

The 28th Regime - EU Inc.:

preliminary reaction to the EC regulation by the Federation for Innovation and Sustainable Competitiveness in SMEs (FICSIMM), Romania

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COMPARISON: FICSIMM proposal vs European Commission's EU inc. official Regulation (March 18th, 2026)

1. Core objectives and scope

FICSIMM position

Primary goal:

The 28th Regime must deliver **real, tangible, and measurable simplification** for Small and Medium-Sized Enterprises (SMEs), rather than merely achieving legal harmonization on paper. This simplification should translate into a **substantial reduction in administrative burdens, legal uncertainties, and procedural duplication**. The regime should not be limited to theoretical alignment but must provide **practical, operational benefits** for SMEs, enabling them to navigate cross-border markets with greater ease and efficiency. By reducing bureaucratic obstacles, the regime can empower SMEs to expand their operations, access new markets, and compete more effectively within the European Single Market.

Target audience:

The regime should be **SME-centric, proportionate, and inclusive**, designed to meet the needs of all SMEs - not just fast-scaling startups or venture-backed firms. It is critical that the regime avoids creating a **parallel, overly complex legal layer** that could impose additional costs or complications on SMEs. A regime that fails to account for the diversity and specific challenges of SMEs risks becoming inaccessible to the majority of businesses, thereby limiting its effectiveness and adoption across the European Union.

Key demand:

The regime must be **accessible without requiring SMEs to rely on expensive cross-border legal advisory services**. This means that procedures, requirements, and documentation should be **clear, standardized, and easy to understand**, ensuring that even SMEs with limited resources can benefit from the regime. Additionally, the regime should support **all types of SMEs**, including traditional and

family-owned businesses, which form a significant part of the European economy and often lack access to the resources or expertise needed to navigate complex legal systems.

EU Inc. official Regulation

Primary goal:

The European Commission's proposal for **EU Inc.** (COM(2026) 321 final, adopted 18 March 2026 as a Regulation) introduces an **optional, harmonized EU-wide legal framework** available to all companies, with a **particular focus on innovative enterprises, startups, and scaleups**. The primary objective is to provide a **single, unified set of EU-wide rules** covering key areas such as **company law, insolvency, labor, and taxation**, either replacing or supplementing national legislation where the EU has competence. This framework aims to eliminate legal fragmentation and create a more predictable and favorable business environment for companies operating across the European Single Market.

Target audience:

While the **EU Inc.** regime is **open to all companies**, it is specifically **tailored to the needs of innovative enterprises, startups, and scaleups**. These categories are defined by objective criteria such as **research and development (R&D) intensity, venture capital funding, and growth metrics**. Under the published Recommendation, an innovative startup is specifically defined as a company whose R&D costs represent at least 10% of operating costs (or 5% of total sales), with fewer than 100 employees, annual turnover / balance sheet below EUR 10 million, and operating for less than 10 years. The regime is designed to address the unique challenges faced by these companies, such as the need to attract cross-border investments or scale operations rapidly across multiple Member States.

Key feature:

A cornerstone of the **EU Inc.** regime is its **digital-by-default approach**, which includes **company registration within 48 hours**, at a maximum cost of EUR 100, through a future central EU register, **fully online procedures**, and the assignment of a **European Unique Identifier (EUID)** for seamless cross-border recognition. These features are intended to significantly reduce the **time, cost, and**

complexity associated with establishing and managing a business across multiple Member States, thereby enhancing the regime's appeal to entrepreneurs and investors alike.

2. SME-centric design and proportionality

FICSIMM position

Demand:

The 28th Regime must reflect the **structural realities of SMEs**, rather than replicating frameworks designed for large corporations. This means that **entry thresholds, governance obligations, and reporting requirements** must be **accessible, scalable, and cost-efficient**. SMEs often operate with limited financial and human resources, so a regime that imposes overly complex or costly requirements could become a barrier to adoption rather than a facilitator of growth. The regime should be designed to **reduce administrative burdens** and **enhance operational efficiency**, ensuring that SMEs can focus on growth and innovation rather than compliance.

Flexibility:

SMEs require **flexible ownership models, simplified decision-making processes, and lean management structures**. Rigid governance frameworks or excessive reporting obligations could deter SMEs from adopting the regime, thereby limiting its potential to drive economic growth and competitiveness. Flexibility is essential to allow SMEs to adapt their governance structures to their specific needs and resources, ensuring that the regime supports rather than hinders their development.

