Foreign Direct Investment Briefing: Special Edition

Revised EU FDI Regulation Adopted: Key Changes and What it Means for Greece

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On 26 June 2026, new Regulation (EU) 2026/1386 on the screening of foreign investments into the Union was published (the **New EU FDI Regulation**). The New EU FDI Regulation will apply from 17 January 2028, and the current FDI Regulation 2019/452 will be repealed with effect from the same date.

Below we analyze the main changes brought about by the new EU framework.

A. From a Voluntary to a Mandatory Regime

Under the New EU FDI Regulation, screening ceases to be a matter of discretion. Whereas the 2019 Regulation merely invited Member States to maintain a mechanism in place, the New EU FDI Regulation requires each of them to have in place a review process, in line with common minimum standards. In practical terms the immediate effect is modest, as all 27 Member States have by now enacted screening legislation. The significance lies in lifting divergent national regimes onto a common floor.

B. A Broader Scope: Foreign Investments and Intra-EU Structures

The New EU FDI Regulation has a broader reach, capturing intra-EU investments, where the immediate investor is EU-based but is ultimately owned or controlled by a non-EU person or entity.

It therefore closes a loophole, where a non-EU investor could use an EU-based subsidiary to bypass screening.

The control test and the concept of beneficial ownership are likewise recast. Much like under competition rules, control is triggered where the foreign investor acquires effective participation in the management of the EU target. This covers not only the acquisition of decisive influence, but also the capacity to materially impact the target's commercial policy or conduct through shareholding, voting rights, board representation or contractual leverage resulting from supplier relationships. The definition of beneficial owner extends to the natural persons who ultimately benefit from the investment, or on whose behalf the investment is made or control over the investment is exercised, with trust beneficiaries included. Where no individual beneficial owner is identified, there is a fallback to the ultimate identifiable entity upstream in the ownership structure.

C. Mandatory Prior Authorization and a Common Minimum Scope

To ensure a consistent approach to foreign investment screening across the EU, the New EU FDI Regulation establishes a common minimum scope for which screening and ex-ante authorization becomes mandatory across all Member States. This includes investments in:

1. **dual-use items and items on the EU common military list;**
2. **advanced technologies**, including semiconductors and quantum and AI technologies;
3. **transport, energy or digital infrastructure**, where the target is considered critical by the Member State concerned;
4. **strategic raw materials**, including exploration, extraction, processing, recycling, recovery and stockpiling;
5. **specific categories of financial service providers**, including central counterparties (CCPs), central securities depositories (CSDs), regulated-market operators, payment-systems operators, excluding central banks, other systemically important institutions and global providers of specialized financial-messaging services; and
6. **electoral systems**, namely voter databases, voting systems and result-management systems.

Member States are free to extend screening to sectors beyond this common minimum. Greenfield investments are within scope, but they are not subject to mandatory prior authorization, and it is up to the Member States whether to actively screen and require prior approval for this type of investment.

D. Procedure, Timeline, Cooperation Mechanism and Call-In Powers

A two-phase synchronized procedure is introduced. Every national screening mechanism must

provide a two-phase review process:

1. **Phase I (preliminary review):** the competent national authority must decide within 45 calendar days from filing whether an in-depth investigation is required;
2. **Phase II (in-depth investigation):** the competent national authority must carry out an in-depth investigation to decide if the foreign investment is likely to negatively impact security or public order.

A harmonized process for multi-country transactions is envisaged. For transactions coming under screening in at least two Member States, timelines should be aligned, including making the filings on the same day, with cross-references between them, and the national authorities coordinating on the timing of adoption of their screening decision.

A more targeted cooperation mechanism is enacted. The New EU FDI Regulation introduces a risk-based assessment for the cross-border notification of investments, to ensure that only investments that genuinely warrant cross-border scrutiny are notified to the Commission and the other Member States. This is so where:

1. the investor is controlled by a third-country government or is subject to EU restrictive measures or was previously involved in a prohibited investment or failed to comply with mitigating measures;
2. the authority opens an in-depth investigation, where the target is active in a program of Union interest or is part of a group with subsidiaries in at least one other Member State, or intends to impose mitigating measures, prohibit or unwind the transaction without an in-depth investigation; or
3. the investment may negatively affect security or public order in at least one other Member State and the target has significant operations in other Member States or is part of a group with subsidiaries in different Member States that are active in sectors coming under mandatory screening.

