

EU Inc. (28th Regime)

Proposal, Timeline, Key Features and
Structural Limits of the EU's New Corporate
Framework

What the EU Can Build — and What It Cannot

How legal basis, institutional design, and treaty constraints
shape the final scope of the EU Inc. proposal.

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Introduction

The European Commission published its legislative proposal for the 28th regime ("EU Inc.") on 18 March 2026, with political backing from the European Council on 19 and 20 March 2026. The proposal aims to be adopted before the end of 2026, in order to create a new EU-wide corporate legal form, simplified and designed to facilitate cross-border operations. The proposal is currently under negotiation under the ordinary legislative procedure.

What comes next

- 17, 27 April & 7 May:
Working Party on Company Law sessions where substantive negotiations begin (national positions and early amendments emerge).
- European Parliament (JURI)
Rapporteur assignment and first key debate shaping Parliament's direction.
- Spring 2026
Expected draft merger guidelines published for consultation.
- End of 2026
Political target for trilogue agreement.



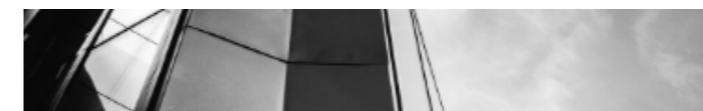
The text will evolve and differ from the version published on 18 March.

Context and Rationale

The European Commission proposes a new corporate legal framework, "EU Inc." (the 28th regime), aimed at strengthening the EU's competitiveness vis-à-vis other global economies, particularly the United States (e.g. Delaware). The initiative is inspired by the French SAS, known for its flexibility and success.

Despite the EU's large and attractive single market, regulatory fragmentation across Member States continues to create barriers for companies. This complexity limits the ability of startups and scaleups to expand efficiently across borders and reduces the overall attractiveness of the EU as a place to incorporate and grow.

As a result, many high-growth companies choose to incorporate outside the EU, often in Delaware, or undertake redomiciliation processes to more efficient jurisdictions. This trend is particularly visible in emerging sectors such as AI, where faster market entry and access to capital are key competitive advantages.



Need for Harmonisation

Various reports and stakeholders, including the Draghi report and the European Parliament, highlight the need for a simplified and harmonised framework for innovative companies. A common EU regime could reduce legal complexity and improve scalability across Member States.

Global Competitive Pressure

The latest wave of AI-based startups is largely being developed in the United States, including by European founders. Faster go-to-market strategies and rapid capital deployment are accelerating growth, increasing the gap with Europe.

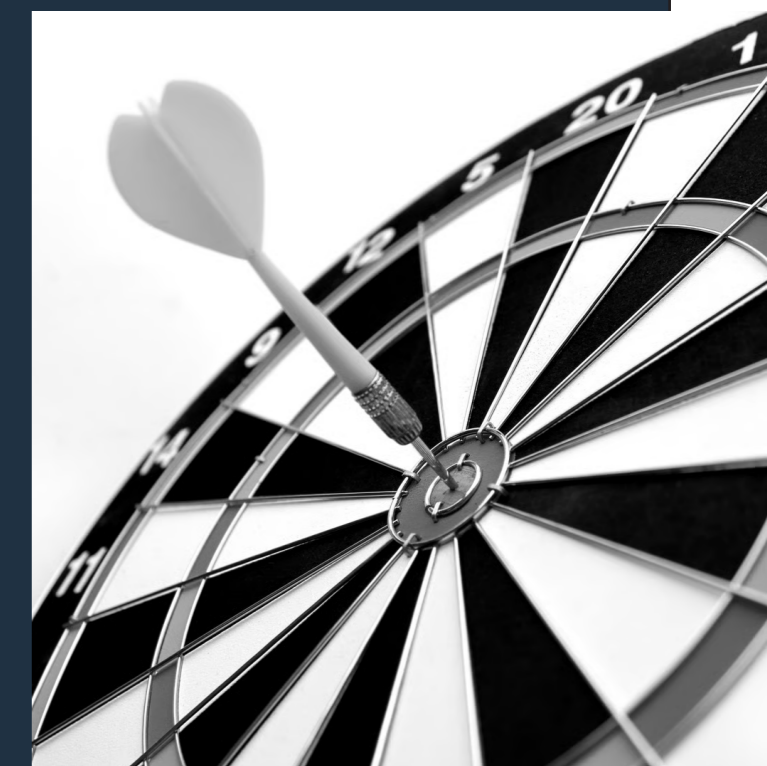
Objectives of the Proposal

The Regulation pursues three main objectives:

- ✓ To facilitate the creation of companies in the EU.
- ✓ To improve conditions for growth and scalability.
- ✓ To increase investment in European companies.

Overall, it aims to strengthen the functioning of the single market and enhance the competitiveness of the European economy. The "single market" rationale supports the use of Article 114 TFEU and a Regulation as the legislative instrument.

