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OPINION

European Economic and Social Committee

EU Inc.

EU Inc. – a single harmonised set of rules for innovative companies throughout the EU
(COM(2026) 321 final – 2026/0074 (COD))

INT/1123

Rapporteur: **Maxi Katharina LEUCHTERS**
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Legislative procedure	EU Law Tracker
Referral	a) European Parliament, 25/3/2026 b) Council of the European Union, 30/4/2026
Legal basis	Article 114 of the Treaty on the Functioning of the European Union
European Commission documents	COM(2026) 321 final
Section responsible	Single Market, Production and Consumption
Adopted in section	2/7/2026
Adopted at plenary session	15/7/2026
Plenary session No	607
Outcome of vote (for/against/abstentions)	197/0/7

1. RECOMMENDATIONS

The European Economic and Social Committee (EESC)

1.1 notes that the EU Inc. proposal is intended to make the EU a more attractive place to start, scale and retain businesses, using a set of governance and financing tools deployed in a more integrated, digital and cross-border way. It attempts to improve competitiveness, deepen capital markets, reduce incentives for innovative businesses to look elsewhere for growth and contribute to Europe's strategic autonomy;

1.2 highlights the fact that effective and sustainable corporate governance is a key component of successful companies and should be a part of any legal structure of a company, including proportionate safeguards. Tools that enable and facilitate the creation and operations of a company, as well as checks and balances applied throughout its lifecycle can increase access to external capital and help build market confidence, contributing to overall stability;

1.3 recognises that venture investment in the EU remains relatively limited, amounting to around 0.2% of GDP (in the US, it is three times higher), pushing many European scaleups to seek financing opportunities abroad;

1.4 highlights the need to adopt a uniform approach to EU Inc., with an appropriate legal basis to ensure legal certainty. The objectives of the proposal need to be clearly defined and aligned with the chosen legal basis to withstand any legal scrutiny or insecurity that would delay or jeopardise the adoption of EU Inc. in the form of a regulation;

1.5 underlines that strengthening the internal market must go hand in hand with adequate safeguards for stakeholders, including workers, shareholders and creditors. The EESC notes that the registered office and the principal place of business of an EU Inc. may be located in different Member States. The alignment of a company's registered seat with the centre of its actual economic activity can provide a reliable basis for transparency, legal certainty and effective supervision. Hence, to prevent abuse, the existence of a genuine economic link with the Member State of registration is one relevant factor among others when assessing potentially abusive or artificial arrangements. The EU Inc. framework also needs to provide for effective safeguards against fraud, money laundering, abusive corporate arrangements and the circumvention of workers' participation rights;

1.6 welcomes EU Inc.'s 'digital by design' approach to the registration, operation and integration of business wallets and the necessary safeguards, provided that the legal certainty, transparency, accountability, additional verifications and compliance checks as defined in Article 10 of Directive EU 2025/25 are maintained. Digitalisation must also cover interactions with national tax authorities, social security bodies and business, as well as shareholder registries, including recording share transfers and facilitating the exercise of corporate rights in accordance with applicable law, to ensure that all relevant authorities have access to the information they require. The 'once only' principle must extend across the full corporate lifecycle and should also improve oversight and enforcement mechanisms. Sufficient time for compliance checks must be provided in all processes balancing the need for safeguards with the need to keep the instrument attractive and efficient. Relevant information for stakeholders such as the number of employees per Member State and per subsidiary should be digitally available through BRIS without establishing double reporting requirements;

1.7 points out that while encouraging entrepreneurial risk-taking, these goals must not come at the expense of the substantive safeguards that currently protect shareholders, employees, and creditors during liquidations. In this regard, one must question whether a fast-track procedure is necessary at all. Legal certainty would also benefit from greater clarity regarding shareholder exits, valuation, buy-outs, deadlock resolution and minority shareholder remedies;

1.8 supports a proportionate approach under which the EU Inc. framework is designed primarily to address the needs of startups and high-growth scaleups, which face particular barriers to cross-border expansion, access to finance and scaling within the internal market. At the same time, the EESC considers that the EU Inc. should remain accessible to other companies where its use contributes to cross-border activity, innovation, investment, growth and job creation. The EU Inc. should be capable of accompanying companies throughout their growth cycle and development and be accessible to alternative ownership structures, including steward ownership, cooperatives and foundations, where appropriate;

