

Paris, 29 September 2025

Call for Evidence on 28th regime
European Financial Regulation Working Group Response

Paris Europlace fully supports the thought process on the harmonisation of business law within the European Union. The expected benefits of such defragmentation of business laws and corresponding markets would be:

- strengthening European sovereignty and competitiveness;
- reducing compliance costs for businesses;
- achieving economies of scale and facilitating cross-border growth;
- facilitating access to pan-European capital markets;
- the establishment of a true Single Market for businesses.

Our contribution focuses on the three main flaws in the proposal, because it is difficult to take a position until the details of the 28th regime are better known.

1. Incidentally, we are surprised by the use of the term "28th regime" in this consultation, as it is currently inaccurate

Apart from the fact that this name will immediately become obsolete if the number of Member States changes, it suggests that a regime would be created "alongside" that of the 27, without Member States, citizens or territory: this may result in a "disembodied" nature.

The 28th regime should therefore be understood to mean the adoption of a set of optional, unified and directly applicable European rules capable of establishing a common regime for all Member States, next to the current national business laws.

2. The openness to all companies is a strategic choice

The fact that the 28th regime should be open to all companies registered in the EU without any restrictions on size, sector, type of activity or nationality of the founders, depends on strategic considerations. Limiting its scope to so-called "innovative" companies could be

seen as a major mistake and may create legal uncertainties that could ruin the attractiveness of the new system: this would introduce threshold effects and send a message of exclusion to companies that are not to be considered "innovative".

Our general view is that this regime must concern not only start-ups, VSEs and SMEs, but also mid-sized companies or large groups. Otherwise, it may create many undesired problems, as innovative companies grow about predefined thresholds, diversify their business in the value chain, or are acquired by a larger "non-innovative" group. The many situations where an innovative company would lose their status would be a deterrent for adoption of the framework, given how burdensome and sub-optimal it would be for such a company to go back to national regime, a step which seems extremely odd in the bigger vision of creating European based innovation champions.

3. A simplified European company may rely on several options, with some uncertainties to fix

While the so-called 28th regime could ultimately aim at proposing a set of rules superseding national rules in all areas that affect the life of a company (employment law, taxation, insolvency, etc.), it seems appropriate to start with the creation of a suitable status for the creation of companies in all EU countries.

The cumbersome nature of the current European company (SE) regime, the impossibility of setting it up ab initio and its access cost of EUR120k have made it inaccessible to the majority of young innovative businesses. It is essential that the administrative and regulatory burden associated with this 28th regime be as limited as possible, particularly in terms of minimum capital requirements. France's experience with SAS companies suggests that simplicity is a prerequisite for the success of such a status.

Granted, many options are available to open a chapter of European provisions specific to it and, only subsidiarily, to the national law of the State of registration. Economically, it would greatly contribute to the integration of the common market, promote cross-border trade and could be chosen in all Member States. The attractiveness of a new regime depends on the statutory freedom of choice that it would have. The provisions have to limit the mandatory rules and simply establish a general management with a wide legal power of representation.