EU Inc. official Regulation

Approach:

The **EU Inc.** regime defines **innovative enterprises, startups, and scaleups** based on criteria such as **R&D intensity, venture capital funding, and growth dynamics**. It offers **flexible governance options**, including **single-member companies, digital share registers, and simplified insolvency procedures** for microenterprises and innovative startups. This approach ensures that the regime is adaptable to the specific needs of these companies, which often require agility and efficiency to grow and compete effectively.

Flexibility:

Companies adopting the **EU Inc.** regime can utilize **standardized EU templates for articles of association and digital tools** to reduce compliance costs. These templates and tools are designed to be **user-friendly and adaptable** to companies of varying sizes and needs. Additionally, the regime is **optional**, allowing companies to choose whether to adopt this legal framework or remain under national legislation. This flexibility is crucial to ensuring that the regime can be adopted by a wide range of companies, regardless of their stage of development or sector of activity.

3. Digital infrastructure and interoperability

FICSIMM position

Demand:

A **fully integrated digital infrastructure** is essential for **registration, reporting, and cross-border operations**. The regime must ensure **automatic interconnection with national business registries** and adhere to the **"once-only" principle** for data submission. This means that SMEs should be able to submit required information **only once**, with the data then being automatically shared across all relevant authorities, eliminating the need for resubmission. A **single digital entry point** would significantly simplify SMEs' interactions with public administration, reducing both the time and costs associated with legal compliance.

EU Inc. official Regulation

Solution:

The European Commission proposes a **centralized EU digital interface (EU central interface)**, built on the **Business Registers Interconnection System (BRIS)**. The published Regulation also integrates the European Business Wallet (enabling full digital interaction with public authorities across the Union) and the Once-Only Technical System (OOTS) for automated cross-border evidence exchange. This interface will enable **fully online procedures, real-time registration tracking, and automatic data exchange** between business registers and national authorities. By eliminating the need for SMEs to interact with multiple national systems separately, this approach reduces complexity and the risk of administrative errors, thereby enhancing the efficiency and reliability of the regime.

Digital tools:

The **EU Inc.** regime includes a range of **advanced digital tools**, such as:

- **Digital share registers**, which allow for transparent and efficient management of share ownership and transfers;
- **EU Company Certificates**, which provide official and uniform recognition of a company's legal status across all Member States;
- **Digital EU Powers of Attorney**, which facilitate legal representation in cross-border procedures without the need for physical documents or additional legalizations.

These tools are designed to **streamline cross-border operations** and reduce administrative barriers, thereby increasing the regime's appeal to SMEs seeking to expand within the Single Market.

4. Legal certainty and interaction with national law

FICSIMM position

Demand:

The interaction between the **28th Regime** and **national frameworks** in areas such as **corporate law, taxation, insolvency, and labor** must be **clearly defined**. Legal ambiguity could undermine SME confidence in the regime and lead to additional costs or legal risks. It is essential for the regime to establish **clear conflict-of-law rules** and **predictable jurisdictional arrangements**, ensuring that SMEs know their rights and obligations in various cross-border scenarios. Without this clarity, voluntary adoption of the regime may be limited, and its benefits could be diminished.

EU Inc. official Regulation

Solution:

The **EU Inc.** regime clarifies that companies registered under this framework are **governed by the EU Regulation and their articles of association**, with national law applying only to matters not covered by the EU framework. This approach ensures **mutual recognition** of **EU Inc.** companies across all Member States and introduces **preventive controls** to guarantee the legality and reliability of articles of association and subsequent amendments. By reducing the risk of fraud or abuse, these measures enhance trust among investors, business partners, and public authorities in the new legal framework.

5. Level playing field and preventing regulatory arbitrage

FICSIMM position

Demand:

The regime must **avoid creating competitive distortions** between companies operating under national law and those opting into the **28th Regime**. It is crucial to align **taxation rules, social contributions, and compliance standards** to prevent **regulatory arbitrage**, where companies might choose the EU regime solely to gain unjustified competitive advantages. A regime that fails to address these issues risks creating **inequities** and undermining confidence in the Single Market. Therefore, the regime must be designed to **support fair competition** and **avoid artificial advantages** for specific categories of companies.

