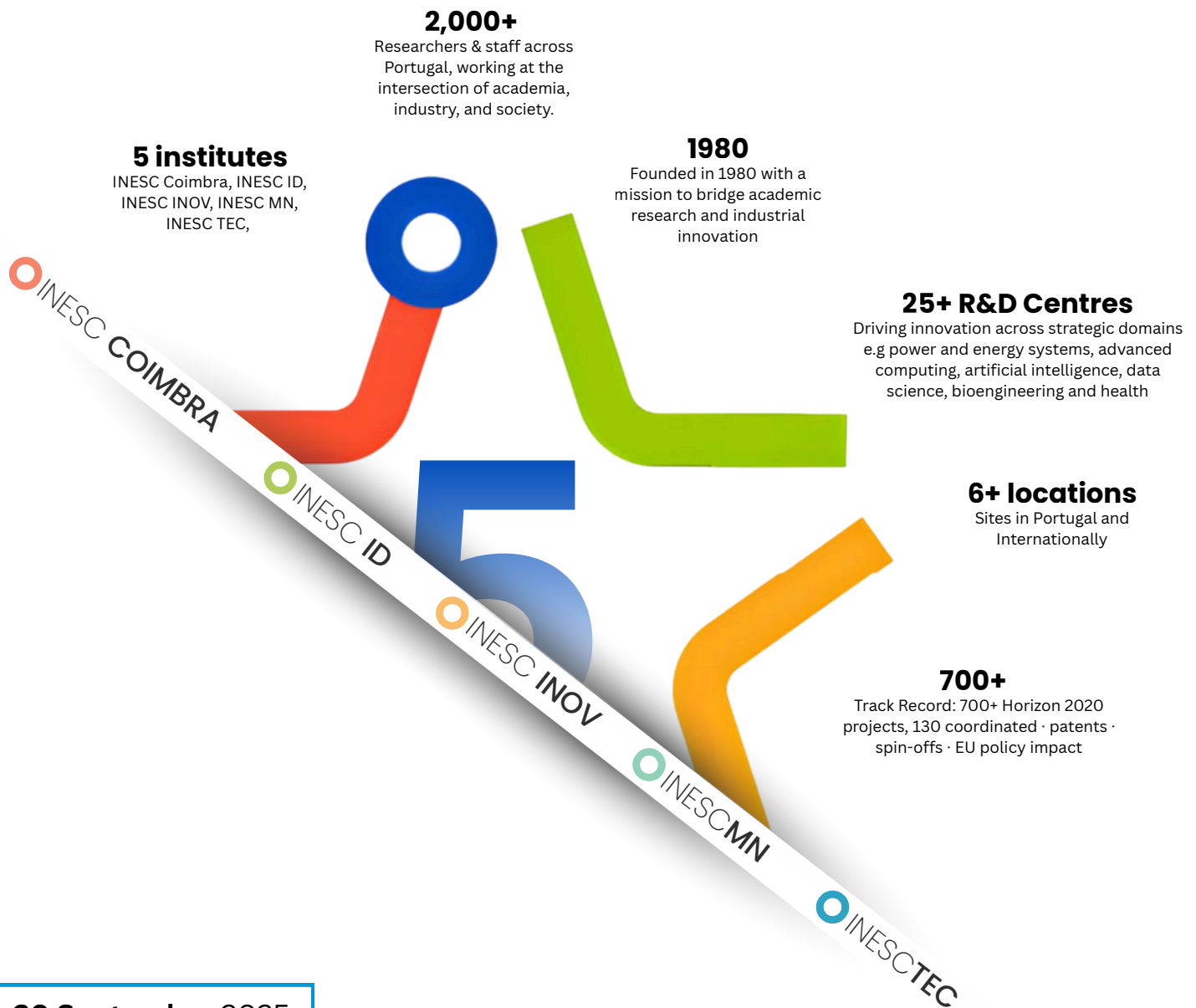




30 September 2025

Position Paper on the 28th Regime EU Corporate Legal Framework

INESC Brussels HUB

Liaison office of the INESC Research & Innovation Ecosystem. The INESC Brussels HUB is a strategic bridge between INESC – Portugal's leading research and technology organisation – and European and global stakeholders. It is a vital partner to universities and companies, a continuous supporter of science-based policy-making, and a trusted contributor to key dialogues about future R&I agendas and priorities.



INESC welcomes the European Commission's initiative to create an optional EU-wide corporate legal framework (the "28th Regime") to help innovative companies set up, scale and operate across the Single Market. For INESC's research-based ventures and industry collaborations, a predictable, digital-by-default and investor-trusted EU company form can cut transaction costs, accelerate cross-border growth, and unlock private capital, while respecting Member State prerogatives.

