

FICSIMM: pov on the 28th Regime

Contents

Executive summary	2
1. The 28th Regime must deliver real simplification for SMEs	3
2. SME-centric design and proportionality are essential	4
3. Full digital infrastructure and interoperability	5
4. Legal certainty and clear interaction with national law	6
5. Ensuring a level playing field and preventing regulatory arbitrage	7
6. Facilitating cross-border access to finance	8
7. Governance frameworks must remain flexible and proportionate	9
8. Efficient and predictable dispute resolution mechanisms.....	10
9. Supporting innovation scaling across the Single Market	11
10. Contribution to economic cohesion and balanced development.....	12
11. Strengthening EU strategic autonomy through SME integration	13

Executive summary

This document presents FICSIMM's comprehensive position on the proposed 28th Regime, evaluated through the lens of SME competitiveness, administrative simplification, economic cohesion and European strategic resilience. FICSIMM supports the objective of facilitating cross-border activity within the Single Market, but stresses that the success of the 28th Regime will depend entirely on its capacity to deliver **real, measurable simplification for SMEs**, rather than creating an additional parallel legal layer. The regime must reduce fragmentation, eliminate procedural duplication and provide clear administrative advantages that are operationally tangible.

A central condition for success is that the 28th Regime be genuinely **SME-centric and proportionate**, reflecting the structural realities of small and medium-sized enterprises rather than replicating governance models designed for large corporations. Entry thresholds, reporting obligations and governance requirements must remain accessible, scalable and cost-efficient. Full digitalisation is essential: the regime must operate through a **single, interoperable digital infrastructure**, respecting the "once-only" principle and ensuring seamless interaction with national business registries. Legal certainty, clearly defined conflict-of-law rules and predictable jurisdictional arrangements are indispensable to foster SME trust and voluntary uptake.

FICSIMM also underlines the importance of preserving a **level playing field** between companies operating under national law and those opting into the 28th Regime. The framework must avoid regulatory arbitrage and competitive distortions, while strengthening access to cross-border finance through enhanced recognisability and alignment with EU financial instruments. Governance structures should remain flexible yet transparent, and dispute resolution mechanisms must be efficient, predictable and accessible to SMEs. Furthermore, the regime should support innovation scaling, contribute to economic cohesion across Member States and reinforce EU strategic autonomy by enabling deeper SME integration into European value chains.

In conclusion, FICSIMM views the 28th Regime as a potentially transformative instrument for strengthening the Single Market, provided it is designed with **simplicity, proportionality, inclusiveness and legal clarity** at its core. Only under these conditions can the regime generate broad SME uptake, enhance competitiveness and contribute meaningfully to Europe's long-term economic resilience and balanced development.

1. The 28th Regime must deliver real simplification for SMEs

FICSIMM supports the objective of facilitating cross-border business within the EU. However, the 28th Regime must lead to tangible administrative simplification rather than creating a parallel and complex optional system. SMEs cannot manage dual compliance frameworks. The regime must reduce legal uncertainty, documentation requirements and procedural duplication. Measurable burden reduction indicators should be embedded in its design.

FICSIMM strongly supports the objective of facilitating cross-border business activity within the European Union, particularly for SMEs seeking to scale beyond their domestic markets. However, the **core benchmark for evaluating the 28th Regime must be its capacity to generate concrete and measurable simplification**, not merely legal harmonisation in theory. If the regime operates as an optional parallel framework layered on top of national systems, it risks creating **additional regulatory complexity instead of eliminating fragmentation**. SMEs lack the administrative, legal and financial resources required to manage dual compliance structures simultaneously. Therefore, the 28th Regime must function as a **true simplification instrument**, offering clarity, coherence and reduced procedural steps for cross-border operations.

In practical terms, simplification should mean **fewer reporting obligations, streamlined registration procedures, harmonised documentation standards and reduced reliance on multiple national intermediaries**. SMEs must not be required to interpret overlapping EU-level and national-level requirements. The regime should include **clear, standardised templates and unified compliance rules** that are valid across Member States. Furthermore, legal certainty must be strengthened through precise definitions and consistent application mechanisms. Predictability reduces transaction costs and enhances investment planning capacity.

FICSIMM also recommends embedding **quantifiable administrative burden reduction indicators** within the legislative design of the 28th Regime. These could include measurable targets related to: time-to-register, cost-of-compliance, number-of-procedural-steps, cross-border documentation requirements. Without such benchmarks, simplification remains declarative rather than operational. A periodic SME impact assessment mechanism should be introduced to evaluate whether the regime genuinely reduces

administrative overhead. Ultimately, **simplification must be experienced at the operational level by SMEs**, not merely articulated at policy level.