EU Inc. official Regulation

Solution:

The **EU Inc.** regime includes **safeguards against fraud, social dumping, and letterbox companies**. The published text confirms **EU Inc. companies are free to choose any Member State for incorporation, backed by a blacklist of prohibited national practices**. FICSIMM notes **this freedom, while welcome in principle, must be accompanied by stronger substantive economic link requirements to prevent regulatory arbitrage, which are entities that might attempt to exploit the regime to evade national obligations**. It also proposes **harmonized rules for employee participation, taxation, and insolvency** to ensure **consistency and fairness** between companies opting for this regime and those remaining under national legislation. These measures are essential to maintain **trust in the Single Market** and prevent the abusive use of the **EU Inc.** regime for purposes not aligned with its original objectives.

6. Access to cross-border finance

FICSIMM position

Demand:

The regime should **improve SME access to cross-border financing**, including **venture capital, private equity, and EU-backed financial instruments**. It is essential for the regime to be **recognized by financial institutions** across all Member States and **aligned with EU guarantee schemes** to facilitate access to funding for SMEs seeking to expand within the Single Market. Without such recognition and alignment, SMEs may face difficulties in securing the necessary financing for growth and innovation, thereby limiting their potential for development.

EU Inc. official Regulation

Solution:

The **EU Inc.** regime facilitates **cross-border financing** through **harmonized rules** for **equity investments, share transfers, and employee stock ownership plans (EU-ESOP)**. It also allows for **flexible financing options**, such as **shares without nominal value** and **convertible instruments** like **Simple Agreements for Future Equity (SAFE)**. Under the EU-ESO scheme, employees are taxed only at the moment of disposal of the underlying shares - preventing premature taxation and significantly improving talent retention. These measures are designed to attract cross-border investors and simplify the capital-raising process, thereby reducing financial barriers for SMEs seeking to grow and innovate across Europe.

7. Flexibility of governance frameworks

FICSIMM position

Demand:

Governance requirements under the **28th Regime** must be **flexible and proportionate**, reflecting the realities of SMEs rather than those of large corporations. Rigid board structures or excessive reporting obligations could create **unnecessary administrative burdens** and discourage SMEs from adopting the regime. It is important for the regime to allow SMEs to adapt their governance structures to their specific needs and resources, ensuring that it supports rather than hinders their development.

EU Inc. official Regulation

Solution:

The **EU Inc.** regime offers **flexible governance models**, including **single-member companies, fully digital or hybrid general meetings, and written resolutions adopted electronically**. These options allow SMEs to tailor their governance structures to their size and needs, without being burdened by excessive administrative requirements. Additionally, the regime permits **customization of articles of association** and decision-making procedures, ensuring that SMEs can operate efficiently and competitively without unnecessary bureaucracy.

8. Efficient and predictable dispute resolution mechanisms

FICSIMM position

Demand:

The regime must provide **efficient, predictable, and accessible dispute resolution mechanisms**, including **alternative dispute resolution (ADR)** and **clear jurisdictional rules**. SMEs cannot afford **lengthy or complex cross-border litigation**, which could significantly strain their resources and

operations. Therefore, it is essential for the regime to establish **fast and transparent procedures** for resolving disputes, fostering trust and reducing legal risks for SMEs.

EU Inc. official Regulation

Solution:

The **EU Inc.** regime includes **harmonized rules for cross-border dispute resolution** and **digital tools for case tracking**. These measures ensure **legal certainty** and **procedural efficiency**, reducing the time and costs associated with disputes. The regime also facilitates **mutual recognition of judicial decisions** and **enforcement of rulings** across all Member States, which is critical for enhancing SME confidence in this legal framework and encouraging their cross-border expansion.

9. Supporting innovation scaling and inclusiveness

FICSIMM position

Demand:

The regime should **support the scaling of innovation** across the Single Market while remaining **inclusive of traditional SMEs**. Eligibility criteria must not exclude SMEs seeking **gradual internationalization**, rather than just those focused on rapid growth or technological innovation. A regime that fails to account for the diversity of SMEs risks becoming a niche tool, accessible only to a limited number of companies, and may not deliver systemic benefits to the broader European economy.

EU Inc. official Regulation

Solution:

The **EU Inc.** regime is **open to all companies** but focuses particularly on **innovative enterprises**. It provides **simplified procedures** for **scaling, cross-border establishment, and capital structuring**, thereby facilitating the expansion and development of companies within the Single Market. While the

regime is designed to support innovation and rapid growth, its flexibility allows traditional SMEs to also benefit if they find the framework suitable for their needs and objectives.

