised for taxation purposes, taking into account their personal income tax frameworks, as well as their economic and social environment. Cross-border situations are regulated in accordance with double tax conventions signed between Member States and between Member States and third countries.

b) Common rules for access to public equity markets

The introduction of common rules for the access of 28th regime companies to public equity markets has been considered but was ultimately discarded. While access to public equity markets would be relevant to a small subset of 28th regime companies, such as late-stage scale-ups and other mature companies ready for an initial public offering, most of the businesses targeted by this initiative, in particular startups, would not be affected. This policy option would have required the 28th regime corporate legal framework to include a comprehensive set of additional rules for access to such markets, conflicting with the aim of a simple, flexible and lean framework. It would notably have required additional common rules on corporate governance aspects for which, for the Societas Europaea (SE) as well as for national public company legal forms, no harmonisation has been achieved at EU level so far.

Feedback from several Member States and several other stakeholders indicated that they would consider the introduction of common rules for access of 28th regime companies to public equity markets to be premature or that they would expect more rigid governance rules for this type of companies when accessing such markets. Still, 73% of respondents to the public consultation considered that the initiative should facilitate the eventual access of 28th regime companies to regulated markets as they grow. Therefore, to facilitate such access and based on the experience of some Member States that have introduced the possibility for companies incorporated under their private limited liability company forms to access public equity markets (e.g., the Netherlands and Belgium), the

possibility of Member States to grant access to public equity markets to 28th regime companies subject to additional Member States' rules was assessed as policy option 5c.

c) Harmonisation of employee participation rules for 28th regime companies (co-determination)

This option relates to a possibility to introduce harmonised rules on employee participation, i.e. representation of employees on boards of companies, for 28th regime companies. There are no harmonised rules at EU level on employee participation in companies' boards and the only EU rules are procedural ones (i.e., negotiation of employee participation rules) for European Companies (SEs)⁸⁰ and in case of cross-border mergers, divisions and conversions in the Cross-Border Mobility Directive. At the same time, Member States' rules vary significantly, reflecting their socio-political cultures and traditions¹⁴. While there has been a strong and longstanding call from trade unions in favour of introducing harmonised and high standards of employee participation throughout the EU¹⁵, views of other stakeholders, including some Member States diverge, as shown by challenging negotiations on employee participation in the past.

As regards the 28th regime corporate legal framework, such a harmonisation would be neither legally feasible nor appropriate in the context of an initiative focusing on corporate rules as the one subject to this impact assessment, as legislation regarding employee participation requires a different legal basis, namely Article 153 TFEU. Legislative initiatives under this employment legal basis are restricted to establishing minimum requirements and specifically initiatives on employee representation, including co-determination, must be adopted unanimously in Council¹⁶ and need to be preceded by a two-stage consultation of social partners¹⁷. In addition, the Cross-Border Mobility Directive already contains a review clause mandating the Commission, following the evaluation of that Directive and of the effectiveness of the safeguards regarding negotiations of employee participation rights in cross-border conversions of companies, to consider a possible need to introduce harmonised rules on board level employee representation by February 2027.

In the context of the 28th regime initiative setting out a corporate legal framework, it is considered appropriate to generally apply the national rules on employee participation (where such rules exist) of the Member State of a 28th regime company's registration, as for any other company, while preventing the misuse of the 28th regime for the purpose of depriving employees of rights to employee participation or withholding such rights. Such an approach would be well-balanced and guarantee equal treatment of 28th regime companies with existing national company forms. This would also be in line with the feedback to the public consultation where 44% of respondents stated that the 28th regime company should be subject to national rules (where those exist) on employee

¹⁴ 18 Member States provide national rules for employee participation in private or public sector companies, with significant variations including applicable thresholds in terms of number of employees triggering the applicability of such rules.

¹⁵ E.g., ETUC press release, [ETUC calls on the EU to strengthen workers' participation in European company boards](#), 11 May 2016.

¹⁶ Article 153(f), in conjunction with Article 153(2) TFEU.

¹⁷ Articles 154 and 155 TFEU.

participation in the same way as other companies registered in the same Member States (with 36% with the opposite opinion and the remaining 20% - with no opinion). All responding trade unions and the majority of public authorities were also of that view, with some trade unions stressing that not applying the national employee participation rules to 28th regime companies would undermine national safeguards and acquired employee rights. Employer organisations (e.g. BusinessEurope) have also not supported the idea of establishing a specific new regime for employee participation.

In case the 28th regime company would carry out a cross-border merger, division or conversion, it would be subject to the rules on negotiation of employee participation under the Cross-Border Mobility Directive, for which there was strong support (70%) in the public consultation.

d) Asset locks as an option under the 28th regime

The concept of “steward-ownership” represents a distinct legal paradigm where a company’s ownership structure is defined by two fundamental pillars: the principle of self-governance, which mandates that voting control remains with individuals closely connected to the company’s operations, and the mission-priority principle, where all profits are dedicated solely to the entity’s long-term purpose. Central to this model is a permanent asset lock, which prohibits the distribution of dividends to shareholders and strictly limits the transfer or sale of assets, ensuring that the entity’s capital remains permanently bound to the company’s mission, effectively shielding it from investor expectations and pressures.

Such models are conflicting with the core architecture of the 28th regime corporate legal framework. One of the main objectives of this initiative is to establish a harmonised, flexible corporate framework to facilitate private capital flows and seamless movement of investments across borders in the EU. Asset locks, by contrast, require a more rigid governance framework with different rights and duties of stewards, investors and the company. Also Member States like Germany are currently envisaging a separate legal form providing for a permanent asset lock¹⁸. Furthermore, an irrevocable asset lock would complicate company valuation and would significantly limit the use of equity-based instruments, such as stock options, which are essential for scaleups to attract top-tier talent in a competitive global market. The rigidity of such a structure would also limit companies’ financial agility, making it difficult to adapt or sell assets to stay robust during economic downturns.

The feedback to the public consultation did not provide a clear call for action in this area; more than half of the respondents who answered to the question about asset locks (over 1000) did not know or had no opinion on whether solutions such as steward ownership models and asset lock mechanism are needed, indicating the lack of awareness of the issue. A third of the respondents thought that such solutions could support innovative startups and scale-ups (with support among the responding trade unions) and 18% were against them.

¹⁸ [German coalition agreement](#), 2025, p. 88.

Taking all above into consideration, this policy option was discarded.

e) Simplified insolvency procedure

Measures simplifying an insolvency proceeding such as removing the mandatory legal representation, obligation for filing an insolvency petition and introducing a time limit of 6 months for the competent authority to deal with the insolvency, could apply only in case of simple non-complex insolvency proceedings. Legal certainty and foreseeability impose the application of procedural safeguards such as the involvement of a lawyer in cases where there is high legal or financial complexity. For this reason, such simplified procedures would have to be limited to micro-enterprises as the insolvency proceedings of such companies are not complex due to the simplicity of their estate. However, in the case of 28th regime companies, the size might not be indicative of the complexity of the insolvency procedure. Even start-ups, as a micro-enterprise, might have a complex portfolio composed from e.g. patents, specialised machinery, or an innovative production line which make the insolvency proceedings complicated and the involvement of a legal professional necessary given possible issues related to tech law, IP law, data protection law or even environmental law. This would also have an impact on the duration of the proceedings. Therefore, a simplified insolvency procedure would be incompatible with the innovative nature of 28th regime companies and was discarded as an option.

ANNEX 10: EU RULES IN OTHER POLICY AREAS RELATED TO THIS INITIATIVE

Overall, the 28th regime EU corporate legal framework follows and is coherent with the objectives of the **Competitiveness Compass** to make it possible for innovative companies to benefit from a single, harmonised set of EU-wide rules wherever they invest and operate in the Single Market, and directly responds to the announcement of an EU corporate legal framework in the **Single Market and the Start-up and scale-up Strategies**.

The 28th regime EU corporate legal framework shares the aim of helping start-ups and scale-ups with the forthcoming proposal for the **European Innovation Act** (EIA), which was announced by the Competitiveness Compass as one of the policies, alongside the 28th regime, to close the innovation gap. However, both initiatives focus on different issues of importance for the start-up community. As regards the EIA, the Start-up and scale-up Strategy specified that the EIA would promote the access of innovative companies to European research and technology infrastructures, promote regulatory sandboxes to allow innovators to develop and test new ideas, reinforce coordination among Member States of innovation policies and programmes, and seek ways to increase total investments in public and private innovation procurement across Europe complementing the policy developments related to the EU public procurement directives.

With its measures to create an enabling framework to invest, the 28th regime corporate legal framework is also closely linked with the Commission initiatives under the **Savings and Investments Union**, which is a key strategy to improve the way the EU financial system channels savings to productive investments. Under the Savings and Investment Union, several initiatives for improving European businesses' access to funding have already been published in 2025, e.g. the **Market Integration Package** adopted on 4 December 2025, and further proposals are announced for 2026, including on EU venture and growth capital funds reform and measures to support exits by investors in private companies.

With regards to **digitalisation**, while digitalisation of company law procedures for 28th regime companies will build on company law tools, such as the Business Registers Interconnection System (BRIS) and the European Unique Identifier (EUID), which already allow for a “once-only” exchange of company information between business registers, the initiative will be complementary with the other existing (or currently developed) digital tools at EU level.

Regulation (EU) No 910/2014 (eIDAS), amended by Regulation (EU) 2024/1183, establishes the European Digital Identity Framework including the **European Digital Identity Wallet** (EUDIW). It provides an interoperable system for digital identification and serves as the legal reference for electronic identification in the Union. It allows users to securely store, manage and validate their personal identification data and electronic attestations of attributes. The European Digital Identity Framework and EU company law are complementary as the EU company law relies on the European Digital Identity Framework for the identification of company founders and directors as well as investors,

which is a prerequisite for reliable and secure online procedures. The 2019 Digitalisation Directive and the 2025 Upgrading Digital Company Law Directive both refer to Regulation (EU) 910/2014 for electronic identification and trust services in company law procedures. The latter updates the identification requirements to explicitly ensure that Member States allow the use of the EUDIW for online EU company law procedures and ensures compatibility between the EU Company Certificate and the EU digital power of attorney with the EUDIW. In a similar way the new digital procedures under the 28th regime corporate legal framework are envisaged to rely on the use of e-identification including the European Digital Identity Wallets and trust services.

The recent Commission proposal for a Regulation on the establishment of European Business Wallet builds on, and extends, the European Digital Identity framework¹⁹, introducing the European Business Wallet, which aims to provide electronic identification means for all companies – allowing them to store, share and seal documents – and to provide a secure communication channel that facilitates communication between economic operators (B2B) and with public sector bodies (B2G), supporting the operation of companies willing to purchase it. The proposal on the European Business Wallet and the EU company law are also coherent. The Business Wallet will use the EUID, the unique company identifier under EU company law, to uniquely identify companies, allowing to link the European Business Wallets with the official, up to date and trustworthy company information in business registers. The 28th regime corporate framework and the proposal for the European Business Wallets will also be complementary. The proposal for a 28th regime corporate legal framework will include the existing digital tools such as the EUID, EU Company Certificate and EU Power of Attorney and will aim to make those compatible with the European Business Wallets.

The **Single Digital Gateway** (SDG) facilitates online access to information, administrative procedures and assistance services across the EU; it is *lex generalis* and covers general principles and a wide range of administrative procedures defined in the Single Digital Gateway Regulation. There is a clear distinction between the scope of the SDG and EU company law, which is *lex specialis* and covers company law procedures and company data in the business registers, whereby company law procedures (such as formation of a company, filing by companies or firms within the meaning of Article 54 TFEU) are explicitly excluded from the scope of SDG. However, the 28th regime companies – as any other companies – will be able to benefit from the SDG in areas already covered by it.

As regards interoperability between such EU digital tools in general, the Upgrading digital company law Directive (EU) 2025/25 contains a review clause whereby the Commission should assess the potential for **cross-sector interoperability** between BRIS and other systems providing mechanisms for cooperation between competent authorities, such as in the areas of taxation or social security or the Once-only Technical System (OOTS), in the evaluation report on this Directive by July 2032, with the aim of creating more connected public administrations on a cross-border basis in the internal market.

¹⁹ [COM\(2025\) 838 final](#).

This is also in line with the ongoing work to strengthen cross-border interoperability and cooperation in the public sector across the EU, including through Regulation (EU) 2024/903²⁰.

The 28th regime corporate legal framework will also be coherent and complementary with the objectives of **EU taxation and anti-money money laundering legislation**. In particular, the exchange of information on 28th regime companies between business registers and authorities in charge of issuing the tax identification number TIN and the VAT identification number, which will ensure that the company information in the business registers, verified during mandatory preventive controls, can be automatically utilised to issue TIN and VAT identification numbers, is coherent with the objectives of ensuring full and automated identification of taxpayers in the Directive on Administrative Cooperation 2011/16/EU³⁴.

The **Anti-Money Laundering** (AML) legislation, the AMLD6 Directive (EU) 2024/1640 and the AML Regulation (EU) 2024/1624 play a key role in safeguarding the integrity of the Single Market and preventing the misuse of companies for illicit purposes, such as money laundering and terrorist financing and ensure that companies (and other entities) have accurate and current information on their beneficial ownership and that this beneficial ownership information is held in a central register in each Member State (such as a commercial or companies register) and is made available to competent authorities, obliged entities, and persons with a legitimate interest. Ensuring that the company information is transferred from the business register to the beneficial ownership register in the context of registration of a 28th regime company would ensure that that the company information in the beneficial ownership register corresponds to company information in the business registers (which is subject to preventive control and is up-to-date) and therefore, contribute to the objectives of the EU AML legislation, given that the accuracy of data included in the beneficial ownership registers is of fundamental importance for authorities and other persons allowed access to that data, and to make valid, lawful decisions based on that data. This would also be in line with the upcoming interconnection between the Business Registers Interconnection system, BRIS, and the Beneficial Ownership Registers Interconnection System, BORIS, following the Upgrading digital company law Directive (EU) 2025/25.

²⁰ [Regulation \(EU\) 2024/903](#) on laying down measures for a high level of public sector interoperability across the Union (Interoperable Europe Act).



Brussels, 18.3.2026
SWD(2026) 321 final

PART 3/3

COMMISSION STAFF WORKING DOCUMENT
IMPACT ASSESSMENT REPORT

Annexes

Accompanying the document

**Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL**

on THE 28TH REGIME CORPORATE LEGAL FRAMEWORK - 'EU INC'

{COM(2026) 321 final} - {SEC(2026) 321 final} - {SWD(2026) 322 final}

ANNEX 4: ANALYTICAL METHODS

1 Screening of impacts

1.1 Identification of impacts

All the impacts which could potentially be associated with the policy options analysed in this Impact Assessment were identified. This was done on the basis of the "Overview of key impacts" set out in the 'Better Regulation Toolbox' Tool #18, taking into account the evidence gathered during consultation activities with stakeholders, through literature review and on expert assessment.

The positive and negative, direct and indirect, intended and unintended, and short- and long-term impacts were considered. Table 1 shows the impacts considered for further analysis based on their relevance for the planned initiative.

Table 1. 'Long list' of impacts

Impact type	Long list of impacts drawing on Commission IA guidelines	Specific direct impacts considered
Economic Impacts	<ul style="list-style-type: none">• Conduct of business• Position of SMEs• Administrative burdens on business• Sectoral competitiveness, trade, and investment flows• Functioning of the internal market and competition• Public authorities (and budgets)• Education and training systems	<ul style="list-style-type: none">• Conduct of business• Position of SMEs• Administrative burdens on business• Sectoral competitiveness, trade, and investment flows• Functioning of the internal market and competition• Public authorities (and budgets)
Social Impacts	<ul style="list-style-type: none">• Working conditions, job standards and quality• Public health & safety and health systems• Culture• Governance, participation, and good administration	<ul style="list-style-type: none">• Governance, participation, and good administration
Environmental impacts	<ul style="list-style-type: none">• Climate• Quality of natural resources (water, soil, air etc.)• Biodiversity, including flora, fauna, ecosystems, and landscapes• Animal welfare	<ul style="list-style-type: none">• Environmental impacts
Economic and Social impacts	<ul style="list-style-type: none">• Education and training, education, and training systems	

	<ul style="list-style-type: none"> • Employment • Income distribution, social protection, and social inclusion (of particular groups) • Technological development / digital economy • Consumers and households • Capital movements; financial markets; stability of the euro • Property rights; intellectual property rights 	<ul style="list-style-type: none"> • Employment • Technological development / digital economy • Capital movements; financial markets; stability of the euro
Economic and Environmental impacts	<ul style="list-style-type: none"> • Sustainable consumption and production • Efficient use of resources (renewable & non-renewable) • Land use • The likelihood or scale of environmental risks 	n/a
Overarching Impacts	<ul style="list-style-type: none"> • Territorial impacts (specific (types of) regions and sectors) • Innovation (productivity and resource efficiency); research (academic and industrial) • Fraud, crime, terrorism, and security, including hybrid threats • Resilience, technological sovereignty, open strategic autonomy, security of supply • Transport and the use of energy • Food safety, food security and nutrition • Waste production, generation, and recycling • Third countries, developing countries, and international relations • Sustainable development • Fundamental rights 	<ul style="list-style-type: none"> • Innovation (productivity and resource efficiency); research (academic and industrial) • Fraud, crime, terrorism, and security, including hybrid threats • Fundamental rights

1.2 Screening of impacts

When analysing the significance of impacts for different stakeholders for the policy options covered by this IA, the following issues were taken into account:

- The expected magnitude – taking into account what would be the likely scale of impacts (i.e., the extent of expected costs and benefits), the number of companies affected, the extent of change expected;
- The likelihood – taking into account how likely it is for the positive and negative impacts to occur, and prioritising those for which there is robust evidence;
- The relevance to stakeholders – taking into account views provided by relevant stakeholder groups during consultation activities; and
- The link to Commission objectives - i.e., the extent to which each impact is aligned with the objectives of the initiative (to include all impacts that directly link to the objectives).

The assessment takes into account the views of stakeholders gathered through extensive consultation activities (public consultation, workshops with companies, targeted consultations with Member State company law experts, business associations and other stakeholders, including through the High Level Forum on justice for growth) as well as evidence collected through desk research. The result of the assessment, i.e., the final/ screened list of impacts to be investigated further, is provided in Table 2.

Some of the screened impacts are strongly interlinked and therefore, are covered jointly as it would be impossible to separately assess their impact.

Table 2 presents the expected magnitude, likelihood and relevance for stakeholders for all potentially relevant impacts, with additional explanation and marks which of those impacts were retained for detailed analysis.

Table 2. Significance of impacts for all the policy options under consideration

Key: '●' low; '●●' moderate; '●●●' high

Impact type	Expected magnitude	Likelihood	Relevance for stakeholders	Link with the objectives (✓)	Comment	Retained (✓)
Economic impacts						
Conduct of business / Ease of doing business	●●●	●●●	●●●	✓	<p>The initiative is expected to affect how companies conduct cross-border business by shaping the clarity, transparency and predictability of the legal framework under which they are set-up and operate in the EU. The availability of a single, coherent corporate legal framework can reduce the need for country-specific legal interpretation, lower perceived regulatory risk and simplify companies' interaction with different national legal systems. These effects influence firms' ability to enter cross-border markets, scale their operations across Member States and, where relevant, adapt or exit business activities.</p> <p>While companies may face some initial familiarisation or adjustment efforts when operating under the 28th regime legal framework, longer-term efficiency gains are expected through clearer legal pathways and reduced complexity for businesses active in more than one Member State. These effects are particularly relevant for companies with limited legal and administrative capacity, notably SMEs, for which complexity and uncertainty constitute proportionally higher barriers to cross-border activity.</p> <p>These conduct-of-business effects are closely linked to broader changes in the usability of the regulatory framework and are therefore best assessed as part of the priority impact "Ease of doing business", which captures how the initiative affects firms' practical ability and willingness to operate in the Single</p>	✓

Impact type	Expected magnitude	Likelihood	Relevance for stakeholders	Link with the objectives (✓)	Comment	Retained (✓)
					Market. The impact is therefore retained but not assessed as a standalone impact.	
Position of SMEs	●●	●●	●●●	☑	<p>This initiative is expected to have differentiated effects across companies depending on their size, in particular aiming to make it easier for SMEs and startups, which typically face higher relative legal, administrative and compliance constraints when setting up, operating or scaling across borders. Measures aimed at increasing clarity, predictability and coherence of the legal framework are therefore likely to affect SMEs more strongly, as these firms often lack in-house legal and compliance capacity and are more sensitive to regulatory complexity and uncertainty.</p> <p>The initiative is expected to reduce barriers to cross-border activity for SMEs by simplifying the legal environment in which they operate, lowering relative entry and transaction costs, and facilitating cross-border scaling and restructuring. These effects may enhance SME competitiveness and expand opportunities for growth across the Single Market. At the same time, potential challenges related to familiarisation with the new framework or to digital and legal approach in adopting the regime need to be considered to ensure proportionality.</p> <p>SME-related effects are therefore assessed as an integral, cross-cutting dimension of the analysis rather than as a separate impact category. They are explicitly addressed within the relevant priority impacts, notably Ease of doing business, Administrative burden and adjustment costs, and Ease of attracting investment, which capture the main channels</p>	☑

Impact type	Expected magnitude	Likelihood	Relevance for stakeholders	Link with the objectives (✓)	Comment	Retained (✓)
					through which the position of SMEs is affected. As changes in the position of SMEs result from these impacts rather than constituting an independent transmission channel, the impact is retained through clustering and not assessed as a standalone impact.	
Administrative burdens on business	●●	●●	●●●	<input checked="" type="checkbox"/>	<p>The 28th regime corporate proposal is expected to generate direct compliance effects for businesses and is therefore retained as a separate impact type. The initiative may reduce administrative burdens over time through common rules and more streamlined and digital procedures related to company registration, operation, closure and attracting investment. In particular, the use of harmonised templates and digital processes has the potential to reduce repetitive information obligations and simplify interactions with public authorities, including through the application of the once-only principle, and also with investors.</p> <p>At the same time, the initiative is expected to entail adjustment costs, notably one-off costs linked to familiarisation with the new framework, adaptation of internal processes, and potential changes to reporting or documentation practices, especially during the initial implementation phase. These adjustment costs are relevant for assessing proportionality and may affect firms differently depending on their size and administrative capacity.</p> <p>Assessing administrative burden together with adjustment costs allows for a balanced assessment of both short-term compliance efforts and longer-term efficiency gains, in line</p>	<input checked="" type="checkbox"/>

Impact type	Expected magnitude	Likelihood	Relevance for stakeholders	Link with the objectives (✓)	Comment	Retained (✓)
					with the Better Regulation Toolbox. Behavioural or strategic business decisions are excluded from this impact and addressed under other impacts. The impact is therefore retained as a standalone priority impact to ensure transparency regarding direct compliance costs and to avoid overlap with broader usability effects captured under Ease of doing business.	
Sectoral competitiveness, trade, and investment flows /Ease of attracting investment	•	•	•		<p>This initiative is expected to affect the competitive conditions under which companies operate across the Single Market by reducing legal fragmentation and lowering barriers to cross-border establishment and expansion. By offering a single, coherent legal framework, the initiative may facilitate company creation, cross-border scaling and restructuring, particularly for companies active in innovative or internationally oriented sectors for which regulatory complexity currently represents a constraint.</p> <p>The initiative is not expected to directly influence aggregate trade volumes or macro-economic investment flows. Instead, its effects are expected to materialise through improvements in the business environment, notably increased legal clarity, predictability and reduced need for country-specific adaptations. These changes may enhance companies' competitive positioning and make the EU a more attractive location for entrepreneurial activity and firm growth, including by strengthening incentives for companies to establish and scale operations within the EU rather than outside it.</p>	<input checked="" type="checkbox"/>

Impact type	Expected magnitude	Likelihood	Relevance for stakeholders	Link with the objectives (✓)	Comment	Retained (✓)
					<p>Effects related to companies' ability to attract investors and support cross-border growth strategies are addressed under the priority impact Ease of attracting investment (explained under the section on rationale for the selection and ordering of priority impacts below), focusing on firm-level incentives and perceived regulatory risk rather than capital availability.</p> <p>Structural effects linked to reduced regulatory fragmentation and improved cross-border market access are addressed under Functioning of the internal market and competitiveness, capturing system-level integration outcomes rather than company-specific usability or cost effects.</p> <p>As these competitiveness-related effects are closely interlinked with broader changes in the usability of the regulatory framework and with internal market integration, they are not assessed as a standalone impact. Instead, they are retained through clustering under the relevant priority impacts, ensuring a proportionate and analytically coherent assessment while avoiding speculative macro-economic analysis.</p>	
Public authorities (and budgets)	••	••	•••	☑	<p>This impact type is retained because the implementation of the 28th regime corporate proposal will have administrative and budgetary implications for public authorities. These implications may affect business registers in particular, but also other national authorities involved in company formation, operation or closure, such as for example tax and social security authorities or beneficial ownership registers.</p> <p>The corporate framework may generate efficiency gains for public authorities through increased digitalisation and the</p>	☑

Impact type	Expected magnitude	Likelihood	Relevance for stakeholders	Link with the objectives (✓)	Comment	Retained (✓)
					<p>application of the once-only principle, notably by facilitating the transmission of information between business registers, tax and social security authorities and beneficial ownership registers. Over time, this may reduce duplication of administrative tasks and lower operational costs.</p> <p>At the same time, the initiative may entail short-term adjustment costs for public authorities, including the adaptation of IT systems, ensuring interoperability between national registers and other administrative systems, staff training, and the management of a potentially increased volume of company registrations or related procedures. Where deadlines or performance obligations are introduced, this may require additional resources or organisational changes in some administrations.</p> <p>In addition, the initiative may have distributional effects on some public authorities and on legal professionals involved in company law procedures at national level, including potential changes in fee-based revenues resulting from more digital and streamlined registration processes.</p> <p>The impact is therefore retained in order to assess both potential cost savings and additional administrative and adjustment costs for public authorities.</p> <p>These considerations link directly to:</p> <ul style="list-style-type: none"> • SDG 10 on reducing inequality within and among countries – by improving administrative capacity to 	

Impact type	Expected magnitude (✓)	Likelihood	Relevance for stakeholders	Link with the objectives (✓)	Comment	Retained (✓)
					<p>deliver equal access to market entry and reducing regulatory disparities across Member States.</p> <ul style="list-style-type: none"> SDG 17 on partnership for the goals – by strengthening public institutions and digital cooperation frameworks across borders, supporting better governance in the internal market. 	
Social Impacts						
Governance, participation, and good administration	••	••	••		<p>The 28th regime corporate proposal promotes digital-by-default and eGovernment principles, notably through the use of digital-only procedures and the application of the once-only principle. These elements may contribute to more transparent, standardised and coordinated public administration, including improved information flows and administrative cooperation between authorities.</p> <p>However, this impact type is not retained as a standalone impact, as the core effects identified under this category are already addressed more appropriately and in sufficient detail under other impact areas. In particular, effects related to administrative organisation, coordination, digitalisation and resource implications for authorities are covered under Public authorities – costs, while effects related to simplification, compliance effort and interaction with public administrations are addressed under Administrative burden and adjustment costs for businesses and Ease of doing business.</p> <p>Assessing governance and good-administration aspects within these related impacts avoids duplication and ensures a proportionate analysis focused on the main transmission</p>	

Impact type	Expected magnitude	Likelihood	Relevance for stakeholders	Link with the objectives (✓)	Comment	Retained (✓)
					channels of the initiative. Relevant horizontal objectives, including contributions to Sustainable Development Goals such as SDG 16 (effective, accountable and transparent institutions) and SDG 17 (institutional cooperation), remain acknowledged in the overall assessment where appropriate.	
Environmental Impacts	•	•	•		This initiative could result in some positive environmental impacts as it introduces digital-only procedures for 28 th regime companies and an increased use of digital tools between business registers and other authorities through the application of once-only principle. This would e.g. result in smaller use of paper in company law procedures for 28 th regime companies. The expected magnitude of this impact would be small and therefore, this impact is not retained.	
Economic and social impacts						
Employment	••	••	••		The objective of the 28 th regime is to make it easier to do business in Europe and to make it easier to attract finance, therefore one can expect that the number of companies and the level of finance in Europe will go up with a successful 28 th regime. This will automatically lead to more employment, more growth, more productivity. All of these are indirect consequences that stem from the ease of doing business and the ease of attracting investment. However, to avoid double counting these impacts are mentioned but not included in the analysis.	

