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Strengthening Security Through Investment Scrutiny Greece's Implementation of Regulation (EU) 2019/452

As geopolitical shifts reshape global capital flows, Greece is taking decisive regulatory steps to safeguard its national interests. In implementing Regulation (EU) 2019/452, the country is preparing to adopt a comprehensive screening framework for foreign direct investments (FDIs) that may pose a risk to security or public order. This effort is encapsulated in the new Greek Law 5202/2025, which introduces precise criteria, thresholds, and procedures for evaluating sensitive transactions.



A. Regulatory Purpose and Strategic Context

Adopted in March 2019, Regulation (EU) 2019/452 introduced a framework for the screening of foreign direct investments (FDI) in the European Union on the grounds of security and public order. It does not mandate screening but encourages Member States to establish mechanisms and provides a cooperation platform for sharing information and issuing opinions among Member States and the European Commission.

The Greek Law 5202/2025, titled “*Measures for the Implementation of Regulation (EU) 2019/452 establishing a framework for the screening of foreign direct investments for reasons of security or public order*”, establishes a legal and institutional framework that mirrors the EU’s approach to strategic autonomy. It does so by enabling prior scrutiny of foreign investments in defined sectors, while integrating Greece into the broader EU cooperation mechanism for cross-border investment risk assessment.

It aims to:

- 🔍 **Align national law** with EU Regulation 2019/452.
- 🔍 Establish a formal **national screening mechanism**.
- 🔍 Define **sensitive and highly sensitive sectors** subject to prior control.
- 🔍 Balance **investment openness** with national security imperatives.



B. Key Mechanism Features

The law applies to:

- ❑ FDIs carried out **within Greece**, where the investment meets the risk criteria described in Article 6.
- ❑ FDIs carried out in **other EU Member States**, when they pose potential risks to Greek national security or public order under the EU cooperation mechanism.

Exclusions from the scope include:

- ❑ **Portfolio investments** made exclusively by natural persons for financial gain with no intent or ability to influence control or decision-making.
- ❑ **Intra-group restructurings or mergers** provided that there is no increase in the shares or in the level of control and influence held by foreign investors, and the transaction does not entail additional rights resulting in a change in the effective participation of one or more foreign investors in the management or control of the target undertaking.
- ❑ Public procurement procedures for which a binding offer has been submitted and contracts relating to the exploitation of assets that have not been completed as of the date of entry into force of the law.

C. Investment Control Criteria

Screening is triggered when:



- ❑ The investor is from a **non-EU country** and the target is active in a listed sector.
- ❑ An **EU-based investor** is controlled by a non-EU entity (as per Law 4308/2014) or foreign state-related interests.
- ❑ A **third-country undertaking or natural person holds $\geq 10\%$** in an EU investor targeting a highly sensitive sector.

Control is assessed cumulatively, accounting for indirect holdings (via group companies or relatives), voting or contractual rights (e.g., leases, procurement) as well as other forms of corporate influence.

D. Sectoral Thresholds

The law identifies two distinct categories of strategic sectors subject to foreign investment screening:

- ❑ Sensitive sectors, including energy, transport, and digital infrastructure.
- ❑ Highly sensitive sectors, covering areas such as defense and dual-use goods, cybersecurity, artificial intelligence, submarine and port infrastructure, and tourism infrastructure located in border regions.

For each category, the law establishes graduated shareholding thresholds that trigger mandatory notification and review. These thresholds range from 10% to 75%, with lower limits applying to highly sensitive sectors due to their heightened relevance to national security.

E. Screening Mechanism and Oversight Bodies

The screening process is administered through a multi-tiered governance structure. The Interministerial Committee for FDI screening (Δ.Ε.Ε.Α.Ξ.Ε.) is the central decision-making body, while the Minister of Foreign Affairs is responsible for issuing binding final decisions. Operational coordination and communication with investors and EU institutions is handled by the B1 Directorate of the Ministry of Foreign Affairs, which also serves as the national contact point.

F. Legal Consequences and Enforcement

Non-compliance with the screening obligations can lead to:

- ❑ **Nullification** or reversal of unapproved transactions.
- ❑ **Administrative fines** up to €100,000.
- ❑ **Enhanced penalties** for concealment or misrepresentation (up to twice the investment value).
- ❑ In certain cases, **mitigation measures** (e.g., restrictions on governance, data access) may be imposed instead of banning the transaction.

Greek Law 5202/2025 signals a clear shift toward **risk-based screening of foreign capital**. While maintaining openness, it establishes **safeguards for sensitive sectors**, and contributes to the EU's collective security framework. For investors and legal counsel, the law introduces clear **obligations, thresholds, and exclusions** that must be reviewed in all relevant transactions. Structuring deals to comply with this regime, and anticipating potential risks, will now be an essential part of cross-border investment strategy in Greece.



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