High-Level Forum on Justice for Growth.

Update – May 2025

Background

At the beginning of the new Commission mandate and together with the Polish Presidency, the Commission initiated a High-Level Forum (HLF) on Justice for Growth. The Forum provides a platform for strategic political discussions on how EU civil and company law, as well as digitalisation of justice could contribute to competitiveness and growth within the EU.

High-Level Forum

The first HLF meeting took place on 27 March 2025 and focussed on three topics:

- Promoting competitiveness, including through a 28th regime, and achieving further simplification
- Modernisation of existing instruments in the field of civil judicial cooperation, such as Brussels Ia and Rome II Regulations
- Need for EU legislation on third-party litigation funding

CCBE delegations were informed of the various discussions during the 3 & 4 April Standing Committee.

The second HLF meeting is scheduled for 25 June 2025 and this meeting will focus on topics related to company law, corporate governance and digitalisation of justice. With regard to company law and corporate governance, the second HLF meeting will address the (i) 28th regime for companies and (ii) shareholder rights.

Technical preparatory meeting

In order to prepare for the 25 June HLF, the Commission has organised an online technical meeting for 12 May. The Commission has prepared two "Discussion Papers" in advance of the Technical meeting. These discussion papers concern, respectively, the 28th regime for companies and shareholder rights and each discussion paper contains various questions which will be referred to during the technical meeting.

The Company Law Committee will be meeting on 6 May in order to discuss the various questions in order to ensure that the CCBE representatives are positioned to contribute to the discussions on 12th May (the Chair of the Company Lasw Committee, Alix Frank-Thomasser, and CCBE legal adviser, Stéphanie Alves Schuldt, will participate in the technical meeting on 12 May).

Separately to the 12 May technical meeting on the 28th regime for companies and shareholder rights, there will also be a technical meeting on 14 May on digitalisation of justice.

Conclusion

The delegations will be informed of the discussions that take place on 12 May during the Commission technical meeting.

Annexes:

- Discussion paper from the Commission services on the 28th regime for companies
- Discussion paper from the Commission services on shareholder rights

DIRECTORATE-GENERAL FOR JUSTICE AND CONSUMERS

Directorate A – Justice Policies
Unit A.3 – Company Law and Corporate Governance

High-Level Forum on Justice for Growth

Technical meeting

AGENDA
12 May 2025
- online -

9:30 **Welcome**

9:45 **Discussion on the 28th regime for companies**

11:00 *Break*

11:15 **Discussion on the 28th regime for companies**
(*continued*)

12:45 *Break*

14:00 **Discussion on the contribution of the Shareholder Rights Directive to competitiveness and growth**

15:45 – 16:00 **Conclusions/AOB**

Discussion paper from the Commission services on the 28th regime for companies[1]

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1. Introduction

The Commission policy focus in the current mandate is - more than ever – on enhancing EU competitiveness and promoting economic growth. EU company law plays an important part in this context as one of the key levers to provide companies with a competitive and business-friendly legal environment in the EU.

The January 2025 Competitiveness Compass announced that the Commission would propose by Q1 2026 "*a 28th legal regime to make it possible for innovative companies to benefit from a single, harmonised set of EU-wide rules wherever they invest and operate in the single market, including any relevant aspects of corporate law, insolvency, labour and tax law*". The March 2025 European Council conclusions called on the Commission to "*in line with the respective competences under the Treaties, propose an optional 28th company law regime allowing innovative companies to scale up*". Fully tapping the potential of the Single Market to attract innovative companies and investors is a key priority that requires an improved legal framework for companies in the Union.

The first preliminary discussion about the 28th regime was launched by Commissioner McGrath during the High-Level Forum on justice for growth on 27 March. It is one of the key topics to consult on and discuss during the High-Level Forum given its potential to provide further burden reductions and simplifications for companies and in turn, contribute to EU's competitiveness.

The purpose of this paper is to outline the thinking of the Commission services around the 28th regime at the current stage of the preparatory work and put forward specific questions for the discussion at the technical meeting of 12 May 2025.

2. 28th regime as part of a wider response to the needs of companies

Companies – in particular innovative ones – still face a panoply of problems in the Single Market and therefore, a comprehensive approach including actions in different policy areas is needed to address these problems. The Savings and Investments Union Communication already set out a list of measures related to access to finance and the upcoming strategies on the Single Market and on Start-ups and scale-ups will announce measures planned to make the Single Market a reality and to boost the start-ups and scale-up companies in the EU.

