

## BENELUX NON-PAPER

The Benelux countries welcome the Commission's proposal for a regulation on the 28<sup>th</sup> regime corporate legal framework – 'EU Inc.'. We commend the Commission's efforts to strengthen the EU's strategic competitiveness and internal market by facilitating company formation and cross-border activities within the Single Market. The Benelux countries acknowledge that the proposed EU Inc. framework represents a meaningful step towards greater harmonisation and certainly offers added value for businesses operating across the internal market.

At the same time, the Benelux countries note that the level of ambition reflected in the current proposal could have gone further, either by a higher level of harmonisation of the corporate rules applicable to the EU Inc. or by the introduction of the EU Inc. as a supranational corporate legal framework that could constitute a truly "28th regime".

Nonetheless, the Benelux countries are pleased that the proposal contains a number of valuable administrative innovations that could significantly simplify the establishment of businesses. In particular, several elements represent meaningful progress for entrepreneurs and SMEs seeking to operate across multiple Member States. These include the possibility of online incorporation within a short timeframe, low registration costs, the absence of minimum capital requirements, the use of standardised articles of association, digital shareholder meetings and share transfers. Taken together, these measures represent a tangible step forward in reducing administrative burdens and improving the accessibility of the Single Market for businesses. While all these elements represent valuable building blocks, the Benelux countries still have some concerns that merit further consideration as the Council continues its analysis of the proposal.

One of such concerns relates to preventive control. The Benelux countries believe that for the success of the EU Inc. it is crucial that the framework is reliable and provides legal certainty. In order to prevent potential abuse and fraud of the EU Inc., further safeguards would be needed to be put into place as well as a clearer articulation of the 28<sup>th</sup> regime with existing KYC and AML control frameworks at national and EU level. Another concern is whether the proposal includes adequate safeguards to ensure compliance with national labour law, particularly regarding employees' participation rights across the European Union. The Benelux would also see merit in clarifying that the 28th regime shall be without prejudice to existing EU and national sectoral legislation in the financial sector.

We are certain that, together with the other Member States, and with the co-legislator, we can find the right balance between these concerns and the simplification and speed of creating an EU Inc. can and will be found.

Overall, the Benelux countries remain committed to negotiate an instrument that will enhance the EU's attractiveness for businesses and investment and that strengthens the Single Market.