10. Contribution to economic cohesion and strategic autonomy

FICSIMM position

Demand:

The regime must **support economic convergence** among Member States and **strengthen EU strategic autonomy** by enabling **SME integration into European value chains**. A regime that does not account for the economic diversity of European regions risks deepening existing disparities and limiting the benefits of the Single Market to a select few states or sectors. Therefore, it is essential for the regime to facilitate **cross-border cooperation** and **balanced economic development** across all European regions.

EU Inc. official Regulation (March 18th, 2026)

Solution:

The **EU Inc.** regime aims to **reduce fragmentation** within the Single Market and **support cross-border cooperation**, thereby contributing to the **resilience of the EU economy**. By simplifying procedures and harmonizing legal frameworks, the regime facilitates the **integration of SMEs into European value chains** and supports **balanced economic development** across Member States. This approach is essential to ensure that the benefits of the Single Market are distributed equitably and that all European regions can contribute to and benefit from this innovative legal framework.

Summary table

Aspect	FICSIMM Position	EU Inc. official Regulation
Core Objective	Real simplification for all SMEs, level playing field	EU Inc. Regulation: optional, open to all; primary focus on innovative startups & scaleups; 48h registration, max EUR 100, no minimum capital, central EU register
SME Accessibility	Flexible, proportionate, inclusive for all types of SMEs	Open to all, tailored to innovative enterprises, flexible governance
Digital Infrastructure	Fully digital, “once-only” data submission, single entry point	Central EU register + BRIS + OOTS + European Business Wallet; once-only principle; AI translation for cross-border documents
Legal Certainty	Clear conflict-of-law rules, predictable jurisdiction	EU Inc. governed by EU Regulation, mutual recognition
Regulatory Arbitrage	Avoid distortions, align standards	Safeguards against fraud, harmonized rules for fairness
Finance Access	Improve access to venture capital, EU-backed instruments	EU-ESO (taxed at disposal only), SAFEs, EUR 328-440 million admin burden reduction over 10 years
Governance	Flexible, proportionate, SME-friendly	Flexible models, digital tools, single-member companies
Dispute Resolution	Efficient, predictable, accessible mechanisms	Harmonized rules, digital tools for case tracking
Innovation Inclusiveness	& Support scaling but include traditional SMEs	Open to all, focus on innovative enterprises, simplified procedures

Aspect	FICSIMM Position	EU Inc. official Regulation
Economic Cohesion	Strengthen EU strategic autonomy, SME integration	Reduce fragmentation, enhance Single Market resilience

Key takeaways

- **FICSIMM** places a **strong emphasis on SME inclusivity, proportionality, and preventing regulatory arbitrage**, advocating for a regime that is truly accessible and beneficial for **all SMEs**, not just innovative or high-growth firms.
- The **Commission's proposal** aligns with many of FICSIMM's objectives but is **more focused on innovative enterprises and digital infrastructure**, providing a detailed legal framework with safeguards to ensure fairness and legal certainty.
- **Both documents** agree on the need for **simplification, digitalization, and cross-border integration**, but **FICSIMM** emphasizes **SME usability and preventing competitive distortions** more strongly.

PERCENTAGE OF SIMILARITY:

The **FICSIMM position paper** and the **European Commission's EU Inc. Communication (official Regulation)** exhibit a **substantial and noteworthy alignment** in their overarching goals, foundational principles, and strategic visions for the future of SMEs within the European Union. While both documents share a **high degree of convergence** in their aspirations, they also reveal **distinct differences** in terms of their **emphasis, breadth of scope, and the granularity of their implementation strategies**. This nuanced interplay between alignment and divergence results in an **estimated similarity of approximately 70-75%**, a figure that reflects both the shared ambitions and the unique perspectives of each document.

To fully understand this percentage, it is essential to delve into the **specific areas of alignment and divergence**, which can be categorized into three broad groups: **areas of high similarity, areas of partial similarity, and areas of low similarity**.

A. Areas of high similarity (~80-90%)

Core objectives

Both the **FICSIMM position paper** and the **European Commission's EU Inc. official Regulation** are fundamentally aligned in their **primary objectives**. They collectively aim to **simplify cross-border operations**, **reduce the administrative burdens** that often stifle SME growth, and **enhance the overall competitiveness** of SMEs within the European Single Market. Central to both documents is a shared emphasis on **digitalization**, **legal certainty**, and **harmonization** as the foundational pillars upon which the success of the 28th Regime should be built. These shared objectives underscore a mutual recognition of the need to create a more **streamlined, efficient, and SME-friendly business environment** across Europe.

