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## PROPOSAL

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From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

date of receipt: 18 March 2026

To: Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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Subject: ANNEX 2/3 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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Delegations will find attached document SWD(2026) 321 annex.

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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”<sup>1</sup> 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
The Board notes the additional information provided by DG JUST and commitments to make changes to the report. The Board gives a positive opinion. The Board considers that the report should be further improved with respect to the following aspects: (1) The report should better explain what the	The report was adapted to take into account the RSB recommendations. See responses to the specific points below.

<sup>1</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> regime legal form with national legal forms. In addition, it explains that the 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 website<sup>2</sup>.

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

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<sup>2</sup> [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 28<sup>th</sup> regime to provide for simple, flexible and fast procedures for the 28<sup>th</sup> 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 28<sup>th</sup> 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 JUST<sup>3</sup>, 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 28<sup>th</sup> 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

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<sup>3</sup> 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 McGrath<sup>4</sup>. The 28<sup>th</sup> 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 28<sup>th</sup> regime, the use of digital measures to provide for simpler, faster procedures for the 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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)

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<sup>4</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 issue<sup>5</sup>.

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

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<sup>5</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 groups<sup>6</sup>. 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 28<sup>th</sup> regime: a new legal framework for innovative companies”**<sup>7</sup>, 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 28<sup>th</sup> 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

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

<sup>7</sup> [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 28<sup>th</sup> 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 28<sup>th</sup> regime companies (82% agreed to a large or very large extent). The benefit that consumers would recognise the 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> regime company type for all public limited liability companies. 11% (146) chose another company type; a majority of those considered that the 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> regime company.

In relation to the **minimum number of shareholders**, 80% of respondents replied that 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> regime companies, 44% of respondents believed that the 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> regime companies. Those who replied in more detail, explained that such employee participation rules for 28<sup>th</sup> 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 **28<sup>th</sup> 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 28<sup>th</sup> regime companies.

84% of respondents considered that all **tools and processes for the 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> regime corporate legal framework proposal should include **provisions to facilitate the eventual access of a 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> regime.

Subject	Main Idea	Magnitude	Views expressed
<b>The concept of the 28<sup>th</sup> regime</b>	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 <sup>th</sup> regime company)	A few responses	Its name and abbreviation should not include a reference to startups and scaleups (as all companies should be eligible).
<b>Corporate form</b>	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)
<b>Legal basis</b>	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
<b>Scope</b>	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
<b>Determination of the seat</b>	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)
<b>Articles of Association</b>	Template for shareholders	Many responses	Modular template ensuring both faster registration and flexibility for founders
<b>Investment</b>	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
<b>Digitalisation</b>	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)
<b>Employee ownership</b>	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
<b>Tax-related issues</b>	Simplification	Some responses	EUID should serve also for TIN, VAT and Economic Operators Registration and Identification number (EORI number) for

			custom declarations
<b>Steward-ownership</b>	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
<b>Cost of failure</b>	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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> regime) or a maximum harmonisation directive;
- opposes the use of Article 352 TFEU as legal basis for the 28<sup>th</sup> 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 28<sup>th</sup> regime – and in this context acknowledges that the 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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. 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> regime companies access to public equity markets without legal conversion, investors would also profit from improved exit opportunities. Employees investing in 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> regime companies and also transparency about the rules that apply to them, making it easier for such stakeholders to invest in or buy from 28<sup>th</sup> regime companies.

## 2. SUMMARY OF COSTS AND BENEFITS

<b>I. Overview of Benefits (total for all provisions) – Preferred Option</b>		
<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 <sup>th</sup> 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 <sup>th</sup> 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.
<b><i>Indirect benefits</i></b>		
Improved functioning of the internal market and competitiveness	No quantified estimates available. However, the up take of 28 <sup>th</sup> regime company is assessed and it is estimated that over 10 years the number of new 28 <sup>th</sup> 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.

<b>II. Overview of costs – Preferred option</b>				
	<b>Businesses</b>		<b>Administrations</b>	
	<b>One-off</b>	<b>Recurrent</b>	<b>One-off</b>	<b>Recurrent</b>

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	-
<b>Total preferred options</b>	Direct compliance costs	One-off familiarisation costs for those existing companies that choose to become 28 <sup>th</sup> companies through domestic conversions, or through cross-border mergers, divisions or conversions, including legal and organisational changes. The 28 <sup>th</sup> 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 <sup>th</sup> 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
<b>Businesses</b>			
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**			
<b>Total administrative burdens***</b>	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 28<sup>th</sup> 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