The 28th regime will be part of this overall set of measures. At its heart is the aim to support innovative companies, in particular start-ups and scale-ups, to set up, invest and grow in Europe. As Commissioner McGrath explained at the 27 March High Level meeting, the focus

[1] The outcome of this discussion is without prejudice to the future Impact Assessment and other relevant preparatory steps for this initiative.

of the 28th regime will be on a corporate legal framework. Therefore, this discussion paper focuses on the corporate law aspects. However, companies also face problems in other areas such as taxation, labour or insolvency; it needs to be carefully assessed how to address those aspects considering both legal and policy issues, in particular the legal bases for legislative proposals in those areas.

The first technical meeting on 12 May will first discuss the problems the business and in particular the start-up community face and then focus on specific questions related to the EU-wide corporate legal framework, namely the scope of application, the digitalisation aspects as well as the legislative approach. The next technical meeting – likely to take place after the summer 2025 – will look into more detailed aspects of the future proposal.

3. Problems faced by companies, in particular by start-ups

Overall, the past and recent calls for a 28th regime underline the **complexity and costs** associated with the incorporation and operation of companies across the EU due to the **fragmentation** of legal rules across Member States. Business associations call for tackling divergent national rules and cutting administrative burdens through digitalisation and once-only reporting. The start-up business community sees the fragmentation of rules in different policy areas, including national corporate regimes, as blocking start-up companies from successfully scaling-up in the EU given that the burden due to such fragmentation is proportionately greater for smaller companies, which have less financial and human resources. This diversity of national regimes also creates **constraints for investors** by increasing complexity and costs and may prevent or dissuade investors from financing companies. Another issue often raised is the lack of an easily recognisable **EU company brand**, which would be known and trusted by investors and business partners.

In addition, the most recent calls from the EU Inc, representing the start-up community, stress that current procedures for setting up and investing into companies are **not sufficiently digital, easy and quick and** the **difficulty to attract and retain qualified employees** (e.g. through employee share options) and to hire staff in other Member States. It is crucially important to have a good understanding of the problems and barriers that companies currently face in order to be able to propose balanced solutions that also account for the interests of other stakeholders and are politically feasible.

Questions:

- *What are the problems that companies, in particular start-ups face in the Single Market?*
- *What would need to be done at EU level so that more innovative companies are created and stay in Europe?*

4. 28th regime – in the context of the current EU company law framework

In proposing the 28th regime as a corporate legal framework, we should not reinvent the wheel but carefully consider how we can build further on existing solutions and tools.

The recent EU company law directives introduced important digital solutions and measures to reduce administrative burden, including fully online setting up of companies, registering of

branches and filing of company information with business registers; a harmonised procedure for cross-border mergers, divisions and conversions; the implementation of the "once-only principle" so that companies can set up subsidiaries and branches in other Member States without having to resubmit documents, and the digital EU Company Certificate - a European corporate identity card - compatible with the forthcoming European Business Wallet. The digital procedures and solutions in the EU company law strongly rely on the Business Registers Interconnection System, BRIS, available since 2017, which provides public and free of charge access to important company information (including registered office and legal representatives) and allows for a secure exchange of information between business registers, based on identification of each EU company with the European unique company identifier (EUID).

These measures already respond to some of the calls raised by stakeholders in the context of the 28th regime and will be important building blocks for its future development. At the same time, the 28th regime proposal will need to go further: fill existing gaps, in particular from the point of view of digitalisation, and introduce additional measures, e.g. to facilitate the investment in the 28th regime companies. To this end, the proposal should also further develop BRIS to ensure that companies can do more digitally in a multilingual way, based on structured data.

5. 28th regime – EU-wide corporate legal framework

The 28th regime proposal is likely to **cover a wide range of corporate law issues**, including formation, capital and public disclosure requirements, shareholders and shares, internal governance, content of articles of association, cross-border mobility. For all the issues, the right level of harmonisation would need to be determined to ensure that the proposal meets the demands of the business community as well as other stakeholders.

