



**SWEDISH INCUBATORS
& SCIENCE PARKS**

Unlocking Europe's Growth: One Company, One Standard, One Future

Proposition Paper Consultation on the 28th Regime

Stockholm, Sweden – September 29, 2025

Submitted by:
Swedish Incubators & Science Parks (SISP)



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Introduction

Europe's startups and scale-ups are vital for innovation, job creation and global competitiveness. Yet they face structural obstacles: fragmented company laws, costly and slow administrative processes, divergent tax regimes, and limited cross-border capital flows. The result is that too many promising European companies "flip" abroad to simpler jurisdictions.

The 28th Regime is a once-in-a-generation opportunity to change this trajectory. To succeed, it must be regulation-based, uniform across all member states, optional and additional to national forms, digital-first, and accepted at the highest political level.

Core Recommendations for the 28th Regime

1. Simplify without dismantling innovation drivers

Startups are disproportionately burdened by overlapping regulations such as GDPR, AI Act and CBAM. Simplification of company law and administrative procedures is essential, but not all regulation is negative. Some frameworks – particularly climate and sustainability legislation – create new market opportunities for green innovation and should be encouraged.

The 28th Regime must therefore focus on cutting red tape where it adds cost without value, while safeguarding rules that drive technological breakthroughs. Europe must avoid letting incumbents use "regulatory simplification" as a pretext to lower standards that actually benefit startups.

2. Digital by default: An EU one-stop-shop

Administrative processes across the EU remain slow, costly and inconsistent. In Germany, a simple share issuance may cost €20,000 and require a notary; in Sweden, the same process is digital, fast and inexpensive.

We propose a single EU one-stop-shop – a European "Companies House" – where incorporation, share issuances, governance updates, and shareholder registers can be managed digitally. Features should include:

- Incorporation within 48 hours.
- A central EU registry with open APIs, mirrored to national registers.
- Standardised templates for articles of association and shareholder agreements.
- Elimination of notary requirements for routine lifecycle events.

This would save founders time and money and give investors confidence in cross-border transactions

3. Access to risk capital

Only ~5% of EU venture capital flows cross borders, compared to much higher rates in the US. This fragmentation discourages investors and limits startups' ability to scale.

The 28th Regime must unlock Europe's capital market by:

- Harmonising tax rules to avoid double taxation.
- Digitalising share issuances and shareholder registers.
- Providing standardised investment instruments and documentation (EU-SAFE/FAST, convertible notes, due diligence packs).
- Establishing an institutional fund-of-funds, potentially backed by pension funds, to grow deeptech investment within the EU.

This would boost competition among investors, attract international capital, and help European startups raise the growth finance they need

4. Labour mobility and talent attraction

Europe lags behind in attracting and retaining global talent. Today, it can take up to two years to obtain a work permit in Sweden, compared to two weeks in Estonia.

We propose:

- Digitalised and harmonised work permit processes with short lead times.
- Work permit granted for one EU-country should provide a fast track to grant work permits in other EU-countries
- Standardised labour law solutions for cross-border employment, so startups do not need to create local entities for a single hire.
- Easier pension portability across member states to reduce the personal cost of mobility.

A pan-Nordic startup visa could serve as a pilot for a future EU-wide system.

5. Employee equity: Harmonised and competitive options

Employee stock options are crucial for startups to attract top talent, but current EU rules are fragmented and inconsistent. Startups face competitive disadvantages compared to the US, where taxation occurs only upon sale.

We recommend an EU-ESOP baseline that ensures:

- Taxation at liquidity (sale of shares), not at grant or vesting.
- Portability across borders for employees who relocate.
- Inclusive eligibility (employees and key contractors).
- Recognition of non-voting shares and a safe-harbour valuation model.

This would align Europe with international best practice and empower startups to compete for global talent

6. Startup-specific access to EU funding

Current EU funding models treat startups as SMEs, despite their different logic and lifecycle. Startups are often disqualified due to profitability requirements, even when they are in healthy growth phases.

We propose:

- A distinct definition of startups in EU law and funding programmes.
- Growth-oriented criteria replacing profitability requirements.
- Appointment of national Implementing Partners in every member state to facilitate access to EU funds. Sweden currently lacks such a partner, disadvantaging Swedish startups compared to peers in other countries

Conclusion

The 28th Regime can transform Europe into a true single market for startups. By focusing on:

1. **Smart regulation** that simplifies without undermining innovation,
2. **Digital by default** processes through an EU one-stop-shop,
3. **Cross-border risk capital** enabled by harmonisation and digitalisation,

4. Labour mobility and talent attraction through **simpler permits** and **pension portability**,
5. **Harmonised employee equity** to retain and reward talent,
6. **Startup-specific EU funding** with implementing partners...

...Europe can deliver one company form, one registry, one market.

Success requires:

- A **regulation** under Article 352 TFEU, not a directive.
- **High-level** political acceptance across all member states.
- **Co-creation** with founders, investors, and practitioners.
- A clear **timeline**: proposal by 2026, first incorporations by 2027, measured by incorporation speed, cross-border investment flows, ESOP uptake, and reduced “flips” abroad.

Half-measures will not suffice. The EU must seize this opportunity to unlock its full startup potential!