



FOREIGN DIRECT INVESTMENT

EU Regulatory & Compliance

Greece's new Foreign Direct Investments Screening Regime

May 26, 2025

Greece’s new Foreign Direct Investments Screening Regime

BY ANASTASIA DRITSA, VICTORIA MERTIKOPOULOU, KONSTANTINOS SIDIROPOULOS, IFIGENEIA ARGYRI, ANNA-MARIA KAMARA, IOANNA PALYVOU, MARIA PAZIOTOPOULOU

Introduction

With primary objective the protection of national security and public order, and in alignment with Regulation (EU) 2019/452 of the European Parliament and the Council of 19 March 2019 (“**FDI Regulation**”), the Greek Parliament passed Law 5202/2025 on the “*Adoption of measures implementing Regulation (EU) 2019/452 establishing a framework for the screening of foreign direct investments into the Union on grounds of security or public order*” (GG’ 84/A/23.05.2025) (the “**Law**”), establishing, as of 26 May 2025, **Greece’s first Foreign Direct Investment (“FDI”) screening regime.**

FDI Transactions Subject to National Screening

Two broad categories of FDIs fall, inter alia, within the scope of the Law:

- **Greenfield investments**, involving the creation of new operations or facilities in Greece by a foreign investor, such as establishing a new company or production site; and
- **Mergers and acquisitions (“M&As”)**, involving the acquisition of ownership or control over existing Greek entities or assets engaged in economic activity.

Exemptions from National Screening

Aiming at ensuring that the screening process remains targeted and proportionate, the Law expressly excludes from its scope the following

categories of transactions, unlikely to raise concerns from a security or public order perspective:

- **Portfolio investments** that do not confer control or influence over the target undertaking;
- **Intra-group restructurings or mergers of several legal entities into a single legal entity**, not altering or bestowing any additional rights; and
- **Pending public procurement procedures** for which a binding offer has been received, and **contracts for the exploitation of assets** that have not been completed by the entry into force of this Law.

The concept of the “Foreign Investor”

The concept of the “Foreign Investor” includes individuals or entities based in third countries outside the EU (direct FDIs), as well as investments by EU-based individuals or entities that are *ultimately* controlled—whether directly or indirectly—by non-EU individuals, entities, or governments (indirect FDIs).

Screening Criteria: Critical Sectors & Shareholding Thresholds

The Law sets **cumulative criteria** to screen FDIs which potentially threaten security or public order based on: (a) the target undertaking’s sector of activity (*critical sectors*), and (b) the Foreign Investor’s shareholding percentage in the

target undertaking, with varying participation thresholds, depending on the sensitivity of the critical sector involved.

More specifically, the national screening mechanism applies to:

- A. FDIs by Foreign Investors with a minimum of twenty-five percent (25%) participation interest in the target undertaking which is economically active -or intends to be active- in infrastructure, assets, goods or services in the **sensitive sectors** of: energy, transport, healthcare, information and communication technology (ICT), or digital infrastructure.
- B. FDIs by Foreign Investors with a minimum of ten percent (10%) participation interest in the target undertaking which is economically active -or intends to be active- in **highly sensitive sectors** covering: infrastructure, assets, technologies, goods or services, including research and development (R&D) services, in the sectors of:
 - defense and national security (including references to the Annex I of Regulation (EU) 2021/821 on dual-use items export control, and the Council Common Position 2008/944/CFSP on governing export control of military technology and equipment); cybersecurity; and artificial intelligence.
 - port infrastructure;
 - critical underwater infrastructure; and
 - tourism infrastructure in borderland areas.

To be noted that the national screening mechanism is also triggered whenever there is an increase in the Foreign Investor’s participation interest in the target undertaking.

It is important to note that the calculation of a participation interest, is broadly defined in the Law. Specifically, it encompasses not only shares

held directly by the Foreign Investor but also those held by undertakings *within* the investor’s group, family members, or family-controlled organizations or institutions. Furthermore, it extends to shareholders’ agreements, including those affecting voting rights or involving key transactions such as purchase, lease, buy-back, and procurement agreements.

Competent Authorities

The Law designates three key authorities responsible for the implementation and coordination of the FDI screening mechanism:

- **The Interministerial Committee for the Control of Foreign Direct Investments (“D.E.E.A.X.E.”)**, responsible for the substantive assessment of notified investments.
- **The Minister of Foreign Affairs**, holding the ultimate decision-making power in the screening process following the recommendation of D.E.E.A.X.E. as well as the power to impose sanctions.
- **The B1 Directorate of the Ministry of Foreign Affairs (“B1 Directorate”)**, acting as the Secretariat of D.E.E.A.X.E., coordinating the overall screening procedure.

The screening procedure

Foreign direct investments falling within the scope of the Law are subject to screening **prior** to their completion. The overall procedure unfolds as follows:

Submission and Formal Check: The investor submits an application, accompanied by the required documentation, to the B1 Directorate which verifies the completeness of the application and promptly forwards the file to D.E.E.A.X.E. for substantive assessment.

Review: D.E.E.A.X.E. conducts its assessment and, within thirty (30) days, either approves the

investment or initiates a more detailed screening process (in-depth review).

In-depth review: If further scrutiny is required, the B1 Directorate may request additional information and documentation from the investor, and potentially third parties and consult with other competent authorities. During this phase, D.E.E.A.X.E. assesses potential risks to national security or public order, including any implications for strategic sectors or projects of Union interest. This assessment may involve consultations with the European Commission and other EU Member States.

Within thirty (30) days from the commencement of the in-depth review, D.E.E.A.X.E. submits a justified proposal to the Minister of Foreign Affairs, recommending approval, conditional approval, or prohibition of the investment. This deadline may be extended.