Impact type	Expected magnitude	Likelihood	Relevance for stakeholders	Link with the objectives (✓)	Comment	Retained (✓)
Consumers and households		•	•		<p>This impact type was not retained, as the 28th regime corporate proposal is not expected to have direct or material effects on consumers or households in terms of consumer protection, rights, or welfare.</p> <p>The initiative primarily targets company law and business operations, focusing on how companies are created, financed, and operate across borders. Any potential effects on consumers – such as increased trust or transparency when dealing with companies under the 28th regime – are indirect and marginal, and do not justify a separate assessment.</p> <p>Consumer-related aspects are already sufficiently covered through existing EU consumer protection legislation and are not altered by the introduction of an optional corporate legal form. Retaining this impact type would therefore risk overstating downstream effects and duplicating considerations addressed elsewhere.</p> <p>Relevant links to SDG 12 (responsible consumption) and SDG 17 (institutional cooperation) remain acknowledged at a general level but are not materially affected by the initiative.</p>	
Technological development / digital economy	••	••	•••		<p>This initiative introduces “digital-only” rules and procedures throughout the lifecycle of the 28th regime companies, including for setting up, for attracting capital (e.g. adjusting capital), for closing a company. It also introduces once-only transmission of information between authorities (business registers, tax and social security authorities, beneficial ownership registers) for setting up and also once-only transmission in case of closure of 28th regime companies. This initiative also aims to reduce burdens and costs on companies</p>	

Impact type	Expected magnitude	Likelihood	Relevance for stakeholders	Link with the objectives (✓)	Comment	Retained (✓)
					<p>through the use of digital tools and application of the once-only principle.</p> <p>This impact is not retained as a separate category, since the expected improvements in digital public administration are already covered under the impact types related to administrative burdens on business and costs for public authorities.</p>	
Capital movements; financial markets; stability of the euro	•	•	•		<p>The 28th regime corporate proposal is not expected to have a material or systemic effect on capital movements, the functioning of financial markets or the stability of the euro. The initiative does not target monetary policy, financial market regulation or euro area stability mechanisms and therefore does not directly influence macro-level capital flows or financial stability conditions.</p> <p>Nevertheless, the initiative may affect companies' ability to attract investors at micro level, notably through increased legal clarity, simplified corporate procedures and reduced regulatory fragmentation. These effects concern company-level investment attractiveness and cross-border growth incentives rather than financial market functioning as such.</p> <p>For this reason, the impact type is not retained as a standalone impact in the assessment of capital movements or financial markets. Instead, the relevant effects are retained through clustering under the priority impact "Ease of attracting investment", which captures how the 28th regime may influence companies' attractiveness to investors and support investment-related decisions.</p>	

Impact type	Expected magnitude	Likelihood	Relevance for stakeholders	Link with the objectives (✓)	Comment	Retained (✓)
Overarching impacts						
Fraud, crime, terrorism, and security, including hybrid threats	•	•	•		This impact type is not retained because the initiative's principal objective is not to address abuse or fraud. While the introduction of once-only information transmission (e.g. between business registers and beneficial ownership registers) may support those authorities in enforcing anti-money laundering rules, these effects are indirect and already covered under other retained impact types – such as “ease of doing business” or “administrative burdens on business.” The initiative will aim to ensure that the new legal form of 28 th regime companies could not be used for abusive or fraudulent purposes, but it is not expected to have a standalone or significant effect on the prevention of fraud, crime, or hybrid threats.	
Innovation productivity and resource efficiency); research (academic and industrial)	•	••	••		This impact type is not retained because the 28th Regime does not introduce direct measures aimed at boosting research, industrial R&D, or resource efficiency. While the regime may indirectly support innovation and productivity – for example, by responding to the needs of in particular innovative companies and facilitating their creation, Employee Stock Option Plans and cross-border scaling – these effects are already captured under retained impact types such as “ease of doing business” and “internal market and competitiveness.” The regime does not specifically target system-level innovation frameworks, public-private research collaboration, or measures that would influence academic or industrial R&D performance. As such, the broader impacts on innovation ecosystems are too indirect and diffuse to justify retaining this category separately.	

Impact type	Expected magnitude	Likelihood	Relevance for stakeholders	Link with the objectives (✓)	Comment	Retained (✓)
Fundamental rights	•	•	•		<p>The initiative will facilitate the implementation of the rights of establishment in any MS, as prescribed by Article 15(2) of the Charter. It should have a positive impact on the freedom to conduct business set out in Article 16 of the Charter as it will make it easier for companies to set up and operate in the Single Market, and should decrease costs for companies. However, these impacts are assessed under the Functioning Internal Market and in particular under “ease of doing business”. In addition, the measures proposed need to respect the protection of personal data in line with Article 8 of the Charter. However, this initiative does not have an impact on fundamental rights as such. Therefore, this impact is not retained.</p> <p>SDG 1-8, 10, 16</p>	
Functioning of the internal market	•••	•••	•••	☑	<p>The 28th regime corporate proposal is expected to affect the functioning of the internal market by reducing legal and administrative fragmentation, facilitating cross-border establishment and operation of companies within the EU and making it easier for companies to attract investment cross-border. By offering a single, coherent corporate framework applicable across Member States, the initiative aims to lower barriers stemming from divergent national rules and to enable companies to operate and scaleup more easily in multiple jurisdictions without the need for extensive country-specific adaptations.</p> <p>These changes are expected to contribute to improved competitive conditions within the Single Market by supporting company creation, cross-border scaling and restructuring, and by enhancing the ability of EU companies to compete and</p>	☑

Impact type	Expected magnitude	Likelihood	Relevance for stakeholders	Link with the objectives (✓)	Comment	Retained (✓)
					<p>attract finance across Member States. While many of these effects materialise through company-level usability, cost and investment channels, they also generate broader, system-level outcomes related to market integration and competitiveness.</p> <p>For this reason, the functioning of the internal market and competitiveness is retained as a priority impact in its own right. It captures aggregate and structural effects of the initiative that go beyond individual companies, consolidating outcomes arising from changes assessed under Ease of doing business, Administrative burden and adjustment costs, and Ease of attracting investment. Assessing this impact separately allows for a focused analysis of market-integration effects while avoiding duplication with company-specific impact categories.</p> <p>This impact also contributes to the achievement of the following Sustainable Development Goals (SDGs):</p> <ul style="list-style-type: none"> • SDG 10 – by reducing structural disparities and improving SME access to cross-border markets; • SDG 17 – by fostering international cooperation and investment within the Single Market. 	

1.3 Rationale for the selection and ordering of priority impacts

In line with the Better Regulation Guidelines, a comprehensive long list of potential economic, social and environmental impacts was identified and subsequently screened and clustered to define a limited number of priority impacts. This prioritisation ensures a proportionate and policy-relevant assessment by focusing on impacts that are most directly linked to the problem definition, the intervention logic of the initiative and the expected behavioural responses of affected stakeholders. The selected impacts are expected to be significant, differentiating across policy options and analytically distinct, while avoiding overlap and double counting.

Small and medium-sized enterprises (SMEs) are not treated as a separate impact category. Instead, SME-related effects, including those related to startups in particular, are integrated across all priority impacts, reflecting the fact that SMEs are affected through the same transmission channels as other firms, albeit often more strongly due to their more limited legal, administrative and financial capacity.

The first priority impact, **ease of doing business**, assesses how the initiative affects the practical usability of the regulatory framework for companies in the Single Market. It focuses on clarity, transparency and predictability of the rules and on firms' ability to rely on a single, coherent legal framework across Member States. This impact is positioned first because it represents the primary interface between the initiative and economic operators and constitutes a necessary condition for behavioural change. Reduced legal complexity and lower perceived regulatory risk are expected to facilitate cross-border activity for all companies, with proportionally stronger effects for SMEs, for which legal uncertainty and complexity represent higher relative barriers.

The second priority impact, **administrative burden and adjustment costs (direct compliance costs)**, is assessed separately in line with the Commission's Better Regulation and burden-reduction objectives. While closely related to ease of doing business, this impact isolates the direct compliance costs generated by the initiative, including one-off adjustment costs (such as familiarisation with the new framework, any adaptations and internal changes needed for companies) and recurrent administrative costs linked to ongoing compliance management. Assessing administrative burden separately ensures transparency regarding cost drivers and enables a focused assessment of proportionality, including whether SMEs face relatively higher or lower burdens compared to larger companies and compared to the baseline. Strategic or behavioural business decisions are excluded to avoid overlap with other impacts.

The third priority impact, **ease of attracting investment**, examines how a more coherent and predictable legal framework affects firms' ability to attract investors and support cross-border growth strategies. This impact does not assess access to bank finance or overall capital availability, nor does it measure macro-economic investment levels. Instead, it focuses on whether reduced legal uncertainty and greater regulatory predictability under the 28th regime corporate legal framework improve companies' attractiveness to investors, thereby influencing firm-level expansion, scaling or consolidation decisions. SME-specific effects are considered within this impact, as smaller companies, and in particular startups, are typically more sensitive to regulatory risk when seeking external investors and yet in greater need of financing to be able to scale up.

The fourth priority impact, **public authorities**, examines the administrative and organisational implications of the initiative for EU and national authorities. It covers implementation arrangements, coordination needs, as well as associated resource and capacity implications. Judicial systems and enforcement impacts are excluded to ensure proportionality. This impact is positioned after firm-facing impacts, reflecting the enabling role of public authorities in supporting the functioning of the 28th corporate legal framework.

Finally, **functioning of the internal market and competitiveness** captures the structural, system-level effects of the 28th regime corporate legal framework. It focuses on reductions in regulatory fragmentation and improved cross-border market access resulting from the availability of a common legal framework. This impact reflects aggregate market-integration outcomes arising from changes in companies' behaviour and investment decisions, including those of SMEs, and is therefore placed last, as it represents an outcome rather than a direct transmission channel.

The assessment below focuses on the causal impacts of the initiative on regulatory usability, compliance costs, investment conditions, public administration and market integration. Behavioural and outcome-level effects, such as changes in firms' decisions to engage in cross-border activity, to attract external investment or to scale up operations, are therefore analysed explicitly within the relevant impact categories rather than treated as standalone impacts. This approach ensures consistency with the intervention logic, avoids double counting, and reflects that such outcomes result from changes in the underlying regulatory conditions rather than constituting independent impact channels.

The table below sets out the impacts that were selected, the stakeholder group(s) affected and the general approach that will be used to assess them. It is important to highlight that the impacts of the measures might differ between stakeholders. This is highlighted when relevant.

Table 3. Selected significant impacts

Main category of impacts	Assessment					
	Society	Companies	Investors (including employee with employee stock options)	Public administrations and notaries (EU, national)	Qualitative	Quantitative
Ease of doing business (benefit)		●			●	
Ease of attracting investment (benefit)		●	●		●	
Administrative burden reduction (benefit)		●	●		●	partial
Administrative and adjustment costs (cost)		●	●		●	
Benefits for public authorities				●	●	
Costs for public authorities				●	●	partial

Main category of impacts	Assessment					
	Society	Companies	Investors (including employee with employee stock options)	Public administrations and notaries (EU, national)	Qualitative	Quantitative
Functioning of the internal market and competitiveness (benefit)	●	●	●	●	●	●

2. ASSESSING THE POLICY OPTIONS

This section includes an assessment of every policy option in comparison to Policy Option 0 (the baseline). Each policy option is evaluated on its **effectiveness (section 1)**, **efficiency (section 2)** and **coherence (section 3)**.

2.1. METHODOLOGICAL APPROACH

2.1.1 General methodological approach

The assessment of the policy options is based on a mixed methods approach in which the effectiveness, efficiency and coherence of the policy options are graded on a scoring system that comprises qualitative, quantitative and monetary data. The data employed for this analysis stems from various sources (the open public consultation, literature, previous impact assessments on related topics, workshops with companies as well as the expert opinion of the team drafting the impact assessment).

It is clear from Table 3 that the various impacts of the policy options cover both tangible (e.g. administrative burden, costs for authorities) and intangible impacts (e.g. competitiveness or functioning of the internal market); the latter require a different methodological approach for the assessment. The tangible costs are monetised either by employing the Standard Cost Model (Tool #58) or by cost comparison of the baseline. Furthermore, many impacts are also scored by the views from stakeholders (from the public consultation or the workshops) or by expert opinion on their magnitude of impact (see scoring system below) to have a comparative qualitative analysis as well. It was decided that for the purpose of this impact assessment it would not be relevant to monetise the intangible impacts through stated preference experiments (due to limited rationale, difficulty of choosing a payment vehicle and increased difficulty for the stakeholders) or through revealed preference (due to a lack of a comparable market of public information), but that it was more appropriate to apply a qualitative approach based on a straightforward scoring system. Some of the costs relate to direct impacts, whose magnitude can be assessed relatively easy, whereas other costs are (more) indirect and less likely to occur.

As mentioned above, the assessment of the policy options draws on a mixed-methods approach combining quantitative evidence, qualitative analysis and expert judgement. In particular, the quantitative assessment relies on Member States data on the number of private limited liability companies (LLCs) registered over the past three years, as well as observed and projected growth rates over this period. In those Member States where

a simplified legal form for limited liability companies exists (e.g. France), those numbers and their growth rate were also considered. These data were used to establish a dynamic baseline and to estimate the population of companies potentially affected under each policy option (Annex 8).

In estimating costs and benefits, the analysis systematically applied conservative assumptions. Cost savings for companies and efficiency gains were calculated using lower-bound estimates, while potential benefits were capped where uncertainty existed, in order to avoid any overestimation. Similarly, where data were incomplete or heterogeneous, cautious extrapolations were made on the basis of available evidence, ensuring that assumptions remained prudent and transparent.

This conservative approach was applied consistently across the assessment, with the aim of ensuring that the estimated impacts represent a lower-end estimate of the likely effects of the policy options. As a result, the quantified cost savings with the standard cost model should be interpreted as indicative and robust, rather than optimistic, while providing a credible basis for comparing the relative performance of the policy options against the baseline.

The scoring system applied in this Impact Assessment is straightforward and easy to comprehend.

2.1.2. Scoring approach

As outlined above, the combination of quantitative, monetary and qualitative assessment was adopted in this study. Some of the more intangible impacts were scored by the available evidence gathered from stakeholders, literature, previous impact assessment and/or the expert assessment of the unit drafting the Impact Assessment. For reasons of clarity, all the available evidence is translated into a straightforward scoring system to have comparable scores between policy options as well as between various impacts.

The scores range from 0 to 5 for all three pillars of the evaluation (effectiveness, efficiency and coherence).

Effectiveness:

The scoring system assessed to what extent the objective (or a specific part of the objective) is realised by the policy option at hand.

- 5** – The option makes a **very strong contribution** to achieving the objective
- 4** – The option makes a **strong contribution** to achieving the objective
- 3** – The option makes a **moderate contribution** to achieving the objective
- 2** – The option makes a **limited contribution** to achieving the objective
- 1** – The option makes a **very limited contribution** to achieving the objective
- 0** – The option does **not contribute** to achieving the objective compared to the baseline

Efficiency:

The scoring system is similar for costs and benefits, meaning that for costs it is an increase compared to the baseline and for benefits it is an increase compared to the baseline as well.

5 means there is a **very large increase** in costs/benefits

4 means there is a **large increase** in costs/benefits

3 means there is a **moderate increase** in costs/benefits

2 means there is a **small increase** in costs/benefits

1 means there is a **very small** in costs/benefits

0 means that there is **no change** compared to the baseline.

Note 1: For the impacts for which there is monetized information, these impacts are also translated into scores to assess the overall efficiency.

Note 2: the scores should be interpreted compared to the baseline. The scores should at this stage not be assessed compared over various impacts. For instance, a score of 3 on administrative burden could reflect a larger impact than a score of 3 for adjustment costs. This relative comparison will be tackled in the Multi-criteria analysis (MCA) (see below under section 2.5).

Coherence:

The scoring system assessed to what extent the policy option at hand improves internal and external coherence.

5 means the coherence is improved to a **very large extent**;

4 means the coherence is improved to a **large extent**;

3 means the coherence is improved to a **moderate extent**;

2 means the coherence is improved to a **small extent**;

1 means the coherence is improved to a **very small extent**;

0 means that there is **no change** compared to the baseline.

2.2. Effectiveness of the policy options

In this section, the options are analysed in order to assess to what extent they will achieve the policy objectives of the initiative; some options are analysed against all three objectives and some – against the two relevant objectives. For instance, policy options 2 about setting up 28th regime companies are not analysed against the objective on an enabling framework to invest as they do not provide any relevant measures.

Table 1: Effectiveness of policy options 1 to provide a harmonised company legal form for entrepreneurs

- Policy option 1a - Introduce a new harmonised legal form for a 28th regime company with a recognisable EU brand, to be set up by natural persons as founders.
- Policy option 1b - Option 1a + to be set up also by legal persons (28th regime subsidiaries), with a possibility for existing companies to convert through domestic conversions, and with harmonised rules for setting up branches of 28th regime companies.

- Policy option 1c - Option 1b + a possibility for existing companies to create a 28th regime company through a cross-border conversion, division or merger in accordance with Directive 2019/2121.

These policy options would address the following driver: different national company legal forms and absence of a distinct EU brand for startups.

	PO1a	PO1b	PO1c	Motivation
Specific objective 1: Provide a common corporate legal framework for companies, in particular startups and scaleups in the EU	2	3	4	<p>The consultation activities (the public consultation, the workshops, the High Level Forum, meetings with stakeholders as well as stakeholder driven initiatives such as the petition and subsequent blueprint by EUInc) showed strong calls and support for common rules including a harmonised legal form for startups and scaleups.</p> <p>While all options would provide a common legal form for 28th regime companies with a recognisable brand, PO1b and PO1c would make it available for potential startup founders (natural persons) and also for legal persons (thus benefitting also groups, whose parent companies could be founders of 28th regime companies). In the public consultation, 85% of respondents replied that both entrepreneurs and groups of companies (both natural and legal persons) should be able to set up a 28th regime company. Option 1b would in addition make it possible to create a 28th regime company through domestic conversion, while the PO2c would in addition provide that a 28th regime company could be formed through cross-border mergers, divisions or conversions. A creation of the 28th regime company through a conversion was supported by over 80% of respondents to the public consultation.</p>

Table 2: Effectiveness of policy options 2 to make registration of companies, in particular startups quicker and simpler

- Policy option 2a - Create an EU single interface based on BRIS for the registration of 28th regime companies with harmonised bilingual templates (EN/national language) and preventive administrative, judicial or notarial control.
- Policy Option 2b: Option 2a + introduce a deadline (48 hours) and cost ceiling of EUR 100 to complete the registration including the preventive administrative, judicial or notarial control when the standardised template is used by founders as natural persons.
- Policy option 2c - As option 2b but with preventive control by judicial or administrative authorities (excluding notaries) when the standardized template is used by founders as natural persons.

These policy options would address the following drivers:

- Different national company legal forms and lack of an EU brand for startups, and
- insufficient availability of digital tools and procedures during company set-up.

	PO2a	PO2b	PO2c	Motivation
<p>Specific Objective 1: Provide a common corporate legal framework for companies, in particular startups and scaleups in the EU</p>	2	3	3	<p>While the common rules would be in principle provided by the policy options 1 through a common legal form and also through policy options 5, 6 and 7 through specific common measures, the policy options 2 would complement those by providing a common EU system for registration of 28th regime companies. Calls for a single EU interface for registration of 28th regime companies were an important part of the overall call for common EU rules, both in replies, in particular, from companies and founders, to the consultation but also in calls from the startup community (e.g. in EU Inc proposal). PO2a would already be an important step towards a common framework, but PO2b would be more effective in meeting the objective by providing also harmonised deadline and price ceiling for the registration. Removing notarial involvement under PO2c would not change the overall effectiveness. The responsibility for preventive control would need to be taken over by other authorities in Member States and would thus impact Member States legal systems and traditions.</p>
<p>Specific Objective 2: Provide simple and efficient corporate rules and procedures throughout the company lifecycle</p>	3	4	4	<p>A strong majority of respondents to the consultation expressed a strong preference for fully digital processes without paper-based alternatives for 28th regime companies and in particular, a strong majority thought that a single access point/interface and harmonised registration form would contribute to either a very large or large extent to a fast and efficient setting up of 28th regime companies. Feedback from other sources confirmed this, e.g. companies participating in the workshop thought that having a single website to register 28th regime companies and a single template for registration and articles of association would help to reduce time spent and legal advice costs for companies.</p> <p>PO2a will already contribute to providing founders with simpler and more efficient procedures by allowing them to register 28th regime companies through one EU single</p>

				<p>interface and by using a harmonised template regardless in which Member State they want to set up a 28th regime company. However, PO2b will be more effective as an EU single interface with a standard template and harmonised deadline for registration of 28th regime company in the whole EU would reduce legal uncertainty and lead to faster planning and lower risk for potential founders. In addition, a cost ceiling for registration would mean a predictable and non-deterrent entry cost for founders. While PO2c would respond to feedback in the consultations about the role of notaries being one of the main factors slowing down the setting up process, it would not be more effective in meeting the objective given that the preventive control would need to be provided by other authorities instead of notaries. All the options integrate the preventive control into the streamlined registration process as preventive control is essential to prevent the creation of abusive or fraudulent companies (letter-box companies linked to tax evasion and/or money laundering) and also to reduce administrative formalities.</p>
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Table 3: Effectiveness of policy options 3 to ensure once-only submission of information in the context of registration

- Policy option 3a - In the context of the registration, ensure that the information about the company is transferred from the business register to the authority in charge of issuing the TIN and the VAT identification number, to social security authority and to the beneficial ownership register, with any beneficial ownership information as part of the template, without the 28th regime company needing to submit it again ("once-only principle").
- Policy option 3b - Option 3a + the 28th regime company would obtain the TIN from the relevant authority as part of the registration process, with any additional information needed to obtain the TIN as part of the template.
- Policy option 3c - Option 3b + the 28th regime company would obtain the VAT identification number from the relevant authority as part of the registration process (unless such authorities need to check more case specific information than what is included in the template).

