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MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party on Company Law
Subject:	Irish Presidency Flash 23 July 2026 - Company Law WP meeting

Delegations will find attached the Irish Presidency Flash in view of the Company Law Working Party meeting on Thursday 23 July 2026.

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Company Law Working Party 23 July 2026

FLASH

Examination of the 1st Compromise Text

Our third meeting will focus on:

- The presentation and examination of the first compromise text (morning); and
- Questions on internal organisation and implementation.

Morning session: Presidency 1st Compromise text

The Presidency has prepared this text based on Member States' (MSs) drafting suggestions, bilateral discussions, and contributions made at Working Party (WP) level. The Presidency has also undertaken considerable technical work seeking to clarify and simplify the text. In drafting this 1st Compromise text, the Presidency has sought to strike an appropriate balance between the differing views expressed by MSs, taking into account the ambitious objectives of the Commission proposal in response to the calls by the EUCO and One Europe One Market Roadmap.

The Presidency will provide an overview of our 1st Compromise text at the WP, highlighting the rationale underpinning the proposed amendments on a chapter-by-chapter basis. Following this, Member States will be invited to provide initial comments on the Compromise.

A summary of the 1st Compromise text is set out in the Annex to this Flash.

Afternoon session: Questions to assist Presidency in drafting 2nd Compromise text

1. Chapter V Organisation

Several delegations requested strengthening certain rules regarding the organisation of EU Incs, including shareholder rights. In line with these requests, the first compromise text:

- Adds harmonised rules regarding supervisory bodies (Article 42a). These apply only if the company chooses to have one;
- Strengthening directors' conflict of interests and related party transactions obligations (Articles 45-46);
- New rules regarding the convocation and conduct of general meetings (Articles 47a-47c);

- Permitting the articles of association to allow expulsion of shareholders (Article 52a); and
- Strengthening of the general meeting and minority shareholders' role by (i) ensuring the qualified majority cannot be diluted (Article 49), (ii) removing the possibility of editorial changes (Article 50), and (iii) requiring a qualified majority for several of the decisions in Chapter VII, e.g. issuance of new shares.

This strengthens and clarifies the mandatory and default governance rules. At the same time, it retains the basic model of the EU Inc. as laid down in Article 42(1), namely to grant companies significant flexibility and autonomy as to their organisation.

> **Question 1: Does Chapter V now strike an appropriate balance between protection and flexibility? If not, what <u>specific</u> further regulation or default rules are required?**

<u>2. Article 109: Entry into force and date of application.</u>

Some Member States have expressed concerns regarding the timing of national implementation of the Regulation, ensuring compatibility of business registers with EU Inc. requirements, upgrading of existing IT systems and other digitalisation requirements within the proposed 12-month implementation period.

At the same time:

- This Regulation is designed to establish almost all of the corporate law rules governing EU Incs. In principle, national legal implementation should be limited. It might seem paradoxical, and contrary to the leaders' emphasis on urgency, to grant a much longer period for that limited national implementation than for the adoption of the main Regulation.
- The Commission has argued that national operational and technical implementation should be limited in both time and cost. They claim that most of the implementation burden falls on the Commission (e.g. creating the new central interface). Member States would need to connect with that new interface, but this follows the established BRIS pipelines and would require only limited technical work.

The Presidency wishes to gain clarity on this issue, so as to have a clear image as to what implementation period is necessary and realistic.

> **Question 2: Member States are invited to provide details of any specific implementation challenges they foresee, including the particular legal, operational, technical or financial issues, and to explain how these challenges influence their assessment of the implementation period required.**

Written Comments

First and foremost, referring back to the 1st set of written comments received, a number of MSs were unable to send drafting suggestions in before the June deadline, but have since done so in full. As outlined at our 1st meeting on 2 July, our number 1 initial priority was the drawing up of this 1st Compromise, and this has been ongoing at a high pace in recent weeks. Some of these late submissions raise very important issues, and present significant alternative approaches, that we as Presidency were unable to explore in sufficient detail, in either this WP, or in our 1st Compromise. We would like to reassure the MSs in question that their proposals have not been overlooked, and we will return to them in future discussions.

Turning now to the future written comments, as has already been flagged, Member States are invited to provide written drafting suggestions and comments on our 1st Compromise - to this end, the GSC will on Monday 20 July send out the usual template to MSs for this purpose with a new deadline of **31 July 2026**. We are aware that this deadline is tight, particularly as the Summer break approaches, and will require swift coordination and work back in the capitals. However, this deadline is necessary to provide the Presidency with sufficient time to consider the comments, and begin drafting a 2nd Compromise text in August. This will in turn keep us on schedule to meet the EUCO and Roadmap call to have the proposal agreed in 2026.