"A competitiveness-driven harmonisation of Europe's internal market."



Key Features of "EU Inc."

New Harmonised Legal Form

A new common corporate form—EU Inc.—is introduced, coexisting with national forms.

- ✓ It will be optional for companies and entrepreneurs (the opt-in model has been criticised but appears pragmatic at this stage).
- ✓ It will have harmonised characteristics across the EU through the Regulation and its implementing provisions.
- ✓ It is not limited to innovative companies. A conversion process governed by national law will allow existing entities (e.g. SLs or SAS) to become EU Inc.; in theory, even large companies such as Mercadona or El Corte Inglés (place here your largest domestic non public companies) may opt in.
- ✓ It will facilitate multi-jurisdictional operations (e.g. via subsidiaries).

EU Inc. introduces a common optional corporate form to simplify cross-border business in the EU.

Common Framework Throughout the Corporate Lifecycle

Key innovations include:

- ✓ Abolition of minimum capital requirements (Article 62).
- ✓ Abolition of the prohibition on issuing shares below par (Article 61), enabling modern financing instruments such as KISS and SAFE.
- ✓ Elimination of nominal value requirements, allowing dynamic capital pricing, valuation flexibility, and market-aligned investment agreements.
- ✓ Articles of association may provide for multiple classes of shares with differentiated rights and obligations, enabling Anglo-Saxon-style share class structures and more flexible corporate governance arrangements.
- ✓ Share transfers and registration in the digital share register may be carried out entirely online.
- ✓ Restructuring, liquidation, and insolvency (including a mandatory, digital EU Inc.-specific insolvency process)

Specific provisions:



Member States shall not impose requirements restricting fully digital share transfers and their registration.



Share transfers shall be valid when executed using a qualified electronic signature or seal under Regulation (EU) No 910/2014 (eIDAS).



Where unavailable, advanced electronic signatures or seals may be used subject to identity verification.



Member States shall not impose additional formalities, including notarial deeds, for validity.

Full Digitalisation (Digital-by-Default)

The framework promotes fully digital procedures:

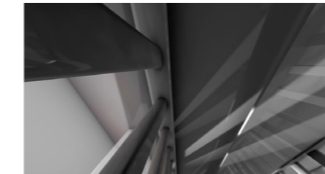
- ✓ Online company registration.
- ✓ Use of European digital identity.
- ✓ Interconnection of business registers (BRIS).
- ✓ Reduction of administrative burdens.

However, differences in national registry systems may pose coordination challenges.



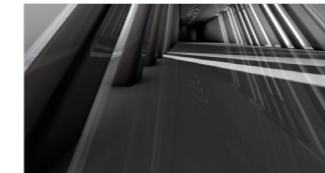
Gaps

[🔗](#) (as defined by The 28th Regime Tracker (EU) — Timeline, EU-Inc)



Gap 1: Disputes & legal uncertainty

Disputes go to national courts. 27 Member States, 27 interpretations. No EU-level court or mandatory arbitration.



Gap 2: Fragmented registration system

Registration runs through national business registers under an EU interface. Quality, speed and digital maturity vary.

The question is: why?

The answer lies in Article 114 TFEU, which is the legal basis chosen by the Commission for this proposal.

Article 114 is the EU's internal market harmonisation provision. It allows the Union to approximate national laws in order to improve the functioning of the Single Market. Its key advantage is procedural: it enables qualified majority voting in the Council, meaning that no single Member State can veto the proposal. This choice is therefore primarily driven by speed and political feasibility.

However, Article 114 has clear constitutional limits. Case law of the Court of Justice of the EU confirms that it cannot be used to create entirely new autonomous EU-level bodies, such as a dedicated court system or an independent EU registration authority. By contrast, instruments like the Societas Europaea (SE) were based on Article 352 TFEU, which does allow the creation of new institutional structures, but requires unanimity among all 27 Member States.

This creates a clear trade-off:

- ✓ Article 114: faster procedure (qualified majority), but more limited scope.
- ✓ Article 352: broader institutional ambition, but requires unanimity and is therefore much harder to adopt.

The Commission has chosen Article 114, prioritising speed and the likelihood of adoption, even at the cost of a narrower institutional design (for example, no new EU court or fully autonomous registry body).

This is not a political failure or the result of lobbying pressure. It reflects a structural constraint embedded in the EU Treaties. Understanding this is important, because it defines what can realistically be changed during the legislative process — and what would instead require treaty reform.

Conclusions

- ✓ Adopts an universal scope in the EU.

- ✓ Leaves national corporate law with a prominent role, it is unclear the coordination between the Eu Inc regulations and the gap-filling national law.

- ✓ Incumbents may not be attracted to the regime because the innovations may not be designed for them.

- ✓ Delivers real innovations—zero capital, EU-ESO, non-par value shares, SAFE compatibility—.