These policy options would address the following drivers:

- Different national company legal forms and lack of an EU brand for startups; and
- lack of implementation of the "once-only principle" for company set-up.

	PO3a	PO3b	PO3c	Motivation
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Specific Objective 1: Provide a common corporate legal framework for companies, in particular startups and scaleups in the EU	1	2	3	At the heart of the common rules is the common legal form with recognisable brand under policy options 1. However, other measures are needed to achieve the objective of having common corporate legal framework including procedural rules. In all the consultation activities, respondents highlighted the problem of lack of application of once-only principle in the context of registration. The common rules for the application of once-only principle under the policy options 3 will thus contribute to meet the objective 1, with policy option 3c providing the largest range of common procedures.
Specific Objective 2: Provide simple and efficient corporate rules and procedures throughout the company lifecycle	2	3	4	In particular, the public consultation showed that it was a problem in the context of setting up a company that companies needed to submit the same information to different authorities. The policy options 3, by ensuring that founders setting up 28 th regime company would not need to separately submit information to tax and social security authorities and beneficial ownership registers in the context of registration will contribute to providing simpler and more efficient procedures. While policy option 3a will already provide the once-only principle transmission of information between the registers and the authority in charge of issuing the TIN and the VAT identification number, social security authorities and beneficial ownership registers, the options 3b and 3c will ensure that the 28 th regime company will also obtain the tax identification number and VAT identification number (in the latter case, unless tax authorities need to check more case specific information) and are thus more effective in meeting the objective 2.

Table 4: Effectiveness of policy options 4 to facilitate closure (liquidation) of the company

- Policy option 4a – Ensure that all relevant filings by the liquidator for closure outside of insolvency are transferred from business register to other authorities (“once-only principle”) and online filing of claims from creditors.
- Policy option 4b - Option 4a + simplified liquidation procedure (outside of insolvency) for no assets/no debts to be concluded within a specific deadline.
- Policy option 4c - Option 4b + simplification of insolvency procedures thanks to their full digitalisation

These policy options would address the following drivers:

- Different national company legal forms and lack of an EU brand for startups, and
- complex and paper-based procedures for closure

	PO4a	PO4b	PO4c	Motivation
<p>Specific objective 1: Provide a common corporate legal framework for companies, in particular startups and scaleups in the EU</p>	1	2	3	<p>67% of the respondents to the consultation assessed the absence of a simplified/ harmonised procedure for winding-up of a company as a barrier to a large or very large extent and therefore, addressing this issue in the 28th regime corporate proposal is an important part towards providing a common framework for the 28th regime companies.</p> <p>Policy Option 4a would provide a first step by providing for online filing in the context of closure outside of insolvency, where such filing is required at national level, and once-only transmission of information, while policy option 4b would be even more effective by harmonising rules for a simplified liquidation outside of insolvency, where companies do not have any assets or debts.</p> <p>Policy Option 4c would be the most effective measure in terms of establishing a common framework as it would also address closure of 28th regime companies in case of insolvency and simplify the procedure through digital solutions. This would have the most impact out of the three policy options on removing fragmented national company law and insolvency rules and the related legal uncertainty for cross-border investors.</p>
<p>Specific Objective 2: Provide simple and efficient corporate rules and procedures throughout the company lifecycle</p>	2	3	4	<p>The consultation activities showed not being able to carry out all the steps for the closure of a company as regards the business register fully online and the necessity to notify several authorities separately as barriers to efficient closure of companies in the EU, e.g. 63% respondents to the consultation saw those as barriers to a large or very large extent, and companies participating in the workshop expected a reduction in costs in terms of time spent and costs of professional advice.</p> <p>While policy Option 4a would render the procedure more efficient through fully online filing to the liquidator and once-only transmission of information between authorities but would be limited to those procedural aspects, policy option 4b would</p>

				be more effective by providing a simple, harmonised a procedure for closure of solvent companies, when those have no-assets and no-debts, and therefore, providing more legal certainty and allowing to close companies more quickly. Policy Option 4c would be most effective in terms of simplicity and efficiency as, in addition, it would also ensure full digitalisation of insolvency liquidation procedures, making it more efficient for companies, and would allowing an earlier re-allocation of resources from the insolvent enterprise to a more productive use outside the insolvent enterprise.
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Table 5: Effectiveness of policy options 5 for attracting talent

- Policy option 5a - Possibility for 28th regime companies to set up employee stock ownership plans (ESOPs) and issue classes of shares with distinct voting rights.
- Policy option 5b - Option 5a + introduce an optional common employee stock ownership scheme for 28th regime companies, based on employee stock options and with common criteria (EU-ESO).
- Policy option 5c - Option 5b + provide harmonised timing for the taxation of employee stock options granted in the context of the EU-ESO.

These policy options would address the following drivers:

- Different national company legal forms and lack of an EU brand for startups, and
- lack of common rules for Employee Stock Ownership Plans.

	PO5a	PO5b	PO5c	Motivation
Specific Objective 1: Provide a common corporate legal framework for companies, in particular startups and scaleups in the EU	1	2	3	<p>The consultation activities for this initiative and the European Innovation Act, including feedback from workshops with companies, bilateral interviews with companies, and other inputs such as the EU-INC petition and blueprint, showed a clear call from the startup community for common rules for ESOPs given their importance for attracting, incentivising and retaining talent by startups. Therefore, provisions on ESOPs would contribute importantly towards achieving an objective of a common framework for 28th regime companies.</p> <p>All policy options contribute to a common corporate legal framework. PO5a would enable all 28th regime companies to set up ESOPs, including schemes for non-voting shares, thus removing some of the existing restrictions in Member States. PO5b would provide for an optional EU-ESO for 28th</p>

				regime companies that would serve as a scheme on the basis of which startups and scaleups could set up stock option-based ownership plans, and therefore, would be more effective than PO5a. PO5c would remove different timings of taxation for the common EU-ESO in Member States as a further incentive to choose this scheme; by harmonising also this taxation aspect, it would be most effective at achieving the objective.
Specific Objective 2: Provide simple and efficient corporate rules and procedures throughout the company lifecycle	1	3	4	PO5a would achieve the objective only to a small extent, as it would leave it to companies to make all relevant choices for setting up an ESOP within the legal limits and would not address taxation aspects. While PO5b would simplify procedures for startups and scaleups through the provision of the EU-ESO for 28 th regime companies, it would also keep the status quo as regards taxation. PO5c would in addition set out a single, simple point in time for taxing the EU-ESO and would thus be the most effective in meeting the objective of simple and efficient rules.
Specific Objective 3: Ensure that corporate rules provide an enabling framework to invest	1	3	4	These policy options would be also relevant to achieve the objective of providing an enabling framework to invest as they would help companies demonstrate to investors that they can attract and retain talent through ESOPs and encourage employees to become shareholders/investors themselves. PO5a would enable 28 th regime companies to set up ESOPs, removing some of the existing restrictions in Member States, but otherwise not further incentivise their uptake by employees. PO5b would be more effective as the EU-ESO would provide a common, stock option-based scheme across Member States that employees would be incentivised to use, albeit to a potentially lesser extent due to a timing of taxation that would be different between Member States or less favourable, leading to a 'dry tax charge' in some of them. PO5c is the most effective measure as the added harmonised timing of taxation of employee stock options creates the most attractive conditions for employees to make use of the EU-ESO and therefore become investors themselves, aligning their interests with the interests of other investors.

Table 6: Effectiveness of policy options 6 to provide a flexible governance and capital regime for founders and investors

- Policy option 6a - Create a flexible governance system, provide simple and fully digital procedures for increasing capital and issuing shares and enable the use of modern early-stage financing instruments like SAFEs.
- Policy option 6b - Option 6a + 0 or EUR 1 minimum capital but no paid-in share capital for incorporation of 28th regime companies and harmonised creditor protection safeguards in addition to capital maintenance rules.
- Policy option 6c - Option 6a + common minimum share capital of EUR 5 000 for incorporation of 28th regime companies with harmonised creditor protection safeguards based primarily on capital maintenance.

These policy options would address the following drivers:

- Different national company legal forms and lack of an EU brand for startups,
- divergent and non-digital national requirements related to capital increases,
- legal uncertainty regarding venture-capital driven clauses, and
- divergent minimum capital requirements.

	PO6a	PO6b	PO6c	Motivation
Specific Objective 1: Provide a common corporate legal framework for companies, in particular startups and scaleups in the EU	1	2	2	Measures on how companies are governed and how their capital is to be maintained constitute important part of any set of rules for companies and therefore, these policy options provide an important contribution towards an objective of creating a common corporate legal framework for 28 th regime companies. PO6a is already effective by harmonising a comprehensive number of issues related to governance of 28 th regime companies but also addressing a number of measures relevant for attracting investment. Options PO6b and PO6c are more effective than PO6a as they would also provide common rules as to the capital maintenance and creditor protection regime of 28 th regime companies, both harmonising the important issue of minimum capital requirements. Although they provide for different solutions, they are considered equally effective in meeting the objective of common rules.
Specific Objective 2: Provide simple and efficient corporate rules and procedures throughout the company lifecycle	3	4	3	PO6a would simplify and make corporate rules more efficient by facilitating digital solutions for the governance of 28 th regime companies, including by allowing for online shareholder and board of director meetings and fully online procedures. PO6b and PO6c would be more effective than PO6a as they would also address the capital regime, which is an important element of incorporation procedure. PO6b, by not

				<p>requiring any minimum paid-in share capital for incorporation, would be more effective than PO6c with a minimum requirement of EUR 5 000. PO6b would make incorporation of 28th regime companies simpler and more efficient, also due to no need for bank verification and opening a bank account before company registration. There was clear support for no minimum capital requirements in the open public consultation, with 65% of respondents in favour of no or symbolic (e.g. EUR 1) minimum capital.</p>
<p>Specific Objective 3: Ensure that corporate rules provide an enabling framework to invest</p>	3	4	3	<p>PO6a would already have a significant effect on providing an enabling framework to invest in 28th regime companies as it addresses a number of measures relevant for attracting investment, including simple and digital procedures for increasing capital and issuing shares, simpler procedures to issue the TIN for foreign investors, thereby eliminating bureaucratic friction points that commonly stall growth and delay crucial financing rounds. 80% of the respondents to the open public consultation confirmed that enabling fully online capital increases of 28th regime companies, including online participation in general meetings and voting, would help reduce barriers to capital increases and other investments to a large or very large extent. This option would also, by enabling modern early-stage financing instruments like SAFEs, provide entrepreneurs with the flexible, globally recognised tools necessary to attract capital; the possibility for directors of 28th regime companies to negotiate and implement such agreements was strongly supported by respondents to the consultation (by 65%).</p> <p>PO6b would be more effective than PO6a and most effective overall as it would also address the capital regime of 28th regime companies through the abolition of a minimum paid-in share capital before incorporation, while harmonised creditor safeguards would ensure a robust balance. In particular, the requirement for directors to carry out a balance sheet test and solvency test before approving distributions to shareholders would ensure that distributions are only carried out where the company remains viable and able to satisfy creditor claims. Rules on directors' liability would ensure that these tests are actually carried out before each distribution, while a limitation of directors' liability to cases</p>

				where the tests have not been performed or not been performed with sufficient care would avoid disincentivising directors from approving distributions in cases where the viability of the company is not at risk. While PO6c would also address the capital regime, it would provide a minimum paid-in share capital of EUR 5 000, that would hinder investment by locking up valuable seed capital.
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Table 7: Effectiveness of policy options 7 to facilitate exit options

- Policy option 7a – Ensure that transfers of shares of 28th regime companies can be carried out fully digitally.
- Policy option 7b - Option 7a + no requirement to involve intermediaries in share transfers of 28th regime companies.
- Policy option 7c - Option 7b + possibility for Member States to grant access to public equity markets to 28th regime companies.

These policy options would address the following drivers:

- Different national company legal forms and lack of an EU brand for startups, and
- complex, uncertain or costly investor exit environment.

	PO7a	PO7b	PO7c	Motivation
Specific objective 1: Provide a common corporate legal framework for companies, in particular startups and scaleups in the EU	1	2	3	As obtaining funding through private investors or through public markets is a key mechanism for strengthening a company's financial position and facilitating the exit of existing investors, these policy options are important elements to create a common framework for 28 th regime companies. All three options contribute to a more common corporate legal framework by reducing reliance on divergent national rules governing exits, particularly as regards share transfers. While policy option 7a would improve legal convergence by ensuring that share transfers of 28 th regime companies can be carried out fully digitally across the EU, policy option 7b is more effective as it would remove any mandatory involvement of intermediaries, thereby harmonising further the rules on private share transfers for 28 th regime companies. Policy option 7c is the most effective as it goes beyond private exits and also addresses exits via public equity markets but its effectiveness would be limited as it would allow Member States to integrate 28 th regime companies into public equity markets without requiring

				a change of legal form, rather than providing common rules in this context.
Specific Objective 3: Ensure that corporate rules provide an enabling framework to invest	2	3	4	Based on the input received during the dedicated workshop on attracting investment as well as bilateral interviews with startups and scaleups, policy option 7a provides an important step towards improving the investment environment by enabling fully digital share transfers and thus, reducing delays and transaction costs for exits and secondary transactions, but policy option 7b would be more effective in making it easier for 28 th regime companies to attract investment by also removing mandatory involvement of intermediaries in case of share transfers and thus, further reducing costs for investors. Policy option 7c is the most effective option, as in addition, it would aim to make it easier for 28 th regime companies to attract financing through access to public equity markets without mandatory conversion, through encouraging Member States to allow such access.

2.3. Efficiency of the policy options

This section analyses the efficiency of the various policy options based on the mapping of the impacts. The text below details the approach followed for each of the impacts separately and tables below shows the overview of the scoring for the efficiency criterion.

In the absence of historical or predictive data on the take-up of a new EU-level corporate legal form designed for startups and scaleups, the estimates on the expected number of 28th regime companies are based on a **scenario-based and conservative analytical approach**, in line with the Better Regulation Toolbox.

The take-up assumptions are intended to establish a plausible and proportionate analytical scenario which allows for comparative assessment of the policy options. The assumptions were derived by triangulating several sources of evidence and considerations, including: (i) the observed annual number of newly created private limited liability companies in the EU, which represent the legal form most commonly used by startups; (ii) qualitative evidence from the public consultation, targeted workshops and stakeholder initiatives indicating interest in an optional EU-level company form; and (iii) expert judgement on likely behavioural responses to an optional and non-mandatory legal framework.

In addition, as a response to the needs of startups and to promote their growth, some Member States have undertaken reforms of their legal forms to allow greater flexibility or introduced new simplified legal forms. Therefore, the uptake of simplified national legal forms in France, Germany and Greece was also specifically looked at. While the take-up of simplified legal forms in the specific Member States showed a significantly higher growth rate compared to the overall net-growth of private limited liability companies in the respective Member States, the figures also showed that growth rates for these forms have been very different between MS, making them unreliable for

predicting the uptake of an EU-wide harmonised legal form. In addition, the number of companies with the simplified form is included in the overall number of private limited companies and in some other Member States, there are no specific simplified legal forms, but the legal form for private limited liability companies has been modernised (e.g. Finland). Therefore, the reference point for the estimated up-take of 28th regime companies is the annual net-growth of all private limited liability companies in the EU.

The starting point is the total number of private limited liability companies (LLCs) in the EU in 2022 and 2025, based on reliable business register data from the Business Registers Interconnection System (BRIS). Between 2022 and 2025, the average net growth of LLCs in the EU was approximately 668 000 companies per year. The estimated take-up of the 28th regime legal form is based on two assumptions: that the average net growth of LLCs remains stable over the next 10 years and that the share of new 28th regime companies (the take-up) will be very low in the beginning and gradually increase over time: from 0.25% of new LLCs in year 1 to 10% of new LLCs in year 10. The assumed take-up rate reflects the optional nature of the 28th regime and gradual adoption over time as awareness about this new legal form increases and the benefits of a common corporate legal framework become more widely recognised. Lower initial uptake is assumed in the early years due to learning effects and path dependency, followed by a progressive increase as legal certainty improves and the regime is expected to gain credibility among founders, investors and intermediaries.

The following take-up rates refer to the share of new 28th regime companies. This average annual net increase is used as a simplifying assumption for the purpose of estimating potential uptake, in line with the proportionality principle and in the absence of evidence suggesting a structural break in company formation trends over the assessment horizon. The cumulative total number of newly formed 28th regime companies over a period of 10 years is estimated at 300,000 (308,843).

Year	Take-up rate 28th regime legal form (out of 668,000 private LLCs created each year)	New 28th regime companies
1	0.25%	1,669
2	1.00%	6,678
3	2.00%	13,355
4	3.00%	20,033
5	4.00%	26,711
6	5.00%	33,388
7	6.00%	40,066
8	7.00%	46,744
9	8.00%	53,421
10	10.00%	66,777
Cumulative total		308,843

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Given the voluntary nature of the 28th regime and taking into account the persistence of national legal forms, the analysis assumes a **limited and gradual take-up**, expressed as a small share of newly created private limited liability companies. The assumed take-up rate is deliberately conservative and reflects the expectation that only a subset of founders and companies with cross-border ambitions or specific needs would opt for the new legal form, particularly in the initial years following implementation.

The distinction between natural and legal persons as founders is based on feedback from consultation activities, which indicated that startups and early-stage companies are predominantly founded by natural persons, while a smaller share of 28th regime companies is expected to be created by existing companies establishing subsidiaries or reorganising their corporate structure. Similarly, assumptions on domestic conversions of existing companies are kept deliberately low, reflecting both the inertia associated with changing legal form and the fact that conversion would only be attractive to a limited subset of companies for which the benefits outweigh the transition costs.

For cross-border mergers, divisions and conversions, take-up is assumed to be marginal. This reflects the complexity, duration and cost of such procedures under the existing EU framework, as well as qualitative evidence from stakeholders that these instruments are generally not suited to the needs of startups seeking a quick and cost-efficient set-up, albeit attractive to a small group of scaleups who might wish to opt into the 28th regime at a more mature stage.

Overall, the assumptions are designed to represent a **lower-end estimate of potential take-up**, ensuring that the resulting efficiency and impact calculations do not overstate the benefits of the policy options. Sensitivity to higher take-up scenarios is discussed qualitatively, but no alternative quantitative scenarios are developed, as the available evidence does not allow for a robust differentiation. This approach is consistent with the principle of proportionality and with Better Regulation guidance for situations characterised by high uncertainty and limited data availability.

Across the policy options assessed, the analysis indicates that **the expected benefits primarily take the form of cost savings for companies and, to a lesser extent, efficiency gains for public authorities**, while **the introduction of new additional costs is limited and largely one-off in nature**. In particular, most options build on existing digital infrastructures, procedural frameworks and administrative capacities, and do not introduce recurring compliance obligations for companies beyond those already required under national company law.

As a result, for the policy options retained for assessment, the analysis consistently points towards a **positive net benefit at the level of the individual company**, as the reduction in administrative burden and transaction costs outweighs any additional adjustment or transition costs associated with the use of the 28th regime. This conclusion is robust across options and does not depend on high take-up assumptions.

However, while the direction of the net impact is positive irrespective of uptake, the magnitude of the aggregate net benefits at EU level is directly linked to the actual take-up of the 28th regime. Higher uptake would translate into proportionally larger cumulative cost savings and efficiency gains, whereas lower uptake would reduce the overall magnitude of benefits without reversing their positive sign. For this reason, take-up assumptions are used in the analysis as a scaling parameter rather than as a determinant of whether the policy options generate net benefits.

This approach is consistent with the Better Regulation Toolbox, which recognises that, in cases of optional legal instruments and limited ex ante data, it may be more robust to focus on the sign and relative size of impacts rather than on precise point estimates. Accordingly, the efficiency assessment emphasises the comparative performance of the policy options under conservative uptake assumptions, while avoiding overreliance on speculative projections of future behaviour.

2.3.1 Methodology of the efficiency scoring

For the efficiency scoring, the standard cost model (see Tool #58) is used for assessing the administrative burden.

POLICY OPTIONS 1 TO PROVIDE A HARMONISED COMPANY LEGAL FORM FOR ENTREPRENEURS

Policy option 1a: Introduce a new harmonised legal form for a 28th regime company with a recognisable EU brand, to be set up by natural persons as founders.

These policy options address a potential take-up of the 28th regime company legal form i.e. who could set up such a 28th regime company under the harmonised legal form and how such a company could be set up. The cost savings are linked to the other policy options and that the main outcome of these policy options is the uptake of the 28th regime companies.

In option 1a, only founders as natural persons can create a 28th regime company and based on calls from the founders and small companies in particular in the public consultation, it is estimated that 90% of new 28th regime companies would be founded by natural persons. This would equal to 1.502 new 28th regime companies founded by natural persons in the 1st year and 277 958 over 10 years.

Policy option 1b: Option 1a + to be set up also by legal persons (28th regime subsidiaries), with a possibility for existing companies to convert through domestic conversions, with harmonised rules for setting up of branches of 28th regime companies.

In this option, in addition, legal persons could set up a 28th regime company. It is estimated that this would correspond to 8% of newly created 28th regime companies, i.e., 134 companies in the first year and 24 707 over 10 years.

In addition, 28th regime company could be created through a domestic conversion of an existing limited liability company. Given the interest of the startup community (including existing companies) in calling for the 28th regime legal framework, it is estimated that 1.9% of the existing companies interested in setting 28th regime companies could be created through domestic conversion. In the 1st year, this would amount to 32 conversions and over the period of 10 years, there would be 5 868 companies created through conversions.

Policy option 1c: Option 1b + a possibility for existing companies to create a 28th regime company through a cross-border conversion, division or merger in accordance with Directive 2019/2121.

There are around 400-500 cross-border mergers annually in the EU¹. Given the recent transposition of the Cross-Border Mobility Directive harmonizing also cross-border divisions and conversions², the numbers of those cross-border operations are not yet available. In any event, given that these operations consist of many steps, are time-consuming and costly and therefore would not meet the needs of the startups (with limited financial resources) in terms of quick and efficient setting-up, it is estimated that

¹ Source: BRIS.

² Directive 2019/2121.

only 0.1% of 28th regime companies would be created this way. In the 1st year, this would amount to 2 28th regime companies created through cross-border operations and over the period of 10 years, 309 28th regime companies would be created in this way.

POLICY OPTIONS 2 TO MAKE REGISTRATION OF COMPANIES, IN PARTICULAR STARTUPS QUICKER AND SIMPLER

Policy Option 2a: Create an EU single interface based on BRIS for the registration of 28th regime companies with harmonised bilingual templates (EN/national language) and preventive administrative, judicial or notarial control.

Under this option, founders would be able to set up a company directly through a single interface and by using a bilingual template i.e. standardised instrument of constitution/articles of association. Today when setting up a company, founders need to do it at national level through national interfaces in the national language of the Member State where they want to register the company. They often need to seek professional advice such as lawyers or accountants and in notarial countries, they need get the founding document/articles of association or the national templates notarised.

The participants to the workshops confirmed that given that the requirements vary between Member States, there is always a need to check what the local requirements are, and the estimated time for having to deal with the different national websites, different national templates and registration forms in each Member State, preparation of Articles of Association, preparation, signing, and sending other documents, before registering (filing for registration with the business register) ranged between 4h and 1 week. For the purposes of this impact assessment, an average time spent is estimated at around 10 hours (40EUR/hour).

As to the cost before registering the company, the public consultation and the workshops provided overall costs for lawyers and notaries without separating different cost components for the pre-registration and registration phase, including the preventive control. Although it can be estimated that the cost in the pre-registration phase would be reduced, this impact assessment takes a conservative approach and does not calculate any savings in this respect given that it is difficult to separate the different cost components.

Based on the results of the public consultation and workshops with companies, the phase before filing for registration with the business register includes waiting time, when setting appointments with a notary or lawyer and receiving documents, estimated to be 1 week.

Given that BRIS exists and all Member States' business registers are connected, the costs are related to further development of BRIS, both for the Commission and for Member States. These costs are based on the assumptions taken in the 2023 impact assessment for Directive (EU) 2025/25 on the upgrading of digital company law. Therefore, the further development costs of BRIS by the Commission, including an EU single interface based on BRIS, is estimated to be EUR 1 million (EUR 500 000 for study, preparation, testing and development of the user interface for company registration, including 2 additional TFEs to manage and ensure the continuous working of the interface, and EUR 500 000 for study, preparation, testing and development of the European Central Platform that exchanges information between the user interface and the national business registers, and the related message model, based on the costs of the central system's development so far³. As to IT development costs for business registers, the estimation takes into account that all Member States have already

³ Commission staff working document report on the technical and financial aspects of the Business Registers Interconnection System (BRIS) Directive (EU) 2012/17, [SWD\(2023\) 79 final](#).

developed the interconnection of their national business registers to BRIS. On average, Member States spent EUR 200 000 each to interconnect their business registers to the first version of BRIS⁴. Given that the existing IT development would be used as a basis for the new developments required by this option, and Member States will be able to reuse existing technology and should only develop the new software needed to receive the company registration data from BRIS, the cost is estimated at EUR 100 000 per Member State, EUR 2.7 million in total (the same amount is calculated for each policy option where developments to BRIS would be necessary)⁵.