5.1 Scope

The overall call of the business community is for a new legal form which by its simplified features would help start-ups and innovative companies. However, it is an open question whether the scope would be wide and apply to all companies of a specific type (e.g. private limited liability companies) or whether it would be narrower and apply only to a sub-set of companies e.g. innovative companies or start-ups of a specific type (e.g. private limited which are "innovative companies").

Many participants at the 27 March HLF meeting called for the new legal form to have a broad scope and not be legally restricted to any subset of companies. This is because companies evolve and can quickly outgrow any thresholds or definitions and the ensuing need to change the legal form would entail administrative burden and costs. The proponents of a scope limited to e.g. innovative companies claim that a limited scope would allow to provide more far-reaching substantive provisions. In preparing the legal proposal, we could also consider a modular approach under which all private limited liability companies benefit from the company law part, whereas complementary elements could be targeted to a sub-set of companies.

Questions:

- *What would be an appropriate scope for 28th regime companies? What would be the advantages and disadvantages of a wide/horizontal scope? And what would be the*

advantages and disadvantages of a narrower scope, e.g. focused on innovative companies or start-ups, or of a modular approach?

5.2 Digitalisation – digital solutions

The 28th regime company will benefit from the existing on-line procedures and "digital by default" solutions introduced by EU company law. However, according to the start-up community, the current procedures for setting up and investing into companies are still not sufficiently digital, easy and quick and not available in English, which creates significant obstacles particularly in cross-border situations. Some of these calls might not fully reflect the latest developments in EU company law, in particular as regards digitalisation, or might be explained by yet incomplete implementation of new EU company law rules. There is nevertheless a need to reflect on the specific problems that the business community, and innovative start-up companies in particular, are still facing and what more could be done in terms of digitalisation and on-line procedures to better meet their needs. For example, could setting-up a company based on a harmonised template in English be considered? Or are there procedures which are not yet digitalised but could be digitalised to make it easier to invest into 28th regime companies, such as the procedure for an increase of capital or procedures related to the governance of the 28th regime company such as general meetings?

Another important issue to reflect upon is how to use the **European Unique Identifier for companies (EUID)** to reduce administrative burden for the 28th regime companies or for companies more generally. The EUID together with the existing EU law requirements that company information in business registers be machine-readable, including the forthcoming company law taxonomy on structured data, provides a real opportunity to further reduce reporting requirements for companies. Authorities in different Member States and in different policy areas could access company information in a structured data format directly from EU business registers and through BRIS, instead of requiring companies to submit the same information to different authorities for different purposes. The "once-only" principle has already been introduced in EU company law through the Digitalisation Directives for the exchange of information about companies and their cross-border branches and also when companies set up cross-border subsidiaries or branches. In the context of the 28th regime, one could consider further extending the "once-only" principle so that e.g. tax or labour or anti-money laundering authorities could directly receive the essential company information from business registers and BRIS without companies needing to re-submit it. Additionally, the information in business registers could also be linked to trademark registrations, avoiding that companies are registered with names that are already protected as trademarks, and vice versa. Naturally, this would require further development of BRIS, in particular its interoperability with other systems.

Questions:

- *Which digitalisation measures could further facilitate the on-line setting up of a 28th regime company? Would standardized templates in English be helpful?*

- *Are there any other EU company law related procedures in which digitalisation should be considered and why?*

- *How could we make best use of the EUID as a unique company identifier to reduce administrative burdens for companies? How could the "once-only" principle be extended by using the information available in business registers and BRIS in other policy areas than company law?*

5.3 Legal approach

Given that the businesses call for a legal form throughout the EU which would provide a recognisable EU brand, another key question to look at is what would be the appropriate legislative approach to achieve it. Should the 28th regime proposal introduce: 1) a "true" European company form (following the example of the existing European Company (*Societas Europea, SE*) statute) or 2) a new national legal form for companies with a common name and EU harmonised legal requirements.

In the calls for a 28th company law regime, some stakeholders call for a simplified version of the existing European Company Statute, with requirements adapted for smaller companies, along the lines of the withdrawn 2008 proposal for a European Private Company Statute (*Societas Privata Europea, SPE*). Therefore, one option for the 28th regime is to propose a European company legal form through a Regulation under Article 352 of the Treaty on the Functioning of the European Union (TFEU) with the Council acting unanimously and with the consent of the European Parliament. However, when considering this legislative approach, it should be borne in mind that this approach does not automatically ensure a "fully unified legal framework". For instance, the European Company (SE) Regulation does not provide such a framework as the SE is regulated by that Regulation, by the statutes (articles of association) and also – in a number of areas – by national law applicable to public limited liability companies.

