

Foreign Direct Investment Screening in Cyprus

An overview of the Cypriot regime on the screening of foreign direct investment

November 2025



Introduction

Implementation of EU FDI Regulation

The FDI Law is intended to implement *Regulation (EU) 2019/452 establishing a framework for the screening of foreign direct investments into the Union*. The definition of foreign direct investment (**FDI**) in the FDI Law is identical to that in the Regulation.

Notification obligation and suspensory effect

When the thresholds under the FDI Law are met, an FDI transaction in Cyprus must be notified to the competent authority and be cleared prior to its implementation. Any FDI that requires clearance under the FDI Law is statutorily considered to be subject to the condition precedent of receiving such approval.

Screening authority

The FDI Law designates the Ministry of Finance as the competent authority for its implementation (the **FDI Authority**). The FDI Authority is empowered to screen, and potentially prohibit, inbound FDI deemed to pose a risk to the security or public order of the Republic of Cyprus. A Consulting Committee is also established under statute, to provide information and advice to the FDI Authority.

📌 **Entry into force:** The FDI Law enters into force on 2 April 2026.

Foreign Investor Definition

A foreign investor for the purposes of the FDI Law is:

Third-Country Nationals

A natural person who is a citizen of a third country (i.e. a state outside the EU, the European Economic Area (EEA) or Switzerland)

Third-Country Entities

Any undertaking domiciled, registered, or having its principal place of business in a third country

Controlled EU Entities

Any EU-based undertaking directly or indirectly controlled by a third-country national or a third-country entity (i.e. through the exercise of decisive influence, by means of ownership, contractual rights or de facto)

Natural persons holding dual citizenship (of an EU Member State and a third country) are not considered foreign investors for the purposes of the FDI Law.

Notification Triggers

An FDI will be subject to screening under the FDI Law if it meets three cumulative tests:

01

Acquisition of Special Participation

It results in the acquisition of a special participation

02

Value Threshold

It meets the value threshold of two million euro (€2,000,000) (save for cases where an existing special participation is increased over 25% or 50%)

03

Strategic Importance

It concerns a strategically important undertaking

Special Participation

For the purposes of the FDI Law, a "special participation" is the acquisition, by a foreign investor, of:

Ownership Threshold

- 25% or more of the share capital or voting rights in the target undertaking

Control Threshold

- The ability to exercise decisive influence over the activities of the target undertaking

The foreign investor may acquire their participation directly or indirectly and acting individually or in concert with others.

Value threshold

An FDI must have a value of two million euro (€2,000,000) or more to be caught by the FDI Law (save for certain exceptions, discussed below).

The value threshold can be met by the transaction individually, or in conjunction with other transactions taking place between the same parties within 12 months from the date on which the FDI is intended to be implemented.

Irrespective of the transaction value, a notification would be mandatory if an existing foreign investor increases their participation in a target undertaking and crosses specific thresholds:

- from less than 25% to 25% or more; or
- from less than 50% to 50% or more.

Strategically Important Undertakings

An FDI transaction is subject to the FDI Law if it concerns "strategically important undertakings". These are undertakings active in infrastructure (physical or virtual) in critical sectors, including the following:



Energy



Transport (ports, airports)



Aerospace



Water



Health



Communications



Media



Data processing or storage



Defence



Election services



Credit and financial services



Critical infrastructure

Real estate of importance to using critical infrastructure is also caught under the FDI Law.

FDI concerning ships under construction or ships that are the subject of a sale and purchase are exempted from the FDI Law (save for Floating Storage and Regasification Units).

Screening Criteria

In reviewing a notified transaction, the FDI Authority assesses whether the investment is likely to affect the security or public order of the Republic of Cyprus. This assessment is based on a non-exhaustive list of factors set out in the FDI Law, which we summarise below.

Strategic Assessment

The assessment considers the following factors:

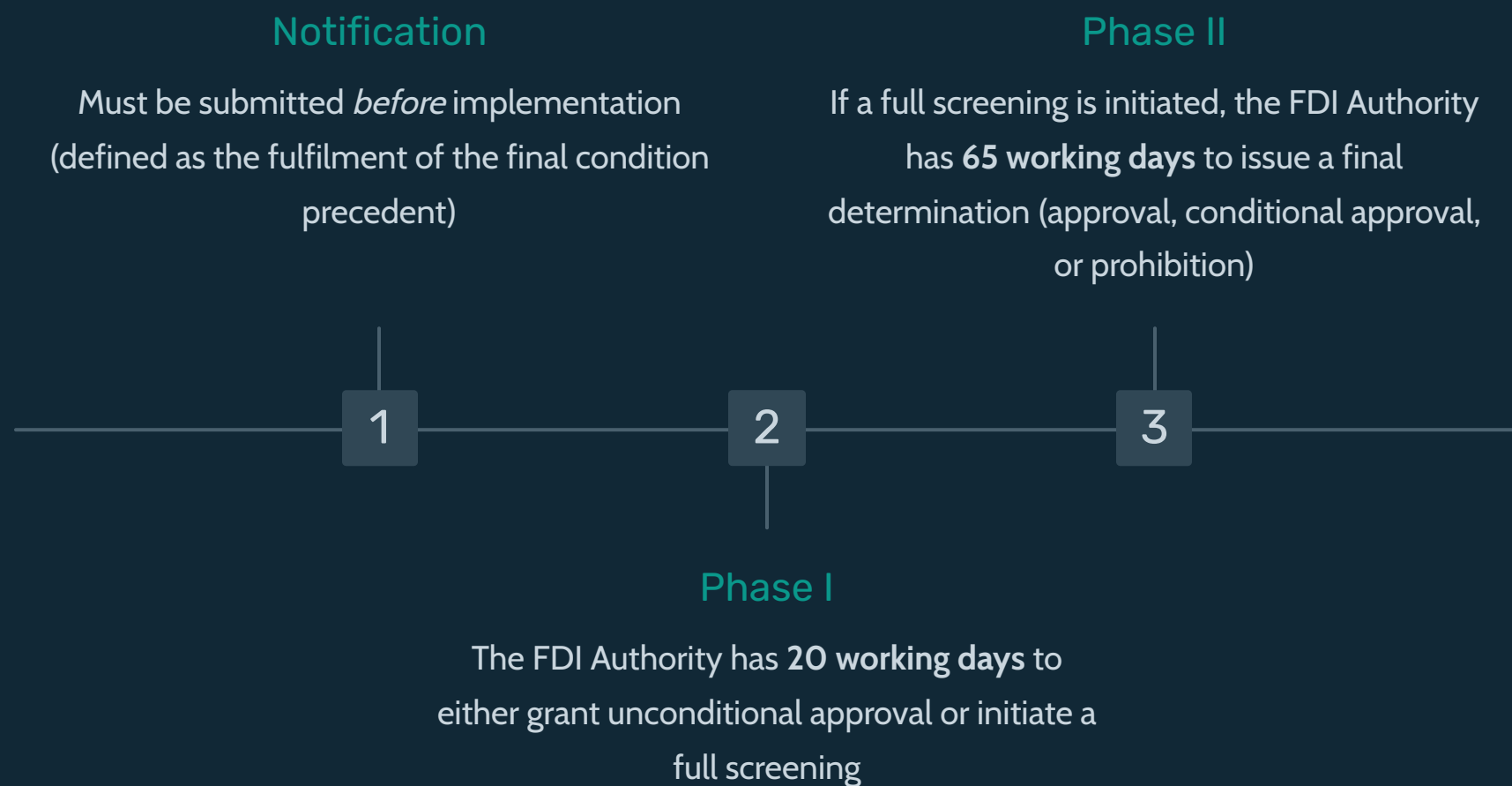
- whether the undertaking is active in a **sector of strategic importance** (as discussed above, including energy, transport (ports, airports), aerospace, water, health, communications, media, data processing/storage, aerospace, defence, electoral services, credit and financial services, critical infrastructure, as well as real estate of importance to using such infrastructure)
- whether **critical technologies and dual-use items** are involved, including AI, robotics, semiconductors, cybersecurity, quantum and nuclear technologies, and biotechnology
- whether the **supply of critical inputs** is affected, including the security of energy, raw materials, or food supplies
- whether the **access to sensitive information** may be impacted, including personal data and the ability to control such information
- whether **media freedom and pluralism** may be affected.

Investor Assessment

The FDI Authority also assesses:

- **foreign government control:** whether the foreign investor is directly or indirectly controlled by the government of a third country, through ownership or significant financing
- **track record of the foreign investor:** whether the investor has previously been involved in activities affecting the security of another EU Member State, or if there is a serious risk of the investor engaging in illegal or criminal activities.
- **wider EU impact:** the extent to which the investment may affect the security or public order of another EU Member State or impact a project of Union interest (taking into account any opinions from the European Commission or other Member States).

Review Timelines



- ❏ These timelines are *suspended* if the FDI Authority requests more information. Approval is only valid when issued in writing; there is no tacit approval.

Upon completing a screening, the FDI Authority may approve the FDI transaction unconditionally or subject to specific terms and conditions.

Ex post screening

The FDI Authority has two *ex-post* powers:

5-Year "Look-Back"

For any transaction that *was* subject to mandatory notification but *was not* notified, the FDI Authority has 5 years from implementation to investigate and potentially unwind the deal.

15-Month "Call-in"

For any transaction that *was not* subject to mandatory notification, the FDI Authority still has 15 months from implementation to call it in for review if it has security concerns.

Sanctions

Power to unwind

If the FDI Authority deems the investment a threat to security or public order, or if the investor fails to comply with any conditions imposed to the FDI on approval, the FDI Authority has the power to prohibit, terminate, or unwind the investment.

In the event of a prohibition, termination, or unwinding—or for as long as an investor fails to comply with imposed conditions—the foreign investor (and any persons controlled by or acting in concert with them) is blocked from exercising any rights stemming from the investment. This explicitly includes any voting rights, management rights, or control rights over the target undertaking.

Any transaction that falls within the FDI Law's scope but fails to be notified is automatically considered an infringement of the FDI Law, granting the FDI Authority the right to prohibit or unwind it.

Administrative fines

Lastly, the FDI Authority may impose administrative fines on a foreign investor, or any person controlling the investment, for specific violations of the FDI Law (separate to the power to unwind a transaction):

- A fine between €5,000 and €50,000 for failure to notify a qualifying transaction.
- A fine of up to €100,000 for providing false or misleading information to the FDI Authority.
- A fine of up to €50,000 for failing to provide required information.
- A fine of up to €100,000 for failing to comply with any measure or condition ordered by the FDI Authority, supplemented by an additional fine of up to €8,000 for each day the violation continues.

How AMC can help

Navigating this new regime requires careful analysis and strategic planning to ensure transactional certainty. **Antoniou McCollum & Co.** is positioned to provide comprehensive legal support to foreign investors, including:



Assessment

Providing early-stage advice on whether a proposed transaction triggers the notification requirements.



Due diligence

Conducting specialised due diligence on target undertakings to determine if they fall within the "strategically important" categories.



Notification

Preparing the complete notification file and managing all correspondence and information requests from the FDI Authority.



Negotiation of remedies

Advising on and negotiating potential conditions or remedies with the FDI Authority to ensure the transaction is approved.

[Contact us](#)

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