2. SME-centric design and proportionality are essential

The regime must be designed with SMEs in mind, not only fast-scaling or venture-backed firms. Entry thresholds, governance obligations, reporting requirements and compliance standards must reflect proportionality. Excessively sophisticated corporate structures would discourage uptake. The legal format must be accessible without requiring expensive cross-border legal advisory services. True SME usability will determine success.

FICSIMM considers that the long-term viability of the 28th Regime will depend fundamentally on whether it is **genuinely designed around the operational realities of SMEs**, rather than tailored primarily to high-growth scale-ups or venture-backed companies. While innovative firms represent an important segment of the European economy, the vast majority of EU businesses (99,8%) are micro, small and medium-sized enterprises with limited administrative capacity. Therefore, the regime must reflect **proportionality as a guiding legislative principle**, ensuring that obligations correspond to company size, turnover and cross-border exposure. A one-size-fits-all corporate structure would risk excluding precisely those firms that need simplification the most.

Entry thresholds such as minimum capital requirements, shareholder composition rules or cross-border activity conditions must remain **realistic and accessible for traditional SMEs**, including family-owned and regionally anchored enterprises. Governance obligations, including board structures, audit requirements and reporting duties, should be simplified and scalable. SMEs often operate with lean management teams and overly sophisticated corporate governance models would generate disproportionate compliance costs. The 28th Regime should therefore allow **flexible ownership and decision-making structures**, while maintaining transparency and accountability standards.

In addition, reporting requirements must avoid excessive technical or financial complexity. SMEs should not be required to rely systematically on costly cross-border legal or accounting advisory services in order

to operate under the regime. The legal framework should be **clear, user-friendly and supported by standardised documentation and digital guidance tools** available in all Member States. Accessibility must be embedded into the architecture of the regime itself, not treated as an afterthought. Ultimately, **true SME usability - measured by uptake among ordinary small businesses - will determine the success, or failure, of the 28th Regime.**

3. Full digital infrastructure and interoperability

A functional 28th Regime requires a fully digital architecture across registration, reporting, ownership changes and dissolution procedures. Interconnection with national business registries must be automatic and secure. The regime should respect the “once-only” principle and avoid repeated data submissions. SMEs should be able to operate through a single digital entry point. Digital efficiency must replace bureaucratic fragmentation.

FICSIMM considers that the effectiveness of the 28th Regime will depend decisively on the establishment of a **fully integrated, end-to-end digital infrastructure**, covering the entire corporate lifecycle. Registration, amendments to company statutes, ownership changes, reporting obligations, cross-border notifications and dissolution procedures must be managed through a coherent and user-friendly digital system. A partially digital or hybrid model would simply replicate existing administrative fragmentation. The 28th Regime must be conceived as a **digital-first legal framework**, not as a traditional structure later adapted to online tools.

Interoperability with national business registries is essential. Data exchange between EU-level and national systems must be **automatic, secure and based on harmonised technical standards**, ensuring real-time validation and recognition of company status across Member States. SMEs cannot be expected to manually reconcile information across multiple platforms. The system must operate seamlessly across borders, reducing procedural duplication and eliminating inconsistencies between national records. Cybersecurity safeguards and data protection compliance must be embedded from the outset to maintain trust and legal reliability.

Respect for the **“once-only” principle** is particularly critical. Companies should submit core corporate information a single time, with subsequent updates automatically synchronised across relevant authorities. Repeated data submissions undermine efficiency and increase compliance costs. The regime should provide a **single EU digital entry point**, allowing SMEs to manage all corporate formalities through one secure interface. Multilingual support and intuitive navigation are indispensable to ensure broad accessibility. Ultimately, **digital efficiency must replace bureaucratic fragmentation**, translating simplification into tangible time and cost savings for SMEs operating across the Single Market.

4. Legal certainty and clear interaction with national law

The interaction between the 28th Regime and national corporate, tax, insolvency and labour frameworks must be clearly defined. Legal ambiguity would undermine SME confidence. Conflict-of-law rules and jurisdictional clarity are indispensable. Businesses must know which rules apply in cross-border disputes. Predictability is a fundamental condition for voluntary uptake.

