

EUROCHAMBRES

**POSITION ON THE  
PROPOSAL FOR A  
28TH REGIME IN  
EUROPE - EU INC.**



## **Position on the Proposal for a 28th Regime in Europe – EU Inc.**

**Eurochambres overall welcomes the proposal on an EU Inc. as an opportunity to modernise European company law and boost its global competitiveness. However, it reminds the need for clarity, consistent interpretation and legal certainty. To fully unlock the potential of this framework and make Europe the world's most attractive business hub, legal harmonisation must be accompanied by broader structural evolution. Specifically, significant progress must occur within European capital markets to guarantee more access to finance to innovators. The co-legislators must ensure a balanced approach that pairs entrepreneurial dynamism with legal certainty, fostering an ecosystem where all companies can scale sustainably.**

### **1. Executive summary**

European start-ups and SMEs require a legal system that allows them to scale across borders without facing 27 distinct layers of bureaucracy. To prevent the ongoing brain drain of innovative European talent to other jurisdictions and to position Europe as a premier global destination for venture capital, the current regulatory framework must evolve.

Fostering an ecosystem that attracts international investors in innovative businesses and secures a sustainable level playing field across the single market is an urgent priority. Additionally, legal simplification alone will not make Europe a leading global business hub. This framework must be paired with broader development and simplification in European capital markets to successfully unlock private investment and venture capital.

In this context, Eurochambres overall supports the European Commission's proposal to establish a 28th corporate legal framework ("EU Inc."). Structuring it as a voluntary, parallel regime open to all companies serves as a significant step towards deeper single market integration and ensures a uniform legal environment for businesses operating across borders.

While the proposed low-cost registration capped at €100 and the 48-hour incorporation pathway are ambitious targets, their practical feasibility remains to be proven. A time-window that is simply too short must not compromise regulatory integrity. The process must explicitly guarantee that national registries, acting as the core pillars of the regime, and public authorities retain sufficient time to perform comprehensive legality checks and required anti-money laundering (AML) verifications to prevent fraudulent formations. While 2 working days should suffice as a standard rule, Eurochambres notes that authorities may need further time to assess specific cases.

Because this regulation introduces substantial legal changes, Eurochambres emphasises that the legislative process must not be rushed. Co-legislators and business representatives require adequate time to exchange views about complex provisions thoroughly. As past legislative initiatives have shown, precipitating these crucial debates invariably results in an

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unworkable framework and eventual failure. Ultimately, the success of EU Inc. will largely depend on providing true simplification for businesses, rather than introducing new layers of bureaucracy and legal complexity.

In conclusion, Eurochambres supports the core objectives of the "EU Inc." framework but stresses that long-term single market growth requires a balanced approach that combines operational efficiency with strict legal safeguards.

### **2. Why the chamber network considers the EU Inc. relevant**

The EU Inc. framework holds critical importance for the chamber network, as our members represent the overall business community and drive single market integration. Chambers act as a vital bridge connecting start-ups, scale-ups, and the investor community. Because they understand the funding and growth barriers innovative enterprises face, chambers are uniquely positioned to ensure that adjustments in company law must be finely calibrated. Abrupt or poorly designed shifts risk disrupting well-established legal principles that have underpinned decades of stable business operations.

Furthermore, this impact is deeply operational because several national chambers serve as the official caretakers of national business registers. By leveraging this dual role as business facilitators and public registrars, the chamber network ensures that modernisation successfully accelerates cross-border growth without eroding legal certainty or systemic security.

### **3. Summary of Eurochambres' main messages/recommendations**

- Eurochambres supports the fact that the EU Inc. framework is designed to be accessible to a broad range of economic operators and is not limited solely to start-ups or so-called "innovative" companies.
- The proposal's optional approach respects the principle of subsidiarity by offering an additional tool for companies operating across Europe, without disrupting existing national frameworks.
- Eurochambres supports the automatic recognition of the EU Inc. across member states, as this mechanism is essential to ensure the effective functioning of the regime by reducing administrative barriers and ensuring a high degree of legal certainty for businesses operating within the single market.
- The inherent flexibility of the EU Inc. framework, notably the possibility for such entities to be established either ex nihilo or through domestic or cross-border conversions, divisions or mergers is also welcomed.
- Eurochambres welcomes the "once-only" principle, which utilizes a digital one-stop-shop mechanism to centralise the filing of EU Inc. data and documentation within national business registers.