Digital infrastructure

Another area of strong alignment is the **commitment to a fully digital and interoperable system**. Both documents advocate for the adoption of **digital-by-default solutions**, such as the **"once-only" principle**, which ensures that SMEs only need to submit their data once, thereby reducing redundancy and inefficiency. Additionally, both emphasize the importance of a **centralized EU digital interface** and the **integration with the Business Registers Interconnection System (BRIS)**. These digital tools and systems are intended to **streamline registration processes**, **simplify reporting requirements**, and **facilitate cross-border operations**, making it easier for SMEs to navigate the complexities of operating within multiple jurisdictions.

Legal certainty and clarity

Both the **FICSIMM position** and the **European Commission's EU Inc. official Regulation** place a significant emphasis on the necessity of **clear conflict-of-law rules**, **predictable jurisdictional arrangements**, and **transparency**. These elements are deemed essential for **building trust among SMEs** and encouraging their **voluntary uptake** of the 28th Regime. By ensuring that SMEs have a clear understanding of their rights, obligations, and the legal frameworks governing their operations, both documents aim to foster an environment where SMEs can operate with confidence and security.

Access to finance

Improving **SME access to cross-border financing** is another critical area of alignment. Both documents highlight the importance of **enhancing access to venture capital, private equity, and EU-backed financial instruments**. They also stress the need for **alignment with EU financial frameworks** to ensure that SMEs can secure the funding necessary for growth and innovation. This shared focus on financial accessibility underscores a recognition of the pivotal role that financing plays in enabling SMEs to scale and compete effectively within the Single Market.

Governance flexibility

The need for **flexible governance models** is another point of convergence between the two documents. Both advocate for governance structures that are **tailored to the specific needs of SMEs**, such as **single-member companies** and **digital general meetings**. While the **FICSIMM position** places a stronger emphasis on **proportionality** and ensuring that governance requirements are not overly burdensome for SMEs, the **European Commission's EU Inc. official Regulation** also supports adaptable governance frameworks that can accommodate the diverse needs of different types of companies.

Dispute resolution

Efficient and predictable **dispute resolution mechanisms** are another area where both documents find common ground. They call for the establishment of **clear, accessible, and harmonized rules** for resolving disputes, including the use of **digital tools** to streamline processes and enhance transparency. This shared focus on dispute resolution reflects a mutual understanding of the importance of **legal certainty** and **procedural efficiency** in fostering a business environment that is conducive to SME growth and expansion.

Innovation and scaling

Both documents aim to **support innovation and facilitate the scaling of SMEs** across the Single Market. While the **EU Inc. official Regulation** places a more explicit focus on **innovative enterprises**, both documents recognize the importance of creating an environment that enables SMEs to grow,

innovate, and expand their operations beyond national borders. This shared vision highlights a collective commitment to fostering a **dynamic and competitive European economy** that is driven by entrepreneurial activity and innovation.

Economic cohesion

Finally, both the **FICSIMM position** and the **EU Inc. official Regulation** emphasize the need to **strengthen EU strategic autonomy** and **economic cohesion** by integrating SMEs into European value chains. This shared objective reflects a recognition of the critical role that SMEs play in driving economic growth, creating jobs, and enhancing the overall resilience and competitiveness of the European economy. By supporting the integration of SMEs into broader European value chains, both documents aim to create a more **unified, inclusive, and prosperous Single Market**.

B. Areas of partial similarity (~50-70%)

SME-centric design

While both documents share a commitment to supporting SMEs, the **FICSIMM position** places a **stronger and more explicit emphasis on inclusivity**. FICSIMM insists that the 28th Regime should be **broadly inclusive**, catering to the needs of **all SMEs**, including traditional and family-owned businesses. It warns against the creation of overly complex frameworks that could deter these types of businesses from adopting the regime. In contrast, the **European Commission's EU Inc. official Regulation** is more focused on **innovative enterprises, startups, and scaleups**, although it is technically open to all companies. This difference in emphasis results in the **Commission's approach being less explicit about proportionality** for non-innovative SMEs, potentially leaving some traditional SMEs at a disadvantage if they do not align with the regime's primary focus.

Level playing field and arbitrage

The **FICSIMM position** places a **greater emphasis on avoiding regulatory arbitrage** and ensuring a **level playing field** between companies operating under national law and those opting into the 28th Regime. It stresses the importance of aligning **taxation rules, social contributions, and compliance standards** to prevent competitive distortions and ensure fair competition. While the **EU Inc. official Regulation** includes **safeguards against fraud and abuse**, it does not address potential competitive distortions as comprehensively as FICSIMM. This difference in focus could result in disparities in how the regime is perceived and adopted by different types of companies.

