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European Commission

CALL FOR EVIDENCE FOR AN IMPACT ASSESSMENT

TITLE OF THE INITIATIVE	28th regime – EU corporate legal framework
LEAD DG (RESPONSIBLE UNIT)	Directorate-General for Justice and Consumers (Company Law)
LIKELY TYPE OF INITIATIVE	Legislative
INDICATIVE TIMETABLE	Q1-2026
ADDITIONAL INFORMATION	https://commission.europa.eu/business-economy-euro/doing-business-eu/company-law-and-corporate-governance_en

A. Political context, problem definition and subsidiarity check

Political context

Following the European Commission Political Guidelines 2024-2029 and the mission letter of the Commissioner for Democracy, Justice and the Rule of Law, the Commission's January 2025 Competitiveness Compass announced a 28th regime as part of a comprehensive set of actions to enhance the competitiveness of the European economy, with an aim to make it possible for innovative companies to benefit from a single, harmonised set of EU-wide rules, including any relevant aspects of corporate law, insolvency, labour and tax law. Subsequently, the March 2025 European Council conclusions called on the Commission to "in line with the respective competences under the Treaties, propose an optional 28th company law regime allowing innovative companies to scale up". More specifically, the Savings and Investments Union Communication, the Single Market Strategy and the Start-up and Scale-up Strategy, respectively, set out a list of measures related to mobilising private investment, accessing finance, making the Single Market a reality and boosting the prospects of start-ups and scale-up companies in the EU, and underlined the important role that the 28th regime can play in those contexts.

The 28th regime will provide a single set of rules, potentially in a progressive and modular way. It will include an EU corporate legal framework, based on digital-by-default solutions, and will help companies overcome barriers in setting up, scaling up and operating companies across the Single Market. The 28th regime will simplify applicable rules and reduce the cost of failure by addressing specific aspects within relevant areas of law, including insolvency, labour and tax law.

The planned initiative will be complementary with other initiatives which will also aim to address the obstacles that companies face in the EU, including the European Innovation Act and the European Business Wallet initiative.

Problem the initiative aims to tackle

The underlying problem is the **fragmentation** of legal frameworks across Member States, which leads to reduced business activity and forgone opportunities for companies in the Single Market. Overall, the past and recent calls for a 28th regime underline the **complexity and costs** associated with the incorporation and operation of companies across the EU due to lack of unified company legal framework and different national corporate rules and requirements for **formation, structure and operation** of companies.

Business associations call for cutting administrative burdens through digitalisation and once-only reporting. In addition, the start-up companies stress that current procedures for setting up and investing into companies are **not sufficiently digital, easy and quick and** that the fragmentation of rules across 27

Member States blocks start-ups from successfully scaling-up in the EU. They often also raise the lack of an easily recognisable **EU company brand**, which would be known and trusted by investors and business partners. The diversity of national regimes equally creates **constraints for investors** as it increases complexity and costs, and together with lack of standardised and digital procedures and tools, may prevent or dissuade investors from financing companies.

Basis for EU action (legal basis and subsidiarity check)

Legal basis

The legal basis could either be: 1) Article 352 of the Treaty on the Functioning of the European Union, which is required to create an EU level legal form for companies and is the legal basis for the existing European Company Statute or 2) Article 50 of the Treaty on the Functioning of the European Union, which is the legal basis for the existing EU company law Directives, and Article 114, which is the legal basis for the functioning of the Single Market. The latter approach would mean introducing a new national legal form for companies with a common name and EU harmonised legal requirements. Both approaches would pursue the same policy objective and would have a comparable effect in practice.

Practical need for EU action

The overall objective of this legislative proposal is to contribute to growth and competitiveness of companies, in particular innovative ones, start-ups and scale-ups, by facilitating their setting up and operations in the Single Market and by reducing barriers to cross-border investments, through a new EU corporate legal framework. Member States are unable to bring about sufficient improvement to those problems on their own. Even if all Member States endeavoured to reform their corporate legal frameworks, divergences between national regimes would remain. That is why action at EU level is necessary.

B. Objectives and policy options

Baseline scenario – no policy change:

In the baseline scenario, without a new initiative at EU level, companies, including innovative ones, start-ups and scale-ups, would be able to benefit from the recent EU company law digital solutions and tools but they would still continue to face different national requirements limiting their potential to set up, operate and attract investment across the EU. They would continue to face divergent requirements, e.g. for setting up a company, for carrying out capital increases in different Member States; some procedures for companies would also continue to be divergent and non-digital across Member States.