1.9 points out that the proposal must explicitly specify in a provision that it does not affect – and that an EU Inc. may not be used to avoid or circumvent – existing individual and collective EU and national workers' and labour rights, including participation rights, such as board-level employee representation and information and consultation rights, which are protected by the EU *acquis*; underlines the importance of the social market economy, which combines the internal market, productivity and growth with social safeguards and social partnership;

1.10 welcomes the proposal as it establishes a harmonised EU framework for share classes with differing financial and voting rights, providing venture capital transactions with a clearer legal basis. Its flexibility on multiple voting rights, liquidity protection, convertible instruments, warrants, in-kind contributions and digital procedures can support cross-border early-stage financing through to MTF admission, provided that robust safeguards and oversight mechanisms are in place. The EESC points out that this framework should recognise standard venture capital arrangements and provide greater clarity on conversion mechanisms, valuation and future equity rights to support cross-border investment;

1.11 underlines that alternative ownership structures including steward ownership, cooperatives and foundations can be a potential source of innovation and long-term orientation. The social economy sector contributes to social innovation and should be taken into account in discussions about innovative companies and competitiveness;

1.12 welcomes the introduction of a common non-discriminatory corporate framework for stock option schemes in EU Inc., establishing harmonised rules for their issuance and administration across the EU. It reduces legal fragmentation and facilitates the attraction and retention of talent in companies operating across multiple Member States while supporting the cross-border use of stock option plans and equivalent participation instruments (i.e. virtual shares, phantom equity structures). However, the EESC underlines that stock options should not replace or diminish contractual remuneration set by law or collective bargaining to any extent nor social security contributions where applicable. Employees should be made aware of the opportunities and risks entailed in stock options, as well as of possible voting rights when acquiring the corresponding shares depending on the specific class of shares;

1.13 welcomes the targeted tax approach, in particular aligning the timing of taxation with the sale of the shares, which improves legal certainty and avoids liquidity constraints for beneficiaries;

1.14 recommends guaranteeing the option of listing in multilateral trading facilities only, given that EU Inc. is mainly suited to smaller and less complex corporate structures. Listing in regulated (stock) markets requires substantial corporate governance structures and enhanced financial reporting, which is less aligned with the needs of startups and scaleups;

1.15 encourages the European Commission to work on a harmonised accounting framework applicable to startups and scaleups that would establish a single set of EU-level rules for financial reporting. This framework should be proportionate, standardised and interoperable, drawing on international standards while adapting to the specific needs of smaller and high-growth firms. Relevant information for stakeholders such as shareholders and employees should be included and published publicly;

1.16 emphasises that the proposal should be without prejudice to the principles enshrined in the Rome I Regulation on the law applicable to contractual obligations, specifically individual labour rights. Article 4(2) of the proposal could lead to a lack of clarity as to which laws remain in application beyond what is covered by the EU Inc. regulation proposal. This could also lead to legal uncertainty for entrepreneurs, workers and other stakeholders. To prevent legal fragmentation and 'forum shopping', as well as legal uncertainty for companies, the Committee recommends amending this provision to explicitly clarify the situation. The EESC stresses that the hierarchy of norms of European law, mandatory provisions of national law (e.g. norms of public order) and articles of association must not be contradicted. The Committee recommends amending this provision by specifying that Article 4 applies only to company law and by clarifying the matters that are covered by the regulation, those that are covered by national and EU law and those that are covered by the articles of association.

2. EXPLANATORY NOTES

Arguments in support of recommendation 1, 2 and 3

2.1 In times of global adversity, it should not necessarily be the goal to become similar to Europe's global competitors, but rather to build a more innovative, competitive economy on the basis of European values for the benefit of Europeans. The role of political stability and economic predictability is important for companies and might become a strategic advantage of the EU. The principles of the social market economy and democracy can be an aspect of competitiveness.

2.2 A number of structural factors explain the more advanced development of venture capital markets in the United States. These include the depth and integration of capital markets, which provide more liquid and predictable exit opportunities; the greater allocation of pension and institutional capital to high-risk asset classes; a different approach to state aid and implementation of public co-investment models, and more favourable frameworks for employee stock options, which facilitate talent attraction in high-growth firms.