Policy Option 2b: Option 2a + introduce a deadline (48 hours) and cost ceiling of EUR 100 to complete the registration including the preventive administrative, judicial or notarial control when the standardised template is used by founders as natural persons.

In addition to option 2a, this option will introduce a deadline (48 hours) to complete the registration, as well as a cost ceiling of EUR 100 to complete the registration – in both cases including preventive administrative, judicial or notarial control. Based on the replies to the public consultation⁶, it is estimated that registering takes more than 10 working days. The average fee of registering a company with a business register in a MS is EUR 250⁷. In those Member States where notaries are involved, the additional average cost is EUR 300⁸ when national template is used or EUR 750⁹ in other cases.

In those Member States where preventive control is carried out by other authorities than business registers (this mainly concerns notarial countries), Member States would need to ensure that notaries be connected to the national business registers in order to be part of the single registration system. Given the important number of notaries in some Member States, Member States could decide to implement this option by designing/appointing a pool of notaries to be responsible for 28th regime companies.

The cost of connecting the IT system of the authority performing preventive checks (e.g. the national notarial IT system to the single registration system is estimated at average EUR 50 000 per affected Member State, although some Member States that entrust preventive control to notaries already connect notaries to the national business register and would therefore require only a minor setup costs.

Policy Option 2c: As option 2b, but with preventive control by judicial or administrative authorities (excluding notaries) when the standardised template is used by founders as natural persons.

Under this option, notaries would not carry out the preventive control, but it would need to be carried out by administrative or judicial authority. Therefore, this option would not bring cost savings for companies but could create adjustment costs for those Member States where notarial preventive control would need to be carried out by other authorities. On the other hand, centralising preventive checks within one administrative or judicial authority could also create cost savings for public bodies in those Member States where these checks are currently carried out by a notary and an administrative or judicial authority. However, it is not possible to estimate such adjustment costs or savings given that it would be left to the concerned Member States to organize the replacement of notaries in preventive checks.

⁴ SWD(2023) 79 final.

⁵ The BRIS related developments under [Directive 2025/25](#) have not yet been carried out.

⁶ Over 2/3 of respondents said that setting up a company takes more than 20 working days.

⁷ Based on the registration costs of a sample of 9 Member States.

⁸ Based on the published notary fees of a sample of 5 Member States where notaries are involved.

⁹ Based on the published notary fees of a sample of 7 Member States where notaries are involved.

POLICY OPTIONS 3 TO ENSURE ONCE-ONLY SUBMISSION OF INFORMATION IN THE CONTEXT OF REGISTRATION

Policy Option 3a: In the context of the registration, ensure that the information about the company is transferred from the business register to the authority in charge of issuing the TIN and the VAT identification number, to social security authority and to the beneficial ownership register, with any additional information needed for the beneficial owner as part of the template, without the 28th regime company needing to submit it again (“once-only principle”).

This policy option adds to the EU system for registration under policy options 2, that the company information in the context of registration is directly transferred to the authority in charge of issuing the TIN and the VAT identification number, to social security authority and to the beneficial ownership register. In most Member States, especially 11 Member States where the tax identification number is based on, or technically related to, the business registration number, in 17 Member States where the business register and the beneficial ownership register are either under the same authority or IT umbrella, or at least closely linked and already exchanging information, and in 7 Member States where the attribution of the social security number of the company is obtained as part of the company registration process, there would not be significant changes because it is assumed that companies would not need to submit the company information separately and Member States would not need to provide a technical solution. However, in some Member States included in those 16 Member States where tax identification number is not based on the business registration number, and in 10 Member States where beneficial ownership register is separate from the business register, and in 14 Member States where the attribution of the social security number of the company as employer by social security authorities is not part of the company registration process, companies would normally need to separately submit the information to these other instances. In such cases the time to prepare the company information and to submit is estimated to be 2 hours based on submissions of specific company information in the context of company procedures. In case of beneficial ownership information, the current average filing fee is 21 EUR¹⁰.

In these cases, Member States would need to ensure the technical solution for the automatic submission of the company information to those other instances. Given the digitalisation of public authorities, this should not entail extra IT costs or only very marginal ones due to the possibility to exchange data through standard APIs, which is a standard technology and a normal development for achieving the 2030 target of 100% digital public services for businesses under the Digital Decade Policy Programme 2030 (that on average in 2025 already stands at 86.2% completion¹¹).

Policy Option 3b: Option 3a + the 28th regime company would obtain the TIN from the relevant authority¹² as part of the registration process, with any additional information needed to obtain TIN as part of the template.

In addition to option 3a, in this option the company would obtain the TIN as part of the registration process and any additional information needed for TIN would be part of the template. As under option 3a, in many Member States where the TIN is obtained as part of the company registration process, especially in those 11 Member States where the TIN is based on, or technically related to, the business registration number, no changes would occur. However, in some other Member States, a company would possibly need to submit additional information to what is already covered under policy option 3a for the purposes of obtaining TIN. However, it is estimated that such additional information

¹⁰ 6 Member States.

¹¹ COM, [State of the Digital Decade 2025 Factsheet](#), June 2025.

¹² This option would not apply to those cases where the TIN is also the VAT identification number.

would be limited and therefore this Impact Assessment takes a conservative approach and does not calculate any time spent on such submissions. As to the waiting time for receiving the TIN, based on public consultation and workshops, it is estimated that on average it takes one week to obtain the TIN.

Policy Option 3c: Option 3b + the 28th regime company would obtain the VAT identification number from the relevant authority as part of the registration process (unless the tax authority needs additional case specific information).

In addition to option 3b, in this option the company would also obtain the VAT identification number as part of the registration process. In those Member States where the VAT is the same number as the TIN and/or the company registration number, or technically related to at least either of them, or are at least obtained as part of the same procedure, no changes would occur. However in Member States where there is no automatic allocation of the VAT identification number, and especially in 9 Member States where the VAT identification number is not technically related to either the company registration number or the TIN, the company may need to submit additional information to the tax authority in addition to the company information that the company already filed in the business register, and covered under option 3a. It is estimated that it takes 2 hours to prepare and submit such additional information which is not in the business register and not included in the template. As to the waiting time receiving the TIN based on public consultation and workshops, it is estimated that on average it takes one week to obtain the VAT identification number.

POLICY OPTIONS 4 TO FACILITATE CLOSURE OF THE COMPANY

Policy Option 4a: Ensure that all relevant filings by the liquidator for closure outside of insolvency are transferred from business register to other authorities (“once-only principle”) and online filing of claims from creditors

This policy option aims to reduce the time of completion of such procedures by eliminating the administrative burden of multiple filings to national authorities and, in particular, to tax and social security authorities. The business registers would forward the necessary information making the procedure less costly and time-consuming. In a few Member States, where business registers already inform tax authorities, e.g. in the Netherlands and in France, there would not be significant changes. In addition to that, where national laws provide for lodging claims against the estate of the company as part of the solvent liquidation procedure, these could be done online reducing the time of reception and process by the liquidation, hence reducing the time of the liquidation itself.

The calculations are based on the 8,5%¹³ rate of enterprise death. However, as explained above the expected up-take of 28th regime companies is based on net figures, therefore 8.5% of the expected nearly 309.000 new 28th regime companies over the 10-year period is a very conservative estimate of number of companies that might need to liquidate. As automatic exchanges of information between e.g. registers and tax authorities are rare and only present in a few Member States, e.g. in the Netherlands and France, the calculations are done conservatively but for all Member States. It is assumed, as above for policy options 3, that it would take 2 hours of work to prepare the company information and to submit it to tax and social security authorities, based on submissions of specific company information in the context of company procedures. A standard cost of 60 EUR/hour for a legal professional/adviser is used as it is assumed that a professional adviser needs to be involved in all Member States, given that today

¹³ According to [2025 Eurostat](#), there was an 8.5% rate of enterprise deaths (exempting insolvency) as compared to a rate of 10.5% of enterprise births in 2023 in the EU. Research done in the US ([Startup Failure Rate Statistics](#)) refers to even higher rates with the failure rate being 10% in the first year.

the search and filings in many Member States need to be carried out by the liquidator¹⁴ and that in most Member States intermediaries are involved in the closure¹⁵; thanks to the application of the once-only principle, professional advisers would not need to be involved any more in the context of such filings. To be noted, that the cost estimations do not include the possible involvement and cost of a lawyer or a notary in more complex situations requiring further action than the simple filing of the relevant information to national authorities.

The same technical solution could be used to ensure this automatic submission of the company information as already covered under options 3 and therefore, no additional costs need to be calculated for the authorities.

Policy Option 4b: Option 4a + simplified liquidation procedure (outside of insolvency) for no assets/no debts to be concluded within a specific deadline.

A simplified solvent liquidation can eliminate the need for a professional external liquidator (e.g. law and accounting firms) or a notary and the relevant professional fees which could amount to few thousand euros for simple cases. It is assumed that this would amount to 500 EUR, which is a conservative estimative given that for instance, a single deed in a simplified closure procedure in Belgium costs 1500 euros and participants in the workshop with companies estimated that involvement of notaries, lawyers or other professional advisers could amount to 5 000 EUR. The shareholders could carry out the administrative steps and conclude the affairs of the company themselves. This calculation is carried out on the assumption that 1% of the solvent companies which are to undergo a closure procedure, have no debts and no assets and therefore, could benefit from the harmonised simplified procedure.

Furthermore, the waiting time that a closure would take would be considerably reduced. Where a solvent liquidation might take from 6 to 12 months or longer (given, e.g., a mandatory waiting period, often a "Sperrjahr" or blocking year, to allow creditors to register claims, e.g. in DE)¹⁶ due to mandatory legal steps and waiting periods for tax clearance, a simplified procedure for a company with no assets/no debts can be completed within 3 to 4 months or even faster¹⁷. Therefore, it is assumed that waiting time could be potentially cut by around 8 months (from 12 to 4 months).

Policy Option 4c: Option 4b + a simplification of insolvency procedures thanks to their full digitalisation

This policy option would also add full digitalisation of insolvency procedures, which would include, in particular, that all communications between participants (with the exception of the communication between courts) of such proceedings would be performed by electronic means, establishment of electronic auction systems for the sale of the assets of the debtor and performance of asset sales through such electronic auction systems. Communication in cross-border cases between the parties (debtors, creditors, shareholders etc.), between parties and practitioners appointed by a court and between courts would be greatly facilitated and made speedier by digitalised procedures.

¹⁴ Given that a liquidator assumes the management of the affairs and of the estate of the company and is responsible for the payments of the debts of the company and the satisfaction of the creditors from the liquidation of company's estate up to the ultimate striking off from the business register.

¹⁵ Respondents in the consultation explained that in most Member States companies could not complete dissolution without notaries, lawyers, auditors or liquidators.

¹⁶ On the basis of templates drawn up by ICLEG, voluntary liquidation typically takes between 6 months and 1 year in IT; a completion of winding up within one year is achievable in IE; a dissolution procedure generally takes between 1 to 3 months but the subsequent liquidation may take several months in FR; and usually takes around 1 year in ES.

¹⁷ On the basis of templates drawn up by ICLEG, simplified liquidation envisaged for the Polish Prosta Spolka Akcyjna (PSA) takes in practice 2-4 months.

Electronic communication with courts and insolvency practitioners is currently standard in about 75% of EU Member States¹⁸. Hence, a full digitalisation of this communication between the competent authorities and the insolvency practitioners as well as with all other parties to the proceedings (the debtor, the creditors) would further facilitate this communication and make it speedier; thus, the full digitalisation would reduce the administrative burden for all parties involved which would result in shorter length of the insolvency liquidation procedures.

The longer insolvency proceedings last, the bigger are the adverse effects on the value that can be recovered in a liquidation (“melting ice cube” phenomenon)¹⁹. Thus, the reduction of cost of failure through full digitalisation of insolvency procedures would encourage investments in European companies. Electronic auctions would further reduce costs and would facilitate reaching a wider circle of interested bidders thus contributing to the sale of assets at higher prices. Traditionally innovative sectors, such as tech and biopharma, are considered of high-risk for investors due to high volatility in business valuations mainly at the startup phase but also during scaling up. In the context of technological companies, about 80% of projects started by large tech companies fail: as a result, the cost of failure - that is, the expense of shutting down unsuccessful projects and launching new ones - is one of the critical elements in profitability analysis²⁰.

A similar situation exists in relation to scaleups and startups: investors in high-risk tech sectors rely on their ability to scale rapidly or reallocate resources; if the cost of failure is too high, the expected returns on large bets diminish – thereby reducing incentives to invest in European tech firms²¹. As a result, businesses are investing less²² and are less likely to pursue innovative activity, which slows down the diffusion of technical progress and ultimately the growth potential. At the same time, capital allocation is impaired because economic resources locked in distressed entities (zombie companies undergoing lengthy insolvency procedures) are not available for more productive uses²³. The study of the University of Namur has found a correlation between high bankruptcy recovery rate and future innovations as well as a reduction of credit interest rates and reduction of constraints for SMEs. This indicates that a functioning legal bankruptcy system which optimises recoveries aids in upscaling an economy especially as regards SMEs.²⁴

¹⁸ Steffek, F., ‘Analysis of individual and collective loan enforcement laws in the EU Member States’, DG FISMA, November 2019, available at <https://ec.europa.eu/info/publications/191203-study-loan-enforcement-laws>.

¹⁹ The “melting ice cube” phenomenon stipulates that the recovery value is not a fixed, exogenously determined amount, but that it tends to decline the longer the duration of the process. This is because beyond the depreciation of physical assets such as machinery over time, their value deteriorates if they are not used. Moreover, business lines that may still be viable on their own become less valuable if business relationships are interrupted. The recovery value will generally be smaller than 100%, but it is often not zero because, even if the borrower is insolvent, there may still be assets with a positive value.

²⁰ Coatanlem/Coste, *Cost of failure and competitiveness in disruptive innovation*, IEP@BU Policy Brief, September 2024, p. 9.

²¹ ESNA Compendium, *Building a Competitive Europe: the role of startup and scaleup ecosystems*, May 2025.

²² Low recovery values, long insolvency procedures, administrative costs of the procedures matter not only for the efficiency of a company’s liquidation. Even more important is that these three factors and the uncertainty surrounding them will determine the magnitude of the risk premium that creditors factor in when they will undertake an investment. A high-risk premium increases the cost of capital for the corporation and, if the risk is particularly high, will continue to dissuade investors to provide credit and cross-border investors to consider investing abroad.

²³ Impact assessment report accompanying the document proposal for a Directive of the European Parliament and of the Council harmonising certain aspects of insolvency law (section 1.4.), [SWD\(2022\)395 final](#).

²⁴ Farè/Dejardin/Toulemonde, *Bankruptcy recovery rate and small businesses’ innovation*, May 2023, DeFiPP Working Paper 2023-02, pp. 24-27.

Digitalisation of procedures is a trend in all Member States, any upfront costs of putting such digital procedures in place are likely to be quickly offset by the gains in the reduction of the length of procedures.

Regarding costs of digitalisation of insolvency proceedings, no or little additional costs could be expected, since the work on digitalisation of judicial procedures in Member States, including insolvency procedures, are already ongoing and usually cover all aspects of judicial proceedings not only their specific parts or aspects, such as insolvency or restructuring.

Regarding specific costs of establishment of electronic auctions systems in insolvency, 14 Member States already have such platforms in place for online judicial auctions, but only three seem to use them for insolvency cases. Member States would need to spend resources on the development and maintenance of such platforms. According to IT experts, the amounts could be EUR 5 000 to 10 000 one off developments costs for a medium complex platform, plus 12 000 of annual maintenance costs. There was no information to estimate the additional costs for the specificity of using such platforms for insolvency cases. As conservative assumption, the adjustment costs could be as high as the development costs. Using these data, development cost for all those Member States that do not have a judicial platform and adjustment costs for all those that are not using it for insolvency cases would sum up to EUR 185 000 to 370 000. All 27 Member States' maintenance costs would be EUR 324 000.

POLICY OPTIONS 5 FOR ATTRACTING TALENT

Policy Option 5a: Possibility for 28th regime companies to set up employee stock ownership plans (ESOPs) and issue classes of shares with distinct voting rights

Under this policy option, 28th regime companies would be able to set up ESOPs, choosing their preferred type and structure including the voting rights of employee stocks. Based on a workshop with companies and desk research, internal time spent by companies for setting up an employee ownership plan is estimated at an average of 9 hours. It is conservatively assumed that this option will not reduce internal time spent by companies, given that companies would typically still have to carry out the same internal steps as under the baseline, including consulting professional advisers, choosing an appropriate scheme based on the advice received and informing employees about it. Costs for professional advice, currently estimated at an average of EUR 2800 based on the independent expert report for the European Innovation Act, a workshop with companies and desk research, is estimated to moderately decline by 5% due to greater competition resulting from professional advisers being able to better provide their services across borders under the 28th regime corporate legal framework. Based on a projection of historical data on the use of ESOPs by private companies presented in the PEPPER V Report²⁵, it is estimated that 6.4% of 28th regime companies would set up an ESOP.

Policy Option 5b: Option 5a + introduce an optional common employee stock ownership scheme for 28th regime companies, based on employee stock options and with common criteria (EU-ESO)

Under this policy option, companies would be provided with an optional common EU employee stock ownership scheme which is based on stock options, facilitating the emergence of low-cost professional advice on this EU-ESO throughout the EU. Internal company time spent is assumed to remain unaffected, while costs per company for professional advice on setting up the EU-ESO are conservatively estimated to decline by 10% compared with the baseline, based on the independent expert report for the

²⁵ Kelso Institute Europe, [The PEPPER V Report](#), January 2024, pp. 87 et seq.

European Innovation Act and expert judgment. Due to the cost-effectiveness of the scheme and its EU-wide recognisability to companies and employees, an increased uptake of 8% of the EU-ESO by 28th regime companies (representing a 25% higher ESOP uptake than under PO5a) is assumed.

Policy Option 5c: Option 5b + provide harmonised timing for the taxation of employee stock options granted in the context of the EU-ESO

In addition to option 5b, the timing of taxation of employee stock options granted in the context of the optional common EU-ESO would be harmonised throughout the EU, deferring it to the point of disposal of the shares acquired through the scheme. Internal company time spent is again assumed to remain constant while costs per company for professional advice on setting up the EU-ESO are estimated to further decline due to reduced costs for tax advice, leading to a 15% cost reduction compared with the baseline. In light of the higher cost-effectiveness of the EU-ESOP, an even higher uptake of 10% of the EU-ESO by 28th regime companies (representing a 25% higher uptake than under PO5b) is assumed.

Option 5c comes with negative liquidity effects for EU tax authorities due to the tax deferral that occurs in relation to the employee stock options granted in the context of the common EU-ESO, with corresponding positive liquidity effects for employees. As employees receive stock options and shares upon exercise of those stock options, taxation would be deferred to the point in time when the corresponding gains are realised. Therefore, tax authorities sustain lower cash-flow at least during the years after starting the new scheme. These costs are estimated on the basis of the net take-up rate of the 28th regime company legal form, the above-mentioned 10% share of 28th regime companies setting up the EU-ESO and the assumption that 20% of employees of 28th-regime companies actually invest in stocks by exercising their options granted through the EU-ESO. It is further assumed that these employees receive an equivalent of 10% of their compensation through the EU-ESO and that tax payments are deferred by 10 years (that is, gains are realized *after* the 10th year). The negative liquidity effect will therefore decline after year 10 as more and more deferred taxes (including social security contributions) would become due. All estimations are aggregates for the EU-27. Current take-up of already existing employee stock option schemes in EU Member States cannot be modelled explicitly. The cost for tax authorities is therefore likely lower than indicated, also considering that some Member States already provide deferred taxation for employee stock option schemes under specific conditions.

Policy options 6 to provide a flexible governance and capital regime for founders and investors

Policy Option 6a: Create a flexible governance system, provide simple and fully digital procedures for increasing capital and issuing shares and enable the use of modern early-stage financing instruments like SAFEs.

Under this policy option, 28th regime companies would need to have only 1 shareholder and 1 director and have the possibility to conduct the meetings of the corporate bodies online, either fully or in hybrid mode. This option would also allow capital increase and share issuance procedures to be carried out fully digitally and simplify formalities such as obtaining the TIN for foreign investors and enable the use of modern early-stage financing instruments like SAFEs.

Compared to today, through these measures, the policy option 6a would reduce the **time spent** regarding the preparation of physical meetings, coordination with intermediaries, and the documentation per financing or governance event for founders, directors, and investors. Based on stakeholder input, it is estimated that the time reduction amounts to 15 hours with a standard hourly cost of EUR 40/hour. This corresponds to EUR 600 per operation in direct savings. As with PO7a (see below), higher opportunity costs for senior management or professional investors are not monetised to avoid overestimation.

Policy option 6a would also reduce or eliminate several recurring **administrative and professional costs** commonly associated with governance and capital operations, including costs linked to physical general meetings (travel, accommodation, venue or representation costs); repeated legal or notarial involvement for routine capital increases; external advisory costs to adapt early-stage instruments (e.g. SAFEs) to restrictive national capital regimes. While these savings vary by Member State and transaction type, conservative stakeholder-based estimates indicate additional savings of EUR 500 per transaction in reduced legal, administrative and coordination costs for standard early-stage or follow-on financing rounds.

Moreover, the duration of a financing transaction that includes a standard capital increase where current procedures require physical meetings, notarisation, and sequential filings usually takes 30 calendar days, particularly in cross-border situations. In more complex cases involving foreign investors (e.g. issuance of national TINs, physical identification, or notarial formalities), delays of several weeks are currently common. PO6a would significantly compress these timelines by enabling fully digital execution and streamlined identification procedures.

Taken together, policy option 6a is estimated to generate per-operation/round efficiency gains of approximately EUR 1 100.

Policy Option 6b: Option 6a + 0 or EUR 1 minimum capital but no paid-in share capital for incorporation of 28th regime companies and harmonised creditor protection safeguards in addition to capital maintenance rules.

To assess the efficiency gains generated in addition by policy Option 6b, the removal of mandatory paid-in minimum share capital would allow founders to complete incorporation without opening a bank account upfront, thereby eliminating a well-documented procedural bottleneck.

Based on stakeholder input (workshops and open public consultation) and expert judgement, the complexity of AML/KYC procedures and repeated interactions with financial institutions allow for a conservative assumption of around 10 hours of active time spent with an hourly standard cost of EUR 40/hour by founders or managers per incorporation (preparing documentation, responding to bank requests, follow-ups and coordination), which would be avoided where no upfront capital deposit is required.

In addition, stakeholder feedback indicates that opening a bank account for the purpose of paying in minimum share capital often entails direct costs. In cross-border cases, stakeholders reported additional costs linked to translations of corporate or personal documents, legalisation or apostille, powers of attorney, and in some cases travel expenses, where banks require physical presence for identification. These costs vary significantly between Member States and financial institutions, making it difficult to provide an estimation and, therefore, this Impact Assessment takes a conservative approach and does not include them.

Finally, based on stakeholder feedback, it is assumed that the obligation to open a bank account for meeting minimum capital requirements delays company incorporation by an average of four weeks.

Taking these elements together, the removal of the obligation to pay in minimum share capital at the moment of incorporation is estimated to generate direct efficiency gains of approximately EUR 400 per company. These savings are only applied to those legal forms in Member States where paid-in minimum share capital is legally required at the moment of incorporation or registration²⁶. No savings are attributed to Member States where no such upfront capital requirement exists or where paying in capital can be deferred, in order to ensure a realistic and proportionate estimation. The number of

²⁶ 13 Member States.

incorporations is based on the number of newly created companies in those Member States, as described further above and in Annex 8.

Besides the direct administrative and compliance costs linked to bank account opening and AML/KYC requirements, minimum share capital rules also create indirect economic and opportunity costs that are particularly relevant for early-stage founders (see table on assessment of efficiency related to policy options 6).

Policy Option 6c: Option 6a + common minimum share capital of EUR 5 000 for incorporation of 28th regime companies with harmonised creditor protection safeguards based primarily on capital maintenance

In addition to option 6a, the efficiency assessment of the additional elements of policy option 6c is conducted on a predominantly qualitative basis. This reflects the fact that the main efficiency gains generated by common minimum share capital requirement and harmonised capital maintenance rules do not arise from measurable reductions in transaction costs, but rather from harmonisation, legal simplification and increased regulatory predictability.

By introducing a single, uniform minimum share capital requirement of EUR 5 000 for 28th regime companies, PO6c reduces information costs, legal complexity and uncertainty for founders and investors. These efficiency gains are largely qualitative in nature and are therefore not monetised.