INESC's Identification of Key Recommendations Proposed by the New 28th Regime

1. Optional EU Company Form ("EU Innovation Company", EICo) with 48h fully digital incorporation, pan-EU identity, and streamlined cross-border operations.
2. Investor- and founder-friendly capital rules (standardised share classes, EU-recognised convertible instruments, simplified capital increases/transfers).
3. EU-baseline employee ownership with tax deferral until liquidity events and cross-border portability.
4. Digital-by-default lifecycle: once-only reporting; harmonised templates for by-laws, term sheets and shareholder agreements.
5. IP & Research-origin safeguards: standard EU templates for RTO/university IP assignment & licensing, transparent royalty/equity terms, and conflict-of-interest guardrails.
6. Second-chance & predictable exit: light insolvency safe-harbours for bona fide failure and simplified cross-border restructuring/closure.
7. Legal certainty & interoperability: clear conflict-of-law rules, compatibility with national regimes, and phased, modular rollout to avoid disruption.



At INESC, our work often translates into spin-offs, joint ventures, and close collaborations with SMEs. Yet when these ventures seek to grow beyond Portugal, they face a thicket of barriers: duplicated legal work, heterogeneous company rules across Member States, and lengthy, costly investor processes. The 28th Regime could change this. By reducing incorporation and compliance friction, it would offer a recognisable EU company identity that investors can trust. It would make it easier for INESC-linked ventures to hire talent across borders, raise capital from international investors, and establish governance structures that work seamlessly throughout the Union. But ambition must be balanced with safeguards. The new regime must not undermine Member State standards in areas such as labour rights, taxation, or environmental protection. Nor should it create a new layer of bureaucracy or displace existing national company forms that already serve many firms well. Instead, it must be an optional, enabling framework, a tool to empower Europe's innovators without eroding what already works.

What are the key elements to consider for a new legal framework?

- The new framework must be optional and modular. For our spin-offs and innovation partnerships, flexibility is key. Not every venture needs the same tools from day one. Allowing companies to opt in, and to adopt features progressively, whether on incorporation, capital rules, governance, or mobility, means the regime can adapt to their growth rather than impose a rigid one-size-fits-all model.
- It must be digital-by-default. For research-based ventures, time is precious. A system built on fully online processes, once-only reporting, and secure digital signatures would cut weeks of administrative work. This will directly impact the ability of our teams to move quickly from research to market.
- The regime must be interoperable with existing national systems. Our companies already interact with Portuguese company law and registries. The 28th Regime should not create a parallel universe but rather use European identifiers like BRIS and the EU Company Certificate to ensure seamless recognition across borders.
- The regime should be explicitly innovation-friendly. It must link with the European Innovation Act by enabling participation in regulatory sandboxes, supporting IP exploitation, providing access to research and technology infrastructures, and aligning with innovation procurement pathways. For INESC, this alignment is crucial: our ventures sit precisely at the interface between research results and market uptake.



- Finally, it must be SME (or even micro-company)-friendly. The majority of INESC-linked companies are start-ups or scale-ups. For them, access to standard templates, safe harbours, and simplified compliance could make the difference between moving fast and getting stuck in legal costs.

How to be of benefit for deep-tech and research driven companies in general?

Challenges to Overcome and Opportunities to Seize with the 28th Regime

Barriers we face today (PT/EU contexts)	Risk	How the 28th regime could help
Company setup is slow, costly, and duplicative across countries.	INESC spin-offs lose time-to-market, investors lose confidence, and growth is delayed.	Create an EU Innovation Company (EICo) status with automatic recognition and single EU business wallet.
Fragmented capital/investor rules (share classes, convertibles, options).	Early-stage fundraising is slow; foreign investors hesitate due to unfamiliar instruments.	Legalise SAFE-style convertible notes and enforce EU-wide recognition of ESOPs to de-risk early fundraising
Compliance costs eat scarce start-up resources.	Lawyers/accountants take funds away from R&D; bureaucracy slows growth.	Require once-only EU reporting : one digital filing valid for tax, labour, corporate registers across all MS.
Complex, inconsistent IP transfer deals from RTOs.	High negotiation costs; delays in creating spin-offs.	Mandate EU-standard IP transfer agreements with revenue-sharing and RTO research-back licenses.
Failure is too costly; insolvency law is punitive.	Researchers avoid entrepreneurship for fear of ruin.	Introduce an EU “honest failure safe harbour” with simplified asset/IP transfer and re-entry within 6 months.