Another option would be to propose a harmonised ("Europeanised") new national legal form for companies with a common name and EU harmonised features, based on qualified majority voting under Article 50 (and Article 114) TFEU, as was done in the 2014 EU company law proposal on private limited liability single-member companies (*Societas Unius Personae*, SUP). Such an approach would pursue the same policy objectives and have a comparable effect in practice as a Regulation based on unanimity.

Finally, some sources, including the Draghi report, have mentioned in the context of the 28th regime the possibility to resort to enhanced cooperation among a subset of Member States under Articles 20 TEU and 326-334 TFEU. However, this would still require first attempting the regular legislative route and hence would be very time-consuming. In addition, its use should be carefully considered given that it would maintain the fragmentation between those Member States participating and the others.

Question:

- *Which would be the preferred legislative approach? Please provide the rationale for your choice.*

Discussion paper from the services of the Commission on shareholder rights[1]

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1. Background

The EU's corporate governance framework sets out how companies in the EU are governed, focusing on the relationships between a company, its shareholders, and other stakeholders.

The Shareholder Rights Directive (SRD) was first enacted in 2007 (SRD I), amended in 2017 (SRD II) and underpinned by its Implementing Regulation (2018). It is applicable to companies listed on EU regulated markets and aims to strengthen corporate governance by enhancing shareholder participation in corporate decision-making. It tackles issues faced by financial market players, such as the identification of shareholders by companies, transmission of information between the company, intermediaries and the shareholders, facilitation of the exercise of shareholder rights such as cross-border voting, transparency of institutional investors, asset managers and proxy advisers, remuneration of directors, etc.

Ensuring that shareholders of listed companies can effectively exercise the rights attached to their shares has been a topic of interest for the Commission for many years. During this period, the market context for the exercise of shareholders' rights has evolved significantly, driven, among others, by the size of the market and the rapid development of technology.
The Commission is currently gathering data on the application of the legislation, necessary to perform its evaluation. Early findings[2] point to certain weaknesses in the current framework, and some stakeholders[3] have called for changes. In light of the Commission's determination to further enhance the competitiveness of the EU, as underlined by the 2024 Draghi report, the Commission wants to analyse and discuss whether a review of the SRD is merited.

2. Significance for Justice for Growth

EU rules on shareholder rights can play a key role in fostering competitiveness and growth by making the EU a more attractive investment destination, both for EU and non-EU share investors. By focusing on simplification and digitalisation, the EU can contribute to reducing administrative burdens and streamlining processes that often represent barriers to market efficiency. This would

[1] The outcome of this discussion is without prejudice to the possible future Impact Assessment and other relevant preparatory steps.
[2] 2023 European Banking Authority (EBA) and European Securities and Markets Authority (ESMA) Report on the Implementation of SRD2 provisions on proxy advisors and the investment chain; 2025 Study on the application of certain SRD provisions ("2025 Study").
[3] See e.g. 2024 Statement of the Eurogroup in inclusive format on the future of Capital Markets Union inviting the Commission to review the EU Shareholder Rights Directive, notably with the aim to better harmonise shareholder rights in the EU; 2025 European Central Bank Paper on the Capital markets union: Five measures to foster a single market for capital; calls from private-sector stakeholders such as financial companies, investors, business associations and Europe-wide networks.

not only enhance shareholder engagement and the exercise of shareholder rights, but also enable a deeper and more liquid market.
A revision of the SRD could contribute to the Commission's current priorities and to the objectives of the Competitiveness Compass, European Savings and Investments Union (SIU), and Single Market Strategy. In the context of SIU, SRD – which was already included in the 2020 Capital Markets Union (CMU) Action Plan as a lever to facilitating cross-border investor engagement – has been identified as an essential tool in addressing the fragmentation of financial market infrastructures across the EU.