FICSIMM underlines that **legal certainty is a non-negotiable precondition** for the success of the 28th Regime. SMEs will only opt into a new legal framework if the interaction between EU-level rules and national legislation is clear, coherent and predictable. The relationship between the 28th Regime and national corporate law, taxation systems, insolvency procedures, labour regulations and social security obligations must be precisely defined. Any ambiguity regarding the hierarchy or scope of applicable rules would create legal risk. For SMEs, even limited uncertainty can translate into significant financial exposure.

In particular, the regime must establish **explicit conflict-of-law provisions**, clarifying which legal order prevails in specific circumstances. This includes rules governing cross-border operations, branch establishment, relocation of registered offices, shareholder disputes and insolvency proceedings. Jurisdictional clarity is equally essential. SMEs must know in advance which courts or dispute resolution bodies are competent, and under which procedural standards cases will be handled. Without such clarity, cross-border litigation risks becoming prohibitively complex and costly.

Taxation and labour law interactions require special attention. The regime should avoid creating grey areas where companies are uncertain whether EU-level or national obligations apply. Clear delineation of competences will prevent regulatory overlaps and double compliance burdens. FICSIMM stresses that **predictability and transparency are fundamental conditions for voluntary uptake** of the 28th Regime. Businesses must be able to assess risks ex ante and operate with confidence. Only a legally robust and coherent framework will generate trust among SMEs across all Member States.

5. Ensuring a level playing field and preventing regulatory arbitrage

FICSIMM supports enhanced cross-border integration but cautions against "regulatory shopping" risks. The regime must not create distortions between companies operating under national law and those opting into the 28th Regime. Taxation, social contributions and compliance standards must be carefully aligned. Fair competition across Member States is critical. The objective must be integration, not fragmentation of standards.

FICSIMM supports deeper cross-border integration within the Single Market, but stresses that the 28th Regime must be designed in a way that **preserves a genuine level playing field between companies operating under national law and those opting into the new framework**. The objective of simplification should not unintentionally generate competitive distortions. If companies perceive that the 28th Regime offers regulatory advantages unrelated to efficiency - such as lighter oversight or indirect cost reductions -, this could encourage "regulatory shopping" rather than productive integration. The regime must therefore be neutral in competitive terms.

Particular attention must be given to the alignment of **taxation rules, social contributions, labour standards and reporting obligations**. While full harmonisation may not be feasible, inconsistencies that create cost asymmetries between comparable companies must be avoided. SMEs operating domestically should not find themselves at a structural disadvantage compared to firms using the 28th Regime structure. Regulatory coherence is essential to prevent fragmentation within the Single Market. Fairness between legal forms strengthens trust in EU-level initiatives.

Moreover, safeguards should be introduced to ensure that the regime is not used as a vehicle for **circumventing national obligations or exploiting regulatory gaps**. Transparent compliance standards and effective oversight mechanisms are necessary to maintain credibility. At the same time, proportionality must be respected so that compliance does not become excessive. FICSIMM emphasises that **integration must reinforce common standards and competitiveness, not dilute them**. The 28th Regime should serve as a tool for economic convergence and balanced development across Member States.

6. Facilitating cross-border access to finance

The 28th Regime should improve SMEs' access to cross-border financing, including venture capital, private equity and EU-backed financial instruments. A harmonised legal structure can increase investor confidence and reduce due diligence costs. However, it must be recognised by financial institutions across all Member States. Alignment with EU guarantee schemes and development banks is essential. The regime should enhance bankability, not complicate funding eligibility.

FICSIMM considers that one of the strategic added values of the 28th Regime should be its capacity to **enhance SMEs' access to cross-border financing within the Single Market**. Many SMEs face structural barriers when seeking funding beyond their home Member State, including legal uncertainty, divergent corporate frameworks and high due diligence costs. A harmonised and recognisable EU-level legal structure can increase transparency and comparability for investors. This, in turn, may reduce transaction costs and accelerate funding decisions. However, this positive impact will materialise only if the regime is widely accepted by financial markets.

The 28th Regime must therefore be **formally recognised and operationally understood by banks, venture capital funds, private equity investors and institutional financiers across all Member States**. Without such recognition, companies operating under the regime may face additional scrutiny rather than simplified access. Alignment with EU-backed financial instruments - such as guarantee

facilities, InvestEU mechanisms, and development bank products - is essential. SMEs should not encounter eligibility uncertainties simply because they adopt the 28th Regime legal form. Legal innovation must translate into improved bankability.

Furthermore, the regime should contribute to strengthening SMEs' financial credibility by offering **standardised corporate transparency, predictable governance rules and harmonised reporting frameworks** that facilitate risk assessment. At the same time, financial compliance requirements must remain proportionate and not replicate complex listing standards. The objective is to make cross-border financing more accessible, not administratively heavier. FICSIMM emphasises that **the 28th Regime should function as a bridge between SMEs and European capital markets**, reinforcing investment flows and supporting sustainable growth across Member States.