<b>Relevance for SMEs</b>
Highly relevant for SMEs

<b>(1) IDENTIFICATION OF AFFECTED BUSINESSES AND ASSESSMENT OF RELEVANCE</b>
<b>Are SMEs directly affected? (Yes/No) In which sectors?</b>
Yes. The proposal is horizontal in nature (new EU corporate legal framework) and positively impacts companies regardless of their sector of activity.
<b>Estimated number of directly affected SMEs</b>
It is estimated that there would be 308 843 28 <sup>th</sup> 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 <sup>th</sup> 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).
<b>Estimated number of employees in directly affected SMEs</b>
The estimated number of employees is linked to the estimated cumulative uptake of around 300 000 of 28 <sup>th</sup> regime companies over 10 years. It is estimated that those companies would employ around 1 600 000 employees after 10 years.
<b>Are SMEs indirectly affected? (Yes/No) In which sectors? What is the estimated number of indirectly affected SMEs and employees?</b>
Yes, potentially for all 26 mio. SMEs and their 89-90 million employees across sectors (see (3) below for the expected indirect impacts).
<b>(2) CONSULTATION OF SME STAKEHOLDERS</b>
<b>How has the input from the SME community been taken into consideration?</b>
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 <sup>th</sup> 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 <sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> regime corporate framework.

<b>(3) ASSESSMENT OF IMPACTS ON SMEs<sup>8</sup></b>
<b>What are the estimated direct costs for SMEs of the preferred policy option? (Fill in only if step 1 flags direct impacts)</b>
<i>Qualitative assessment</i>
One-off familiarisation costs for those existing SMEs that choose to become 28 <sup>th</sup> companies through domestic conversions, or through cross-border mergers, divisions or conversions, including legal and organisational changes. The 28 <sup>th</sup> 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.
<b>Quantitative assessment</b>
Limited. No new costs for SMEs.
<b>What are the estimated direct benefits/cost savings for SMEs of the preferred policy option<sup>9</sup>?</b>
<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 <sup>th</sup> 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 <sup>th</sup> regime companies by increasing legal

<sup>8</sup> 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.

<sup>9</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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><b>Policy option 1a</b> - Introduce a new harmonised legal form for a 28<sup>th</sup> regime company with a recognisable EU brand, to be set up by natural persons as founders.</p> <p><b>Policy option 1b</b> - Option 1a + to be set up also by legal persons (28<sup>th</sup> regime subsidiaries), with a possibility for existing companies to convert through domestic conversions, and with harmonised rules for setting up branches of 28<sup>th</sup> regime companies.</p> <p><b>Policy option 1c</b> - Option 1b + a possibility for existing companies to create a 28<sup>th</sup> 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><b>Policy option 2a</b> - Create a central EU interface based on BRIS for the registration of 28<sup>th</sup> regime companies with harmonised bilingual templates (EN/national language) and preventive administrative, judicial or notarial control.</p> <p><b>Policy option 2b</b> - 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><b>Policy option 2c</b> - 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><b>Policy option 3a</b> – 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><b>Policy option 3b</b> - Option 3a + the 28th regime company would obtain the TIN from the relevant authority<sup>10</sup> as part of the registration process, with any additional information needed to obtain the TIN as part of the template.</p> <p><b>Policy option 3c</b> - 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>

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

<p><b>Policy option 4a</b> — 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><b>Policy option 4b</b> - Option 4a + simplified liquidation procedure (outside of insolvency) for no assets/no debts to be concluded within a specific short deadline.</p> <p><b>Policy option 4c</b> - 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><b>Policy option 5a</b> - Possibility for 28<sup>th</sup> regime companies to set up employee ownership plans (ESOPs) and issue classes of shares with distinct voting rights.</p> <p><b>Policy option 5b</b> - Option 5a + introduce an optional common employee stock ownership scheme for 28<sup>th</sup> regime companies, based on employee stock options and with common criteria (‘EU-ESO’).</p> <p><b>Policy option 5c</b> - 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><b>Policy option 6a</b> - 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><b>Policy option 6b</b> - Option 6a + 0/EUR 1 minimum capital but no paid-in share capital for incorporation of 28<sup>th</sup> regime companies and harmonised creditor protection safeguards in addition to capital maintenance rules</p> <p><b>Policy option 6c</b> - Option 6a + common minimum share capital of EUR 5 000 for incorporation of 28<sup>th</sup> 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><b>Policy option 7a</b> – Ensure that transfers of shares of 28<sup>th</sup> regime companies can be carried out fully digitally.</p> <p><b>Policy option 7b</b> - Option 7a + no requirement to involve intermediaries in share transfers of 28<sup>th</sup> regime companies.</p> <p><b>Policy option 7c</b> - Option 7b + a possibility for Member States to grant access to public equity markets to 28<sup>th</sup> 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 28<sup>th</sup> 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 Law<sup>11</sup>; 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
<b>EU-27</b>	<b>15,205,802</b>	<b>17,209,106</b>	<b>2,003,304</b>	<b>13.17%</b>
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%

<sup>11</sup> 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 (Unternehmergeellschaft) has been available to company founders as a legal form variant of the private limited liability company (GmbH) since 2008<sup>12</sup>.