At the same time, option 6c may generate indirect or opportunity costs in those Member States where existing national private limited company forms require a lower minimum capital than the EUR 5 000 threshold set under this policy option.

Policy options 7 to facilitate exit options

Policy Option 7a: Ensure that transfers of shares of 28th regime companies can be carried out fully digitally

Under this policy option, 28th regime companies would be able to transfer shares fully digitally and, where intermediaries such as notaries or lawyers are involved in share transfers, they would have to provide their services fully online. Compared to today, based on stakeholder input and expert judgement, these measures are assumed to reduce the active time spent per share-transfer transaction by approximately 5 hours for investors and company representatives, reflecting the simplification of procedures and the elimination of in-person steps. Applying a standard hourly cost of EUR 40/hour (reflecting a mix of founder, employee and investor time), this corresponds to EUR 200 per transaction.

In addition, PO7a would reduce or eliminate several direct costs frequently associated with physical execution, including powers of attorney (often required per investor or seller and multiplied in transactions involving several parties), apostille or legalisation fees (approximately EUR 10–EUR 25 per document), and travel and accommodation costs for cross-border appointments (conservatively estimated at EUR 200–EUR 600 per person). Assuming the need for only one power of attorney and no international travel for an average transaction, conservative direct cost savings of around EUR 500 per such transaction can be expected; where travel or multiple parties are involved, savings are materially higher.

Finally, it is conservatively assumed that enabling fully digital share transfers would reduce the overall waiting time for completing a transaction by at least 5 calendar days in standard cross-border cases, contributing to faster deal execution and improved liquidity for investors.

Taken together, PO7a is estimated to generate per-transaction savings of approximately EUR 700 through reduced time spent and direct costs.

Policy Option 7b: Option 7a + no requirement to involve intermediaries in share transfers of 28th regime companies

Under this option, 28th regime companies would be able to transfer shares without the mandatory involvement of intermediaries. Currently, the involvement of notaries in share transfers for private limited companies depends on national rules. In some Member States²⁷ and depending on the company legal form, a notarial deed is mandatory for the validity or enforceability of share transfers, with fees typically regulated by statutory tariffs and calculated on the basis of transaction value. Common-law, Nordic systems and other non-notarial systems²⁸ typically allow share transfers by private agreement without notarial involvement.

In terms of active time, interviews indicate that investors and company representatives spend an additional 5 hours per transaction on coordination, documentation and follow-up filings due to notarial requirements. Applying a conservative standard hourly cost of EUR 40/hour, this results in an estimated EUR 200 per transaction in time-related costs.

In Member States requiring notarisation, notarial fees constitute a per-transaction cost for investor entry and exits and are primarily based on a percentage of the transaction value, with specific scales and thresholds for each country²⁹. Based on a sample of regulated notarial systems (Germany, Spain, Austria and Belgium), an average notarial cost of approximately 0.3%–0.5% of transaction value is used as a conservative benchmark for the assessment. This estimate is also applied to Member States with liberalised fees (Italy, Netherlands) to avoid underestimating costs. In addition, several jurisdictions require the notarised deed to be filed with the business register, generating further registration fees and administrative steps (e.g., typically EUR 40–EUR 80 per transaction in Spain). Using a conservative average notarial fee of 0.3–0.5% of transaction value (based on regulated systems such as Germany, Spain, Austria and Belgium) and average business-register filing fees of EUR 80–EUR 150, the direct, recurring cost savings from removing mandatory notarial involvement can be illustrated as follows: for a share transfer of EUR 20.000, current notarial and filing costs typically amount to EUR 140–EUR 250; for a growth-stage secondary transaction of EUR 500 000, these costs rise to approximately EUR 1 580–EUR 2 650; and for a late-stage or large secondary transfer of EUR 1 million, total notarial and registration-related costs typically reach EUR 3 080–EUR 5 150 per transaction.

In addition to direct notarial and registration fees, mandatory notarisation generates significant waiting time, which investors consistently identify as particularly burdensome. Based on stakeholder interviews, it is conservatively assumed that coordinating a notarial share transfer, including appointment scheduling, preparation of documentation and post-notarisation filings, extends the overall transaction timeline by between 10 days and one month in cross-border cases. The length of the delay varies depending on the Member State in which the transfer must be executed, ranging from jurisdictions where completion typically takes around one week to others where the process can extend to up to four weeks.

It should be noted that it is not possible to extrapolate these costs to an EU-wide annual total, as there is no reliable data on the overall number of share transfers in private companies. Available studies (e.g. private equity or M&A reports³⁰) capture only a small subset of high-value transactions and exclude the large volume of routine SME share transfers that nevertheless trigger notarisation obligations in many Member States.

²⁷ Member States with mandatory notarial involvement in share transfers include AT, BE, BG, HR, CZ, DE, IT, LV, LT, NL, PL, RO, and ES.

²⁸ IE, SE, DK, EE, FI, FR, MT, CY.

²⁹ For example, in Spain, notarial fees amount to approximately EUR 160 for a EUR 6,000 transfer, EUR 440–EUR 460 for a EUR 100,000 transfer and around EUR 1,000 for a EUR 1 million transfer. In Germany, fees under the GNotKG are higher, ranging from approximately EUR 330–EUR 450 for a EUR 50,000 transfer, EUR 900–EUR 1,200 for a EUR 250,000 transfer and EUR 3,000–EUR 4,000 for a EUR 1 million transfer.

³⁰ For instance, PwC, [Private Equity Trend Report 2025](#).

Policy Option 7c: Option 7b + a possibility for Member States to grant access to public equity markets to 28th regime companies

This policy Option 7c would primarily generate additional **qualitative** efficiency gains by encouraging Member States to grant 28th regime companies access to public equity markets without losing the 28th regime legal form through conversion into a national public company form. Financial costs associated with going public would remain largely unaffected. Stakeholder feedback from workshops and targeted interviews consistently confirmed that, particularly in the context of an IPO, the legal and administrative costs of converting a private company into a national public company form are marginal compared with the overall costs of listing (e.g. underwriting, disclosure, governance, and market-access requirements). Accordingly, no quantitative cost calculation is provided for this option.

Standard cost model calculations on administrative burden

Policy Options 2

No.	Description	Number (Q)	Frequency	%	Explanation	Hourly rate (euro)	Time spent (hours)	Notary and professional adviser costs (euro)	Explanation	Administrative burden reduction		
										Cost savings per company	Number of companies	Total benefit
	PO 2a											
	Create an EU single interface based on BRIS for the registration of 28th regime companies with harmonised bilingual templates (EN/national language) and preventive administrative, judicial or notarial control.	277,958	1	100%		40.00	10.00		10 hours time spent reduction.	400.00	277,958	EUR 111,183,200
										Admin burden reduction PO2a		EUR 111,183,200
	PO 2b											

Option 2a + introduce a deadline (48 hours) and cost ceiling of EUR 100 to complete the registration including the preventive administrative, judicial or notarial control when the standardised template is used by founders as natural persons.	277,958	1	100.00%	Total one-off administrative burden reduction for 28th regime companies	40.00	10.00	150.00	Time spent reduction same as PO 2a. Cost ceiling of EUR 100 to complete registration, instead of average EUR 250 per company. Cost ceiling of EUR 100 to complete registration, instead of average EUR 250 per company.	550.00	277,958	EUR 152,876,900
	277,958	1	89.88%	Total one-off administrative burden reduction for 28th regime companies in notarial countries	40.00		300.00	In those Member States where notaries are involved, the additional average cost is EUR 300 when national template is used. In those Member States where notaries are involved, the additional average cost is EUR 300 when national template is used.	300.00	249,839	EUR 74,951,749

	277,958	1	89.88 %	Total one-off administrative burden reduction for 28th regime companies in notarial countries	40.00		750.00	In those Member States where notaries are involved, the additional average cost is EUR 750 in other cases.	750.00	249,839	EUR 187,379,373
									Admin burden reduction PO2b		EUR 227,828,649 to 340,256,273
PO 2c											
As policy option 2b but with preventive control by judicial or administrative authorities (excluding notaries) when the standardized template is used by founders as natural persons.	277,958	1	100%	Total one-off administrative burden reduction for 28th regime companies created over a period of 10 years.				same as 2b			
									Admin burden reduction PO2c		EUR 227,828,649 340,256,273

Policy Options 3

No.	Description	Number (Q)	Frequency	%	Explanation	Hourly rate (euro)	Time spent (hours)	Notary and professional adviser costs (euro)	Explanation	Administrative burden reduction

									Cost savings per company	Number of companies	Total benefit
PO 3a											
In the context of the company registration, ensure that the information about the company is transferred from the business register to the authority in charge of issuing the TIN, to social security authority and to the beneficial ownership register, with any beneficial ownership information as part of the template, without the 28th regime company needing to submit it again ("once-only principle").	277,958	1	27.3%	In 6 MSs, TIN is issued separately (upon request).	40.00	2.00		Time spent reduction of 2 hours in relation to requesting the TIN in 6 MSs.	80.00	75,827	EUR 6,066,155
	277,958	1	47.9%	In 14 MSs, the SSN is issued separately (upon request).	40.00	2.00		Time spent reduction of 2 hours in relation to requesting the SSN in 14 MSs.	80.00	133,114	EUR 10,649,127
	277,958	1	34.2%	In 10 Member States beneficial ownership register is a separate register.	40.00	2.00	21.00	Time spent reduction of 2 hours and beneficial ownership register filing cost reduction in 10 MSs.	101.00	95,062	EUR 9,601,225
									Admin burden reduction PO3a		EUR 26,316,508

									Admin burden reduction PO4a	EUR 3,150,199	
PO 4b											
Option 4a + simplified liquidation procedure (outside of insolvency) for no assets/no debts to be concluded within a specific deadline.	308,843	1	8.5%		60.00	2.00		Same as 4a	120.00	26,252	EUR 3,150,199
	26,252	1	1.0%		60.00	0.00	500.00	Additional out-of-pocket cost reduction of 500 EUR (no professional fees)	500.00	263	EUR 131,258
PO 4c									Admin burden reduction PO4b	EUR 3,281,457	
Option 4b + simplified insolvency procedure through digitalisation.	308,843	1	8.5%		60.00	2.00		Same as 4a	120.00	26,252	EUR 3,150,199
	26,252	1	1.0%		60.00		500.00	Same as 4b	500.00	263	EUR 131,258
									Admin burden reduction PO4c	EUR 3,281,457	

Policy Options 5

No.	Description	Number (Q)	Frequency	%	Explanation	Hourly rate (euro)	Time spent (hours)	Notary and professional adviser costs (euro)	Explanation	Administrative burden reduction		
										Cost per company	Number of companies	Total benefit
	PO 5a											
	Possibility for 28th regime companies to set up employee ownership plans (ESOPs) and issue classes of shares with distinct voting rights.	308,843	1	6.4 %		40.0	0.00	140.00	Current costs 2800 EUR and time spent 9 hours for setting up the ESOP. No time spent reduction expected. 5% reduction of costs.	140.00	19,766	EUR 2,767,233
										Admin burden reduction PO5a		EUR 2,767,233
	PO 5b											

Option 5a + introduce an optional common employee stock ownership scheme for 28th regime companies, based on employee stock options and with common criteria ('EU-ESO').	308,843	1	8%		40.0	0.00	280.00	No time spent reduction expected. 10% reduction of costs.	280.00	24,707	EUR 6,918,083
									Admin burden reduction PO5b		EUR 6,918,083
PO 5c											
In addition to policy option 5b, provide harmonised timing for the taxation of employee stock options granted in the context of the EU-ESO	308,843	1	10 %		40.0	0.00	420.00	15% cost reduction	420.00	30,884	EUR 12,971,406
									Admin burden reduction PO5c		EUR 12,971,406

Policy Options 6

No.	Description	Number (Q)	Frequency	%	Explanation	Hourly rate (euro)	Time spent (hours)	Notary and professional adviser costs (euro)	Explanation	Administrative burden reduction		
										Cost savings per company	Number of companies	Total benefit
PO 6a												
	Create a flexible governance system, provide simple and fully digital procedures for increasing capital and issuing shares and enable the use of modern early-stage financing instruments like SAFEs.		1	100%		40.00	15.00	500.00	Time: 15 hours saving per transaction Cost: 500 EUR savings per transaction	1,100.00		
										Admin burden reduction PO6a	EUR	
PO 6b												
	Option 6a + 0/EUR 1 minimum capital but no paid-in share capital for incorporation of 28th regime companies and		1	100%		40.00	15.00	500.00	Same as 6a	1,100.00		

harmonised creditor protection safeguards in addition to capital maintenance rules												
	302,666	1	45.6%	28th regime companies founded by natural and legal persons in 13 MS.	40.00	10.00		Additional 10 hours time reduction per company.	400.00	138,016	EUR 55,206,278	
									Admin burden reduction PO6b		EUR 55,206,278	
PO 6c												
Option 6a + common minimum share capital of EUR 5 000 for incorporation of 28th regime companies with	308,843	1	100%		40.00	15.00	500.00	Same as 6a	1,100.00			

harmonised creditor protection safeguards based primarily on capital maintenance.													
												Admin burden reduction PO6c	EUR -

Policy Options 7

No.	Description	Number (Q)	Frequency	%	Explanation	Hourly rate (euro)	Time spent (hours)	Notary and professional adviser costs (euro)	Explanation	Administrative burden reduction		
										Cost savings per company	Number of companies	Total benefit
PO 7a												
	Ensure that transfers of shares of 28 th regime companies can be carried out fully digitally.		1	100%		40.00	5.00	500.00	Time: 5 hours (saving) Direct costs: 500 EUR (saving)	EUR 700.00		
										Admin burden reduction PO7a	EUR -	
PO 7b												

Option 7a + no requirement to involve intermediaries in share transfers of 28th regime companies.

		1	100%			40.00	10.00	500.00	Same as 7a + additional 5 hours time saving per transaction on coordination, documentation and follow-up filings due to notarial requirements.		EUR 900.00		
		1	100%					EUR 140 to 5,150 depending on share transfer value	For a low share transfer of EUR 20,000, notarial and filing costs typically amount to EUR 140–EUR 250; for a growth-stage secondary transaction of EUR 500.000, these costs rise to approximately EUR 1.580–EUR 2.650; and for a late-stage or large secondary transfer of EUR 1 million, total notarial and registration-		EUR 140.00 to 5,150.00		

								related costs typically reach EUR 3.080–EUR 5.150 per transaction.			
										Admin burden reduction PO7b	EUR -
PO 7c											
Option 7b + a possibility for Member States to grant access to public equity markets to 28th regime companies.		1	100%		40.00	10.00	500.00	Same as 7b + additional efficiency gains (qualitatively assessed)	EUR 900.00		
		1	100%				EUR 140 to 5,150 depending on share transfer value		EUR 140.00 to 5,150.00		
										Admin burden reduction PO7c	EUR -

The tables below provide an analysis of the efficiency of the various policy options based on the mapping of the impacts. Not all impacts are applicable to all policy options, as the initiative consists of a modular set of measures targeting different stages of company creation, operation, financing and exit, as well as interactions with public authorities. Some policy options primarily affect the initial establishment of companies, others their governance arrangements, access to finance, restructuring or exit conditions. Accordingly, efficiency gains and costs are assessed only where a clear causal link exists between the measure and

the relevant impact category. This approach avoids artificial attribution of effects, prevents double counting, and ensures consistency with the intervention logic and the Better Regulation Guidelines.

Policy options 1 to provide a harmonised company legal form for entrepreneurs

- Policy option 1a - Introduce a new harmonised legal form for a 28th regime company with a recognisable EU brand, to be set up by natural persons as founders.
- Policy option 1b - Option 1a + to be set up also by legal persons (28th regime subsidiaries), with a possibility for existing companies to convert through domestic conversions, and with harmonised rules for setting up of branches of 28th regime companies.
- Policy option 1c - Option 1b + a possibility for existing companies to create a 28th regime company through a cross-border conversion, division or merger in accordance with Directive 2019/2121.

	Unit of measurement	PO 1a	PO 1b	PO 1c	Motivation
Companies and investors					
Ease of doing business	Score 0-5	2	3	4	<p>Policy Options 1 have a horizontal and enabling character. By introducing a common EU corporate legal form with a recognisable identity, they do not primarily generate standalone efficiency gains but rather create the structural conditions under which the other policy options can operate effectively. The existence of a single, coherent legal form is a necessary precondition for the effective application of common registration procedures, once-only information exchange, ESOP schemes, digital governance, investment-related measures and exit mechanisms introduced under subsequent options. As such, Policy Options 1 act as a catalyst that amplifies the effectiveness and efficiency of the other policy options and allows their impacts to materialise in a consistent and legally robust manner across Member States.</p> <p>These policy options would directly respond to strong calls in particular from the business and startup community, as shown in 15 000</p>

				<p>signatories to the 2024 EU Inc petition calling for a standardised pan-European corporate structure, and in continued calls from BusinessEurope, MEDEF, and BDI³¹.</p> <p>Options 1b and 1c would score higher than option 1a because they would not only provide a common legal form with a recognisable EU brand, but also a harmonised 28th regime branch. In addition, they would ensure that not only natural persons but also legal persons (e.g. as parent companies) could set up a 28th regime company (subsidiary), thus benefitting also groups of companies. These options would also ensure that existing companies would have a choice to become 28th regime company through domestic conversions. While option 1c would make the 28th regime legal form available through an additional channel, i.e. through cross-border mergers, divisions and conversions, this option would not address the needs of those startups with limited financial resources (seed capital) and the aim to set up a 28th regime company quickly and at low costs. These cross-border operations are relatively costly, time-consuming and involve many steps in at least two Member States, including the possible negotiation of employee participation in company boards and anti-abuse checks to tackle possible abusive and fraudulent practises (see Directive 2019/2021). However, the setting up of a 28th regime company through such operations could benefit scaleups which would see the 28th regime legal form to fit its business needs. For example, where scaleups from two Member States intend to merge, they might wish to choose the 28th company legal form for the merged entity.</p> <p>All the trade unions that replied to the public consultation were of the opinion that it should only be allowed to create a 28th regime company "from scratch" (i.e. no domestic conversion, no cross-border operations). By contrast, all replying public authorities were in favour of allowing for 28th regime companies to be created through conversions. Overall, a large majority of respondents replied that both the creation "from</p>
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³¹ 2019 papers from BusinessEurope, Bundesverband der Deutschen Industrie (BDI) and Movement des entreprises de France (MEDEF) calling for a relaunch of the SPE proposal.

					scratch" (88%) and the conversion of an existing company (81%) into a 28 th regime company should be available.
Ease of attracting investment	Score 0-5	2	3	4	<p>As described for the ease of doing business, the introduction of a common EU corporate legal form with a recognisable identity would create the framework conditions under which the other policy options can operate effectively. Respondents to the public consultation considered that the most significant benefit of having an EU brand was that investors would be attracted to invest in 28th regime companies, with 93% considering that this would be the case to a large or very large extent (and 73% as very large). For investors, a common set of rules with a recognisable brand would mean that they would not need to carry out a due diligence of all the different national legal frameworks where they would plan to invest. The importance of the recognisable EU brand was also clearly underlined by the participants to the workshops. For example, the possibility of keeping a recognisable EU-brand in case the company decides to access regulated market was considered to bring high benefits (5.6 on the scale of 1-6, corresponding to benefits of more than 80%).</p> <p>Among the 3 options, PO1c scores highest as it enables the most businesses to increase their attractiveness to investors by choosing the 28th regime corporate legal form.</p>
Administrative burden reduction (benefit)	Score 0-5	2	3	4	<p>The participants to the workshops estimated that a harmonised legal form with a recognisable EU brand would significantly reduce the time spent on legal advice. On the scale of 1-6 (20% scale), they considered the reduction to be around 4.7 corresponding to almost 80%. The respondents also expected the reduction in the costs of legal advice (notaries, lawyers, other professional advisers) to be around 60%. Also, 86% of the respondents to the public consultation considered that legal advice was needed due to complexity related to different company legal forms and/or the procedure to invest in companies in other Member States. PO1c scores highest as it enables the most businesses to choose the 28th regime and profit from reduced legal advisory costs. PO1a are also assessed to bring more benefits than PO1a because, in addition to a</p>

					harmonised legal form, they also provide a harmonised 28 th regime branch.
Administrative and adjustment costs (cost)	Score 0-5	0	1	2	<p>The setting up a 28th regime company (from scratch) would not create any adjustment costs given that it would be a new company. Possible adjustment costs (such as changing letterheads, order forms etc. of the company, or adapting the articles of associations or governance structure) would however be relevant where an existing company would convert into a 28th regime company under option 1b or in case of cross-border conversions, divisions or mergers under option 1c.</p> <p>The possibility to create a 28th regime company through cross-border conversions, divisions or mergers under option 1c is assessed to be most burdensome and costly because it would require i.a. establishing draft terms of the cross-border operations, consultation of stakeholders, consultation of employees and possibly negotiations on employee participation in company board, and would be subject to scrutiny in both the "home" and "destination" Member State. In addition to involvement of lawyers or other intermediaries, the filing of the draft terms and other documents to the business register would normally be against a fee (see Directive 2019/2121 on Cross-border mergers, divisions and conversions).³²</p>
Public authorities					
Costs	Score 0-5	1	2	3	Member States would need to ensure that the common EU corporate legal form with a recognisable brand would be part of the available company legal forms in every Member State and that other relevant laws such as tax and labour law would be adapted to include the 28 th regime legal framework and company form. Option 1a is assessed to require slightly less adjustment costs given that it would not be available for legal persons, while option 1b would possibly also require an adaptation of

³² For example, just the filing of the relevant documents with the business register may amount to around EUR 650 per company, PRH - Front page | PRH.

					some relevant national rules applicable to groups. Policy option 1c would result in the highest cost because it would also require adaption of national laws related to cross-border conversions, divisions and mergers.
Benefits	Score 0-5	2	3	3	Member States' authorities would benefit from the common rules and recognisable brand in relation to 28 th regime companies registered in another Member States and providing cross-border services, selling goods, posting workers etc. into their Member States. The authorities would not need to study 27 different legal rules but rely on common rules.
Economy and society at large					
Functioning of the internal market and competitiveness	Score 0-5	2	3	4	<p>The common EU corporate legal form with a recognisable brand would contribute to the functioning of the internal market by reducing fragmentation and bringing efficiency gains and would thus have a positive impact on competitiveness. Option 1c would score the highest as it would also make it possible for scaleups to form a 28th regime company through cross-border operations.</p> <p>Also, 88% of respondents to the public consultation (1184) agreed that the EU-brand would bring benefits and 84% of respondents agreed to a large or very large extent that the benefits of the EU-brand would be that more startups would be created in Europe. 82% agreed to a large or very large extent that other companies (suppliers, contractors etc.) from other Member States would be attracted to do business with 28th regime companies. Respondents were also of the opinion that consumers would recognise the 28th regime company as an EU company and would buy more products and services from such companies, ranking it as a very important benefit (74% agreed to a large or very large extent).</p> <p>In contrast to the US, whose corporate laws are primarily state-based, the EU common legal framework with an EU brand would provide for common rules throughout the EU Single Market, therefore having a positive impact on EU's competitiveness, also as compared to third countries. The 28th regime company would be recognised in all Member</p>

					<p>States, while a Delaware company has to perform a foreign qualification if it wishes to operate out of state within the US.</p> <p>The accurate and up-to-date information about the 28th regime company would be publicly available at EU level (through BRIS) and also at national level (in national business register) for the benefit of business partners, investors, creditors and other third parties and, the multilingual EU company certificate (harmonised extract) would be available for the 28th regime company and all other Member State's authorities must accept it. These would offer a clear advantage over third-country legal forms, for example Delaware corporations for which it is necessary to go through a mandatory Registered Agent to request company documents from the Division of Corporations (Delaware's equivalent to the business register) and where the Division of Corporation does not offer a method of obtaining key entity information in an up-to-date certified manner³³.</p>
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Policy options 2 to make registration of companies, in particular startups quicker and simpler

- Policy option 2a - Create an EU single interface based on BRIS for the registration of 28th regime companies with harmonised bilingual templates (EN/national language) and preventive administrative, judicial or notarial control.
- Policy Option 2b: Option 2a + introducing a deadline (48 hours) and cost ceiling of EUR 100 to complete the registration including the preventive administrative, judicial or notarial control when the standardised template is used by founders as natural persons.
- Policy option 2c - As option 2b but with preventive control by judicial or administrative authorities (excluding notaries) when the standardized template is used by founders as natural persons.

	Unit of measurement	PO 2a	PO 2b	PO 2c	Motivation
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³³ EU Inc, Supporting Appendices.