7. Governance frameworks must remain flexible and proportionate

Corporate governance requirements under the 28th Regime must reflect SME realities. Overly rigid board structures or reporting obligations would create unnecessary burdens. SMEs require flexibility in ownership models, decision-making processes and internal organisation. Governance simplification must go hand in hand with transparency safeguards. The regime should balance credibility with operational agility.

FICSIMM underlines that corporate governance rules under the 28th Regime must be **tailored to the structural realities of SMEs**, not modeled exclusively on large corporate entities. The majority of SMEs operate with compact management teams, concentrated ownership structures and simplified internal decision-making processes. Imposing complex board configurations, mandatory committees or multilayer supervisory mechanisms would create disproportionate administrative burdens. The regime must therefore avoid replicating governance standards designed for listed or multinational corporations. Proportionality must remain a guiding principle.

In particular, requirements concerning board composition, independent directors, internal audit structures and reporting frequency should be **scaled according to company size, turnover and risk exposure**.

SMEs require flexibility in choosing single-level or dual-level governance models, adapting them to their operational needs. Ownership models such as family businesses, founder-led companies or cooperative structures must be fully accommodated. Excessively prescriptive governance obligations could deter SMEs from opting into the regime. Flexibility enhances accessibility.

At the same time, governance simplification must not undermine transparency or accountability. The regime should ensure **clear rules on shareholder rights, fiduciary duties, conflict-of-interest management and financial disclosure**, safeguarding investor and stakeholder confidence. Balanced governance increases credibility without generating rigidity. FICSIMM emphasises that the 28th Regime must achieve a **careful equilibrium between institutional trust and operational agility**. Effective governance should support growth and cross-border expansion, not constrain entrepreneurial initiative.

8. Efficient and predictable dispute resolution mechanisms

Cross-border activity inevitably generates disputes, and the 28th Regime must provide clear and efficient resolution pathways. Jurisdiction rules must be transparent and avoid "forum shopping". SMEs cannot afford lengthy or complex cross-border litigation. Alternative dispute resolution mechanisms should be integrated and easily accessible. Legal predictability strengthens business confidence.

FICSIMM emphasizes that any functional cross-border corporate framework must include **clear, efficient and cost-effective dispute resolution mechanisms**, tailored to the needs of SMEs. Cross-border commercial activity inevitably generates contractual, shareholder, employment or insolvency-related disputes. Without predictable legal pathways, SMEs face disproportionate risks and financial exposure. The 28th Regime must therefore provide a structured and transparent dispute resolution architecture. Legal certainty in contentious situations is essential for business confidence.

Jurisdiction rules must be **explicitly defined and consistently applied**, eliminating ambiguity regarding which courts or authorities are competent in case of conflict. The regime should prevent "forum shopping" practices that may create strategic advantages for certain parties. SMEs cannot sustain prolonged

jurisdictional disputes before even addressing the substantive issue. Clear allocation of competence between Member State courts and any EU-level mechanisms is indispensable. Predictability reduces litigation costs and uncertainty.

In addition, the 28th Regime should actively promote **accessible alternative dispute resolution mechanisms**, including mediation and arbitration frameworks adapted to SME capacities. Fast-track procedures and simplified cross-border enforcement rules would significantly reduce financial and administrative strain. Digital tools for dispute submission and case tracking should also be integrated. The objective must be to resolve disputes efficiently, not to replicate complex multinational litigation models. FICSIMM underlines that **legal predictability and procedural efficiency are fundamental drivers of voluntary uptake and cross-border trust within the Single Market**.

9. Supporting innovation scaling across the Single Market

The 28th Regime should serve as a vehicle for innovative SMEs to scale seamlessly across the EU. Fragmented national company laws often limit rapid expansion. A simplified EU-wide structure can accelerate digital, green and industrial transitions. However, eligibility criteria must not exclude traditional SMEs seeking gradual internationalisation. Inclusiveness is crucial for broad-based competitiveness.

FICSIMM considers that the 28th Regime should function as a **strategic instrument for enabling innovative SMEs to scale seamlessly across the Single Market**, reducing structural barriers that currently limit cross-border expansion. Divergent national company laws, registration procedures and corporate governance requirements often slow down growth trajectories, particularly for firms operating in digital, green and advanced industrial sectors. A simplified and harmonised EU-wide legal structure can significantly reduce these frictions. Faster scaling strengthens Europe's competitiveness in global markets. However, this potential can only be realised through inclusive design.

