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## Introduction

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01/11

On the 22<sup>nd</sup> of May 2025, the Greek Parliament enacted Law 5202/2025 (the Law), establishing a national foreign direct investments (FDIs) screening regime, aligning Greece’s approach with Regulation (EU) 2019/452. Although Greece has historically welcomed foreign investments without prior screening, the new Law permits FDIs to be scrutinized on grounds of security and public order. The Law was published in the Government Gazette on the 23rd of May 2025 (Government Gazette 84/A /23.05.2025) and came into force on the same day.



Government Gazette 84/A /23.05.2025)

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## Scope and Objective of the Law

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02/11

The new Law introduces a structured screening framework for FDIs in Greece. It applies to transactions meeting specific criteria and aims to safeguard national security and public order by addressing potential risks linked to foreign participation in strategic sectors.

The regime aims to ensure that the impact of projects in key sectors of the economy are assessed transparently and in line with EU standards. Businesses and investors planning acquisitions or expansions in Greece should assess early whether their activities fall within the scope of this new framework to ensure compliance and avoid potential delays.




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## Investments Caught by the Screening Regime

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The Law applies to foreign investments in entities incorporated, or about to be incorporated, under Greek law, as well as those “otherwise subject to it”, when the target entity is active in designated Sensitive or the Highly Sensitive sectors.

The regime applies to investments by non-EU investors but it may also capture transactions initiated by EU investors in the following circumstances:

- a) The EU investor is controlled by a natural person or undertaking of a third country, or
- b) The EU investor is controlled, directly or indirectly, by the government of a third country, including the governmental bodies and armed forces, through *inter alia*, the ownership structure or the provision of substantial funding, and the target entity is active in one of the Sensitive or Highly Sensitive sectors.
- c) A natural person, undertaking or government, of a third country including the governmental bodies and armed forces, through *inter alia*, the ownership structure or the provision of substantial funding, holds a participating interest in the EU Investor amounting to a percentage of at least 10%, and the target entity is active in one of the Highly Sensitive sectors.



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## Sensitive Sectors and the Corresponding Thresholds of Participation

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04/11

FDIs involving an intended acquisition of a participating interest of at least **25%** of a target entity and relating to infrastructure, assets, goods, or services that are essential to the following **Sensitive Sectors** fall within the scope of the regime:

- Energy (e.g. energy storage, energy supply, grid operation/administration)
- Transport (e.g. airport infrastructure, rail vehicles)
- Healthcare (e.g. pharmaceutical products, hospitals, health clinics)
- Information and telecommunication technology
- Digital infrastructure (e.g. digital infrastructure hardware, fiber optics networks, data centers).

Any subsequent increase in the participating interest to **30%, 40%, 50%, or 75%** also requires a new filing and approval.

With regards to the **Highly Sensitive Sectors**, FDIs involving an intended acquisition of a participating interest of at least **10%** of a target entity are subject to screening if they relate to any of the following:

- Infrastructure, assets, technologies, goods, or services —including research and development activities— in the following high-sensitivity sectors:
  - Defense and national security, including:
    - items listed in Annex I of Regulation (EU) 2021/821 for the control of exports, brokering, technical assistance, transit and transfer of dual-use items
    - equipment covered by Council Common Position 2008/944/CFSP of 8 December 2008 defining common rules governing control of exports of military technology and equipment.
  - Cybersecurity
  - Artificial intelligence
- Port infrastructure
- Critical underwater infrastructure
- Tourism infrastructure located in borderland regions.

Likewise, any subsequent increase in the participating interest to **20%, 25%, 30%, 40%, 50%, and 75%** also requires a new filing and approval.



The Legislative Report published alongside the Law includes a non-exhaustive list of examples of infrastructure, assets, goods or services that are deemed essential to the designated Sensitive Sectors as well as examples of infrastructure, technologies and assets which fall within the scope of the designated Highly Sensitive Sectors.

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## Threshold Calculation

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05/11

The Law provides that the calculation of the percentage of the participation interest must take into account not only shares directly held by the foreign investor, but also those held through affiliated entities, family members, or entities under family control. Furthermore, it is also mandatory to consider contractual agreements outside the corporate structure of the target entity. In particular, agreements concerning the following should be considered for the purpose of calculating the foreign investor's participation:

- the exercise of voting rights,
- the award of public works or services, or
- other arrangements, such as purchase, buy-back, supply, lease, financial leasing and cooperation arrangements.




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## Exemptions

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06/11

The following transactions fall outside of the scope of application of the screening regime:

- acquisitions of corporate securities carried out by natural persons solely for financial investment purposes, without an intention or capability to influence the management and control of the undertaking (i.e., portfolio investments),
- intragroup restructurings or mergers, provided that such transactions do not result in an increase in the foreign investor's shareholding, control, or influence, nor confer additional rights that would alter the actual level of participation in the management or control of the target entity, and
- pending public tender procedures for which a binding offer has been received, as well as public contracts for the development of assets, which have not yet been completed by the date on which the Law entered into force.