Policy change:

The policy options, in particular for the EU corporate legal framework, would be developed as a combination of all or some of the elements listed below. They would build on the existing fully on-line procedures for companies (setting up, filing with registers), the use of "once-only" principle through the business registers interconnection system (BRIS), and the digital tools such as the European Unique Identifier (EUID) and the EU Company Certificate, i.e. a EU corporate identity card, compatible with the European Digital Identity Framework, as these already respond to some of the issues identified by stakeholders in the calls for the 28th regime, as well as the forthcoming EU Business Wallet.

They would aim to further significantly reduce administrative burdens for companies doing business across the EU and to address the needs of innovative companies, start-ups and scale-ups in particular:

- **Structure and the core elements of the 28th regime companies**: this could include setting out the essential elements of 28th regime companies, including the company type, who should be able to create such companies and how, the minimum capital requirement and a possible distinct name and abbreviation for the 28th regime companies.

- **Simple, flexible and fast procedures and rules for setting up and operating 28th regime companies**: this could include making the setting up of the 28th regime companies, ideally within

48h, and other procedures, including the closure of such companies, faster and more efficient through digital solutions and tools, it could extend the 'once only' principle through sharing of company information between business registers and other national authorities relevant for company procedures, such as labour or tax authorities; and it could also consider ways to make the governance of the 28th regime companies more flexible. This could include the use of the forthcoming EU Business Wallet.

- **Attracting investment to 28th regime companies**: this could refer to options, including through digital solutions and tools, to simplify capital increases for the 28th regime companies, and could consider other means to allow those companies to attract investors, including through different classes of shares, rules for transfers of shares or a possibility to use private equity investment agreements.

C. Likely impacts

The planned initiative is expected to b**enefit companies, including innovative ones, start-ups and scale-ups and SMEs, across the EU**, by providing a simplified and harmonised framework to set up, operate and attract investment.

It will improve the overall business ecosystem by making it easier and faster for entrepreneurs - including through digital solutions and tools - to **establish companies** and **attract investment** in the EU.

By reducing administrative burden, legal complexity and costs associated with company operations, the planned initiative will also **enhance companies', in particular the start-ups', ability to scale up** within the EU.

Investors, including venture capital firms, are also expected to benefit from clearer, more standardised and more digital procedures that should streamline investment processes in the Single Market.

Ultimately, this initiative should drive economic growth, foster innovation, create new jobs, and enhance the EU's global competitiveness, delivering broad benefits to European society by supporting a dynamic and integrated start-up and scale-up ecosystem.

D. Better regulation instruments

Impact assessment

An impact assessment will be prepared to support the development of this initiative and feed into the Commission's decision. Adoption of the legal proposal is envisaged in Q1 2026.

Consultation strategy

The consultation activities on the planned initiative will aim to gather feedback on the existence and magnitude of the problems, as well as on possible policy options and their likely impacts. The following consultation activities are planned:

- a 12-week public consultation, launched in parallel to this 'Call for evidence' on the Commission's central public consultations page "Have your say";
- discussions with Member States and EU level stakeholders, including EU-level social partners, in the context of the High-Level Forum on Justice for Growth;
- discussions with company law academic experts in the Informal Expert Group on Company Law and Corporate Governance, ICLEG and
- additional targeted consultations, including with entrepreneurs, companies and social partners (Q2-Q4 2025).

Information about the public consultation will be promoted on social media, on the Commission's company law policy website and in targeted contacts with stakeholders.

This initiative will also draw on results of consultations carried out in the context of the related Strategies, e.g. the Single Market Strategy and the Start-up and Scale-up Strategy.

Why we are consulting?
This initiative will respond to calls from the business community by providing companies, in particular innovative ones, with a single set of rules to invest more easily and operate in the Single Market. It will set out a new corporate legal framework covering a wide range of key issues for companies, building on online procedures and digital tools in EU company law. This framework will be complemented by measures in other areas to help innovative companies develop in the EU.
Target audience
The public consultation is open for contributions from all stakeholders but is in particular targeted at companies, with a focus on innovative ones, start-ups and scale-ups, representatives of business and industry associations, entrepreneurs, investors, legal practitioners, Member State authorities, business registers, trade unions and academics.