

## **An enabling link in Europe's private capital lifecycle: An investor perspective on Europe's 28th regime**

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One thing we often forget in debates about private capital is the full journey it takes. We focus – rightly – on fundraising, fund structures, and regulation at the level of managers and investors. But private capital does not stop at the fund. It flows through companies: how they incorporate, how they grow, how they govern themselves, and ultimately how they exit.

Anything that affects that journey affects investors too. It shapes how quickly capital can be deployed, how efficiently companies can scale, and whether Europe remains an attractive place to build and back ambitious businesses.

From a private capital point of view, the question is simple: can this initiative make Europe a more investable, integrated growth market?

### **When corporate law slows capital**

For founders and investors alike, legal predictability is not an abstract principle, it is an operational necessity. Yet Europe still operates with 27 different company law regimes, each with its own governance norms, procedures, and expectations.

In practice, this fragmentation slows transactions, raises costs, and injects uncertainty at moments when speed and clarity matter most. Scaling a business across Europe constantly requires switching operating systems. Nothing breaks outright, but everything takes longer.

This matters because border investment is no longer a niche activity. As per [Invest Europe's data](#), in 2024, more than 32.3% of all European private equity investments were cross-border (i.e., from Germany to France), up from 28.6% in 2023 and 29.9% in 2022. Investors want to build European portfolios, and founders want access to capital wherever it sits. Too often, the legal framework lags behind that reality.

The appetite for a regime that could help address these frictions is real, and so is the expectation that it must deliver practical improvements.

### **"Investability" as a prerequisite for uptake**

From the perspective of a venture or growth fund manager, the job is very selective. Thousands of opportunities are screened, but only a handful receive capital. The test is not just whether a business idea is compelling, but whether the company is investable, able to absorb capital, scale responsibly, and navigate future rounds, governance changes, and exits.

A well-designed 28th regime could help more companies cross that threshold. By lowering structural barriers, it could increase both the quantity and quality of deal flow. This is why private capital fund managers and investors are broadly supportive of the initiative. A uniform, optional company form that functions consistently across Member States could offer faster execution during time-critical

growth phases, clearer governance expectations, smoother exit planning, and greater confidence for global investors allocating capital to Europe.

But support comes with conditions. The following are decisive: clarity instead of ambiguity, simplification instead of added layers, consistency instead of renewed fragmentation. If the regime becomes overly complex, or varies too much in its application, it risks joining a long list of EU company law initiatives that look elegant on paper but see limited uptake in practice.

At the same time, the pursuit of a theoretically perfect corporate form risks undermining the very objective of the initiative. Investors and founders do not need perfection; they need something that works in practice. One that tries to anticipate every edge case or reconcile every national preference risks being under-used: perfect is often the enemy of the effective.

In this context, private capital needs a corporate law framework that reflects how investment actually works – fast, risk-based, and flexible:

- Private capital investors take on meaningful risk to help companies scale. In return, they need governance structures that enable oversight, transparency, and adaptability, without suffocating entrepreneurial energy. This is not about controlling founders, but about alignment. Predictable governance arrangements reduce risk, support better valuations, and encourage capital deployment. They allow boards to function effectively, information to flow, and major decisions to be taken with confidence.
- High-growth companies evolve rapidly, and any framework designed to support them must be able to evolve with them. For investors, this means a regime whose eligibility and governance features remain workable across stages: from early growth to scale-up, from minority investments to more complex ownership structures. The regime must, thus, also accommodate planning for any eventual exits. Eligibility matters enormously: it should not encourage companies to remain small, nor deter them from opting in because the rules are too rigid. Instead, it should reflect the realities of the market – where growth is rarely linear and scaleups often remain in transition for many years – supporting continued access to financing.

### **From legal form to capital flow: a pragmatic test for success**

If the 28th regime works as intended, the private capital industry would expect to see tangible outcomes: more companies choosing to incorporate and remain in Europe, smoother cross-border expansion, more consistent governance and transaction practices, and less legal friction slowing investment decisions.

Ultimately, the goal of the 28th regime should be measured by whether it changes behavior, whether it makes founders more willing to scale across borders, and investors more comfortable taking risk, faster, and at greater scale in Europe.

If Europe wants to unlock private capital at scale, it must focus less on designing perfect legal frameworks and more on enabling capital to flow. The test is simple: does it help make Europe the most attractive market for private capital investment? If the 28th regime helps reduce friction, encourage risk-taking, and support companies throughout their full growth journey, it will have done its job, not by being perfect, but by being used.

The 28th regime will not transform Europe's growth landscape on its own. But alongside broader efforts that tackle the barriers to the private capital lifecycle, it will play an important enabling role.