Inclusiveness vs. innovation focus

The **FICSIMM position** repeatedly stresses the importance of **inclusivity for traditional SMEs** and supports **gradual internationalization** as a viable path for growth. It advocates for a regime that is accessible and beneficial to all SMEs, regardless of their size, sector, or growth trajectory. In contrast, the **European Commission's EU Inc. official Regulation** prioritizes **innovative enterprises and high-growth scaleups**, with less explicit attention given to the needs and challenges of traditional SMEs. This divergence in focus could result in a regime that is perceived as being more beneficial to a select group of companies, potentially limiting its broader impact and adoption.

C. Areas of low similarity (~20-40%)

Specific implementation details

The **FICSIMM position** provides **broad principles and policy recommendations**, such as the need for **measurable burden reduction indicators** and **periodic SME impact assessments**. However, it lacks the **technical and legal specifics** that are present in the **EU Inc. official Regulation**. The Commission's proposal offers **detailed legal and procedural frameworks**, including **EU templates for articles of association, fast-track registration processes, digital share registers, and the EU-ESOP**. These specific implementation details are critical for ensuring the **practical feasibility and**

effectiveness of the regime, but they are not addressed in the same level of detail within the FICSIMM position.

Regulatory and legal structure

The **FICSIMM position** does not propose a specific **legal instrument**, such as a Regulation or Directive, nor does it outline **specific mechanisms** like the **EU central interface** or **BRIS integration**. In contrast, the **European Commission's EU Inc. official Regulation** provides a **concrete regulatory architecture**, including **preventive controls**, **EU Company Certificates**, and **digital powers of attorney**. These elements are essential for ensuring the **legal robustness**, **operational efficiency**, and **cross-border recognition** of the regime, but they are not explicitly addressed in the FICSIMM position.

Conclusion: why ~70-75% similarity?

The **estimated similarity of approximately 70-75%** between the **FICSIMM position paper** and the **EU Inc. official Regulation** can be attributed to several key factors:

1. **High Alignment on Goals:** Both documents share a **strong alignment on overarching goals**, such as the need for **simplification**, **digitalization**, **cross-border integration**, **access to finance**, and **governance flexibility**. These shared objectives reflect a mutual understanding of the challenges faced by SMEs and the importance of creating a more supportive and competitive business environment within the European Union.
2. **Partial Alignment on Scope:** While the **FICSIMM position** advocates for a **broader and more inclusive regime** that caters to the needs of all SMEs, the **EU Inc. official Regulation** is **more focused on innovative enterprises and digital infrastructure**. However, the Commission's proposal is technically open to all companies, which provides some degree of alignment with FICSIMM's inclusivity goals.
3. **Low Alignment on Specifics:** The **FICSIMM position** is more **principled and conceptual**, focusing on broad recommendations and policy directions. In contrast, the **EU Inc. official Regulation** is **technical and legally detailed**, providing specific frameworks, mechanisms, and procedures for implementing the 28th Regime. This difference in the level of detail results in a

lower degree of alignment when it comes to the **specific implementation strategies** proposed by each document.

In summary, the **Commission's proposal** can be viewed as a **legal and operational translation** of many of the principles outlined in the **FICSIMM position**. However, the Commission's focus on **innovation and digital tools** results in a narrower scope compared to FICSIMM's broader emphasis on **SME inclusivity and proportionality**. While the **European Commission's EU Inc. official Regulation** addresses many of FICSIMM's concerns, it does so with **less explicit attention to traditional SMEs**, potentially limiting the regime's accessibility and appeal to a broader range of companies.

FICSIMM updated assessment

I. Overall assessment and points of convergence

The official adoption today of the European Commission's **EU Inc. Regulation (COM(2026) 321 final)** marks a landmark moment in European company law and single market policy. For the first time in decades, the European Union is offering businesses a genuinely unified, optional corporate framework that sits alongside - rather than replacing - the 27 existing national legal systems. FICSIMM has followed this legislative initiative closely since its earliest stages, and the recent publication allows us to conduct a thorough and evidence-based assessment of the final proposal against the positions and demands articulated in our **February 2026 position paper**.

The overall conclusion is one of **substantial but qualified convergence**. The alignment between FICSIMM's February 2026 position and the published Regulation stands at approximately **70-75**. This is a meaningful degree of alignment, reflecting the fact that many of the core principles FICSIMM has consistently championed - administrative simplification, digital infrastructure, legal certainty, proportionate governance and access to cross-border finance - are genuinely reflected in the architecture of the published text. At the same time, this alignment is not unconditional, and three significant structural gaps remain which FICSIMM intends to pursue with determination throughout the co-legislative procedure.