The Minister of Foreign Affairs issues a final decision within thirty (30) days of receiving the said proposal. If no decision is adopted within sixty days of the D.E.E.A.X.E. justified proposal, the investment is deemed approved by default.

Monitoring and Enforcement: Following the decision, the B1 Directorate monitors compliance with any imposed mitigation, prohibition, or reversal measures. To this end, it may request access to relevant information or documentation, including records containing personal data held by public authorities, apart from legally privileged information.

It is noted that D.E.E.A.X.E. retains the power to initiate the screening process *ex officio* in cases where the investor fails to submit a required notification.

Sanctions

The Law provides for the following sanctions in case of non-compliance:

Procedural Infringements

Failure to submit a screening application, or late submission after the investment has been completed, may result in the reversal or imposition of mitigation measures on the investment. Similarly, submitting incomplete documentation or providing false information may lead to prohibition of investment. The said sanctions may be also accompanied by a fine ranging from €5,000 (five thousand euros) to €100,000 (hundred thousand euros).

Substantive Infringements

Proceeding with an investment despite an explicit prohibition, obtaining approval through false information, or failing to comply with imposed mitigation or reversal measures may result in a fine of up to twice the value of the investment.

Greece's FDI Rules in EU Perspective: Greece's Foreign Investment Screening Compared to Other EU Member States

Greece's FDI screening regime reflects a moderate level of strictness compared to other EU Member States.

With respect to shareholding thresholds, it aligns with the more rigorous frameworks of countries such as Austria, Belgium, France, and the Czech Republic. Also, consistent with the majority of Member States, Greece does not impose a minimum financial threshold for triggering a review and allows for *ex officio* investigations, indicating a comparatively comprehensive approach to screening.

However, the regime is less stringent in other respects, notably by excluding portfolio investments and intra-group restructurings — types of transactions that are subject to review in other EU jurisdictions. It also remains narrow in terms of its sectoral scope. In contrast, countries like Belgium, Germany, and Italy extend screening to additional strategic areas such as media, food security, and private security services,. Latvia and

Lithuania go further, including sectors like agricultural land and gambling in their frameworks, while Austria and Germany also cover sensitive personal data, biotechnologies, financial infrastructure, and pharmaceutical R&D.

Progress, Gaps and Alignment with EU Reform

While the recently adopted Greek Law introduces a comprehensive national screening framework for FDIs, it still leaves room for further clarifications to strengthen legal certainty and support effective implementation.

During the public consultation, stakeholders highlighted several points and practical considerations in need of further elaboration. These included the need to clarify key concepts—such as the distinction between direct and indirect investments, the notion of “control” in line with EU competition law, and the definition of “restructuring”—, the introduction of clear rules for asset deals, clarification on the treatment of capital increases, more efficient appeal procedures, and transitional provisions for ongoing investments. Hence, the framework may likely be further developed in the future to cover such considerations.

The Law is also expected to be impacted by forthcoming EU reforms to the FDI Regulation, initially proposed by the European Commission in January 2024 and further amended by the European Parliament in May 2025, which introduce mandatory national screenings, expanded scope, sector harmonization, and enhanced cooperation and transparency.

It is noted that **the Greek framework already reflects several elements of the forthcoming EU reform**. In particular, it includes investments by EU-based investors ultimately controlled by third-country entities, covers greenfield investments and excludes portfolio investments, intra-group restructurings and mergers not involving a change of control. It also incorporates several procedural standards proposed at EU level, such

as the designation of competent authorities, a two-phase screening process, the possibility of imposing mitigation measures, and the requirement for an annual public report. However, it falls short in several areas, including the absence of explicit guarantees for the right to be heard and judicial recourse, as well as clear provisions on transparency and confidentiality. Additionally, several critical sectors highlighted in the European Commission’s annexes —such as quantum technologies, advanced materials and recycling, and financial infrastructure— remain for the time being outside the scope of the screening framework. Also, of the five additional sectors proposed by the European Parliament — media, electoral infrastructure, critical raw materials, farming land, and transport— the Law only screens the transport sector and port infrastructure, leaving the rest unaddressed.

Concluding Remarks

The adoption of the new Law marks a significant milestone in aligning national legislation with the evolving EU framework on FDI screening. The new regime is expected to add a further layer of complexity to M&A transactions with a Greek element and deal timelines should now build in additional clearance periods to merger control.

Given the ongoing developments at the EU level and the practical challenges observed during the initial implementation phase, we anticipate further legislative updates to Greece’s FDI screening regime in the near future.

In this continuously evolving regulatory landscape, investors are encouraged to stay closely informed of developments and to carefully assess their investment structures and compliance procedures. Timely adaptation to new requirements will be key to mitigating legal risks, ensuring regulatory certainty, and facilitating the smooth execution of investments in Greece.

Contact Us



Anastasia Dritsa

PARTNER

a.dritsa@kglawfirm.gr



Victoria Mertikopoulou

PARTNER

v.mertikopoulou@kglawfirm.gr



Follow Us

ATHENS OFFICE

28, Dimitriou Soutsou Str.,
115 21 Athens

T +30 210 817 1500

E kg.law@kglawfirm.gr

THESSALONIKI OFFICE

31, Politechniou Str.,
551 34 Thessaloniki

T +30 2310 441 552

E kg.law@kglawfirm.gr

www.kglawfirm.gr

Disclaimer: This newsletter contains general information only and is not intended to provide specific legal, or other professional advice or services, nor is it suitable for such professional advice, and should not be used as a basis for any decision or action that may affect you or your business. Before making any decision or taking any action that may affect you or your business, you should consult a qualified professional advisor. We remain at your disposal should you require any further information or clarification in this regard.

©Kyriakides Georgopoulos, 2025