More specifically, reducing administrative burden and achieving efficiency gains can benefit investors in the quest for better investment opportunities as investors are more likely to commit capital to markets if the process is reliable, quick, simple, transparent and not costly. Moreover, legal certainty when operating across the single market is essential in ensuring that investors operate with confidence rather than facing risks associated with inconsistent or unclear rules. This, in turn, could also be a contributing factor to mobilising private investments and wealth creation in the EU. Integrating EU financial markets and tackling single market barriers that currently limit investment in companies' shares could be addressed by simplifying the rules that apply to issuer companies, investors and intermediaries. Furthermore, incentivising consumers to invest cross-border could be facilitated by more effectively safeguarding their rights, e.g., reducing the costs which limit the participation of shareholders in general meetings and deter investors, especially retail and cross-border, from investing in financial markets. Finally, streamlining corporate governance processes through digitalisation could tackle a number of issues which arose due to the changes in the financial market environment over the years, e.g. the increase of hybrid general meetings, or the complex interactions between different financial market participants. The changed digital environment entails opportunities for modernisation of the interactions between financial market participants. Addressing current inefficiencies, for instance in general meetings' voting infrastructures, or in the transmission of information between issuer companies, investors and intermediaries, could contribute to increasing the trust in the market and to the needed shift in investment culture.
The overall objective is to eliminate fragmentation in the EU capital market to enable market-driven consolidation and ensure its efficient functioning. Removing barriers, simplifying rules and modernizing processes will allow the market to operate more efficiently, fostering competitiveness and growth.

3. Topics for discussion

While companies, shareholders and intermediaries each face specific challenges, a key set of common issues revolves around inefficiencies, high costs, and the barriers faced in cross-border situations. All stakeholders struggle with complex, time-consuming **voting processes**, particularly cross-border. Vote casting and counting infrastructures are not standardised, and do not allow for automatic and rapid vote confirmation and vote counting. For instance, shareholders vote using different platforms (depending on their jurisdiction or the intermediary they use), which do not

apply standardised protocols for vote casting. This causes delays in tallying votes and reconciling voting results, which can lead to errors in the final vote count.

Second, companies face high compliance costs and shareholders face risks when it comes to **shareholder identification and proof of entitlement**. There are remarkable differences between Member States in terms of the documentation required by intermediaries and custodians to prove entitlement to vote. In some cases, national legislation requires paper documents (e.g., powers of attorney, wet signatures, etc.) and cumbersome manual administrative processes to prove entitlement to vote, which creates unnecessary burden. Delays or errors in verifying ownership and entitlement to vote can result in shareholders being excluded from voting on important matters, potentially affecting the outcome of crucial corporate decisions and thus the performance of their investment.

Third, intermediaries incur significant costs in managing proxy votes and information flows due to discrepancies and inefficiencies in the **transmission of information** on general meetings, corporate events and shareholders details between companies, shareholders and intermediaries. This also creates complexities and burden for companies and shareholders. For instance, if information on a corporate event (e.g., a merger) is not transmitted promptly to shareholders through intermediaries, shareholders might miss critical deadlines (e.g., to vote on a merger), which could have financial implications or result in them losing out on important decisions that affect their investments.

Fourth, both companies and shareholders are burdened by high **costs and fees,** especially in cross-border situation, which add to overall expenses.

These common challenges could be addressed through a review of the SRD. It could propose solutions such as integrating voting infrastructure, streamlining shareholder identification processes and conditions for proving voting entitlement[4], improving the transmission of information between stakeholders[5] and reducing costs and fees through digital tools and standardised practices.

This list is non-exhaustive in relation to possible topics for discussion within the framework of a potential SRD review.

Questions

1) *Do you see benefits in a review of the Shareholder Rights Directive? Please explain your reasoning.*
2) *In case of a review of the Shareholder Rights Directive, what are the issues that deserve most attention with a view to contributing to growth and competitiveness, in particular with regard to the role of digitalisation, simplification and harmonisation in achieving potential efficiency gains and reducing administrative burden? Specifically, do you consider that addressing the following issues would serve this objective:*
    - *complex processes for both companies and shareholders, for the latter to prove entitlement to vote at general meetings;*

4 See 2025 Study, p. 81 et seq.

5 See 2025 Study, p. 82, 147, 220.

- *discrepancies and inefficiencies in the transmission of information on general meetings, corporate events and shareholders details between companies, shareholders and intermediaries;*
- *inefficiencies in the general meetings' voting infrastructures;*
- *complex shareholder identification processes;*
- *high costs and fees for companies and shareholders;*
- *other issues / obstacles, e.g. format of general meetings (only online or only in-person), fragmented financial markets infrastructure across the EU.*