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28th regime – a single harmonized set of rules for innovative companies throughout the EU

Introduction

EDFA welcomes the European Commission's initiative to develop a 28th regime as a natural progress of the EU INC initiative that could simplify corporate operations across the Single Market. As representative of approximately 3000 fintech companies from around 18 member states operating in multiple EU jurisdictions, EDFA recognizes both the potential benefits and the need for careful consideration of sector-specific requirements in any harmonized framework.

EDFA is particularly interested in potential solutions and simplifications in the areas of cross-border operations as well as licensing and supervisory obligations. The digital approach and labour law harmonization are also areas of interest for EDFA. In addition, EDFA is keenly interested in using the opportunity of the 28th regime to promote a unified investment and equity framework for startups and growth companies to alleviate legal and administrative burdens, support cross-border investment, and strengthen the competitiveness of European innovation.

Strategic Priorities

EDFA supports the **digital-by-default approach** for company procedures and cross-border operations, as it enables streamlined reporting across multiple jurisdictions, reduces the administrative burden, enhances operational efficiency for companies serving multiple EU markets, and improves data consistency and regulatory compliance.

In the area of **cross-border operations**, EDFA faces significant challenges, including divergent corporate governance requirements across nine markets, complex administrative procedures, varying reporting standards and timelines, and differences in digital infrastructure. A well-designed 28th regime could address these obstacles by introducing harmonized reporting standards across EU jurisdictions, simplifying the establishment of cross-border subsidiaries, standardizing digital procedures for regulatory compliance, and reducing legal complexity for multi-jurisdictional operations.

For **sector-specific considerations**, the 28th regime must accommodate regulatory and compliance requirements for financial services. Service providers face **specific licensing and supervisory obligations**,

for example, the Electronic Money Directive and the Payment Services Directive based. Prudential oversight must be maintained, consumer protection frameworks fully integrated, and data protection standards preserved. To achieve this, sector-specific modules should be developed within the 28th regime framework to address industry-specific regulatory requirements.

Alongside the priorities outlined above, EDFA believes the 28th regime should actively **promote a unified investment and equity framework** for startups and growth companies across the EU. A harmonised approach to investment instruments and employee ownership schemes would significantly reduce legal and administrative complexity, foster cross-border investment, and enhance Europe's competitiveness as an innovation hub.

EDFA supports the development of a **single EU-wide investment form (EU FAST)** to streamline early-stage and growth financing. By adopting a standardised, recognised template for investments across all member states, startups and investors can reduce transaction costs, shorten deal timelines, and increase legal certainty. This would also enable more transparent and comparable investment terms, benefiting both entrepreneurs and investors.

A common **EU framework for Employee Stock Ownership Plans** (ESOPs) would help companies offer consistent and attractive equity incentives to talent across borders. Harmonised rules would facilitate the scaling of startups, improve talent retention, and level the playing field for companies operating in multiple EU jurisdictions. It would also send a strong signal to international talent and investors that Europe is building a predictable, innovation-friendly environment.

EDFA sees an opportunity in further **simplification of company formation across the EU**. Unlike some jurisdictions such as the UK, USA, and Singapore, current EU processes frequently involve costly and time-consuming notaries, fees and other compliance requirements. After completing KYC and due diligence, founders could register a 28th Regime corporation electronically and secure an EU VAT number for their chosen jurisdiction, reducing administrative burdens and promoting competition.

On **labour law harmonization**, as an employer of over 21,000 people across multiple jurisdictions, EDFA values legal certainty but recognizes that national labour law differences reflect important cultural and economic contexts. Any harmonization should therefore focus on procedural simplification rather than substantive changes to workers' rights, while ensuring that strong social dialogue mechanisms are preserved.

Finally, the 28th regime should be designed as an optional framework that complements rather than replaces existing national company law structures. Established companies like EDFA have built legal and regulatory relationships across multiple jurisdictions. An optional regime would allow companies to evaluate the benefits without being forced to migrate from their existing frameworks.

Conclusion

The current patchwork of regulatory requirements across EU markets constrains EDFA's ability to operate efficiently across jurisdictions. A well-designed 28th regime could unlock operational efficiencies through harmonized procedures and digital-first solutions, enhance market access via simplified licensing and authorization frameworks, and drive innovation through reduced regulatory complexity.

To ensure the 28th regime is grounded in practical realities, EDFA recommends a proactive regulatory approach that includes the launch of 3 to 5 pilot projects. These pilots should be designed to operate under the proposed framework, providing real market validation and actionable feedback to regulators. This iterative process will help refine the regime, align it with industry needs, and ensure its effectiveness across diverse EU markets.

EDFA also strongly encourages the creation of a unified investment and equity framework under the 28th regime, to support competitiveness, transparency, and collaboration across the Single Market.

EDFA therefore supports the development of a 28th regime that delivers transformational benefits for financial services companies operating across the EU. Our key strategic priorities - simplified EU operations, streamlined licensing, and cross-border product provision - represent areas where the 28th regime could generate substantial value for both financial services providers and the consumers we serve.

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