DE - number of UGs within the first 10 years of introduction <sup>13</sup>			
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)

<sup>12</sup> 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.

<sup>13</sup> Universität Jena, [Forschungsprojekt Unternehmergeellschaft](#), 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:

<b>EL – simplified private LLCs (IKE)</b>			
<b>Year</b>	<b>Number of companies</b>	<b>Change</b>	<b>Percentage change</b>
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 28<sup>th</sup> regime companies is the annual net-growth of all private limited liability companies in the EU.

Overall, the estimated number of new 28<sup>th</sup> 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 28<sup>th</sup> 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.

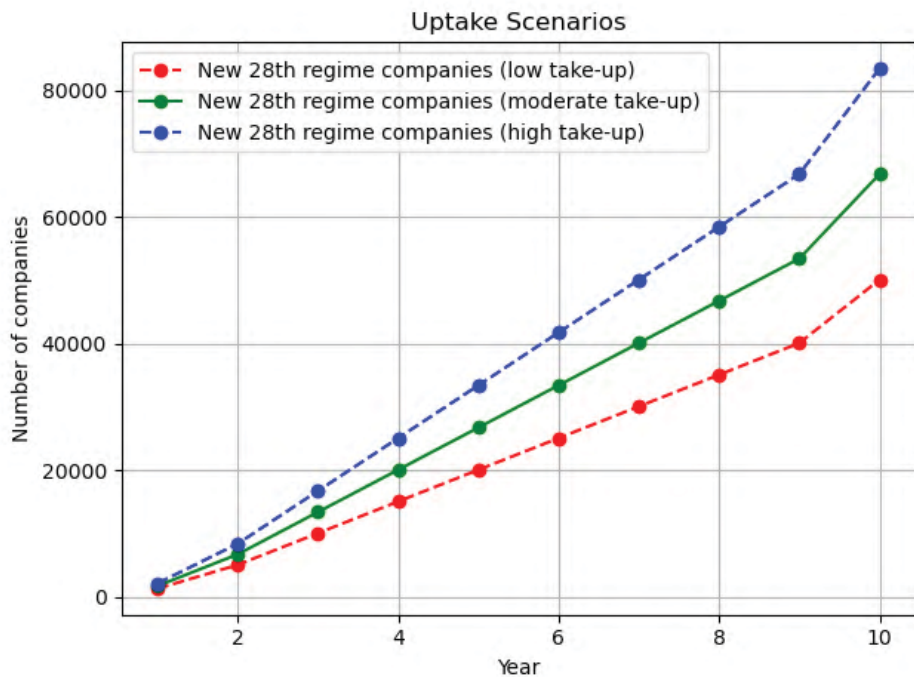
The following take-up rates refer to the share of new 28<sup>th</sup> regime companies out of the newly created LLCs. This average annual net increase is used as a simplifying assumption for the purpose of estimating potential uptake, in line with the proportionality principle and in the absence of evidence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

Year	Low take-up rate 28 <sup>th</sup> regime legal form	Moderate take-up rate 28 <sup>th</sup> regime legal form	High take-up rate 28 <sup>th</sup> regime legal form	New 28 <sup>th</sup> regime companies (low take-up)	New 28 <sup>th</sup> regime companies (moderate take-up)	New 28 <sup>th</sup> 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
<b>Total number of companies</b>				<b>231,632</b>	<b>308,843</b>	<b>386,053</b>

The cumulative total number of newly formed 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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)<sup>80</sup> 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 traditions<sup>14</sup>. 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 EU<sup>15</sup>, views of other stakeholders, including some Member States diverge, as shown by challenging negotiations on employee participation in the past.

As regards the 28<sup>th</sup> 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 Council<sup>16</sup> and need to be preceded by a two-stage consultation of social partners<sup>17</sup>. 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 28<sup>th</sup> 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 28<sup>th</sup> regime company's registration, as for any other company, while preventing the misuse of the 28<sup>th</sup> 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 28<sup>th</sup> 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

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<sup>14</sup> 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.

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

<sup>16</sup> Article 153(f), in conjunction with Article 153(2) TFEU.

<sup>17</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 lock<sup>18</sup>. 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.

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<sup>18</sup> [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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 framework<sup>19</sup>, 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 28<sup>th</sup> regime corporate framework and the proposal for the European Business Wallets will also be complementary. The proposal for a 28<sup>th</sup> 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 28<sup>th</sup> 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.

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<sup>19</sup> [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) 2024/903<sup>20</sup>.

The 28<sup>th</sup> 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 28<sup>th</sup> 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/EU<sup>34</sup>.

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 28<sup>th</sup> 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.

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