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**NOTE**

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| From: | General Secretariat of the Council |
| To: | Delegations |
| Subject: | AOB for the meeting of the Council "Competitiveness" (Internal Market, Industry, Research and Space) on 8 and 9 December 2025<br>28th Regime: A simplified way forward – company law focus; digital first; via Regulation<br>- Information from Ireland |

**AOB Item from Ireland [and...] for COMPET Council of 8 December 2025**

**Non-Paper**

# 28th Regime : a simplified way forward – company law focus; digital first; via Regulation

Enhancing EU competitiveness and productivity is a core priority for the EU. An effective, simplified, transparent and business-friendly company law regime can play a key role in progressing the competitiveness agenda at EU level. As envisaged in the Letta and Draghi reports, the creation of a 28th regime for companies in the EU is intended to streamline regulatory processes, reduce complexity and make it easier for companies to operate across Member States. This is also supported by the European Council which, in March 2025, called for a proposal from the Commission for "… *an optional 28th company law regime allowing innovative companies to scale up*…".

The 28th regime is intended to provide the option for companies to set-up, operate and scale-up more easily across the single market, allowing companies to benefit from a single set of harmonised rules, thereby avoiding the fragmentation that currently exists. The expectation is that companies availing of this regime and its standardised requirements will attract investment more easily from across the EU, thereby strengthening the single market's scaling ecosystem.

The 28th regime will be complementary to other initiatives intended to enhance EU competitiveness, foster innovation, and unlock the full potential of the internal market including the Competitiveness Compass, Savings and Investment Union Strategy, Single Market Strategy, Start-up and Scale-up Strategy and the forthcoming European Innovation Act. It is considered that such an initiative should be widely available, not limited to any particular category of company (e.g. 'innovative' companies) and also available as an option for both start-ups and existing companies to convert to.

A proposal for a 28th regime needs to find a balance in terms of the level of ambition in delivering a new and impactful company law option while providing a reasonable possibility of successful agreement and timely implementation. With this in mind, and acknowledging the significant variations in company law regimes in operation across Member States and lessons learned from previous harmonisation efforts in this area, it is considered worthwhile to set out some high-level principles at this stage to assist in the development by the Commission of a proposal for the 28th regime.

*High-level Principles*

1. **Scope:** bearing in mind the significant variations across existing company law regimes and the difficulties that arose in previous initiatives, it is considered that the proposal should focus on company law issues and not extend into other areas such as employment law and taxation matters. Greater harmonisation of insolvency law is currently being progressed in the context of the Insol III proposal and any further work in this area should be progressed in that context and outside of the 28th regime.

2. **Eligibility**: the option to avail of the 28th regime should be available to all existing and start-up companies and not confined to any particular category of company, such as an "innovative" company. Depending on initiatives arising from the aforementioned complementary strategies, it is recognised that operating as a 28th regime company might be of particular benefit to "innovative" companies who wish to scale-up and gain access to additional funding. However, bearing in mind that the vast majority of EU companies are private limited liability companies, it may be more pragmatic to at least initially focus on these companies. A possible expansion of the 28th Regime to public limited liability companies (which are larger, more sophisticated and already have greater compliance obligations) is likely to be more challenging and could be considered at a later stage.

3. **Voluntary, opt-in approach:** existing companies, operating under EU and National Member State company law should have the option to convert to a 28th regime company. Similarly, any new enterprise should have the option of incorporating either as a 28th regime company or as a company under the existing company law regime of a Member State.

4. **Digitalisation:** the 28th Regime should be designed with a 'digital first' mindset and build on previous initiatives to upgrade digital company law. This includes the 'once-only' principle to reduce duplication and lower compliance costs; fully digital company lifecycle with incorporation, filing, reporting and dissolution entirely online; the use of digital/electronic signatures. The use of standardised templates could also be developed to streamline documentation and filings.

5. **Legal basis:** in principle, and to avoid further fragmentation of what already is a complex and fragmented company law landscape across Member States, a Regulation is considered the most effective basis for progressing a proposal on the 28th regime.

It is recognised that there is considerable complexity and variation across Member States in relation to the start-up, operation and closure of companies. Nevertheless, in the context of simplification and avoiding unnecessary administrative burdens, there are number of practical aspects of a 28th regime proposal that are worth setting out at this stage, including:

1. **Company incorporation / filing***:* applications for incorporation of a 28th regime company and subsequent company filing should be fully online, with standardised forms and can be made to the existing company registry function in any Member State. Responsibility for compliance with filing obligations would rest with the company registry function in each Member State. The existing BRIS system would provide the basis for access to the register of 28th regime companies. It is not considered necessary to set up a centralised 28th regime register at EU level.

2. **Articles of Association**: the 28th regime should provide a model Articles of Association, with some flexibility for companies to amend to reflect their particular circumstances.

3. **Minimum share capital**: obligations on private limited companies to maintain minimum capital requirements are not considered an effective method of providing protection to creditors. It is considered that a symbolic (€1) share capital is appropriate for a 28th Regime company.

4. **Number of Directors**: a minimum of one Director should be sufficient to establish a 28th regime company.

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