Before turning to those gaps, it is important to acknowledge what the published Regulation gets right in our view, and to do so with the clarity and specificity that the moment demands.

FICSIMM particularly welcomes the Commission's decision to proceed by way of a Regulation rather than a Directive. This is not a merely technical choice - it is a substantive one with far-reaching consequences. A Regulation enters into force directly and uniformly across all 27 Member States, without requiring national transposition. This eliminates the fragmentation that has historically undermined the practical effectiveness of EU company law harmonisation efforts, where Directives have been transposed inconsistently, at different speeds, and with varying degrees of fidelity to the original legislative intent. By choosing the Regulation instrument, the Commission has ensured that **EU Inc. will mean the same**

thing in Tallinn and Timișoara, in Dublin and Düsseldorf, in Warsaw and Palermo. FICSIMM considers this a genuinely transformative design choice and one that demonstrates real legislative ambition.

The **core operational features** of the published Regulation are equally encouraging. **Company registration within 48 hours, at a maximum cost of EUR 100, with no minimum share capital requirement**, represents a radical departure from the current reality faced by entrepreneurs across the EU, where incorporation can take weeks, cost thousands of euros and require the physical involvement of notaries, lawyers and multiple public authorities. The **central EU register**, combined with the **once-only principle** - whereby companies submit their core information a single time and that information is automatically shared with relevant authorities - directly addresses one of the most persistent and costly administrative burdens identified by FICSIMM's member organisations. These are not abstract policy commitments; they are concrete, measurable improvements to the daily operational reality of European SMEs.

The **European Business Wallet** and the **Once-Only Technical System (OOTS)** integration represent an equally significant step forward on the digital infrastructure front. FICSIMM has consistently demanded a single, interoperable digital entry point through which SMEs can manage all their corporate formalities across the Single Market. The published Regulation, read together with the complementary digitalisation measures outlined in the accompanying Communication, delivers precisely this. The Business Wallet will allow EU Inc. companies to interact with public authorities across the Union - submitting tax returns, applying for permits, signing contracts - without physical documentation and with full legal validity. This is the kind of digital-first architecture that FICSIMM has been advocating for, and its inclusion in the package is a genuine achievement.

On the financing side, the **EU common Employee Stock Ownership scheme (EU-ESO)**, with taxation **deferred to the moment of actual share disposal** rather than at granting, vesting or exercise, responds directly to FICSIMM's longstanding demand for improved tools to support talent attraction and retention in SMEs. The current patchwork of national stock option frameworks - where the same equity instrument can be taxed in radically different ways depending on the country of incorporation - has been a persistent

competitive disadvantage for European companies relative to their US and Asian counterparts. The EU-ESO scheme begins to correct this structural imbalance, and FICSIMM welcomes it unreservedly.

II. Three critical gaps that FICSIMM will pursue in the legislative procedure

Notwithstanding the genuine achievements outlined above, **three structural gaps** in the published text require urgent attention from co-legislators. FICSIMM will raise these concerns formally and consistently throughout the Parliamentary and Council negotiation process:

First, and most fundamentally, the Regulation's underlying design logic remains primarily oriented towards innovative startups and scaleups, as defined by criteria rooted in R&D intensity, venture capital funding and quantified growth metrics. While the text is formally open to all companies - and FICSIMM acknowledges and welcomes this formal universality - the practical reality is that **the regime has been architected with a very specific type of company in mind**: young, technology-driven, investor-backed and rapidly scaling. This is a legitimate and important policy objective. However, it leaves a vast and critically important segment of the European business population effectively underserved.

Traditional SMEs - including family-owned enterprises, regionally anchored businesses, manufacturing companies, craft industries and service providers that do not meet R&D intensity thresholds - constitute the overwhelming majority of EU businesses and the backbone of regional economies across Member States, including in Central and Eastern Europe. These enterprises face the same cross-border complexity, the same administrative fragmentation and the same legal uncertainty as innovative startups. They deserve simplification just as urgently. Yet the governance structures, eligibility logic and accompanying support measures in the published text are not designed with them in mind. **FICSIMM will advocate forcefully for the introduction of a dedicated "traditional SME track"** within the EU Inc. framework, with proportionate governance requirements, simplified entry conditions and eligibility criteria that do not depend on R&D spending thresholds or venture capital involvement.