The regime should facilitate **cross-border establishment of subsidiaries, mobility of registered offices and simplified capital structuring**, supporting dynamic growth models. For innovative SMEs,

legal predictability and streamlined procedures can accelerate participation in European value chains and transnational partnerships. Alignment with EU innovation programmes and industrial policy initiatives would further enhance scaling opportunities. The 28th Regime should complement, not duplicate, existing EU competitiveness tools. Legal integration must translate into operational acceleration.

At the same time, FICSIMM stresses that eligibility criteria must remain **inclusive and accessible to traditional SMEs pursuing gradual internationalisation**, not exclusively to high-tech or venture-backed enterprises. Europe's economic fabric includes manufacturing, services, family businesses and regionally anchored firms seeking steady cross-border expansion. **The regime should not become a niche instrument for a limited category of companies.** Broad-based uptake ensures systemic impact. FICSIMM emphasizes that **inclusiveness is essential to achieving balanced competitiveness and sustainable growth across all Member States.**

10. Contribution to economic cohesion and balanced development

The regime must support economic convergence between Member States, not deepen disparities. SMEs from emerging and Eastern economies must have equal capacity to benefit. Administrative simplicity is particularly important for regions with limited access to legal advisory infrastructure. The regime should complement cohesion policy objectives. Balanced territorial development strengthens the Single Market as a whole.

FICSIMM underlines that the 28th Regime must be designed as a tool that **supports economic convergence and balanced development across the European Union**, rather than inadvertently reinforcing structural disparities between Member States. If access to the regime disproportionately benefits companies from more developed economies with advanced legal and advisory ecosystems, existing gaps may widen. SMEs from emerging, Eastern and peripheral regions must have **equal and practical capacity to access and benefit from the new framework**. Cohesion must remain a guiding strategic objective.

Administrative simplicity is particularly critical for regions where SMEs have limited access to specialised cross-border legal, tax or corporate advisory services. The regime should therefore include **clear guidance, multilingual digital tools and simplified procedural pathways** that reduce dependency on costly intermediaries. Without such safeguards, uptake risks being concentrated in major financial centres. Equal accessibility enhances territorial balance. A truly European instrument must function uniformly across all Member States.

Furthermore, the 28th Regime should complement and reinforce the objectives of EU cohesion policy, facilitating **cross-border cooperation, regional value chain integration and SME participation in transnational projects**. Legal simplification can strengthen economic links between developed and emerging regions. FICSIMM emphasizes that **balanced territorial development strengthens the resilience and integrity of the Single Market as a whole**. Economic integration must generate shared opportunities, not asymmetrical advantages.

11. Strengthening EU strategic autonomy through SME integration

A well-designed 28th Regime can reinforce EU economic resilience by enabling SMEs to integrate more easily into European value chains. Cross-border consolidation and cooperation enhance supply chain security. The regime should support industrial competitiveness and reduce dependency on external markets. SME participation is essential for strategic autonomy. Integration must translate into tangible resilience gains.

FICSIMM considers that a well-designed 28th Regime has the potential to **contribute directly to strengthening EU strategic autonomy by facilitating deeper SME integration within European value chains**. SMEs represent the backbone of the European economy and play a critical role in industrial ecosystems, supply networks and innovation clusters. By simplifying cross-border establishment and cooperation, the regime can enable SMEs to participate more effectively in transnational industrial projects. Greater internal integration reduces structural vulnerabilities. Strategic autonomy must be built on a diversified and resilient SME base.

Cross-border consolidation, partnerships and joint ventures facilitated by the 28th Regime can enhance **supply chain security and reduce dependency on external markets or single third-country suppliers**. Legal simplification encourages the formation of European production networks capable of absorbing external shocks. SMEs must be able to scale and cooperate without facing excessive legal fragmentation. Strengthening internal capacity is a key component of economic resilience. The regime should therefore align with broader EU industrial and competitiveness strategies.

At the same time, FICSIMM stresses that strategic autonomy cannot be achieved solely through large corporations. **SME participation is essential for innovation diffusion, regional economic stability and employment generation across Member States**. The 28th Regime should create a predictable and secure legal environment that encourages SMEs to engage in cross-border projects in critical sectors. Integration must generate tangible resilience gains, not merely formal harmonisation. FICSIMM emphasizes that **a competitive, interconnected SME ecosystem is a cornerstone of Europe's long-term economic sovereignty and sustainable growth**.