As a reminder, the current timeline is:

- 1st Compromise text: 17 July
- Comments deadline: 31 July
- 2nd Compromise: early September
- Competitiveness Council: 24 September

The next Company Law WP will take place on 1 September 2026.

The Presidency would like to thank all MSs for their ongoing constructive support and engagement, and wishes you all a restful and enjoyable Summer break.

Annex

EU Inc – 1st Presidency compromise text

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Summary

Major changes and policy choices in this first compromise text include the following:

- The **scope and interaction with national law** have been clarified in Articles 4 and 60. In particular, it is made clear that EU Inc. must comply, like any other company, with the applicable employment, taxation and sectoral law. Where an EU Inc. lists on an MTF or regulated market, it must comply with the applicable rules, including where they differ from the EU Inc. Regulation.

- The **procedure for formation** has been clarified and the **preventive controls and checks** have been strengthened and now include a 'stop-the-clock', whilst retaining the basic model of rapid formation (Chapter II).

- **AI translations** (Article 33) are now clearly optional for Member States.

- The **central registry** has been deleted (Article 34).

- The **organisation** (Chapter V) has been revised, with additional default rules (notably on supervisory bodies), more detailed rules on general meetings and shareholder rights, and stronger safeguards for the amendment of articles of association.

- The basic model of **Chapters VI and VII** (shares, share registers and transfers; zero-capital; availability of non-par-value shares) has been retained. However, the text has been clarified, including the requirement for a qualified majority for the issuance of new shares and similar decisions in Chapter VII.

- **EU-ESO** schemes have been **limited** to EU Incs. that do not have more than 1000 employees and a 450m EUR turnover. They may not undermine minimum wages or collective agreements on wages and are subject to transparency obligations.

- On **closure**, the **insolvency chapter (X)** has been deleted. The remaining closure provisions (**Chapter IX**) have been simplified and clarified; and

- The text has been simplified and clarified throughout.

The following notable elements have not been amended at this stage:

- The legal basis and form of instrument;
- The EU Inc.'s use of pure incorporation/registered office theory, rather than real seat theory;
- The approach to employee participation; and
- The issue of taxation under Article 79 (but see Recital 58).

The remainder of this annex summarises the changes chapter-by-chapter. At the beginning of each chapter, it notes the balance of the chapter (how far it is addressed by the Regulation or the Articles of Association, and how far national law applies). This is intended to assist in discussion of how Article 4 works in practice, i.e. how far national law applies.

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Chapter-by-chapter explanation

1. Chapter I – General principles

Balance of the chapter:

- Most matters are regulated by the Regulation, with some matters left to the articles of association (e.g. duration: art.3(f)).
- Significant points left to national law: payments (Article 11) and employee participation rules (Article 12).

Article	Short name	Comments
1	Subject matter and scope	New paragraph (2) clarifying the limits of the EU Inc. Regulation, and in particular that employment, taxation and sectoral law apply in full. Based on the Article 4(3) presented in the 2 July Working Party. *Note* two different models (see Art.4).
2	Definitions	Minor clarifications
4	Rules applicable	Reworked text to clarify the governing law. Based on the text presented in the 2 July Working Party and Member States' comments. Two options are presented (one using 'corporate law', the other referring to 'the fields covered by this Regulation'; see further recitals 6 and 6a). Please comment.
6	Name	Technical refinement.

7	Articles of Association	On language, initial proposal to address some Delegations' concerns regarding language rules, e.g. if national law requires a specific official language to be used in a specific region.
8	Templates	Clarifications and strengthening of Member States' role regarding the multilingual templates. Please possible framing.

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2. Chapter II – EU central interface, formation and filing

Balance of the chapter:

- Most matters are regulated by the Regulation.
- Significant matters left to national law include who performs the preventive controls; the issuing of TIN and VAT numbers; the documents required for in-kind contributions; the fees for standard (i.e. not fast-track) registration; creation through domestic operations; and the grounds for directors' disqualification.

Article	**Short name**	**Comments**
13	Company application and application form	Significant restructuring to clarify. Art.13(7) moved to a new Article 15a for clarity.
14	Procedure and preventive controls and checks	Significant restructuring to clarify. Clarification of the nature and role of the competent authorities, who might not be the business register. Consolidation and strengthening of the preventive checks and controls. Reworking of the procedure, including an explicit right to reject applications and a 'stop-the-clock' mechanism.
15	EU central interface	Paragraph 4 moved to Article 14(2a).
15a	Trademark information	Moved from art.13(7)
16	Fast-track formation	Fast-track excluded in further cases (also incorporating the previous art.13(6)). Timeline extended to two working days. Added empowerment to increase the 100EUR fee

		(originally art.108(2), which did not however enable the sum to actually be changed).
17	Standard formation	Clarifications, including of the national power to set fees.
18	Formation with the business register	Restructuring for clarity.
22	Disqualified directors	Restructuring and clarification of text, ensuring automatic recognition of disqualification across the EU as regards EU Incs.