Arguments in support of recommendation 4

2.3 Article 114 TFEU, located in Title VII, Chapter 3 'Approximation of laws' of the Treaties, stipulates that the Union may 'adopt the measures for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and functioning of the internal market'. The Article clearly refers to the approximation of existing provisions in Member States, not to the creation of new legal forms.

2.4 As there is debate as to whether the legal basis is appropriate, it is fundamental to ensure that the choice of legal basis does not lead to any legal uncertainty for European founders, workers, investors, and other stakeholders wishing to opt for EU Inc. Choosing the appropriate legal basis is also a decisive issue with regard to ensuring democratic legitimacy.

Arguments in support of recommendation 5

2.5 The damage done by letterbox companies that have been used for money laundering, tax evasion and corporate fraud is substantial[1]. These companies can be used to hide the identity of true owners ('beneficial owners') and facilitate illicit financial flows. Maintaining sufficient economic links with the Member State of registration can help identify risks of misuse and complement effective safeguards regarding workers' participation and anti-money laundering oversight.

2.6 The real seat doctrine could minimise the risk of companies circumventing national labour protection and employee participation rules. It reduces the opportunities for companies to engage in 'regime shopping' by preventing companies incorporated in one Member State from building up a significant workforce in another Member State without triggering any participation rights if national thresholds are exceeded. If the registered office and the principal place of business of an EU Inc. can be located in different Member States, then other safeguards are necessary.

Arguments in support of recommendation 6

2.7 The digitalisation of administrative processes is a priority for modernising the business and regulatory environment. The reasons behind this slow progress are complex, reflecting deeply rooted structural, institutional and technical challenges that cannot be resolved through political will alone.

2.8 Any efforts to improve digital processes must allow sufficient time and capacity for essential compliance checks, including anti-money-laundering controls, and identity verification, and

[1] EU Tax Observatory, Mapping the global geography of shell companies.

must ensure that speed does not come at the expense of regulatory integrity. Equally important is the interconnection of relevant public databases. Preventive control is essential for preventing abusive or fraudulent letterbox companies linked to tax evasion or money laundering. It is essential that national authorities and registers have the ability to meet the necessary digital requirements in the first place.

Arguments in support of recommendation 7

2.9 The elimination of mandatory insolvency intermediaries leaves questions about the adequacy of preventive oversight and control at the moment when the interests of minority shareholders, creditors and the workforce are most exposed. The system's speed could make it even more difficult to properly scrutinise new companies. Asset dissipation, preferential creditor treatment and the circumvention of employee protection obligations are structurally more likely in wind-down scenarios.

Arguments in support of recommendation 8

2.10 Start-ups and scale ups face barriers when operating cross border within the internal market. Large, established companies are better able to comply with complex regulatory requirements than smaller firms due to their superior resources, established infrastructure and economies of scale. Taking into account a company's growth cycle in full leads to less friction and fragmentation and may help start-ups and scale ups to prepare for later stage financing and structural changes.

2.11 Alternative ownership structures are especially common in social economy enterprises which are of high value for the economy and society as a whole. Ensuring that not only purely capital oriented cooperations but also alternative structures are optionally included could increase the attractiveness of the legal structure.

Arguments in support of recommendation 9

2.12 Article 27 of the Charter of Fundamental Rights of the EU points out that 'Workers or their representatives must, at the appropriate levels, be guaranteed information and consultation in good time in the cases and under the conditions provided for by Union law and national laws and practices'. These rights need to be guaranteed in any legal structure of a company and include information, consultation and participation rights at plant and company level.

2.13 Workers' participation is an integral part of industrial relations in many countries such as Germany, Austria and Sweden. Forms of board-level employee participation exist in 18 of the 27 Member States. This participation is not only a social right but also a control mechanism within the corporate governance system. The European Commission's proposal lacks any form of protection of these rights. The ability to engage in 'forum shopping' allows companies to choose the lowest level of participation rights within the EU. Additional effective European safeguards on workers' participation are therefore needed, especially as long as the real seat doctrine is not required. At a minimum, a clear prohibition of misuse is indispensable. Furthermore, it should be clarified that cross-border conversions of EU Inc. companies are covered by Directive 2019/2121 in any possible case even if the EU Inc. company does not convert into a national legal form of the destination Member State.