Companies and investors					
Ease of doing business	Score 0-5	3	4	4	<p>These options will make it easier and quicker for founders (natural persons) to register a new 28th regime company responding to the call from startups and also from the rest of the business community, and therefore, will have a strong positive impact on the ease of doing business. All options provide for digital only procedures without paper-based alternatives; approach supported by the overwhelming majority of respondents (84%) to the public consultation. All options also ensure the registration with a single interface with harmonised registration form and instrument of constitution/articles of association (template) that vast majority (89%) of all the respondents to the public consultation believed would contribute either a very large extent or large extent to fast and efficient setting up of 28th regime companies.</p> <p>All the options integrate the preventive control in a streamlined registration process resulting in important efficiency gains. Preventive control is key to reducing administrative formalities in the use of company information whether by companies (as e.g. business partners), creditors, or public authorities and to ensuring mutual recognition, and therefore – for the efficient application of the “once-only” principle. It also plays an important role for prevention of abusive or fraudulent letter-box companies linked to tax evasion and/or money laundering. While option 2b leaves it to Member States to decide whether preventive control will be carried out by judicial or administrative authorities or by notaries, option 2c requires judicial or administrative control.</p> <p>Option 2b and 2c would score the highest because they simplify the setting up of companies most and make it quickest to register a 28th regime company by, in addition to the other policy options, setting a deadline and cost ceiling for the whole registration process.</p>
Ease of attracting investment	Score 0-5	2	3	3	<p>These options would provide legal certainty to founders (natural persons) and investors through a harmonised template for an instrument of constitution/Articles of Association and would contribute to ease of</p>

					attracting investment by removing the need to know 27 different systems. In addition, the bilingual template including EN, would break down the language barrier and greatly facilitate attracting investment both from intra-EU investors as well as from third country investors. Option 2b and 2c would be equally efficient because they both provide for a standardised template while ensuring legal certainty and correct use of templates through the preventive control. A majority of respondents to the public consultation (58%) considered a standardised template of the Instrument of Constitution/Articles of Association should be made mandatory for 28 th regime companies, while allowing some flexibility through pre-determined optional clauses. In particular, business associations and companies, citizens (mainly founders and investors) favoured a standardised core for speed of incorporation to be complemented by optional clauses allowing adaptation to different business models.
Administrative burden reduction (benefit)	Score 0-5 Standard Cost Model calculations or n/a	3 EUR 111,183,200 Total one-off administrative burden reduction for 28th regime companies created over a period of 10 years.	4 EUR 152,876,900 non-notarial countries EUR 227,828,649 notarial countries with template EUR 340,256,273 notarial countries in other cases	4 EUR 152,876,900 non-notarial countries EUR 227,828,649 notarial countries with template EUR 340,256,273 notarial countries in other cases	More than 86% of the respondents to the public consultation considered that the hassle costs (such as unnecessary waiting time, delays) related to the setting up a company were high and almost 68% - very high. 78% considered the administrative burden related to setting up as being high or very high. By providing a single interface with harmonised registration form and instrument of constitution/articles of association (template) for setting up the 28 th regime companies, these policy options would strongly reduce the administrative burden for companies as founders would not need to check different requirements and use different interfaces and templates in each Member State where they want to register the company. The workshop participants considered that the introduction of single access point with a standardized template would reduce the time by more than 80% (score 5.3 on a scale of 1-6). They also estimated that this would lower lawyer and other professional adviser costs by almost 80% (score 4.8). The options 2b and 2c are most efficient in reducing administrative burden as the cost of registration and time involved are capped at 48 hours and 100 EUR.

			Total one-off administrative burden reduction for 28 th regime companies created over a period of 10 years.	Total one-off administrative burden reduction for 28 th regime companies created over a period of 10 years	
Administrative and adjustment costs	Score 0-5	0	0	0	These options do not entail any administrative or adjustment costs as they cover setting up of a new and optional company legal form and therefore, do not impose any changes on founders (natural persons). The centralised registration system would not apply to domestic conversions (under option 1b) nor to setting up 28 th regime company through cross-border conversions, divisions or mergers (under option 1c) as these require specific procedures and rules and cannot be done with a simple standardised template; the cross-border conversions, divisions and mergers are regulated by Directive (EU) 2019/2021.
Public authorities					
Costs	Score 0-5	2 2.7 million IT development	3 2.7 million IT development	4 2.7 million IT development	To implement these options, as all Member States have already developed the interconnection of their national business registers to BRIS, they would only need to develop the new software needed to receive the company registration data from the single interface through BRIS. ³⁴ . Based on the assumptions taken in the 2023 impact assessment for Directive (EU) 2025/25 on the upgrading of digital company law, it is

³⁴ Commission staff working document report on the technical and financial aspects of the Business Registers Interconnection System (BRIS) Directive (EU) 2012/17, [SWD\(2023\) 79 final](#).

		cost (100.00 0 per MS) (one-off cost)	cost (100.00 0 per MS) (one-off cost) 900.000 IT develop ment cost (50.00 per 18 notarial MS) (one-off cost)	cost (100.00 0 per MS) (one-off cost) 900.000 IT develop ment cost (50.00 0 per 18 MS) (one-off cost)	<p>estimated that all options would incur average cost of EUR 2.7 million to business registers.</p> <p>Under option 2b, those Member States where preventive control is carried out by other authorities than business registers, would need to ensure technical solutions, or adapt the existing ones, to connect the authorities or bodies (notaries) involved in preventive control to the business registers. It is estimated that the cost of connecting the IT system of the authority performing preventive checks (e.g. the national notarial IT system to the single registration system under PO2b or the IT system of authorities which took over from notaries under PO2c) amounts to average EUR 50 000 per affected Member State.</p> <p>In addition, the cost ceiling of EUR 100 to complete the registration when using a standardised template under PO2b and 2c would entail reduced revenue for business registers and other authorities involved in the registration, including preventive control. Such reduced revenue is largely attributable to net increase companies, i.e. companies that would not have been created in absence of a 28th regime, hence suggesting that the company registrations facilitated by the regime would likely offset, at least to some degree, the lost revenue through increased economic activity, job creation, and subsequent tax contributions.</p> <p>PO2c would also result in additional costs as the responsibility for preventive control currently carried out by notaries would need to be taken over by other authorities, impacting the legal systems of those Member States and leading to adjustment costs. By contrast, losses of notarial revenues in Member States with notarial systems are not treated as economic costs impacting the score of PO2c as these revenues would be transferred to other public authorities carrying out preventive controls instead of notaries under this option.</p>
Benefits	Score 0-5	1	1	1	Introducing harmonised bilingual templates under option 2a could make it easier for business registers to process the information submitted to register 28 th regime companies. In addition, under option 2c, centralising preventive checks within one administrative or judicial authority could create cost savings for public bodies in those Member States where these

					checks are currently carried out by a notary and an administrative or judicial authority. However, it is not possible to estimate such savings given that it would be left to the concerned Member States to organize the replacement of notaries in preventive checks.
Economy and society at large					
Functioning of the internal market and competitiveness	Score 0-5	2	3	3	<p>A centralised registration system would directly reduce fragmentation in the single market by providing that 28th regime companies could be set through a centralised EU level system while at the same time fully integrated into Member States' systems and regulatory environment.</p> <p>The participants to the workshop considered that an EU legal form with an EU brand and a single access point with a standardized/single template would result in more startups created in Europe at a scale of 4.3 corresponding to around 60% increase, easier cross-border expansion across the EU at a scale of 5.7 corresponding almost to 80% and improved legal certainty at the scale of 5.5 corresponding to 70%.</p> <p>In particular options 2b and 2c would enhance the competitiveness of the EU economy by providing an affordable and fast setting up of 28th regime companies compared to other jurisdictions. It is often claimed that some startup founders abandon setting up a company in the EU because of regulatory fragmentation and slow and costly procedures and instead set up a company in Delaware.</p> <p>The timeframe for completing the registration process of a Delaware company may vary depending on the procedure to be followed. Standard processing by the Division of Corporations can take approximately 10 working days³⁵. However, the state offers a system of expedited filing services for an additional fee: within 24 hours (USD 50), the same day (USD 100), two hours (USD 500) or one hour (USD 1 000)³⁶. Delaware law mandates that every business entity maintain a Registered Agent in</p>

³⁵ It is not fixed by law.

³⁶ Delaware Division of Corporations, [Certification Memo](#).

					the state. The agent must have a physical address in Delaware and be authorized to do business in the state. If the business is located in Delaware, it may act as its own registered agent. A list of Delaware Registered Agents is available on the Division of Corporations website. The total cost of registration may vary depending on the selected services. The baseline is the state filing fee for the incorporation document, which is USD 109 for a Certificate of Incorporation ³⁷ . Other costs include the annual fee for a registered agent, which can range typically from USD 50 to over USD 300 depending on the service packages, and the annual franchise tax which is a flat USD 300 for LLCs and a minimum of USD 175 for corporations ³⁸ .
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Policy options 3 to ensure once-only submission of information in the context of registration

- Policy option 3a - In the context of the registration, ensure that the information about the company is transferred from the business register to the authority in charge of issuing the TIN, to social security authority and to the beneficial ownership register, with any beneficial ownership information as part of the template, without the 28th regime company needing to submit it again (“once-only principle”).
- Policy option 3b - Option 3a + the 28th regime company would obtain the TIN from the relevant authority as part of the registration process, with any additional information needed to obtain the TIN as part of the template.
- Policy option 3c - Option 3b + the 28th regime company would obtain the VAT identification number from the relevant authority as part of the registration process (unless more information is needed).

	Unit of measurement	PO 3a	PO 3b	PO 3c	Motivation
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³⁷ Delaware Division of Corporations, [Certificate Type](#), August 2024.

³⁸ The amount depends on the number of shares issued.

Companies and investors					
Ease of doing business	Score 0-5	2	3	4	These policy options would simplify setting up of 28 th regime companies and in that way, would also contribute to the ease of doing business in the EU. Policy option PO3c would score the highest as not only the company information would be shared with tax and social security authorities, and beneficial ownership registers, but the company could also get the TIN and VAT identification numbers, leading therefore to biggest simplification for the founders. There was strong confirmation from respondents to the consultation (89%) that direct sharing of company information with other authorities relevant for registration (once-only principle) would contribute to a fast and efficient setting up of 28 th regime companies. 90% (836) of respondents who thought that resubmission was a barrier, indicating they needed to resubmit to relevant authorities in the context of TIN, 67% to authorities for social security obligations and 55% to the relevant authority related to anti-money laundering. The VAT identification number was also seen as relevant – the necessity to apply separately for obtaining a VAT identification number per country was mentioned by some respondents to the consultation and some stakeholders in bilateral contacts. In addition, those respondents were in favour of the immediate issuance of a TIN/VAT identification number upon initial registration of the company.
Ease of attracting investment	Score 0-5	0	0	0	n/a
Administrative burden reduction (benefit)	Score 0-5 Standard Cost Model calculations or n/a	2 EUR 26,316,508 Total one-off	3 EUR 26,316,508 Total one-off	4 EUR 28,718,065 Total one-off	Companies would already save thanks to the introduction of the once-only-transmission of information between registers and tax and social security authorities and beneficial ownership registers under PO3a as they would not have to resubmit documents which they already provided to the register but the savings would be highest under PO3c where they would be able to receive TIN and VAT identification number without

		administrative burden reduction for 28th regime companies created over a period of 10 years.	administrative burden reduction for 28th regime companies created over a period of 10 years.	administrative burden reduction for 28th regime companies created over a period of 10 years.	additional separate submissions (but with information being already part of the original template), although in some cases tax authorities might need to ask companies for additional information, diminishing this benefit.
Administrative and adjustment costs	Qualitative score 0-5	0	0	0	n/a
Public authorities					
Costs	Score 0-5	1	2	2	To implement these options, Member States would need to ensure a technical solution for the automatic transmission of the company information. This would not concern those Member States where this technical solution is already available for obtaining the tax identification number, and especially those 11 Member States where the TIN is based on, or technically related to, the business registration number. It would concern those Member States where beneficial ownership register is a separate register and is not closely linked to the business register (10), those where the VAT identification number is not technically related to either the company registration number or TIN (9) and in those where the attribution of the social security number of the company as employer by social security authorities is not part of the company registration process (14). Overall, it is assumed that given the already existing level of digitalisation of public authorities, this should not entail extra IT costs or only marginal ones due to the possibility to exchange data through standard APIs. As regards transmission of information between business registers and beneficial ownership registers, those costs should diminish further thanks to interconnection between Business Registers

					Interconnection system BRIS and BORIS, following the Upgrading digital company law Directive (EU) 2025/25.
Benefits	Score 0-5	1	2	3	These policy options, by ensuring that the information about a 28 th regime company is transferred from the business register to the authority in charge of issuing the TIN, social security authority and the beneficial ownership register directly by business registers would overall mean that these authorities would not have to ask for and examine additional documents from companies, which should result in some cost savings e.g. in time and handling company information. In principle, PO3c would bring highest benefits for authorities as most company information would be directly transferred (also information required by beneficial ownership registers and for TIN and VAT purposes), although in some cases tax authorities might need to ask companies for additional information, diminishing this benefit.
Economy and society at large					
Functioning of the internal market and competitiveness	Score 0-5	2	3	4	These policy options – and in particular PO3c - would simplify setting up of 28 th regime companies and in that way, would also contribute to encouraging founders to set up in the EU and to making EU a more attractive place for business. However, as the once-only transmission would take place during the setting up phase and therefore, at national level in a particular Member State, impact on functioning of the internal market as such would be smaller.

Policy options 4 to facilitate closure (liquidation) of the company

- Policy option 4a – Ensure that all relevant filings by the liquidator for closure outside of insolvency are transferred from business register to other authorities (“once-only principle”) and online filing of claims from creditors.
- Policy option 4b - Option 4a + simplified liquidation procedure (outside of insolvency) for no assets/no debts to be concluded within a specific deadline.
- Policy option 4c - Option 4b + simplification of insolvency procedures thanks to their full digitalisation

	Unit of measurement	PO 4a	PO 4b	PO 4c	Motivation
Companies and investors					
Ease of doing business	Score 0-5	2	3	4	Given a high failure rate of startups, efficient closure is important for the overall ease of doing business in the EU and development of a dynamic startup ecosystem. These policy options would have a positive impact on ease of doing business in the EU as they would make it possible for founders to more efficiently close companies – through simplified and digitalised procedures – and therefore, to more quickly direct their resources (human and financial) into new entrepreneurial projects. Digitalising the relevant procedures as under PO4a and PO4c would respond to the needs of stakeholders, with 63% of respondents thinking there was insufficient availability of digital tools for company closure, and many respondents (in particular founders and investors) calling for a fast-track strike-off for solvent companies and better harmonisation and interoperability in the EU. PO4b would score higher as it would also provide for a simplified procedure for simple closure cases outside of insolvency, and PO4c would score highest as it would also digitalise closure of insolvent companies. The full digitalisation of insolvency procedures would reduce the cost of failure; in the open public consultation, simplification and digitalisation of insolvency procedures was the most mentioned call (42%) in the insolvency area.
Ease of attracting investment	Score 0-5	1	2	3	By making it possible for founders to more efficiently close inactive companies through simplified and digitalised procedures, these policy options would also encourage investors to invest into 28 th regime companies knowing that their capital will not be trapped but could be reinvested efficiently and quickly after the closure of a company while making it easier to calculate the financial risk of their investments. PO4c

					would score highest as it would allow for more efficient closures of both solvent and insolvent companies.
Administrative burden reduction (benefit)	Score 0-5 Standard Cost Model calculations or n/a	2	3	4	Companies would already save on the administrative burden of multiple filings to national authorities and in particular to tax and social security authorities in closure cases outside of insolvency under PO4a. Participants in the workshop for companies expected a 3,8 out of 5 corresponding to almost 60% reduction in time spent in case the information would be automatically transferred to the other authorities. Savings would be higher for companies wanting to close without assets and debts thanks to a harmonised simplified procedure under PO4b, which would result in reduced compliance costs and significantly shorten the time of the closure procedure. Savings would be overall highest for companies with PO4c thanks to – in addition – savings due to digitalised procedure also for closure of insolvent companies.
Administrative and adjustment costs	Qualitative score 0-5	0	0	0	n/a
Public authorities					
Costs	Score 0-5	1	2	3	To implement option PO4a, Member States would need to ensure a technical solution for the automatic submission of the company information from the register to other authorities, but it is expected that this should not entail extra IT costs or only marginal ones due to the possibility to exchange data through standard APIs. Introducing a new simplified procedure under PO4b should have only small costs related to training the responsible employees in the authorities about this new procedure. In addition, as regards costs of digitalisation of insolvency proceedings under PO4c, no or little additional costs could be expected, since the work on digitalisation of judicial procedures in Member States, including insolvency procedures, are already ongoing and usually cover all aspects of judicial proceedings not only their specific parts or aspects, such as

					insolvency or restructuring. Some costs can be expected for development and maintenance of platforms for electronic auctions systems in insolvency (which already exist in 14 Member States for online judicial auctions but are only used by 3 MS for insolvency cases). On the basis of IT expert advice, it is assumed that development cost for those Member States that do not have a judicial platform and adjustment costs for those that are not using it for insolvency cases would sum up to between EUR 185 000 to 370 000. All 27 Member States' maintenance costs would be EUR 324 000.
Benefits	Score 0-5	1	2	3	Overall, authorities and in particular business registers would benefit from some reduced administrative inefficiencies linked to inactive and dormant companies left in national registers as the policy options would digitalise and simplify closure procedures related to and outside of insolvency and therefore, would make it possible for founders to close companies more quickly. PO4c would score highest providing digital simplifications for both solvent and insolvent companies. In addition, authorities under all options – but to most extent in PO4c – might benefit from some cost savings e.g. in time and handling of company information thanks to digitalisation of the procedures.
Economy and society at large					
Functioning of the internal market and competitiveness	Score 0-5	2	3	4	By making it possible for founders to more efficiently close inactive solvent and insolvent companies – through simplified and/or digitalised procedures – these policy options would allow founders to more quickly direct their resources (human and financial) into new projects and therefore, would have also a positive impact on competitiveness in the EU. According to the Draghi report, EU companies currently face higher restructuring costs compared to their US peers, which places them in a position of significant disadvantage in highly innovative sectors; also according to responses to the consultation, the costs of closure are considered higher in the EU than in the US, where the failure is rather viewed as a learning experience that encourages risk-taking and entrepreneurial activity. PO4c would score highest as it covers both solvent and insolvent companies. While the once-only transmission of

					information under PO4a would focus on exchanges between authorities at national level, PO4b would harmonise the simplified procedure for closure outside of insolvency and PO4c would provide simplifications to the insolvency procedure through digital tools, and therefore, would both have a positive impact on functioning of the internal market.
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Policy options 5 for attracting talent

- Policy option 5a - Possibility for 28th regime companies to set up employee stock ownership plans (ESOPs) and issue classes of shares with distinct voting rights.
- Policy option 5b - Option 5a + introduce an optional common employee stock ownership scheme (EU-ESO) for 28th regime companies.
- Policy option 5c - Option 5b + provide harmonised timing for the taxation of employee stock options granted in the context of the EU-ESO

	Unit of measurement	PO 5a	PO 5b	PO 5c	Motivation
Companies and investors					
Ease of doing business	Score 0-5	1	3	4	<p>These policy options have a positive impact on ease of doing business as they would, by facilitating the use of ESOPs, make it easier in particular for EU startups and scaleups to attract and retain talent by being able to offer competitive benefits to their staff. In the public consultation on the European Innovation Act, 60% of respondents agreed or strongly agreed that difficulties to offer globally competitive benefits and remuneration, including employee ownership schemes, are preventing innovative companies in the EU from attracting and retaining talent (with only 4% disagreeing and no respondent strongly disagreeing).</p> <p>PO5a would have a moderately positive effect on companies' ease of doing business as it would set a basic framework for all 28th regime companies to set up ESOPs and enable those companies to use them</p>

					<p>throughout the EU. 28th regime companies would assess and choose the most attractive scheme for them, also considering differences in taxation between Member States, without being limited by fragmented national corporate legal requirements on available ESOP types and structures, including the choice of distinct voting rights of employee shares.</p> <p>PO5b would further improve the ease of doing business as it goes beyond enabling ESOPs by providing for a common scheme (EU-ESO) that 28th regime companies could use across the EU, based on stock options, which according to feedback from both companies and investors are the most important instruments for startups and scaleups to facilitate employee stock ownership. 54% of respondents to the public consultation on the European Innovation Act agreed or strongly agreed that the lack of harmonised conditions for employee stock option schemes across EU Member States prevents innovative companies in the EU from attracting and retaining talent (with only 3% disagreeing or strongly disagreeing).</p> <p>PO5c would achieve the best results as it also harmonises the timing of taxation that employees participating in the EU-ESO would face. In a workshop with selected companies, a large majority of participants considered that a common employee stock ownership scheme including harmonised taxation would have a strong positive impact on the ability of companies to attract or retain qualified employees, on cross-border scaling of businesses in the EU and on legal certainty (the latter aspect receiving unanimously the highest possible score of 6). Specifically on taxation, 63% of respondents to the public consultation on the European Innovation Act agreed or strongly agreed that aligned tax regimes across Member States as regards the timing and type of taxation for employee stock options would be a positive step towards tackling these challenges (with only 3% disagreeing and no respondent strongly disagreeing). Specifically on the timing of taxation, a taxation at the point of sale was considered the most effective timing in a targeted survey for business associations³⁹, with more than 60% of respondents considering it highly</p>
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³⁹ Survey conducted by the EIA contractor.

					<p>effective in contributing to attracting and retaining talent. Taxation at the point of sale would mean that an employee would not have to pay taxes on stock options when they are granted or exercised but only when stocks received through these options are sold, which is the first time the employee would receive cash or liquid proceeds from their options. Taxation at the point of sale therefore avoids a 'dry tax charge' on employees, i.e., the taxation of gains before a taxpayer has transformed these gains into liquid proceeds, making employee stock options significantly more attractive and improving their uptake by employees.</p>
Ease of attracting investment	Score 0-5	1	2	4	<p>All three policy options also impact the ease of attracting investment. Feedback from startups and venture capital investors alike is that employee stock ownership schemes are a crucial indicator for investors for assessing a company's ability to attract and retain talent, which is typically the most or among the most important assets of young innovative businesses. Furthermore, employee stock ownership schemes are by their very nature investment tools as they incentivise employees to become shareholders.</p> <p>PO5a would help companies to a moderate extent in offering attractive ESOPs as it removes existing restrictions on the type and structure, including voting rights of employee shares, in some Member States. PO5b would have a stronger positive effect in the sense that the EU-ESO would provide a common ESOP that is recognisable to employees and investors alike, improving the perceived value of stock options by employees and the possibility for companies to signal their ability to attract and retain talent to investors.</p> <p>PO5c would improve the ease of attracting investment in the strongest way. Avoidance of 'dry tax charges' due to a timing of taxation at the point of sale would make it significantly more attractive for employees to actually exercise options they have been granted and the harmonised timing would ensure that such dry tax charges are avoided in all Member States, assuring investors that a company using the EU-ESO has a mechanism in place that facilitates retaining key staff no matter where they are placed in the EU. In a workshop with selected companies, a large majority of participants considered that a common employee stock</p>

					ownership scheme including harmonised taxation would have a strong positive impact on a more attractive environment for investors.
Administrative burden reduction (benefit)	Score 0-5 Standard Cost Model calculations or n/a	1 EUR 2,767,233 Total administrative burden reduction for the estimated up-take of employee stock ownership schemes by 6.4% of 28 th regime companies over a period of 10 years.	2 EUR 6,918,083 Total administrative burden reduction for the estimated up-take of employee stock ownership schemes by 8% of 28 th regime companies over a period of 10 years.	3 EUR 12,971,406 Total administrative burden reduction for the estimated up-take of employee stock ownership schemes by 10% of 28 th regime companies over a period of 10 years.	Based on feedback from the open public consultation on the European Innovation Act, the independent expert report on the European Innovation Act, results of a targeted survey with business associations and a workshop with companies, it is estimated that all three options will lead to administrative burden reduction. It is expected that these policy options would reduce the cost of professional advice on ESOPs, in particular regarding legal requirements and the preparation of necessary documents, which typically accounts for a large majority of the costs to set up an employee ownership plan. Average internal company time spent, including the consultation of professional advice, implementation of advice received and information of employees, is not estimated to be significantly reduced by any of the policy options considering that most of the administrative burden would be outsourced to professional advisers. The option 5c would reduce burdens most because 28 th regime companies would be provided with a common, easy-to-use ESOP scheme with a harmonised timing of taxation, allowing many of them to rely on low-cost professional advice to set up the scheme. Option 5b would still reduce advisory costs due to the common ESOP scheme it provides, but not affect the costs of tax advice as all taxation aspects would be according to national laws. Option 5a would moderately reduce costs, as 28 th regime companies would be able to use the same ESOP in all Member States. Due to the lack of a common ESOP scheme as well as different tax treatment and tax incentives in Member States, however, 28 th regime companies would still need more extensive professional advice when setting up an ESOP.
Administrative and adjustment costs	Score 0-5	1	1	1	All three options would introduce only limited one-off adjustment costs for those companies converting into 28 th regime companies and which have already used ESOPs under their previous legal form in accordance with national laws. For those 28 th regime companies that would opt to make use of the EU-ESO instead of the ESOP put in place under their previous legal form, adjustment costs to familiarise themselves with this ESOP newly available to them would be slightly higher. Similarly, a

					parent company creating a 28th regime subsidiary and which would like to use the EU-ESO instead of an existing ESOP put in place at the parent company level would need to understand this scheme. As this scheme would be fully optional and not replace the possibilities for setting up another ESOP, the score for administrative and adjustment costs is the same for options 5a and 5b. PO5c would equally not add any adjustment costs as such as it would simplify the rules for taxation of the EU-ESO by harmonising the point of taxation.
Public authorities					
Costs	Score 0-5 Standard Cost Model calculations	0	0	2 EUR 61,000,000 Total negative liquidity impact on tax revenues over the first 10 years	PO5a and PO5b do not affect the treatment of employee stock ownership schemes by tax authorities. Ownership schemes offered by 28th regime companies would follow the same national taxation rules as schemes set up by other companies, and the taxation treatment of stock option schemes set up by such other companies could also be applied to EU-ESOs set up by 28th regime companies, leading to no significant costs – in particular no tax losses – for tax authorities. PO5c affects the treatment of employee stock ownership schemes by public authorities, because it foresees the deferral of taxation to the moment of disposal of the underlying shares where 28 th regime companies use the EU-ESO. Therefore, the treatment may be different from national legislation on the taxation of employee stock options, not considering that the taxable event has accrued until the moment of the sale. PO5c thus comes with negative liquidity effects for EU tax authorities (with corresponding positive liquidity effects for employees) due to the tax deferral that occurs in the context of the common EU-ESO. The effect is not expected to have a great impact on the overall tax revenues of Member States, as the measure does not propose any modification of the characterization of the income or the tax applied. In addition, some Member States already offer schemes on employee stock options where taxation is deferred to the point of sale, as it is proposed in PO5c, in which case this option will not introduce a different timing of taxation. Under the estimated take-up rate for the EU-ESO of 10% of 28 th regime companies and the assumption that 20% of those companies' employees actually

					exercise their options, receiving an equivalent of 10% of their compensation through the EU-ESO, the total negative liquidity effect for tax authorities within the first 10 years would be EUR 61 000 000.
Benefits	Score 0-5	0	0	0	As for the costs, PO5a and PO5b would not affect tax authorities in a beneficial way, given that these options do not require any change in the treatment of employee ownership schemes compared with the status quo. PO5c, apart from the negative liquidity effect described above, is also not expected to have any further cost-benefit impact on public authorities and budgets.
Economy and society at large					
Functioning of the internal market and competitiveness	Score 0-5	2	3	4	All these options would have a positive impact on the internal market, in particular PO5b, which would create a common ESOP scheme for 28 th regime companies that is recognisable to employees and investors, and even more so PO5c, which would also harmonise the timing of taxation for employees participating in the EU-ESO. This should improve the practical feasibility and scalability of ESOPs used by 28 th regime companies within the single market. The improvement would be in particular noticeable given the current fragmentation of national rules on ESOPs and on their taxation, and the lack of harmonisation related to ESOPs at EU level, forcing companies to adopt different ESOP designs per country. The policy options and in particular PO5b and PO5c would also have a positive impact on the competitiveness of EU businesses as having a harmonised system for 28 th regime companies would allow those companies to better compete for top talent with other jurisdictions such as the US. The current ease of setting up stock option-based ESOPs in the US and the favourable treatment of stock options qualifying as 'incentive stock options' under federal tax laws is one of the important reasons for founders to set up or move their companies there.

