



Modernising Shareholder Rights for Europe’s Innovation Economy

Call for Evidence: Evaluation and review of the Shareholder Rights Directive

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Executive summary

Allied For Startups welcomes the upcoming evaluation of the Shareholder Rights Directive as an opportunity to ensure that Europe’s corporate governance rules better reflect the realities of startups and scale-ups operating across the Single Market. The current framework has improved shareholder engagement in listed companies, but it remains poorly adapted to younger companies with rapidly evolving ownership structures, international investors, and employee shareholders located across multiple jurisdictions. For innovative companies, shareholder rights must not only exist in law; they must also be capable of being exercised efficiently in practice.

This evaluation should also be seen within a wider set of reforms that are reshaping Europe’s corporate environment. The proposed European Business Wallets (COM(2025) 838, 19 November 2025), the Digital Company Law initiative, the European Single Access Point, the EU Listing Act, and the Omnibus I simplification agenda each address a different aspect of the same challenge: reducing the legal and administrative barriers that still make scaling in Europe more difficult than in competing jurisdictions.

Reform of the Shareholder Rights Directive can complement these initiatives by making ownership and shareholder participation function more smoothly across borders, while the future 28th regime on corporate law ('EU Inc.') could provide a more coherent legal basis for those rights, including through a common framework for employee ownership.

Shareholder rights must reflect the reality of growth companies

The Shareholder Rights Directive applies to companies listed on regulated markets and becomes directly relevant at the point of listing. For startups and scale-ups, it is the governance regime they “graduate into”. Their ownership changes more frequently, investors are often cross-border, and employees increasingly hold shares or stock options. In this environment, administrative complexity can quickly become a barrier to growth. The

evaluation should therefore ensure a smooth transition, avoiding a sudden increase in disproportionate governance obligations at this stage.

Many companies still struggle to identify shareholders because ownership remains fragmented through multiple intermediaries. Information can be delayed, voting procedures differ across Member States, and participation can become costly, especially for smaller shareholders. These issues create unnecessary burdens at a moment when management attention should remain focused on growth. The evaluation should therefore focus on making shareholder rights simpler, faster, and more proportionate for companies operating in a digital and cross-border economy.

Simplifying identification and communication

A more effective framework for shareholder identification should be a central element of the evaluation. Companies should be able to determine who their shareholders are without delays caused by long chains of intermediaries. For growth companies managing frequent investment rounds, timely access to ownership information is essential to maintaining accurate governance.

The proposed European Business Wallets could support this objective by allowing legal persons to be identified securely across borders through a common digital identity infrastructure. At the same time, the Digital Company Law initiative can improve the interoperability of national company registers so that ownership information can move more efficiently between authorities and market participants. Together with the European Single Access Point, which improves access to company information across the Union, these initiatives can create a more coherent system for corporate transparency.

The broader direction of European company law is already moving toward a principle that corporate procedures should be capable of being carried out fully online throughout the life of a company, including communications between companies and shareholders. This approach reflects the operational reality of innovative businesses and should inform the review of the directive. Shareholder identification rules should therefore align with these wider digital reforms rather than remain tied to outdated administrative practices.

Communication with shareholders should also become more reliable. Important information, including meeting notices and voting materials, should be transmitted digitally by default rather than through fragmented intermediary systems. A simpler process would particularly benefit employee shareholders and smaller investors, who are often the most affected by delays under the current framework.

Enabling digital participation

The framework for shareholder participation should better reflect how investment operates in Europe. Many companies have cross-border shareholders from an early stage, yet general meeting participation remains unnecessarily complex. The directive should therefore clearly support digital participation and remove legal uncertainty around hybrid and fully online formats.

The review should also take account of Directive (EU) 2024/2810, introduced under the Listing Act. Multiple-vote share structures are essential for founders seeking to retain control after listing. The SRD revision should preserve and complement this framework, recognising dual-class structures as a legitimate feature of growth companies and avoiding the reintroduction of “one share, one vote” constraints.

European company law increasingly recognises the value of online meetings, written resolutions and more flexible decision-making. These tools are particularly important for startups with geographically dispersed shareholders and time-sensitive decisions, reducing reliance on formalistic procedures and lowering coordination costs.

This direction also supports the objective of making European capital markets more attractive. The Shareholder Rights Directive should ensure that shareholder participation keeps pace with these developments.

Shareholders should be able to vote as easily as they invest. In practice, cross-border voting remains hindered by share blocking, divergent record dates, long intermediary chains and custodial fees. Addressing these frictions should be a priority of the evaluation, as simpler procedures and fewer intermediary barriers would improve engagement and strengthen confidence in European capital markets.

Supporting employee ownership

The evaluation also has direct relevance for the wider debate on employee ownership in Europe. As more startups use stock options and employee shares to attract talent, shareholder rights increasingly affect how employees participate in the companies they help build. Employees who become shareholders must be able to receive information and exercise their rights without disproportionate barriers. In practice, shares are often held through trustees or employee vehicles. The evaluation should clarify how such indirect holdings are treated to ensure effective employee participation.

Tax treatment remains the principal obstacle to more competitive employee stock ownership in Europe, but governance rules also determine whether ownership can function effectively in practice. Reform of the directive can therefore support the broader discussion around a future EU-wide stock option framework under the 28th regime ('EU Inc.'). While the Shareholder Rights Directive can improve how shareholder rights are exercised within existing national systems, the 'EU Inc.' could provide a more harmonised European structure for share classes, employee equity, and cross-border governance. Together, these two initiatives could reduce fragmentation by making employee ownership easier to administer and more coherent across the Single Market.

Proportionality and coherence across the regulatory framework

Any revision should remain proportionate for younger fast-growing companies. Rules originally designed for large listed companies can create unnecessary burdens for scale-ups that are still building their internal capacity. This is where the simplification agenda becomes particularly important. Omnibus I reflects growing recognition that Europe must reduce cumulative compliance burdens if it wants innovative companies to remain and grow in the Single Market.

Related-party transaction rules under Article 9c can be particularly burdensome for venture-backed companies once listed. Common arrangements such as follow-on investments or preferred share structures may repeatedly trigger approval requirements. The evaluation should introduce clearer thresholds and carve-outs for ordinary transactions with existing investors.

The evaluation should follow the same principle. Investor protection should remain strong, but requirements should be calibrated so that governance obligations do not become disproportionate for smaller growth companies. Aligning the directive with the wider simplification agenda would help ensure that one reform does not reduce administrative burdens while another unintentionally recreates them.

Conclusion

The evaluation of the Shareholder Rights Directive offers an opportunity to make Europe's corporate governance rules better suited to innovative companies. It should focus on practical improvements in shareholder identification, communication, and participation while remaining aligned with the wider direction of European corporate reform.

The European Business Wallets, Digital Company Law, the European Single Access Point, the Listing Act, and Omnibus I should not be treated as separate policy discussions. They form part of the same effort to build a more integrated operating environment for European companies. Reform of the Shareholder Rights Directive, combined with a future 28th regime on corporate law ('EU Inc.') that supports a workable EU-wide stock option framework, could help create a more competitive environment for founders, investors, and employees. If Europe wants to strengthen its innovation economy, those rights must become easier to exercise across borders and better adapted to the realities of growth.