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- The proposal further harmonises EU company law. However, it should be noted that it provides that all matters not expressly governed by the regulation remain subject to the applicable national legal frameworks. The emergence of 27 divergent versions of the EU Inc., accompanied by increased complexity and unproductive gold-plating, should be avoided, as it would undermine the objective of facilitating company incorporation and operation within the single market.
- Without established case law, the new EU Inc. risks inconsistent national court rulings, undermining a predictable investment environment. The Commission should be extraordinarily vigilant in controlling the application of the regulation. The promotion of out-of-court dispute resolution mechanisms could be considered.
- The relationship between the EU Inc. corporate form and existing categories governing access to support measures available to e.g. SMEs, innovative start-ups, and scale-ups remains insufficiently defined. While EU Inc. is a company law vehicle, the criteria that define these company types fall largely under separate, unharmonised national frameworks. In other words, a company incorporated as EU Inc. may still have to demonstrate separately that it qualifies as an SME, start-up, innovative enterprise or scale-up under the criteria applicable in different legal orders. This structural misalignment could create legal uncertainty for founders, investors and even the judiciary branch. Co-legislators must resolve this gap by clarifying how the EU Inc. interacts with existing definitions and establishing a transparent verification mechanism for all parties to assess a company's eligibility status.
- The emphasis on digitalisation, rapid procedures, and modernised governance and financing tools directly meets the business community's expectations. However, the framework must also allow the option to carry out procedures through physical presence in very specific, well-defined situations to ensure market accessibility (Article 10).
- Preventive controls are vital for preventing market abuse, but the proposed requirements appear rather excessive. It should be sufficient to use either administrative or judicial control. Mandating a combination of them is highly redundant as well as the possible mandatory involvement of a notary. Every entrepreneur is completely free to make use of external professional expertise, but an obligation to do so must be rejected. Entrepreneurs must retain the autonomy to choose external professional expertise (Article 14).
- Eurochambres welcomes the proposed €100 cap on registration fees and believes that a 2-working-day incorporation window represents a more practical and appreciated target. However, speed should not override legal security. It is vital that national registers have enough time and resources to perform comprehensive legality checks and strict anti-money laundering verifications to stop fraudulent setups. Preventive controls should be clearly defined, including the allocation of responsibilities for customer due diligence (CDD), beneficial ownership verification and AML/CFT checks, while remaining proportionate and avoiding cumulative procedures. As a result, ensuring that national authorities remain fully committed to carrying out efficient and robust verifications, within strict deadlines, constitutes an essential procedural safeguard. (Article 16).