Policy options 6 to provide a flexible governance and capital regime for founders and investors

- Policy option 6a - Create a flexible governance system, provide simple and fully digital procedures for increasing capital and issuing shares and enable the use of modern early-stage financing instruments like SAFEs.
- Policy option 6b - Option 6a + 0 or EUR 1 minimum capital but no paid-in share capital for incorporation of 28th regime companies and harmonised creditor protection safeguards in addition to capital maintenance rules.
- Policy option 6c - Option 6b + common minimum share capital of EUR 5.000 for incorporation of 28th regime companies with harmonised creditor protection safeguards based primarily on capital maintenance.

	Unit of measurement	PO 6a	PO 6b	PO 6c	Motivation
Companies and investors					
Ease of doing business	Score 0-5	2	4	3	<p>All these options will generate tangible efficiency gains by simplifying governance and capital increase procedures and by introducing digital tools and procedures throughout the operational phase of the 28th regime company and will thus have a strong positive impact on the ease of doing business. In addition, policy option 6b will combine the procedural simplifications and digitalisation under PO6a with the abolition of mandatory paid-in minimum share capital, having therefore a stronger impact than option 6c, which improves legal clarity through harmonisation of minimum capital requirements but requires a significant upfront capital commitment of EUR 5 000.</p> <p>As to the minimum share capital rules, they create indirect economic and opportunity costs that are particularly relevant for early-stage founders. While from a strict accounting perspective, minimum capital requirements do not constitute a direct economic cost, as founders receive shares of equivalent value in exchange for the capital contributed, for early-stage companies, minimum capital requirements operate as a binding liquidity constraint rather than a neutral transfer. Evidence from stakeholder consultations indicates that at the moment of</p>

					<p>incorporation mandatory minimum capital is often temporarily immobilised and cannot be freely allocated; it is therefore treated as an indirect cost (opportunity cost) for founders, reflecting foregone alternative uses of funds, delayed market entry and potential deterrence effects on entrepreneurship.</p> <p>The results of the public consultation (52% of the respondents thought that minimum capital is not a necessary protection for creditors) and academic research⁴⁰ suggest that minimum capital is increasingly viewed as an inadequate creditor protection mechanism in early-stage companies. Still, some stakeholders (e.g. notaries, some trade unions) consider that a minimum capital requirement is necessary to ensure the seriousness of a business and to avoid non-viable companies being set up. Both options 6b and 6c provide therefore for creditor protection but PO6b, with the abolition of mandatory paid-in minimum share capital, would be the most efficient in terms of contributing to the ease of doing business. While a single EU-wide minimum capital requirement for all 28th regime companies under option 6c would reduce legal complexity compared to the current situation, it may generate indirect or opportunity costs in those Member States where existing national private limited company forms require a lower minimum capital than the EUR 5 000 set under this policy option. In these Member States, founders opting for the 28th regime would be required to commit a higher amount of capital upfront than under comparable national forms, potentially increasing liquidity constraints at incorporation or disincentivising them from opting for the 28th regime.</p>
Ease of attracting investment	Score 0-5	2	3	2	All the policy options will make it easier to attract investment by addressing the important barriers identified by stakeholders. In this respect, 84% of the respondents to the public consultation considered that complex and non-flexible rules e.g. governing capital increases create significant barriers and around 73% considered that insufficient

⁴⁰ Kraakman/Renier et al., The Anatomy of Corporate Law, a comparative and functional approach, 23 March 2017, section 5.2.2.1; Bachmann/Eidenmüller et al., Rechtsregeln für die geschlossene Kapitalgesellschaft, ZGR-Sonderheft 18, 2012, p. 156.

					<p>availability of digital tools and procedures to invest in companies was a problem. Furthermore, respondents to the public consultation and participants in the workshops highlighted that investors value legal simplicity, speed of execution and predictability, particularly in early-stage and cross-border investments.</p> <p>Policy option 6a improves investment efficiency by simplifying capital increases, enabling fully digital governance, and allowing the use of modern early-stage instruments (such as SAFEs). It reduces transaction friction and thereby lowers legal and coordination costs for investors. However, the stakeholder feedback indicates that companies continue to face significant frictions at the incorporation stage where minimum capital and the need to pay it into a bank account opened before incorporation apply. Under option 6b, the removal of mandatory paid-in capital directly improves companies' ability to engage investors quickly and flexibly, avoiding delays to deal execution, complicated onboarding or the need for interim structures until incorporation. By contrast, option 6c, while offering harmonisation benefits, introduces a uniform capital threshold that may be perceived as misaligned with risk-based, milestone-driven investment models, particularly at seed stage. A large majority of companies, founders and investors who replied to the open public consultation (almost 70%) favoured no minimum capital or a symbolic (e.g. EUR 1) minimum capital amount.</p>
Administrative burden reduction (benefit)	Standard Cost Model calculations or n/a	2	4	3	<p>All the policy options would reduce the time spent in preparation of physical meetings and documentation and of coordination with intermediaries per financing or governance event for founders, directors, and investors by enabling fully digital execution and streamlined identification procedures under PO6a. They would also reduce or eliminate several recurring costs commonly associated with governance and capital operations, including costs linked to physical general meetings (travel, accommodation, venue or representation costs); repeated need for legal advice or notarial involvement for routine capital increases; external advisory costs to adapt early-stage instruments (e.g. SAFEs or convertibles) to restrictive national capital regimes. Currently, the duration of a financing transaction that includes a standard capital increase where procedures now require physical meetings, notarisation,</p>

				<p>and sequential filings can take 30 calendar days, particularly in cross-border situations. In more complex cases involving foreign investors (e.g. issuance of national TINs, physical identification, or notarial formalities), delays of several weeks are currently common.</p> <p>These measures, common to all policy options, are estimated to generate per-operation/round efficiency gains of approximately EUR 1 100, primarily through reduced time delays, lower administrative burdens, and improved legal certainty for founders and investors. These benefits are expected to be particularly significant for cross-border financings and early-stage investment rounds.</p> <p>In addition, the removal of the obligation to pay in minimum share capital at the moment of incorporation under option 6b is estimated to create further cost savings. In Member States where payment of minimum share capital requires proof of deposit prior to registration, founders are typically obliged to open a bank account in the company's name before incorporation can be completed. A significant share of respondents (70%) assessed these requirements as causing substantial delays and unnecessary costs, especially where founders or investors are located in different Member States. Stakeholder feedback from workshops and interviews also confirms that this step is frequently one of the most time-consuming elements of the incorporation process, due to stringent AML/KYC requirements, extensive documentation requests, internal bank compliance reviews and, in cross-border cases, the need for physical presence, local representatives or certified translations. By removing the need to pay in capital at incorporation, policy option 6b directly addresses this bottleneck, generating both immediate time savings and direct cost reductions, while also alleviating liquidity constraints at the earliest stage of business activity.</p> <p>It is estimated that PO6b would generate additional direct efficiency gains of approximately EUR 400 per company. These savings would be in Member States where paid-in minimum share capital is currently required at the moment of incorporation or registration.</p>
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					By contrast, PO6c is not assessed to generate additional administrative burden reductions compared to PO6b. While it improves legal clarity through harmonisation, the introduction of a common minimum capital requirement maintains certain incorporation-related administrative steps and therefore limits further burden reduction. Accordingly, from a company perspective, PO6b delivers the highest administrative burden reduction.
Administrative and adjustment costs	Qualitative score 0-5	1	1	2	<p>Policy Option 6a introduces only very limited one-off adjustment costs for companies opting for the 28th regime related to understanding the new optional governance framework and, where relevant, adapting internal processes to use fully digital meetings and simplified capital procedures for those existing companies which decide to convert into 28th regime ones. Policy Option 6b does not create additional administrative or adjustment costs as it removes existing compliance obligations, notably those linked to paid-in minimum share capital at incorporation and does not introduce any new procedural, reporting or organisational requirements for companies.</p> <p>Finally, PO6c introduces limited additional adjustment costs through the introduction of a common minimum share capital requirement, entailing new administrative steps for companies opting for the 28th regime, in particular in Member States which currently do not require a minimum capital for private limited liability companies.</p>
Public authorities					
Costs	Score 0-5	1	1	2	Policy Option 6a entails limited and predominantly one-off adjustment costs for competent authorities involved in governance and capital-related operations and professionals exercising public or quasi-public functions in company law procedures, in particular notaries, as the introduction of fully digital governance, online shareholders' and directors' meetings and simplified digital procedures for capital increases and share issuance requires adaptations to existing workflows, guidance and IT tools used. By contrast, no changes are expected for business

					<p>registers as filing obligations, registry updates and interconnection mechanisms are not affected.</p> <p>PO6b does not increase costs for authorities and other professionals mandated by law compared to PO6a as the removal of mandatory paid-in minimum capital does not require new supervisory structures or additional enforcement mechanisms. Policy option 6c introduces a uniform EU-level minimum capital requirement and therefore, requires public authorities to always perform capital-related checks at incorporation and results in limited and mainly one-off adjustment costs higher than under option 6b.</p>
Benefits	Score 0-5	1	3	2	<p>PO6a generates moderate efficiency gains for public authorities by simplifying the handling of governance and capital-related procedures through digital means and resulting in less paper-based documentation and sequential processing and therefore lower administrative workload per transaction. Over time, the increased use of standardised digital procedures is expected to improve processing speed, reduce error rates and facilitate cross-border interactions, partially offsetting initial adjustment costs.</p> <p>Eliminating capital-related verification steps at incorporation, such as checking bank certificates, proof of deposit or compliance with minimum capital rules, for 28th regime companies under PO6b delivers more efficiency gains for public authorities, in particular for those Member States which company legal forms currently have higher minimum capital requirements by reducing administrative handling and lowering the risk of errors or delays linked to bank-related documentation. Over time, PO6b is expected to reduce processing time per incorporation.</p> <p>In addition, the benefits of both PO6b and PO6c for public authorities stem from harmonisation and legal clarity, as a single rule on minimum capital reduces interpretative complexity compared to divergent national thresholds which are the case under PO6a. However, because capital-related administrative steps remain, the overall efficiency gains are lower under PO6c than under PO6b.</p>

Economy and society at large					
Functioning of the internal market and competitiveness	Score 0-5	2	3	2	<p>Policy Option 6a contributes to improving the functioning of the internal market and to competitiveness by enabling fully online meetings, digital capital increases and the use of standardised early-stage instruments (e.g. SAFEs), which reduces transaction frictions and coordination costs for companies and investors operating across Member States. Stakeholders highlighted in the public consultation and workshops that divergent national rules on shareholder meetings, capital increases and early-stage financing instruments create legal uncertainty and discourage cross-border activity.</p> <p>Policy Option 6b generates the strongest positive effect on the internal market and EU competitiveness. The consultation responses and workshop discussions consistently identified minimum capital requirements and related bank-account and AML/KYC procedures as material barriers to fast company creation and cross-border entrepreneurship, disproportionately affecting startups and slowing market entry. By removing the obligation to pay in minimum capital while introducing harmonised creditor safeguards, PO6b directly reduces structural entry barriers that currently differ across Member States and distort founders' and investors' choices, promotes a more uniform entrepreneurial environment, facilitates faster scaling across borders and reduces incentives for regulatory arbitrage. In this way, PO6b also contributes to competitiveness of the EU and makes it a more attractive place to set up companies as compared with other jurisdictions.</p> <p>Policy Option 6c improves internal market functioning primarily through legal harmonisation, by introducing a single minimum capital requirement for 28th regime companies. Stakeholders acknowledged in consultations that a uniform rule enhances predictability and reduces due diligence costs for founders and investors operating across multiple Member States. However, both OPC feedback and workshop discussions highlighted concerns that a fixed EU capital threshold may reduce flexibility for early-stage companies in jurisdictions where symbolic or zero minimum capital currently applies. In these cases, PO6c may</p>

					reintroduce liquidity constraints and dampen entry incentives, partially offsetting the benefits of harmonisation.
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Policy options 7 to facilitate exit options

- Policy option 7a – Ensure that transfers of shares of 28th regime companies can be carried out fully digitally.
- Policy option 7b – Option 7a + no requirement to involve intermediaries in share transfers of 28th regime companies.
- Policy option 7c – Option 7b + possibility for Member States to grant access to public equity markets to 28th regime companies.

	Unit of measurement	PO 7a	PO 7b	PO 7c	Motivation
Companies and investors					
Ease of doing business	Score 0-5	2	3	4	<p>Across the three policy options, a clear improvement in ease of doing business can be observed, with each option progressively addressing structural sources of complexity in share-transfer and exit processes. Policy Option 7a delivers a first, tangible efficiency gain by enabling fully digital execution of share transfers. Stakeholder feedback from the public consultation and workshops consistently highlights that physical presence requirements, travel, consular formalities and paper-based procedures represent a significant operational burden, particularly in cross-border situations. By eliminating these in-person steps, PO7a reduces both active time spent by companies and overall transaction timelines, thereby contributing to making it easier to do business, although substantive national requirements and mandatory intermediary involvement remain unchanged.</p> <p>Policy Option 7b significantly strengthens these gains by removing the mandatory involvement of intermediaries, notably notaries, in share transfers for 28th regime companies. It addresses one of the most frequently cited obstacles to ease of doing business in stakeholder</p>

					<p>consultations: regulated notarial fees, procedural rigidity and scheduling delays that apply irrespective of transaction complexity. PO7b therefore delivers a substantial reduction in recurring transaction costs, legal uncertainty and procedural delays, making it the most effective option for simplifying day-to-day ownership changes during the operational life of a company.</p> <p>Policy Option 7c would have most impact from an ease-of-doing-business perspective because it also addresses the exit phase. By allowing Member States to grant 28th regime companies access to public equity markets without requiring conversion into a national public company form, PO7c preserves the 'EU brand' of the 28th regime company at the moment of an IPO. While the incremental benefits of PO7c primarily affect a smaller subset of companies, they contribute to the ease of doing business as PO7c reinforces the credibility and attractiveness of the 28th regime as a legal framework throughout the full lifecycle of a company.</p>
Ease of attracting investment	Score 0-5	2	3	4	<p>Policy Option 7a delivers a positive efficiency effect on investment attractiveness as by enabling fully digital share transfers, it reduces procedural friction and execution delays in investor entry and exit, particularly cross-border. Evidence from the public consultation and targeted workshops indicates that companies see lengthy and formalistic share-transfer procedures as a source of investors' reluctance to invest in them, especially with regard to minority stakes and follow-on investments.</p> <p>Policy Option 7b generates a larger efficiency gain by also removing the involvement of intermediaries in share transfers, which significantly reduces transaction costs, waiting times and legal uncertainty around investor exits and secondary transactions. A substantial share of respondents to the public consultation considered notarial requirements and value-based fees as obstacles to investment, particularly with regard to startups and scaleups with frequent ownership changes. Workshops with founders and scaleups also confirmed that rigid exit mechanics negatively affect negotiations with investors. Policy Option 7c is the most efficient as it also addresses exit conditions by allowing Member States to enable access to public equity markets without a mandatory</p>

					conversion into a national legal form. Participants in workshops confirmed that forced conversion into national public company forms adds legal complexity and weakens legal continuity at the point of exit, even if conversion costs themselves are relatively small compared to overall IPO costs.
Administrative burden reduction (benefit)	Standard Cost Model calculations or n/a	3	4	4	<p>Policy Option 7a already reduces administrative burden for investors and companies by providing for fully digital share transfers, which reduces time spent, travel, and ancillary costs linked to in-person formalities, which in turn were identified by stakeholders as a frequent source of friction.</p> <p>However, it is PO 7b which delivers the strongest reduction in administrative burden for investors and companies, as it also removes one of the main compliance cost drivers for share transfers. Evidence from the public consultation and stakeholder workshops indicates that mandatory intermediary involvement (notaries or equivalent intermediaries) constitutes a significant source of administrative burden, particularly for SMEs and startups operating cross-border.</p> <p>PO 7c, by allowing Member States to grant 28th regime companies access to public equity markets, helps companies avoid the need for legal conversion. Stakeholder feedback confirms that this presents an important benefit to late-stage scaleups and other IPO-ready companies, despite the costs of legal conversion being low when compared with the overall costs of going public. However, no significant additional reduction in administrative costs is assumed here given that this benefit would arise only for the small group of IPO-ready companies and is not easily monetisable.</p>
Administrative and adjustment costs	Qualitative score 0-5	1	1	1	Policy Option 7a introduces limited adjustment costs linked to the move towards a fully digital execution of share transfers and mainly due to familiarisation with digital workflows, electronic identification or authentication tools. These costs are one-off and small given the already ongoing digitalisation trends in many Member States. Importantly, PO7a does not introduce any new substantive compliance obligations for

					<p>companies, nor does it require changes to governance structures or record-keeping rules.</p> <p>While PO7b removes the mandatory intermediary involvement and therefore, reallocates responsibility for evidencing share ownership to companies, this does not constitute a new compliance obligation. Under PO7b, companies would need to maintain a reliable, up-to-date and accessible record of shareholders, capable of evidencing ownership, issuing shareholding certificates where required, and ensuring transparency; however, maintaining an accurate shareholders' register is already an obligation in all Member States. The additional effort for companies to verify and record transfers and update the register is assumed to be limited and absorbed within existing governance arrangements.</p> <p>Finally, Policy Option 7c does not impose new obligations on companies unless a company voluntarily decides to pursue a listing. Any preparatory adjustments linked to IPO readiness (e.g. enhanced governance or disclosure systems) are inherent to the listing decision itself and arise in any case, irrespective of corporate legal form.</p>
Public authorities					
Costs	Score 0-5	1	2	2	<p>Policy Option 7a would entail limited one-off adjustment costs for public authorities, including notaries or other intermediaries, mainly linked to ensuring digital infrastructures with authentication tools that can support fully digital share-transfer procedures, to adapting workflows to online service provision, potentially requiring training, procedural updates and IT adjustments. According to the public consultation, around 80% of respondents identified lack of digitalisation as causing practical difficulties to a large or very large extent, suggesting that existing systems already generate inefficiencies.</p> <p>Under Policy Option 7b, the removal of mandatory intermediary involvement does not introduce any new filing, supervisory or enforcement tasks for business registers or courts but there would be reduction in activity and revenue loss for intermediaries, including</p>

					notaries, in those Member States where they are involved in share transfers. Policy Option 7c does not impose additional administrative obligations on public authorities as any supervisory or regulatory costs linked to IPOs already exist under EU and national securities law and would arise irrespective of the corporate legal form used.
Benefits	Score 0-5	1	1	1	PO7a would generate moderate efficiency gains for public authorities by reducing the handling of paper-based procedures, physical appointments, reduce error rates and improve procedural traceability. These efficiency gains would also apply under PO7b and PO7c.
Economy and society at large					
Functioning of the internal market and competitiveness	Score 0-5	2	3	4	All the policy options would contribute to the functioning of the internal market by making share transfers faster and more predictable across borders through digital means and lowering transaction frictions that disproportionately affect cross-border investors. By eliminating legal asymmetries between notarial and non-notarial Member States, and by facilitating cross-border investment and supporting secondary markets for private equity thanks to reduced transaction costs, PO7b delivers a stronger contribution to internal market integration and also enhances EU competitiveness, improving capital mobility and reducing home bias. PO7b would also enhance the competitiveness and attractiveness of the internal market compared to third-country jurisdictions with more flexible private-law execution (e.g. Delaware and UK), where comparable secondary transfers require fewer formalities. PO7c offers the strongest positive impact on the functioning of the internal market and EU competitiveness by additionally allowing Member States to grant 28th regime companies access to public equity markets without mandatory conversion. In those Member States that would choose this option, it would enhance the Union's attractiveness as a place to scale and exit innovative companies and it would strengthen the credibility of the EU framework as a viable alternative to non-EU jurisdictions. Feedback from workshops with companies and bilateral interviews confirmed that a need for conversion into a national public company legal form before entering

					public equity markets would weaken the value proposition of the 28 th regime at the IPO stage.
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2.4. Coherence of the policy options

Policy options 1 to provide a harmonised company legal form for entrepreneurs

- Policy option 1a - Introduce a new harmonised legal form for a 28th regime company with a recognisable EU brand, to be set up by natural persons as founders.
- Policy option 1b - Option 1a + to be set up also by legal persons (28th regime subsidiaries), with a possibility for existing companies to convert through domestic conversions, and with harmonised rules for setting up of branches of 28th regime companies.
- Policy option 1c - Option 1b + a possibility for existing companies to create a 28th regime company through a cross-border conversion, division or merger in accordance with Directive 2019/2121.

Unit of measurement	PO1a	PO1b	PO1c	Motivation
Score 1-5	3	4	4	<p><u>Internal coherence:</u> Policy options 1a, 1b and 1c are all coherent and complementary with the other options of the initiative. While they will provide a common legal form with recognisable brand which is at the heart of the initiative, the other policy options will provide complementary common rules and procedures relevant for different parts of the companies', in particular startups' and scaleups', life cycle. For instance, policy options 2 and 3 will ensure that a founder can set up a 28th regime company in a simple and efficient way. The option 5 will make it easier for 28th regime companies to attract and retain talent; policy options 6 will ensure a flexible governance and capital regime, including a minimum capital requirement adapted to the needs of the startup founders. In addition, policy options 6 and 7 will ensure that the 28th regime company can have a simple and efficient rules for attracting investment to be able to scaleup while policy option 4 provide for simple and efficient rules in case of closure of a 28th regime company.</p> <p><u>External coherence:</u> By providing a harmonised company legal form addressing the 28th regime company's whole life cycle, these options are coherent with the objectives of the Competitiveness Compass to make it possible for innovative companies to benefit from a single, harmonised set of EU-wide rules wherever they invest and operate in the Single Market. They also directly respond to the announcement of an EU corporate legal framework in the Single Market and the Startup and scaleup Strategies. PO1c will be also coherent with the Cross-Border Mobility Directive (EU) 2025/25.</p>

Policy options 2 to make registration of companies, in particular startups quicker and simpler

- Policy option 2a - Create an EU single interface based on BRIS for the registration of 28th regime companies with harmonised bilingual templates (EN/national language) and preventive administrative, judicial or notarial control.
- Policy option 2b - Option 2a + introduce a deadline (48 hours) and cost ceiling of EUR 100 to complete the registration including the preventive administrative, judicial or notarial control when the standardised template is used by founders as natural persons.
- Policy option 2c - As option 2b but with preventive control by judicial or administrative authorities (excluding notaries) when the standardized template is used by founders as natural persons.

