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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee
Subject:	Regulation on the 28th Regime Corporate Legal Framework - EU Inc. - Guidance for further work

On 18 March 2026, the Commission submitted to the Council a Proposal for a Regulation of the European Parliament and of the Council on the 28th regime corporate legal framework - 'EU Inc.'¹. The Commission proposed the act based on Article 114 of the Treaty on the Functioning of the European Union (TFEU).

The European Council, in its Conclusions² of March 2026, set a very ambitious timeline for a political agreement to be reached on this proposal, by the end of 2026. This timeline was also included in the 'One Europe, One Market' Roadmap³, aiming at preventing and removing barriers to the four freedoms of the single market.

¹ 7498/26

² EUCO 1/26

³ 8473/26

This novel Commission proposal introduces an optional, harmonised corporate legal form across the European Union. While particularly designed for innovative companies and startups, it is meant to be available to any founder who considers it suitable, alongside existing company forms within the national legal order of each Member State. It seeks to reduce legal fragmentation, administrative burden and compliance costs, thereby facilitating cross border scaling, investment and talent mobility. More broadly, it supports the objectives of strengthening the EU's competitiveness, fostering innovation and enhancing the attractiveness of the single market for high-growth companies.

The examination of the file started in the Working Party on Company Law during the Cyprus Presidency, with a first full examination of the Proposal and thematic discussions. The file was also on the agenda of the Committee of Permanent Representatives in March, May and June 2026. While the technical examination continued at working party level, political guidance was requested from Ministers during a Policy Debate at the Competitiveness Council on 28 May 2026.

Against this background, the Irish Presidency pursued the examination of the file at pace and started the preparation of the first Presidency compromise text based on the input received from delegations so far.

While good progress has been made on all main technical issues, some more politically sensitive issues require further political guidance. More specifically, the Presidency has held detailed discussions at technical level on insolvency and on the legal basis of the Proposal. Following those, the Presidency calls upon the Committee of Permanent Representatives to provide political guidance on the way forward for these two issues. Such guidance should provide timely and strategic input for the Presidency, in order to finalise the first compromise text and submit it to delegations shortly.

Issue 1: Harmonised insolvency procedure for innovative companies (Chapter X)

In discussions at technical level, a large number of delegations have argued for the deletion of this chapter of the Proposal.

Can the Committee of Permanent Representatives confirm that Chapter X on Insolvency should be deleted?

Issue 2: Legal basis

In discussions at technical level, a significant number of delegations have expressed the view that Article 114 TFEU is the appropriate legal basis for this Proposal. Others have stated that other legal bases, including Article 50 TFEU, are required, in addition to or instead of, Article 114 TFEU.

The Committee of Permanent Representatives is asked to provide guidance on the issue of the legal basis of the proposal.