3. Chapter III – Accessibility and cross-border use of EU Inc. information

Balance of the chapter:

- Most matters are regulated by the Regulation.
- Significant matters left to national law include filing fees and any filing requirements for documents beyond those prescribed in Articles 25 and 40.

Article	**Headline**	**Comments**
25	Business register documents	Technical changes
27	Filing and up-to-date register documents	Technical clarifications
28	Once-only principle	Expansion of exception to the once-only principle.
29	Duty to disclose	Technical changes
31	Power of attorney	Exclusion of power of attorney from formation phase. NB the change in art.109.
33	Exemption of translation	Member State right to choose whether or not to accept AI translations and, if so, whether to permit challenges to their accuracy.
34	Central registry	Deleted. Replaced with a possibility for the Commission to further develop the central interface's functionality as regards information (art.15(7a)) and to adopt templates on other aspects of EU Incs, e.g. model shareholder agreements (art.35(3a)).

4. *Chapter IV – Cross-border branches and mobility*

Balance of the chapter:

- Most matters are regulated by the Regulation.
- Significant matters left to national law include who performs the preventive controls, and the issuing of TIN and VAT numbers.

Article	Headline	Comments
37	Branch registration	Procedure clarified, including time and cost limits and preventive controls and checks.
38	Branch application form	Technical clarifications
39	Once-only submission	Technical clarifications
40	Availability of information	Technical changes
41	Cross-border conversions	Moved to separate section for clarity; cross-reference corrected.

5. *Chapter V – Organisation*

Balance of the chapter:

- Most matters are regulated by the Regulation, but with considerable flexibility given to the articles of association.
- Matters left to national law include most aspects of directors' liability, and the rules and procedure on judicial proceedings (subject to certain limits, like Article 52).

Article	Headline	Comments
42a	Supervisory body	These remain optional, but new minimum rules apply where an EU Inc. has one.
43	Representation	Clarifications and limitations, including removal of the possibility to delegate.
45	Directors' conflicts of interest	Strengthening of obligations.
46	Related party transactions	Strengthening of obligations.
47a	Convocation of general meetings	New article laying down harmonised rules.

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47b	Participation rights, record date and agenda	New article laying down harmonised rules.
47c	Conduct of the general meeting	New article laying down harmonised rules.
48	Written resolutions	Slight strengthening of shareholder rights
49	Quorum and majorities	Clarification of how the quorum and simple majority are calculated. Qualified majorities may only now be increased, not decreased. Cross-references to specific cases.
50	Amendment of the articles of association	Paragraph 1 is otiose; paragraph 2 was considered inappropriate and uncertain. Deleted.
51	Protection of class rights	Clarifications.
52	Withdrawal of a shareholder	Clarifications.
52a	Expulsion of a shareholder	New article enabling expulsion.

6. *Chapter VI – Digital register, shares and share transfers*

Balance of the chapter:

- Most matters are regulated by the Regulation, with some (e.g. classes of share) given to the articles of association.
- National law decides whether EU Incs have access to regulated markets, as well as the conditions and rules for listing in those markets or in MTFs (Article 60); rules and procedure on judicial proceedings not regulated by Article 56; and rectification of data in the share register (Article 59(10)).

Article	**Headline**	**Comments**
54	Digital register of shares	Technical changes; clarification that a third party may create and maintain the digital register (was already in recital 38); clarification that register access is free; clarification that the certificate merely evidences entitlement, as only the register is authoritative.
56	Exercise of shareholder rights	New shareholder right to request general meeting.
57	Voting rights	Clarification.

59	Digital procedure for the transfer of shares	Restructuring for clarity, including limitation of the grounds for refusing registration.
60	Access to public markets for shares	Amended to make clear that where listing rules conflict with the EU Inc. rules, the listing rules prevail. For instance, if the listing rules require use of a central securities depository, the EU Inc. will not require a digital share register and the Regulation's rules on shares transfers shall not apply. However, where EU Inc. listing is permitted, those rules may not require the EU Inc. to change legal form.

7. Chapter VII – Financing

Balance of the chapter:

- Most matters are regulated by the Regulation, but with considerable flexibility given to the articles of association.
- National civil law would apply where the transfer of in-kind contributions required particular formalities (e.g. deeds for the transfer of real estate). National civil law governs legal disputes and proceedings, subject to certain limits (e.g. art.65(4-5); 72(4-5) and 77(5-6).