Unit of measurement	PO2a	PO2b	PO2c	Motivation
Score 1-5	3	4	4	<p>Internal coherence: Policy options 2a, 2b and 2c are coherent with the other policy options as they provide a foundation for the legal framework governing the 28th regime companies. They are in particular coherent with options 3 as they complement each other to provide for a quick and efficient setting up of a company both with the business registers and with other authorities relevant for the registration. Policy options 2b and PO2c would be most coherent thanks to including a harmonised deadline and cost for registration.</p> <p><u>External coherence:</u> these policy options, and mostly PO2b, will be in line with the Single Market and Startup and scaleup Strategies which called for the possibility of enabling companies to establish in Europe more rapidly, ideally within 48 hours, under the 28th regime. They will be coherent with – and build on - the digital procedures and systems in the EU company law, and in particular on BRIS. As all these policy options integrate preventive control into the streamlined registration process for 28th regime companies, they are in line with the Upgrading digital company Directive (EU) 2025/25, which made the setting up of companies and filing in all Member States subject to mandatory preventive control, carried out by administrative or judicial authorities, or notaries. These options are also coherent with the anti-money laundering and taxation policies aiming at prevention of abusive or fraudulent letter-box companies linked to tax evasion and/or money laundering. Finally, these options would be coherent with and rely on the eIDAS framework under Regulation (EU) No 910/2014 on electronic Identification, authentication and trust services.</p>

Policy options 3 to ensure once-only submission of information in the context of registration

- Policy option 3a - In the context of the registration, ensure that the information about the company is transferred from the business register to the authority in charge of issuing the TIN, to social security authority and to the beneficial ownership register, with any beneficial ownership information as part of the template, without the 28th regime company needing to submit it again (“once-only principle”).
- Policy option 3b - Option 3a + the 28th regime company would obtain the TIN from the relevant authority⁴¹ as part of the registration process, with any additional information needed to obtain the TIN as part of the template.
- Policy option 3c - Option 3b + the 28th regime company would obtain the VAT identification number from the relevant authority as part of the registration process (unless more information is needed).

Unit of measurement	PO3a	PO3b	PO3c	Motivation
Score 1-5	3	4	5	<p><u>Internal coherence:</u> these policy options are in particular complementary with policy options 2. The application of the once-only principle will ensure that the setting up of the company is rendered even simpler and quicker thanks to no need to re-submit similar information to other authorities. In addition, policy options 3b and 3c will further simplify the setting up stage by ensuring that TIN and VAT identification numbers can be provided as part of the registration procedure. Policy option 3c will ensure most coherence. They are also coherent with policy options 4, which also provide for a once-only exchange of information between the business registers and other relevant authorities (e.g. tax, social security authorities) but in context of a closure of solvent 28th regime companies.</p> <p><u>External coherence:</u> These policy options, and mostly option 3c contribute to digitalising the single market, in particular through exchanging digital data between authorities, which importance was underlined in the 2025 Single Market Strategy. They are coherent with the recent developments to digitalise the EU company law, in particular through the Digitalisation and Upgrading digital company law Directives, which already introduced the use of the “once-only principle” in a number of contexts. These options – and in particular 3b and 3c also contribute to the objectives of ensuring full identification of taxpayers by matching the data received by means of information exchange and ensure an automated identification of taxpayers as set in the evaluation report on the Directive on Administrative Cooperation</p>

⁴¹ This option would not apply to those cases where the TIN is also the VAT identification number.

				(DAC) 2011/16/EU ⁴² . These options are also coherent and complementary with the Single Digital Gateway Regulation (SDG) and the Once-Only Technical System (OOTS), which enables an automated cross-border exchange between authorities of documents and data for procedures covered under the SDG. This approach is also coherent with the Digital Decade ⁴³ , which aims to enhance the Member States' capacity to make their public administrations more digital and data-driven. Finally, by ensuring that the company information subject to preventive control will be used for beneficial ownership purposes, these options are coherent and contribute to the AML Directive 2024/1640 ⁴⁴ , which requires Member States to maintain accurate and up-to-date beneficial ownership information.
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Policy options 4 to facilitate closure of the company

- Policy option 4a - Ensure that all relevant filings by the liquidator for closure outside of insolvency are transferred from business register to other authorities ("once-only principle") and online filing of claims from creditors.
- Policy option 4b - Option 4a + simplified liquidation procedure (outside of insolvency) for no assets/no debts to be concluded within a specific deadline.
- Policy option 4c - Option 4b + simplification of insolvency procedures thanks to their full digitalisation.

Unit of measurement	PO4a	PO4b	PO4c	Motivation
Score 1-5	2	3	4	<u>Internal coherence:</u> Policy options 4a, 4b and 4c are all coherent with the other policy options as they are essential to complete the framework that governs the company from its creation until its closure, especially given the high failure rate of startups and importance of efficient closure to allow founders to be able to redirect resources to another business initiative. They allow for a faster and cheaper procedure to conclude a business that did not meet the business expectations both inside and outside insolvency, with policy option 4c ensuring most coherence. These policy options are in particular coherent with policy options 3 as both sets of options include further digitalising of exchanges between authorities through the use of "once-only principle". They are also coherent with policy options 7, both addressing

⁴² Report on the evaluation of Council Directive 2011/16/EU on administrative cooperation in the field of taxation, COM(2025) 695 final.

⁴³ COM, State of the Digital Decade 2025 Report, June 2025, COM(2025) 290 final.

⁴⁴ Directive (EU) 2024/1640 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.

				<p>alternative scenarios towards the end of the company's lifecycle.</p> <p>External coherence: In particular, these policy options are coherent with EU rules in the area of insolvency, including the Restructuring and Insolvency Directive 2019/1023/EU and the proposal for the Insolvency Directive⁴⁵, expected to be adopted in the beginning of 2026 following the provisional political agreement reached in November 2025, as the rules on company liquidation (outside and inside insolvency) compliment current insolvency rules. They also respond to the Competitiveness Compass and the Single Market and the Startup and scaleup Strategies, which mentioned that a 28th legal regime would include aspects of insolvency and reduce the cost of failure, which these policy options would address by making closure of solvent and insolvent companies easier.</p>
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Policy options 5 for attracting talent

- Policy option 5a - Possibility for 28th regime companies to set up employee stock ownership plans (ESOPs) and issue classes of shares with distinct voting rights.
- Policy option 5b - Option 5a + introduce an optional common employee stock ownership scheme for 28th regime companies, based on employee stock options and with common criteria ("EU-ESO").
- Policy option 5c - Option 5b + provide harmonised timing for the taxation of employee stock options granted in the context of the EU-ESO.

Unit of measurement	PO5a	PO5b	PO5c	Motivation
Score 1-5	3	3	4	<p>Internal coherence: Options 5a, 5b and 5c are in particular complemented by PO6a whose measures on capital increases facilitate that companies can provide shares for employees participating in ESOPs, but also by policy options 7, which facilitate exit opportunities for investors, including employee shareholders. Option 5c is the most coherent as it provides the most promising framework for a strong uptake of ESOPs and the underlying capital adjustments necessary for issuing shares to employees.</p> <p>External coherence: The promotion of employee participation in profits and enterprise results (PEPPER) has been on the agenda of the EU institutions and bodies for more than three decades, resulting inter alia in five PEPPER reports co-funded by the European Union. Opinions drafted by the European Economic and Social Committee, reports and studies by the European Parliament and two</p>

⁴⁵ COM(2022) 702 final.

				Parliament resolutions in 2014 and 2018 on employee financial participation highlight the importance of this topic. Policy options 5 all contribute to increased employee financial participation, with option 5c providing the most attractive framework for companies, investors and employees. All three policy options also contribute to one of the objectives of the Startup and scaleup Strategy to support the attraction and retention of highly skilled and diverse talent from within the EU and from non-EU countries, in particular through legislative measures to harmonise certain aspects of the treatment of employee stock options for startups.
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Policy options 6 to provide a flexible governance and capital regime for founders and investors

- Policy option 6a - Create a flexible governance system, provide simple and fully digital procedures for increasing capital and issuing shares and enable the use of modern early-stage financing instruments like SAFEs.
- Policy option 6b - Option 6a + 0 or EUR 1 minimum capital but no paid-in share capital for incorporation of 28th regime companies and harmonised creditor protection safeguards in addition to capital maintenance rules.
- Policy option 6c - Option 6b + common minimum share capital of EUR 5 000 for incorporation of 28th regime companies with harmonised creditor protection safeguards based primarily on capital maintenance.

Unit of measurement	PO6a	PO6b	PO6c	Motivation
Score 1-5	3	4	3	<p><u>Internal coherence:</u> Policy Options 6a, 6b and 6c are internally coherent. Measures under PO6a to facilitate capital increases help companies provide shares for employees participating in ESOPs, thereby supporting policy options 5. These measures are also mutually reinforcing with PO7 in terms of making it easier for 28th regime companies to raise financing. Furthermore, policy options 6b and 6c are coherent with PO2 by contributing to making the setting up of 28th regime companies simpler and quicker through a minimum capital requirement adapted to startups, with PO6b not requiring any paid-in capital for incorporation and thus removing the necessity to open a bank account before registration. PO6b therefore scores highest in terms of coherence.</p> <p><u>External coherence:</u> PO6a aligns with EU efforts to promote digital procedures and reduce administrative formalities as followed in the recent developments of EU company law, especially through the Digitalisation and the Upgrading digital company law Directives. Its simple procedures for increasing capital and issuing shares also facilitate investment in EU companies, thereby contributing to a better connection between savings and productive investments as envisaged under the EU's Savings and Investment Union. As</p>

				regards PO6b and PO6c which furthermore harmonise minimum capital requirements and therefore contribute to a simpler and quicker setting up of 28 th regime companies, they will respond to the calls to enable companies to establish in Europe more rapidly under the Single Market and Startup and scaleup Strategies, with PO6b showing the strongest external coherence.
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Policy options 7 to facilitate exit options

- Policy option 7a – Ensure that transfers of shares of 28th regime companies can be carried out fully digitally.
- Policy option 7b - Option 7a + no requirement to involve intermediaries in share transfers of 28th regime companies.
- Policy option 7c - Option 7b + a possibility for Member States to grant access to public equity markets to 28th regime companies.

Unit of measurement	PO7a	PO7b	PO7c	Motivation
Score 1-5	2	3	4	<p><u>Internal coherence:</u> Policy Options 7a, 7b and 7c are coherent with other policy options under this initiative. They are in particular coherent with Policy Options 6 – and mostly with PO6a, as both simpler and more digital capital increases and share issuances under PO6a and digital share transfers under PO7b are creating a more attractive framework for investing in 28th regime companies. All three policy options also contribute to Policy options 5 by facilitating transfers of shares, including those acquired through ESOPs, with policy option 7c being the most coherent as it allows Member States to provide for the possibility of these shares being traded on public markets. PO7c achieves the overall highest level of internal coherence with other policy options, as it ensures consistency across the full corporate lifecycle, covering also investment through access to public equity market which is most relevant for late-stage startups and mature companies.</p> <p><u>External coherence:</u> PO7a is in line with EU-wide efforts to promote digital procedures and reduce administrative barriers in business operations, in particular as followed in the recent developments of EU company law, especially through the Digitalisation and the Upgrading digital company law Directives. PO7b complements these objectives by reducing legal fragmentation stemming from divergent national formalities, without interfering with substantive national property or contract law. All policy options are particularly coherent with the Savings and Investment Union, which supports both exits by investors in private companies and deeper and more integrated EU capital markets by facilitating IPO exits. Overall, PO7c delivers the strongest external</p>

				coherence by maximising alignment with broader EU investment, competitiveness and market-integration policies.
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2.5. Overview of the assessment of the options

2.5.1 Multi-Criteria Analysis

To compare the policy options in their relative impacts, we have performed a Multi-Criteria Analysis (MCA). As it is an integrative framework, the MCA allows us to include all retained policy options and assess them against the identified impacts. The analysis relies on the following two components:

- 1) The scores assigned to each Policy Option are net of the baseline. The scoring system is represented on a 0-5 scale and is based on the in-depth analysis of the available evidence of the impacts.
- 2) The weights assigned to each impact represent the relative importance assigned to them. To ensure robustness, we have taken two approaches in the distribution of weights:
 - a. Approach 1: A weight of 30% for Effectiveness, 60% for Efficiency and 10% for Coherence.
 - i. Effectiveness was assigned a weight of 30%, as all retained policy options contribute positively to the achievement of the core objectives of the initiative. Differences between options mainly concern the extent, scope and timing of their contribution to these objectives, rather than the presence or absence of an effect. As a result, effectiveness plays an important but not decisive role in differentiating between policy options. Effectiveness was assessed by scoring each of the three specific objectives separately, with each objective assigned an equal weight of 10%.
 - ii. Efficiency was assigned a weight of 60%, as the largest differences between retained policy options relate to the magnitude and distribution of costs and benefits for companies, investors and public authorities. Policy options differ substantially in terms of administrative burden reduction, adjustment costs, ease of use, and impacts on cross-border activity and investment. Efficiency therefore provides the greatest discriminating power between options and is the criterion for which the most detailed and robust evidence is available, including quantified estimates of administrative burden reductions. Efficiency was assessed through seven distinct impacts, of which five impacts were each assigned a weight of 10% and two impacts (costs and benefits for public authorities) were each assigned a weight of 5%, with the overall efficiency score reflecting the net effect of benefits minus costs.
 - iii. Coherence was assigned a weight of 10%, reflecting that all retained policy options are broadly coherent with existing EU company law, digitalisation initiatives and Single Market objectives. Differences between options in terms of coherence are limited and mainly relate to the degree of alignment with existing instruments and frameworks, rather than to fundamental inconsistencies. Coherence is therefore included to ensure overall policy consistency, but does not drive the ranking of options.
 - b. Approach 2: An alternative scenario is to assign equal weights to Effectiveness and Efficiency (45% for each) and 10% for Coherence.

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- i. The logic behind the specific distribution of weights and impacts is identical to the first approach. What we notice is that the results of the MCA hold even after these weights have been changed to ensure equal significance for the effectiveness and efficiency.

The total weighed score for each policy option are calculated as the scores of each policy options against the identified impacts, multiplied by the weight assigned to each specific impact. The weighted performance of the costs is subtracted. All policy options lead to a net benefit, indicating that the benefits outweigh the costs.

- a. Under the main approach (30-60-10% weights), we observe that policy options 1c, 3c, 4c, 5c, 6b and 7c rank highest under all three criteria. Policy option 2b scores higher due to efficiency.
- b. Under the second approach (45-45-10% weights), the results hold. The same policy options (as under the main approach) have the highest scores and are the preferred options, this time with slightly higher overall scores.

MCA table main scenario 30-60-10% weights for effectiveness–efficiency–coherence:

	Weight	PO1 a	PO1 b	PO1 c	PO2 a	PO2 b	PO2 c	PO3 a	PO3 b	PO3 c	PO4 a	PO4 b	PO4 c	PO5 a	PO5 b	PO5 c	PO6 a	PO6 b	PO6 c	PO7 a	PO7 b	PO7 c
EFFECTIVENESS (30)																						
SO1: Provide a common corporate legal framework for startups and scaleups in the EU	10%	2	3	4	2	3	3	1	2	3	1	2	3	1	2	3	1	2	2	1	2	3
SO2: Provide simple and efficient corporate rules and procedures throughout the lifecycle of startups and scaleups	10%	-	-	-	3	4	4	2	3	4	2	3	4	1	3	4	3	4	3	-	-	-
SO3: Ensure that corporate rules provide an enabling framework to invest	10%	-	-	-	-	-	-	-	-	-	-	-	-	1	3	4	3	4	3	2	3	4
EFFICIENCY (60)																						
Companies and investors																						
Ease of doing business	10%	2	3	4	3	4	4	2	3	4	2	3	4	1	3	4	2	4	3	2	3	4

Ease of attracting investment	10%	2	3	4	2	3	3	0	0	0	1	2	3	1	2	4	2	3	2	2	3	4
Administrative burden reduction	10%	2	3	4	3	4	4	2	3	4	2	3	4	1	2	3	2	4	3	3	4	4
Administrative and adjustment costs	10%	0	1	2	0	0	0	0	0	0	0	0	0	1	1	1	1	1	2	1	1	1
Public authorities																						
Costs	5%	1	2	3	2	3	4	1	2	2	1	2	3	0	0	2	1	1	2	1	2	2
Benefits	5%	2	3	3	1	1	1	1	2	3	1	2	3	0	0	0	1	3	2	1	1	1
Economy and society at large																						
Functioning of the internal market and competitiveness	10%	2	3	4	2	3	3	2	3	4	2	3	4	2	3	4	2	3	2	2	3	4
COHERENCE (10)																						
Coherence	10%	3	4	4	3	4	4	3	4	5	2	3	4	3	3	4	3	4	3	2	3	4
TOTAL	100%	1.75	2.45	3	2	2.75	2.70	1.35	2.05	2.8	1.35	2.15	2.95	1	2	2.8	1.7	2.8	1.9	1.45	2.2	2.9

Summary table:

	Weight	PO1 a	PO1 b	PO1 c	PO2 a	PO2 b	PO2 c	PO3 a	PO3 b	PO3 c	PO4 a	PO4 b	PO4 c	PO5 a	PO5 b	PO5 c	PO6 a	PO6 b	PO6 c	PO7 a	PO7 b	PO7 c
Effectiveness	30%	0.60	0.90	1.20	0.75	1.05	1.05	0.45	0.75	1.05	0.45	0.75	1.05	0.30	0.80	1.10	0.70	1.00	0.80	0.45	0.75	1.05
Efficiency	60%	0.85	1.15	1.40	0.95	1.30	1.25	0.60	0.90	1.25	0.70	1.10	1.50	0.40	0.90	1.30	0.70	1.40	0.80	0.80	1.15	1.45
Coherence	10%	0.30	0.40	0.40	0.30	0.40	0.40	0.30	0.40	0.50	0.20	0.30	0.40	0.30	0.30	0.40	0.30	0.40	0.30	0.20	0.30	0.40
Total	100%	1.75	2.45	3	2	2.75	2.70	1.35	2.05	2.8	1.35	2.15	2.95	1	2	2.8	1.7	2.8	1.9	1.45	2.2	2.9

MCA table second approach 45-45-10% weights for effectiveness–efficiency–coherence:

	Weight	PO1 a	PO1 b	PO1 c	PO2 a	PO2 b	PO2 c	PO3 a	PO3 b	PO3 c	PO4 a	PO4 b	PO4 c	PO5 a	PO5 b	PO5 c	PO6 a	PO6 b	PO6 c	PO7 a	PO7 b	PO7 c
EFFECTIVENESS (45)																						
SO1: Provide a common corporate legal framework for startups and scaleups in the EU	15%	2	3	4	2	3	3	1	2	3	1	2	3	1	2	3	1	2	2	1	2	3
SO2: Provide simple and efficient corporate rules and procedures throughout the lifecycle of startups and scaleups	15%	-	-	-	3	4	4	2	3	4	2	3	4	1	3	4	3	4	3	-	-	-
SO3: Ensure that corporate rules provide an enabling framework to invest	15%	-	-	-	-	-	-	-	-	-	-	-	-	1	3	4	3	4	3	2	3	4
EFFICIENCY (45)																						
Companies and investors																						
Ease of doing business	7.50%	2	3	4	3	4	4	2	3	4	2	3	4	1	3	4	2	4	3	2	3	4

Ease of attracting investment	7.50%	2	3	4	2	3	3	0	0	0	1	2	3	1	2	4	2	3	2	2	3	4
Administrative burden reduction	7.50%	2	3	4	3	4	4	2	3	4	2	3	4	1	2	3	2	4	3	3	4	4
Administrative and adjustment costs	7.50%	0	1	2	0	0	0	0	0	0	0	0	0	1	1	1	1	1	2	1	1	1
Public authorities																						
Costs	3.75%	1	2	3	2	3	4	1	2	2	1	2	3	0	0	2	1	1	2	1	2	2
Benefits	3.75%	2	3	3	1	1	1	1	2	3	1	2	3	0	0	0	1	3	2	1	1	1
Economy and society at large																						
Functioning of the internal market and competitiveness	7.50%	2	3	4	2	3	3	2	3	4	2	3	4	2	3	4	2	3	2	2	3	4
COHERENCE (10)																						
Coherence	10%	3	4	4	3	4	4	3	4	5	2	3	4	3	3	4	3	4	3	2	3	4
TOTAL	100%	1.84	2.61	3.25	2.14	2.95	2.91	1.43	2.2	3.01	1.4	2.25	3.1	1.05	2.18	3.03	1.88	2.95	2.1	1.48	2.29	3.06

Summary table:

	Weight	PO1 a	PO1 b	PO1 c	PO2 a	PO2 b	PO2 c	PO3 a	PO3 b	PO3 c	PO4 a	PO4 b	PO4 c	PO5 a	PO5 b	PO5 c	PO6 a	PO6 b	PO6 c	PO7 a	PO7 b	PO7 c
Effectiveness	45%	0.90	1.35	1.80	1.13	1.58	1.58	0.68	1.13	1.58	0.68	1.13	1.58	0.45	1.20	1.65	1.05	1.50	1.20	0.68	1.13	1.58
Efficiency	45%	0.64	0.86	1.05	0.71	0.98	0.94	0.45	0.68	0.94	0.53	0.83	1.13	0.30	0.68	0.98	0.53	1.05	0.60	0.60	0.86	1.09
Coherence	10%	0.30	0.40	0.40	0.30	0.40	0.40	0.30	0.40	0.50	0.20	0.30	0.40	0.30	0.30	0.40	0.30	0.40	0.30	0.20	0.30	0.40
Total	100%	1.84	2.61	3.25	2.14	2.95	2.91	1.43	2.2	3.01	1.4	2.25	3.1	1.05	2.18	3.03	1.88	2.95	2.1	1.48	2.29	3.06

2.5.2 Sensitivity Analysis

The sensitivity analysis focuses on variations in the number of companies opting into the 28th regime, as take-up is the main source of uncertainty in the estimation of aggregate administrative burden reductions. Other parameters used in the Standard Cost Model, such as time spent per obligation, wage rates and procedural steps, are based on established assumptions and benchmark values drawn from previous impact assessments and stakeholder input, being applied consistently across all policy options.

Varying these parameters would affect all policy options proportionally and would therefore not alter their relative performance or the overall conclusions of the analysis. By contrast, changes in take-up directly affect the scale of the quantified impacts and therefore provide the most meaningful test of the robustness of the estimated administrative burden reductions.

The reductions in administrative burden by the various policy options are calculated by applying the Standard Cost Model (SCM). To verify the robustness of our SCM results, we performed a sensitivity analysis based on a lower and higher estimated take-up rate.

Under a moderate take-up assumption, there are 308,843 newly formed 28th regime companies over a 10-year period. Assuming a low take-up rate, there would be 231,632 new 28th regime companies and for a high take-up rate, there would be 386,053 new 28th regime companies, over the same period of 10 years⁴⁶. The overall lower or higher number of newly formed companies would impact the overall cost-benefit analysis:

Preferred policy option	Total admin burden reduction – moderate uptake	Total admin burden reduction - low uptake	Total admin burden reduction - high uptake
PO2b	between EUR 227,828,649 and EUR 340,256,273	between EUR 170,871,733 and EUR 255,192,572	between EUR 284,785,975 and EUR 425,320,586
PO3c	EUR 28,718,065	EUR 23,931,755	EUR 39,886,224
PO4c	EUR 3,281,457	EUR 2,461,090	EUR 4,101,813
PO5c	EUR 12,971,406	EUR 9,728,544	EUR 16,214,226
PO6b	EUR 55,206,278	EUR 41,404,683	EUR 69,007,746
Total preferred policy options	EUR 328,005,855 to EUR 440,433,479	EUR 248,397,805 to EUR 332,718,644	EUR 413,995,984 to EUR 554,530,595

From the administrative burden reduction of EUR 328 million to 440 million in the moderate take-up scenario, this benefit would be of EUR 248 million to 332 million under a low take-up, or between EUR 414 million and 554 million considering a high take-up rate. The overall administrative burden reduction figures show that the magnitude of the potential benefits is proportional to the number of companies opting for the 28th regime.

⁴⁶ Please refer to Annex 8: Number of companies for the detailed model.