2.14 It is essential to ensure that employees are granted information, consultation and, where applicable, participation rights at both plant and corporate levels through appropriate representative bodies.

Arguments in support of recommendation 10

2.15 The proposal is economically and legally sound insofar as it prioritises liquidity protection over formal capital protection and creates greater flexibility for venture capital financing. However, liquidity crises are often preceded by earnings or equity crises; solvency assessments should therefore be extended to a 24-month timeframe in cases of persistent earnings stress, include off-balance-sheet risks and be subject to regular independent review. Similarly, multiple voting rights can help preserve founder influence and support long-term innovation, but only if accompanied by robust safeguards. These could include time- and event-based sunset clauses, anti-circumvention rules, limits on voting leverage and issuance, and strict controls for related-party transactions. Together, these mechanisms would preserve the proposal's financing benefits while mitigating governance risks for minority shareholders and other stakeholders.

Arguments in support of recommendation 11

2.16 Alternative owner structures tend to have longer time horizons, reducing underinvestment and asset stripping, and could prevent the relocation of innovation – the creation of which is often supported by European public research funds – outside of the Union. They could help innovative companies that might want to protect themselves from 'killer acquisitions' and relocation. These structures could therefore align ownership incentives with long-term stakeholder value creation.

2.17 When referring to the company owners the proposal always talks about 'shareholders' and does not include other forms of corporate ownership such as cooperative members or mutual members. As a result, the Commission proposal neglects the social economy sector (in contradiction with its recently reviewed Social Economy Action Plan), which represents 10% of the EU's GDP.

Arguments in support of recommendations 12 and 13

2.18 The EU-ESO plan could reduce legal uncertainty and administrative burdens for cross-border firms, strengthening their ability to compete for talent globally. Harmonised timing of taxation at the point of selling the shares avoids cash-flow risks for employees and aligns incentives with long-term company performance. Safeguards should ensure transparency and that stock options are never a substitute, in whole or in part, for predictable wages as the primary form of remuneration, which is especially important for vulnerable employees. Moreover, stock options inherently involve both opportunities and financial risks, which employees must be clearly informed about and able to assess.

Arguments in support of recommendation 14

2.19 Allowing EU Inc. structures to access public markets prematurely would risk undermining investor confidence, as they may lack sufficiently mature corporate governance systems, including independent oversight, internal controls, and the consistent financial reporting frameworks required. Weak standards at the point of IPO could erode trust in the transparency and reliability of EU capital markets more broadly. By contrast, the more established Societas Europaea (SE) framework is better aligned with recognised governance expectations, thereby supporting market integrity.

Arguments in support of recommendation 15

2.20 Introducing simplified accounting standards for start-ups and scale-ups would reduce administrative complexity at a critical growth stage. This accounting harmonisation would contribute to enhanced transparency and comparability and efficient cross-border activity within the internal market. Proportionate requirements can ensure transparency and investor protection while reflecting the lower systemic risk and organisational maturity of such firms.

Arguments in support of recommendation 16

2.21 Applying the Rome I Regulation to EU Inc. would enhance legal certainty by ensuring that contractual relationships are governed by clear, predictable conflict-of-law rules across the Member States. This reduces fragmentation and prevents companies from strategically selecting jurisdictions solely to benefit from more favourable legal regimes ('regime shopping'), thereby promoting a level playing field. It would also align EU Inc. with an already well-established and widely applied legal framework, ensuring coherence with the EU's existing private international law approach. Such consistency facilitates enforcement and interpretation, further strengthening trust among investors, employees, and counterparties while supporting the integrity of the internal market.

2.22 It should also be noted that the hierarchy of legal sources set out in Article 4(1) of the draft Regulation – (i) the Regulation, (ii) the articles of association, (iii) national law – must be viewed critically. It opens up the possibility that not only the Regulation itself, but also the Articles, may shape the internal relations of an EU Inc. in deviation from national law, thereby superseding national regulations in company law and other legal areas. To prevent this, it must be ensured that provisions in the articles of association are only permissible to the extent that they are expressly provided for by the Regulation or would also be a permissible component of the articles of association under national law.

Brussels, 15 July 2026.

The President of the European Economic and Social Committee
Séamus BOLAND