## Clearance Procedure

07/11

The Law provides a detailed outline of the procedure followed for the assessment of the transactions that fall under its scope. The assessment of the FDI is undertaken by the Interministerial Committee for the Control of Foreign Direct Investment (ICC-FDI), while the initial administrative procedure is handled by the Ministry of Foreign Affairs. Screening takes place in accordance with the following procedure:

1. **Notification:** The foreign investor must submit an application for the assessment of the transaction to Directorate B1 of the Ministry of Foreign Affairs prior to the completion of the investment. The completion of the investment is defined as the date on which the final condition precedent, relating to an investment decision by the parties, has been fulfilled. Within 5 days, Directorate B1 will inform the foreign investor on whether the transaction falls within the scope of the Law.
2. **Transfer of the file:** Within 10 days from the receipt of a notification or, in case the notification is incomplete, the receipt of the complete information relating to the investment, if the transaction is within the scope of the Law, Directorate B1 will transfer the file to the ICC-FDI to initiate the assessment of the investment.
3. **Phase I (Unanimous exemption):** Within 30 calendar days, the ICC-FDI may issue a unanimous decision to exempt the investment from screening or decide on the initiation of an in-depth review.
4. **Phase II (In-depth review):** Where an in-depth review is triggered, the ICC-FDI invokes the EU Cooperation Mechanism, notifying the European Commission and other Member States for input. Further, additional information may be requested from the investor, expert witnesses may be called to submit their opinions on the transaction and the investor may be called to a hearing. Within 30 days from the initiation of the in depth investigation, which may be extended to 60 days by decision of the ICC-FDI, the ICC-FDI must submit its recommendation to the Minister of Foreign Affairs who will make the final decision on the transaction. The above deadlines may be suspended until the day other Member States or the European Union submit observations on the transaction; in case expert witnesses are consulted for a period of 30 days; or in case the investor delays to reply to requests for information. If the target entity is or is about to be in a state of insolvency, the above deadlines may be shortened to half.
5. **Final decision:** Within 30 days following the submission of the recommendation of the ICC-FDI, the Minister of Foreign Affairs will issue a decision clearing the transaction, with or without terms and mitigating measures, prohibiting the FDI, or ordering the reversal of the transaction. If the Minister of Foreign Affairs does not issue a decision within 60 days from the submission of the recommendation of the ICC-FDI, the transaction is considered approved.

**Duration of Phase I (unanimous exemption):** 30 days from the transfer of the file to the ICC-FDI.

**Maximum duration of Phase II (In-depth review):** 150 days from the transfer of the file to the ICC-FDI, not including potential suspension periods.



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## Non-Compliance and Administrative Status

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08/11

In the event that a foreign investor does not submit a notification, although required, the ICC-FDI may initiate an ex officio investigation of the investment.

Further, non-compliance with the obligations under the Law entails significant risks for the foreign investor as well as the transaction as a whole as it may lead to:

- Imposition of administrative sanctions, including financial penalties of up to EUR 100,000, while in specific cases of non-compliance the penalty may amount to double the value of the investment (e.g. implementation of investment despite a prohibition decision, submission of false information).
- Unwinding of the investment as the prohibition, reversal or imposition of specific conditions or mitigation measures for the implementation of a direct foreign investment, by decision of the Minister of Foreign Affairs, may entail the automatic nullity of the relevant transaction or the parts of it relating to the terms and measures imposed.



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## Secondary Legislation

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09/11

Secondary legislation is expected to be issued in order to:

- Fully clarify the process, the application and the required supporting documents for the screening application to be submitted by the foreign investor to the Ministry of Foreign Affairs, and
- Designate of the responsible body and set out the methodology for the calculation and the process for the collection of fines in the event of non-compliance of foreign investors with the screening mechanism.

Further, more secondary legislation is speculated to be issued in the future in order to further clarify the substantive aspects relating to the assessment of FDIs thus providing investors with the legal certainty necessary to conclude transactions without facing the risks outlined above.

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## Conclusion

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10/11

Greece's new FDI screening legislation marks a turning point in the regulatory treatment of foreign investments with a domestic footprint.

Investors considering transactions involving Greek businesses, particularly those operating in sectors designated as Sensitive or Highly Sensitive, should now treat FDI assessment as an integral part of initial risk and compliance planning.

A thorough examination of ownership and control structures will be essential, especially where non-EU participation or financial backing is present, as these factors may trigger a mandatory filing under the new regime.

To navigate this landscape effectively, businesses are encouraged to adopt early-stage compliance strategies, monitor regulatory changes closely, and engage legal advisors early in the deal process. Doing so will help ensure smoother execution, regulatory clarity, and alignment with both national requirements and broader EU cooperation protocols.