Ex post call-in powers are specified. Authorities may review an investment on their own initiative after completion, where grounds exist to consider that it may affect security or public order. This power is subject to the following deadlines:

1. 15 months and up to 5 years from completion, for investments not subject to prior authorization; and
2. at least 24 months after completion, for investments subject to prior authorization that were not filed or were filed only after completion.

E. Exclusions

The following investments are excluded from the scope of the new EU FDI Regulation:

1. portfolio investments, where the acquisition of company securities is intended purely for financial investment without any intention to influence the management or control of the company;
2. resolution transactions involving banks, CCPs or insurers/reinsurers, given the speed such measures demand; and
3. pure internal restructurings, unless they introduce a new third-country entity into the upstream ownership chain.

F. Interplay with the Greek FDI regime

The Greek FDI regime, enacted through Law 5202/2025 (the **Greek FDI Law**), is, in many respects, aligned with the requirements of the New EU FDI Regulation.

It already captures intra-EU investments (possibly the most essential amendment brought about by the New EU FDI Regulation) and greenfield projects, while a two-step review procedure, aligned with the deadlines of the New EU FDI Regulation, is also in place.

As part of incorporation of the New EU FDI Regulation, Greece will need to broaden the list of covered sectors so as to include all minimum-scope sectors prescribed by the new EU framework, notably semiconductor and quantum technologies, strategic raw materials, specified financial market infrastructure and systemically important entities, as well as electoral systems.

It will further need to incorporate the Regulation's expanded concept of beneficial ownership, which adopts a more comprehensive approach to identifying the natural or legal persons that ultimately control the foreign investor, and to recalibrate its call-in deadlines so that they comply with the New EU FDI Regulation's review periods. A strict standstill will be introduced for investments subject to screening, which will create legal certainty where the Greek law is currently ambiguous.

The expected amendments will ensure not only formal compliance with the new EU framework but also the effective integration of the Greek screening mechanism into the increasingly harmonized European system for safeguarding security and public order.

G. The Industrial Accelerator Proposal: Expanding the EU FDI Screening Framework

On 4 March 2026, the European Commission published its proposal for a Regulation on establishing a framework of measures for accelerating industrial capacity and decarbonization in strategic sectors (the **Industrial Accelerator Proposal**), a flagship initiative aimed at strengthening the EU's competitiveness and industrial resilience in response to increasing global economic and geopolitical pressures. The Industrial Accelerator Proposal focuses on key strategic sectors,

including energy-intensive industries, net-zero technologies and the automotive sector, and aims to accelerate decarbonization and supply-chain resilience through three pillars: faster permitting (under 18 months), lead markets for 'Made in EU' clean products, and conditions for large foreign investments.

In the field of foreign investments in particular, the Industrial Accelerator Proposal aims to introduce a new framework for certain foreign direct investments in strategic manufacturing sectors. Under the proposal, prior approval from the relevant Member State investment authority (or, in certain circumstances, the European Commission) would be required where an investment:

1. exceeds €100m;
2. concerns one of the designated strategic manufacturing sectors, namely battery technologies, electric vehicles, solar technologies or critical raw materials;
3. is made by an investor originating from a third country that accounts for more than 40% of global manufacturing capacity in the relevant sector; and
4. results in the investor (alone or together with other foreign investors) acquiring 30% or more of the share capital, voting rights or ownership interests in an EU target or asset.

Approval will be granted if specific conditions are fulfilled, including an envisaged 49% cap on the foreign investor's participation in the share capital, voting rights or equivalent ownership interests in the EU target or asset.

Although this is still in the form of a legislative proposal that may be subject to change and there is no formal adoption timeline, it clearly reflects the Commission's intention to strengthen control over non-EU investments in key strategic sectors.

F. Key Takeaways

The New EU FDI Regulation aims to cover major gaps under the current regime and streamline screening processes throughout the EU Member States.

For foreign investors, this means they must engage in FDI assessment early on in the process, navigate multi-jurisdictional filings and factor appropriate conditions precedent into the transaction documents.

For the Greek market, the reform represents an upgrade of an already well-aligned regime rather than its reconstruction - a position that should serve investors and targets well through the transition.

At the same time, the Industrial Accelerator Proposal signals a broader shift in EU policy towards a more strategic approach to foreign investment in key industrial sectors. Although still subject to

negotiation, the proposal suggests that FDI screening is increasingly being used not only to address security and public order concerns, but also to support the EU's industrial, technological and economic resilience objectives.

Together, these developments underscore the significant expansion of the role of FDI screening within the EU's regulatory framework, positioning foreign investment control as an increasingly important instrument of economic security, competitiveness and industrial resilience.



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