Article	**Headline**	**Comments**
61	Non-par value of shares	Simplification.
67	Issuance of new shares	Decisions now require a qualified majority.
68	Instruments entitling to new shares	Decisions now require a qualified majority. Clarification of text.
70	Capital increase	Minor clarification.
71	Capital increase from reserves	Decisions now require a qualified majority.
72	Distributions	Strengthened transparency requirements regarding distribution. The voting rule remains simple majority (as no change to the articles of association is required).
74	Acquisition of own shares	*Note that the voting rule remains simple majority (as no change to the articles of association is required).*

75	Treatment of own shares	Cancellation of own shares now requires a qualified majority.
76	Redeemable shares	Procedure clarified and simplified. If the company lacks funds available for distribution, it cannot redeem the share; the shareholder would retain the share and be free to sell it, or to seek redemption at a later date. Redeemable shares are issued in accordance with Article 67 and so require a qualified majority.
77	Capital reduction	Decisions now require a qualified majority.

8. Chapter VIII – EU-ESO

Balance of the chapter:

- Basic nature of EU-ESO, including the point of taxation, is determined by the Regulation; most of the detail is determined by the general meeting or board of directors.
- National law regulates all aspects of taxation other than the point of taxation and the taxed value, and any employee stock option scheme set up outside of EU-ESO.

Article	**Headline**	**Comments**
78	EU-ESO	EU-ESO are now only available to companies of a certain size, namely those who do not have more than 1000 employees and a turnover greater than 450m EUR. EU-ESO warrants may not now substitute statutory minimum wages or collective agreement pay levels. Transparency obligations are added, both towards shareholders (effect on the ownership structure) and employees (information on how ESOs work and the risks). Warrants must be used whilst employed or immediately thereafter, thereby aligning with the EU-ESO's purpose and reducing the risk of multiple jurisdiction taxation issues. Finally, the scheme requires a qualified majority, and the procedure is clarified.

79	Taxation of warrants under EU-ESO	Removal of the concept of 'fair market value' and replacement with the actual disposal price.

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9. *Chapter IX – Closure*

Balance of the chapter:

- A minority of aspects are dealt with in the regulation: the substantive rules on nullity; certain digitalisation requirements for all liquidation procedures; and a harmonised fast-track liquidation procedure for solvent EU Incs.
- All other matters remain with national law. This includes most procedural rules regarding nullity; all aspects of insolvency law; and all aspects of solvent liquidation other than digitalisation and fast-track liquidation.

Article	**Headline**	**Comments**
79a	Rules	New article clarifying the scope of the chapter. See also the various sections of the chapter.
79b	Nullity	Moved up from Article 81 and placed in a separate section. Conditions aligned with Article 11 of Directive 2017/1132.
80	Dissolution	Merged with Article 82.
81	Nullity	Moved to Article 79b
82	Once-only submission and digitalisation	Text restructured and simplified, including incorporating Article 80.
83	Fast-track liquidation	Updating cross-reference and minor clarification.
84	Fast-track liquidation procedure	Updating cross-reference and minor clarification.
85	Opposition of creditors	In line with Member States' concerns, business registers now have no discretion over terminating fast-track liquidation. Any objection from any creditor terminates the fast-track procedure.
86	Deadlines	This 'clearance' procedure now applies to social security authorities as well as tax authorities. Any objection leads to termination of the 'fast-track' procedure.

10. Chapter X – Insolvency

Deleted. Now left to national law: see new Article 79a.

11. Chapter XI – Prohibited requirements

Balance of the chapter:

- Specific restrictions on national law (non-discrimination, black-list).
- Otherwise, national law applies in full.

Article	Headline	Comments
103	List of prohibited requirements	Point (a) of the blacklist is now qualified: EU Inc. companies with no economic activity in a Member State do not benefit from this blacklist criterion.

12. Chapter XII – Final provisions (and annex)

Balance of the chapter:

- Most matters are regulated by the Regulation or other EU law.
- Penalties to enforce the Regulation are for national law (but must be effective, proportionate and dissuasive).

Article	Headline	Comments
105	Accounting	Correction of cross-reference.
108	Reporting and review	Paragraph 2 (review to update prices) removed; see Article 16.
108a	Exercise of the delegation	Necessary in light of the Article 16 change. Standard language.
109	Entry into force and application	Certain provisions in the Regulation depend on other law (notably Directive 2025/25) that will not enter into application until mid-2028. This notably includes the EU digital power of attorney, the EU company certificate, and provisions on exemption from legalisation. To avoid a conflict, the entry into application of these provisions is delayed.
Annex	Minimum content	*No changes at this stage.*

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