Second, the freedom to incorporate in any Member State of choice, while a legitimate and welcome element of the Regulation, is **currently backed only by a blacklist of prohibited national practices** - a negative list of things Member States cannot do to discriminate against EU Inc. companies.

FICSIMM considers this safeguard mechanism insufficient to address the very real risk of **regulatory arbitrage**, whereby companies choose their Member State of incorporation not on the basis of genuine economic activity, but purely on the basis of the most favourable tax, regulatory or administrative environment. This "race to the bottom" dynamic - already visible in certain sectors of the European economy - could be significantly accelerated by EU Inc. if not properly constrained.

FICSIMM considers that substantive economic link requirements - positive obligations to demonstrate a meaningful operational, employment or commercial connection to the chosen Member State of incorporation - **are a necessary complement to the blacklist approach**. Without such requirements, the integrity of the Single Market and the fiscal sustainability of Member States with higher regulatory standards risk being undermined.

Third, the published text is entirely silent on quantifiable administrative burden reduction indicators and periodic SME impact assessment mechanisms - two elements that FICSIMM explicitly demanded in its February 2026 position paper. The Commission's own impact assessment estimates an overall administrative burden reduction of **between EUR 328 million and EUR 440 million over a period of ten years**. This is a significant figure, and one that FICSIMM would welcome if it proves accurate. But without **mandatory, legally binding benchmarks embedded in the Regulation itself** - covering metrics such as time-to-register, cost-of-compliance, number of procedural steps and cross-border documentation requirements -, this estimate remains a projection rather than a commitment. A periodic, independent SME impact assessment mechanism, reporting to the Commission and to the European Parliament, is not an administrative luxury: it is the minimum accountability standard that a Regulation of this ambition and scope demands.

III. Calls on the European Parliament and the Council

In light of the above, **FICSIMM formally calls on the European Parliament and the Council** to prioritise the following amendments and additions during the co-legislative procedure:

(i) Amend the eligibility and governance provisions of the Regulation to ensure **genuine, operational accessibility for all SMEs**, regardless of R&D intensity, venture capital involvement or growth trajectory. The co-legislators should introduce a dedicated "traditional SME track" with simplified and proportionate requirements that reflect the structural realities of family-owned, regionally anchored and non-technology enterprises.

(ii) Strengthen the anti-arbitrage safeguard framework beyond the current blacklist approach, by introducing substantive economic link requirements that ensure a genuine operational connection between an EU Inc. company and its chosen Member State of incorporation. The integrity of the Single Market and the fiscal sustainability of all Member States depend on this.

(iii) Introduce mandatory, quantifiable SME impact assessment indicators directly into the body of the Regulation, together with a legally binding periodic review mechanism. These indicators should cover at minimum: time-to-register, cost-of-compliance, number of procedural steps eliminated and measurable cross-border administrative burden reduction. Without these, the EUR 328-440 million burden reduction estimate cannot be operationally verified or politically defended.

(iv) Ensure that the complementary measures on access to finance - including the European Competitiveness Fund, the Scaleup Europe Fund and the forthcoming revision of the EuVECA Regulation - are explicitly designed with proportionality for non-innovative SMEs. These instruments must not become the exclusive preserve of venture-backed companies and deep-tech enterprises; they must be

accessible to the full spectrum of European small and medium-sized businesses that drive employment, regional cohesion and economic resilience across the Union.

IV. Conclusion

FICSIMM welcomes the ambition, the speed and the legal clarity of the EU Inc. Regulation as recently published. The Commission has delivered a proposal that is genuinely transformative in its digital architecture, its simplification logic and its choice of legal instrument. These are real achievements, and FICSIMM acknowledges them without reservation.

At the same time, **a Regulation of this historic significance must work for all of Europe's SMEs** - not only for its most dynamic, investor-backed and technology-intensive segment. The co-legislative procedure now opening before the European Parliament and the Council represents a critical opportunity to close the three gaps identified above and to ensure that the EU Inc. Regulation delivers its full transformative potential for the **entire European SME ecosystem**: from the deep-tech startup in Helsinki to the family-owned manufacturing firm in Cluj, from the regional services provider in Łódź to the craft enterprise in Naples.

FICSIMM commits to engaging constructively, actively, and with full institutional determination throughout this process - in its capacity as a representative employer organisation, as a member of the Concordia confederal network, and as a consistent and evidence-based voice for SME competitiveness in European policy debates.