

(English version)

**Question for written answer E-001137/26
to the Commission
Dan-Ștefan Motreanu (PPE)
(18 March 2026)**

Subject: 28th regime

It is anticipated that the Commission will propose an optional ‘28th regime’ for EU businesses, allowing ‘EU Inc.’ companies to operate across Member States and be established through a streamlined digital process. However, a number of the initiative’s features have drawn criticism. Concerns have been raised specifically regarding the selection of Article 114 of the Treaty on the Functioning of the European Union as the legal foundation for a piece of business legislation, since prior court rulings have suggested that this clause might not be suitable for some company law initiatives.

Additionally, the proposal calls for the establishment of a centralised EU interface for company registration and data interchange with national authorities, leaving some matters, such as social security, taxation and dispute resolution, primarily to national legislation. This calls into doubt the adequacy of safeguards against the potential misuse of simplified company formation procedures.

Given this, how does the Commission justify the choice of Article 114 of the Treaty on the Functioning of the European Union as the legal basis for the proposed regime, and what measures does it intend to take to ensure legal certainty, effective coordination with national systems, and adequate safeguards to prevent abuse while protecting employees’ rights and other stakeholder interests?

Submitted: 18.3.2026

**Answer given by Mr McGrath on behalf of the European Commission
(28 April 2026)**

On 18 March 2026 the Commission presented its proposal for the 28th regime corporate legal framework — ‘EU Inc.’ ⁽¹⁾.

The Commission considers Article 114 of the Treaty on the Functioning of the EU as the appropriate legal basis for the proposed Regulation.

The proposal approximates national laws governing the activities of EU businesses throughout their lifecycle. It will improve the functioning of the internal market by creating an efficient corporate legal framework for companies and investors, also facilitating the free movement of capital. For details on the choice of legal basis, please refer to Section 2 of the explanatory memorandum accompanying the proposal.

As regards the formation of EU incorporated (Inc.) companies through a centralised EU interface, any formation of an EU Inc. company will be subject to preventive control and a legality check.

Effective coordination with national systems will be ensured, *inter alia*, through the EU central interface and the underlying Business Registers Interconnection System for making information about EU Inc. companies publicly available and for enabling the ‘once-only’ digital exchanges of information about EU Inc. companies between business registers and with other authorities.

The proposal does not amend EU or national employment law. Rules protecting workers will fully apply to the EU Inc. companies. Recital 16 of the proposal recalls that regulation (EC) 593/2008 ⁽²⁾ also applies to individual employment relationships involving an EU Inc. company.

Regarding other stakeholder interests, the proposal notably protects creditors through modern safeguards on distributions of company assets, including the requirement for balance sheet and solvency tests for such distributions.

⁽¹⁾ Proposal for a regulation of the European Parliament and of the Council on the 28th regime corporate legal framework — ‘EU Inc.’, COM(2026) 321 final.

⁽²⁾ Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I).