Foreign Direct Investment Briefing: Special Edition

Law 5202/2025 on the Implementation of a National Foreign Direct Investment Screening Mechanism

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A. Introduction

1. Greece has enacted its national foreign direct investment (**FDI**) screening mechanism through Law 5202/2025 on the 'Adoption of measures for the implementation of Regulation (EU) 2019/452 (the FDI Regulation) establishing a framework for screening FDIs in the European Union for reasons of security or public order' (the **FDI Law**). This reflects the country's strategic intention to safeguard national security and public order from risks associated with foreign investments.
2. The FDI Law establishes a screening mechanism for FDIs in the EU in sectors deemed as sensitive or highly sensitive such as energy, transport, digital infrastructure, defence, cybersecurity, artificial intelligence, port and sub-sea and tourism infrastructure in border regions.
3. In order to secure approval for their investments in these critical sectors, investors should be prepared to undergo an FDI screening.

B. Scope

1. The requirement for FDIs to undergo screening depends on the nature and sector of the investment.
   a. the infrastructure, real estate, energy, transport and digital infrastructure sectors are categorized as sensitive (the **Sensitive Sectors**);
   b. the national security, cyber security, artificial intelligence, port infrastructure, crucial undersea infrastructure and tourist infrastructure sectors in border regions are deemed

highly sensitive sectors (the **Highly Sensitive Sectors**).

2. Certain participation thresholds must be met in order for the FDI to be subject to screening:
   a. 25% and subsequent increase (20%, 25%, 30%, 40%, 50% and 70%) in Sensitive Sectors; and
   b. 10% and subsequent increase (20%, 25%, 30%, 40%, 50% and 70%) in Highly Sensitive Sectors.
3. The following is taken into account when calculating the participation thresholds[1]:
   a. shares and share parts owned by:
      i. the investor's group companies;
      ii. the investor's family members;
      iii. entities or institutions controlled by the investor's family members; and
   b. shareholder arrangements related to the:
      i. exercise of voting rights;
      ii. award of a public works or service contract; and
      iii. conclusion of other contracts, such as purchase, lease, rental, leasing, sale and repurchase or cooperation.
4. The following types of investment are excluded from the scope of the FDI Law:
   a. portfolio investments;
   b. intra-group restructuring or mergers of multiple legal entities into a single legal entity, without altering or bestowing any additional rights; and
   c. pending tender procedures for which a binding offer has already been submitted and contracts for assets' exploitation not yet been completed by the time the FDI Law enters into force.

C. Screening Mechanism and Deadlines

1. The Interministerial Foreign Direct Investment Control Committee (the **Committee**) and the Minister of Foreign Affairs are designated as the competent bodies within the screening mechanism, and the B1 Directorate of the Minister of Foreign Affairs (the **B1 Directorate**) serves as the Committee's coordinator[2].
2. Prior to the completion of an FDI, investors must submit an application with all required documentation (the **Dossier**) to the B1 Directorate[3].
3. The B1 Directorate must examine the Dossier and determine whether the investment falls within the FDI Law's scope within 5 days. Where investments do fall within scope, the Dossier must be forwarded to the Committee within 10 days[4].

[1] Article 6(2) of the FDI Law
[2] Article 5 of the FDI Law
[3] Article 7(1) of the FDI Law
[4] Article 7 (2) & (3) of the FDI Law

4. The Committee has up to 30 days to:
   a. approve the investment; or
   b. initiate a more detailed screening process (**In-Depth Review**), in which case the B1 Directorate may notify the European Commission and other EU Member States and/or request additional information and documents and invite the investor to a hearing.
5. The Committee must submit a recommendation to the Minister of Foreign Affairs to allow, prohibit or subject the FDI to conditions or mitigating measures within 30 days of initiation of the In-Depth Review, with the possibility of a 30-day extension.
6. The Minister of Foreign Affairs has an indicative deadline of 30 days to approve or reject the Committee's recommendation. If a decision is not made within a 60-day period, the FDI is deemed to be allowed.
7. The above deadlines are reduced by half if the target business is or is about to become insolvent.
8. The procedure for the screening mechanism will be further clarified by virtue of a joint ministerial decision of the Minister of Foreign Affairs and Minister of Development and Investments[5].

D. Sanctions

1. In cases where investors do not apply for FDIs to be screened, the Committee initiates an ex-officio screening and may impose mitigation measures[6].
   Failure to submit all the documents and supporting evidence or submitting false information results in:
   a. the investment being prohibited[7]; and
   b. an administrative fine of between €5k and €100k is imposed on the investor[8].
2. An administrative fine equal to twice the investment's value is imposed in cases where:
   a. the investment is made despite the prohibition; or
   b. the investment is approved based on false information; or
   c. the investor does not comply with specific conditions or mitigation measures imposed on the FDI[9].
3. Investors are entitled to a hearing before the imposition of Administrative fines.

E. Secondary Legislation

1. Joint ministerial decisions will be issued in the next few weeks which will specify the application process before the B1 Directorate and the required documentation to be submitted and outline

[5] Article 16 of the FDI Law
[6] Article 9 of the FDI Law
[7] Article 14 of the FDI Law
[8] Article 15(1) of the FDI Law
[9] Article 15(2) of the FDI Law

the procedures for imposing and collecting administrative fines.

2. These ministerial decisions may also clarify the sectors that fall within the ambit of the FDI Law.

F. Conclusion

1. The FDI Law marks a key milestone for the implementation of FDIs in Greece and is expected to create an efficient screening mechanism to ensure security and public order.
2. Interpretation of various provisions of the FDI Law, especially as to whether an investment falls within the scope of the screening mechanism, is highly likely to arise.
3. Investors should consider the restrictions imposed by the FDI Law when their potential investment involves infrastructure, strategic assets, or sectors classified as Sensitive or Highly Sensitive.



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