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- Eurochambres is against the creation of a European central digital register. Relying on existing national business registers is logical but new mandates for real-time interoperability and cybersecurity require significant funding and technical support. Without it, the EU Inc. framework risks fragmented implementation driven by varying member state capacities, defeating the harmonisation purpose. Eurochambres also stresses that national registers must retain full competence as an authentic source of corporate data (Article 34).
- Moving to a digital-first and "once-only" data submission model is appropriate, but robust identity verification through qualified e-signatures must be mandatory throughout the company life cycle to ensure full transparency to authorities.
- The proposal significantly strengthens the role of BRIS and the European business registry interconnection infrastructure. However, it is necessary to clarify the allocation of responsibilities between the European and national levels, the operational management of systems, the process for defining technical standards, and the relationship with other European and national digital infrastructures (Article 35).
- Ensuring full transparency requires mandatory qualified electronic signatures for identity verification throughout the company's lifecycle. There must be no uncertainty as to the true identity of the people involved in this regard (Articles 54, 59, 67, 84). Anchoring the "once-only principle" when setting up a company and digitally passing on data to other authorities (e.g. for tax or social security numbers) is a crucial step towards reducing bureaucracy (Article 39).
- Eurochambres believes that swift incorporation is welcome, but it must not invite abuse or dubious companies to operate risk-free to the disadvantage of external creditors, venture capitalists or contractual partners.
- Eurochambres expressly welcomes the idea of the EU Employee Stock Option Plan (EU-ESO)'s uniform design as key instrument for making it easier for growth-oriented start-ups and scale ups to hire and retain qualified employees and managers. The free transferability of shares will also ensure smooth investor entry and exit, with the taxation of any income derived from warrants under this plan deferred to the time when the shares obtained by exercising the warrants are disposed of (Articles 78 and 79).
- Highly innovative start-ups rely on growth-oriented capital flexibility over static capital ratios. Consequently, Eurochambres supports the inclusion of modern financing instruments like Simple Agreements for Future Equity (SAFEs), convertible bonds, and flexible share classes, along a unified EU-ESO framework. This approach goes hand-in-hand with shifting creditor protection toward active solvency and contractual agreements. However, for the EU Inc. to truly succeed, these mechanisms must be backed by deep, competitive European capital markets. Nowadays, the free movement of capital remains largely a mirage due to persistent national fragmentation. Far more robust action must be taken to eliminate cross-border barriers and deliver a genuinely integrated market (Chapter VII).

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- While the EU Inc. proposal's emphasis on fast and fully digital incorporation is a welcome and valuable feature, the attention should however be drawn to the fact that a "swift and low-cost" incorporation, in itself, does not guarantee access to key operational elements, such as opening a bank account, obtaining financing or securing the necessary administrative permits.
- While the ban on contributing services as capital in Article 65(1) is a necessary safeguard for market integrity, the flexibility introduced in Article 65(5) might go too far. Independent expert reports are vital for establishing the verifiable, intrinsic value of in-kind considerations. Permitting companies to waive this requirement by simple resolution might increase susceptibility to fraudulent overvaluation, creating structural disadvantages for creditors that outweigh any administrative convenience.
- Considering the recent reform of the European insolvency framework<sup>1</sup>, the need for additional rules or even a dedicated regime for the winding-up of innovative start-ups appears questionable. The priority should be given to implementing the recently adopted insolvency framework, rather than introducing overlapping or parallel regimes which could generate legal uncertainty. There is a concern that overlaps with national provisions on liability, contract law, and company law could lead to legal uncertainty, particularly where European rules intersect with mandatory domestic legislation. As disputes will ultimately fall within the jurisdiction of national courts, this may result in divergent interpretations and inconsistent outcomes across member states, despite the application of uniform European provisions. Moreover, the proposal lacks clarity regarding the role and prerogatives of public authorities in initiating, supervising, or intervening in insolvency and liquidation proceedings involving EU Inc. companies, raising concerns as to enforceability and effective oversight, especially in cross-border situations or cases of potential abuse.
- In the more general context of insolvency proceedings, the specific attention should be drawn to creditor protection, in particular for SMEs, including effective access to assets and cross-border enforcement mechanisms.
- Regarding dissolution, companies under the EU Inc. regime must communicate relevant information about its intended closure to all its known creditors, not only to the business register (Article 80). The 30-day period for creditors to oppose could also be seen as too short and should be extended (Article 85).

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<sup>1</sup> Directive (EU) 2026/799 of the European Parliament and of the Council of 30 March 2026 harmonising certain aspects of insolvency law

# EUROCHAMBRES

Eurochambres – the association of European chambers of commerce and industry – represents more than 20 million businesses through its members and a network of 1700 regional and local chambers across Europe. Eurochambres is the leading voice for the broad business community at EU level, building on chambers' strong connections with the grass roots economy and their hands-on support to entrepreneurs. Chambers' member businesses – over 93% of which are SMEs – employ over 120 million people.

Previous positions can be found [here](#).

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