

14 November 2025

## CECOP's contribution to the revision of EU State Aid rules for rescuing and restructuring enterprises in difficulty

CECOP is the European confederation of industrial and service cooperatives. CECOP represents approximately 43,000 cooperatives across Europe, being mainly worker cooperatives, social cooperatives and cooperatives of autonomous workers. In turn they employ over 1.3 million people. These are democratically owned and managed enterprises that contribute to sustainable and inclusive growth by combining economic performance with social progress. They belong to a larger social economy family.

More than a thousand cooperatives affiliated to our network result of businesses that were going to close down and that have been transferred to, or bought out by the employees, and re-established under the cooperative form.<sup>1</sup>

### Proposal to Enlarge the Definition of “Undertaking in Difficulty” to Include Enterprises Facing a Succession Crisis

The *Guidelines on State Aid for Rescuing and Restructuring Non-Financial Undertakings in Difficulty (2014/C 249/01)* defines an “undertaking in difficulty” through financial or legal indicators such as capital loss, insolvency, or debt ratios. While these criteria effectively identify firms in financial distress, they exclude otherwise viable enterprises that face severe continuity risks due to **succession crises**, a growing issue across the EU. In fact, a significant number of European enterprises, mainly SMEs, are economically sound but face **closure** because of the absence of a successor or generational transition challenges. Under current guidelines, such enterprises are **ineligible** for State aid mechanisms aimed at safeguarding continuity or facilitating ownership transition even where such support would prevent unnecessary business disappearance and job loss. With more than one-third of EU business owners aged over 55, succession challenges will increase sharply over the next decade. Recognising this under the Guidelines would allow targeted aid to prevent the loss of viable SMEs.

Proposed amendment:

We suggest the definition to be enlarged as follows:

**“For the purposes of these guidelines, an undertaking shall also be considered to be in difficulty where, while not meeting the financial criteria above, it faces imminent cessation of business activity due to a succession crisis or ownership transition failure.”**

The enlargement of such definition would:

- **Ensure economic continuity and employment protection**  
The inclusion would prevent the closure of otherwise viable firms, maintaining productive capacity, employment, and regional cohesion.

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<sup>1</sup> More information: CECOP. 2023. Report from CECOP's conference – Workers Buyouts – what is the cooperative key to success?  
[https://www.cecop.coop/uploads/file/CECOP\\_WBO\\_report.pdf](https://www.cecop.coop/uploads/file/CECOP_WBO_report.pdf)

- **Facilitate business transfers to employees**

Broadening the definition would facilitate **business transfers including to employees (worker buyouts)** under the **cooperative model**, by making State aid tools available to support financing and restructuring during ownership transfer. Such support promotes inclusive and sustainable ownership models and ensures business continuity.<sup>2</sup>

This would also align with the European Commission's initiatives such as the *Communication on Building an Economy that Works for People: an Action Plan for the Social Economy* (COM(2021) 778), and the *Council Recommendation on Developing Social Economy Framework Conditions* (2023), both calling for enabling framework, including specific financial and non-financial support, for business transfers to employees to form worker cooperatives in order to ensure continuation of small and family businesses, avoid job losses and preserve viable economic activity.

We would also like to address another issue raised by our French member regarding the **assimilation of « titres participatifs » into equity capital** in the financial analysis of public banks.

In France « titres participatifs » are hybrid financial instruments between stocks and bonds, mainly issued by enterprises, particularly in the public sector or by cooperatives, and are negotiable. Their repayment is subordinated, meaning that they are only repayable after all other creditors have been paid in full, and only in the event of liquidation or at the initiative of the company after a minimum period of seven years following their issue<sup>3</sup>. This subordination makes them less senior than traditional debt, but more secure than certain modern subordinated bonds. Their presence in the enterprise's financial structure can improve the perception of its solvency, as they strengthen its balance sheet by providing stable resources (repayment by the enterprise) without diluting control (no voting rights), which can facilitate access to other financing. These *titres participatifs* can thus help stabilize an enterprise's financial situation or facilitate its recovery or restructuring.

The EU General Block Exemption Regulation (GBER) does not explicitly mention *titres participatifs* which are mainly used by French social economy enterprises, including cooperatives, but their intrinsic characteristics lead us to consider that they fall within the definition of “quasi-equity investment” (Article 2, point 66 of the GBER). Conversely, treating them as debt and excluding them from the capital components to be taken into account when assessing whether a company is “in difficulty” (within the meaning of the GBER) would result in enterprises that capitalize these *titres participatifs* in their equity appearing to be “in difficulty.”

In this context, **we are calling on the classification and accounting treatment of *Titres participatifs* in the equity of enterprises, particularly for social economy enterprises**

<sup>2</sup> fi compass. ESF+ Study on Workers' Buyouts, 2025. Available at: <https://www.fi-compass.eu/esfplus/workers-buyout>

<sup>3</sup> Article L228-36 of the French Commercial Code