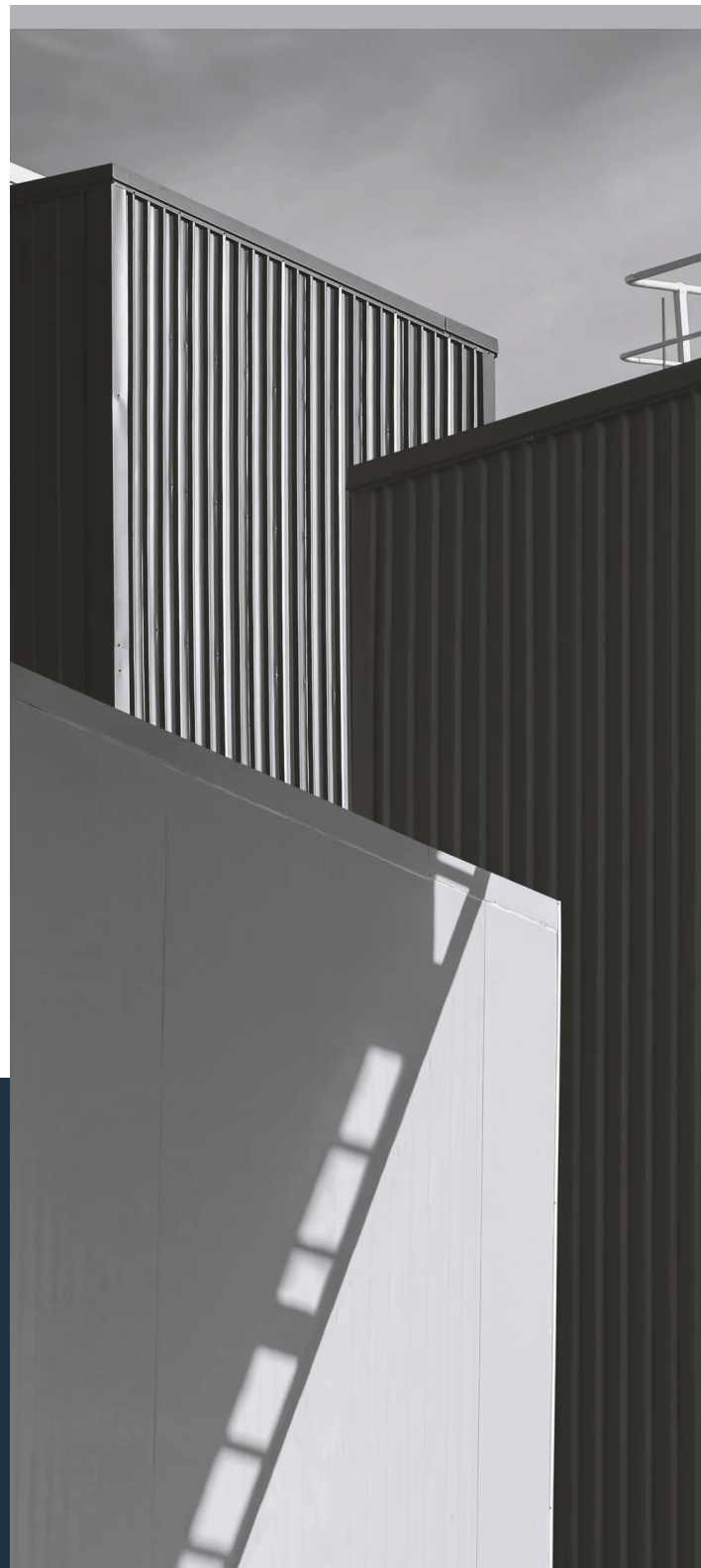
- ✓ Delivers a fully digital corporate process, even in insolvency/liquidation.

- ✓ Is estimated to produce savings of between €328 million and €440 million over ten years for an estimated 308,000 companies—figures that, even taken at face value, amount to rounding-error territory when spread across a decade and a continent-sized competitiveness gap.

- ✓ May increase forum shopping and, if handed correctly, may be an opportunity to foster new corporate and tax regulations across Europe.

Andersen | European Capabilities

- ✓ Andersen in Europe, through its Corporate PE/VC Service Line, has extensive knowledge and expertise in cross-border transactions, including those involving common law jurisdictions.
- ✓ Our professionals support complex transactions with integrated tax advice, ensuring efficient and well-structured outcomes.
- ✓ Andersen in Europe is well positioned to design and implement modern corporate structures across Europe, including those based on the proposed EU Inc. framework, and to support PE/VC transactions within this context.
- ✓ Through its corporate service line, Andersen in Europe is also able to structure cross-border operations strategically across jurisdictions.
- ✓ In addition, Andersen in Europe, through its Restructuring Service Line, provides support in cross-border insolvency processes.



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