

The New EU FDI Screening Regulation Reaches the Finish Line

June 16, 2026

On June 8, 2026, the Council of the European Union (the Council) formally adopted the new EU Regulation on the screening of foreign investments in the Union and repealing Regulation (EU) 2019/452 (the New Regulation).¹² The Council's adoption follows the European Parliament's (the Parliament) approval of the agreed text at first reading on May 19, 2026,³ and completes the ordinary legislative procedure initiated by the European Commission's (the EC) proposal of January 24, 2024.⁴

This memorandum provides an update on the conclusion of the procedure and the resulting timeline. The substance of the New Regulation is materially unchanged from the agreed compromise text analyzed in our March 5, 2026 [Alert Memorandum](#),⁵ to which we refer for a full overview of the regime.

1. State of Play

Following the political agreement reached on December 11, 2025 and the publication of the agreed compromise text on February 10, 2026, the co-legislators have now completed their internal procedures. The Parliament adopted its first-reading position on May 19, 2026, and the

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¹ Regulation of the European Parliament and of the Council on the screening of foreign investments in the Union and repealing Regulation (EU) 2019/452, Interinstitutional File 2024/0017(COD); consolidated text PE-CONS 10/26 of 27 May 2026, available on the Council's webpage. References to articles in this memorandum are to that consolidated text.

² Council of the European Union, [press release](#) of 8 June 2026. The act records the Parliament's position of 19 May 2026 and the Council's decision; it now awaits signature and publication in the Official Journal.

³ Position of the European Parliament adopted at first reading on 19 May 2026 (not yet published in the Official Journal).

⁴ EC, Proposal for a Regulation of the European Parliament and of the Council on the screening of foreign investments in the Union and repealing Regulation (EU) 2019/452, COM(2024) 23 final, 24 January 2024. For an overview, see our Alert Memorandum *Proposed New EU FDI Screening Regulation – 10 Things to Know* (March 12, 2024), and our blog post *The Draft New EU FDI Regulation – The EU Institutional ‘Game of Thrones’ Continues* (July 10, 2025), available at clearytradewatch.com.

⁵ See our Alert Memorandum *The Rise of the New EU FDI Screening Regulation* (March 5, 2026), available at clearygottlieb.com (the “March 2026 Memorandum”).



Council adopted the act on June 8, 2026. As of the date of this memorandum, it has not yet been published in the Official Journal of the European Union (the OJ).

2. No Substantive Change From the Agreed Text

The final consolidated text (PE-CONS 10/26) and the compromise text of February 10, 2026 are substantively aligned, and the core features described in the March 2026 [Memorandum](#) are confirmed without material change.⁶

The finalization process introduced a number of drafting refinements that do not alter the analysis, including an express farmland threshold for the food-security risk factor (Union targets operating more than 10,000 hectares of farmland), the limitation of the “sensitive public facilities” factor to facilities in the immediate geographical proximity of the Union target, a cross-reference to the NIS 2 Directive in the critical-infrastructure factor, and a qualification of the third-country intelligence-law factor by the absence of “due process or oversight mechanisms.”⁷ In our view, none of these changes the practical scope of the regime as previously described.

3. Entry Into Force and Application

Under Article 31, the New Regulation will enter into force on the twentieth day following its publication

⁶ Confirming, in particular: the obligation for each Member State to establish a national screening mechanism (Article 3); the common minimum scope of categories subject to prior authorisation and the exclusion of greenfield investments therefrom (Article 4(15) and (17)); coverage of investments made through a “foreign investor’s subsidiary in the Union” (Article 2(1) and (7)); the reinforced cooperation mechanism and its 15- and 45-calendar-day notification deadlines, without prejudice to the “without undue delay” cases (Articles 5 and 6); the harmonised 45-calendar-day initial review (Article 4(2)(a)); the own-initiative review windows of at least 15 months and up to five years, and of at least 24 months (Article 4(4) and (5)); the expanded impact- and investor-based risk factors, including the “opaque ownership structure” criterion (Articles 2(8) and 19); and the Commission’s ability to propose mitigating measures by way of opinion and to issue an opinion addressed to all Member States on two or more investments taken together (Article 8(4) and (5)).

⁷ See Article 19(1), points (c) (cross-reference to Directive (EU) 2022/2555 (NIS 2)), (i) (food security, where the

in the OJ, and will apply from 18 months after the date of entry into force. A limited set of provisions – relating, in particular, to the notification of national measures and to the secure system and database underpinning the cooperation mechanism – will apply already from the date of entry into force.⁸

Because OJ publication has not yet taken place, the precise dates remain to be fixed.

Regulation (EU) 2019/452 will be repealed with effect from the date of application of the New Regulation, but will continue to govern foreign direct investments already undergoing screening on, or completed by, that date.⁹

4. Next Steps

During the 18-month transition, all Member States will need to adopt or adapt their national regimes to comply with the New Regulation, including by establishing a screening mechanism where none exists and by ensuring that, at a minimum, the mandatory sectors are covered. The practical impact of the mandatory-mechanism requirement is now limited, as all Member States – including Cyprus – have established national screening mechanisms, although Member States will still need to adapt their regimes to the New Regulation.¹⁰

Investors and their advisers should begin to factor the New Regulation into transaction planning – in

Union target operates more than 10,000 hectares of farmland) and (j) (military and other sensitive public facilities in the immediate geographical proximity of the Union target), and Article 19(2), point (d) (third-country intelligence-sharing legislation “without due process or oversight mechanisms”).

⁸ Article 31. By way of exception, Article 3(2), Article 15(2), Article 18(1) to (6) and (9) to (12), and Articles 27, 28 and 29 will apply from the date of entry into force. These concern, in particular, the notification of national measures to the EC, certain content requirements and the establishment of the secure system and database supporting the cooperation mechanism (which the EC must set up within 12 months of entry into force, Article 18(1)).

⁹ Article 30. Regulation (EU) 2019/452 is repealed with effect from the date of application of the New Regulation but continues to apply to foreign direct investments undergoing screening on, or completed by, that date.

¹⁰ Cyprus’ Law No. 194(I)/2025 entered into force on 2 April 2026. The New Regulation also requires Member States to publish and update guidance on the scope,

particular the broadened notion of “foreign investment” (which captures EU subsidiaries of non-EU investors), the common minimum scope, and the reinforced cooperation mechanism, which may make it more difficult to stagger filings across Member States.

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thresholds, timelines, and procedural rules of their national regimes, see Article 23(2).