



**MINISTÈRE
DE L'ÉCONOMIE,
DES FINANCES
ET DE LA RELANCE**

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**Direction générale
du Trésor**

FAQ

Foreign Direct Investment Screening in France

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Table of contents

- 1. Why are foreign direct investments screened in France? 3
- 2. When are foreign direct investments screened? 3
- 3. How does an application for authorisation get filed? 4
- 4. How is an application for authorisation reviewed? 4
- 5. How long does it take to reach a decision? 4
- 6. What are the possible outcomes of the screening procedure? 5
- 7. What happens after the Minister has reached a decision? 6
- 8. What happens if an investment was carried out without authorisation? 6
- 9. What happens if the conditions tied to the authorisation are not met? 7
- 10. What happens if the investor obtained authorisation in a fraudulent manner? 7
- 11. What is the procedure to request an opinion on whether a business activity requires screening? 7
- 12. What is the European foreign investment screening mechanism? 8

1. Why are foreign direct investments screened in France?

Foreign direct investments in business activities in France which, even if only occasionally, contribute to the exercise of public authority or are likely to jeopardise national interests are subject to prior approval from the Minister for the Economy in order to ensure the **protection of public order, public security and national defence interests** (Article L.151-3 of the [Monetary and Financial Code](#)). Because this goes against the principle of freedom to invest, the regime is strictly governed by law and regulation.

2. When are foreign direct investments screened?

To assess whether a foreign direct investment in France is subject to screening, the Minister for the Economy considers factors relating to the involvement of foreign investors ([Article R.151-1 of the Monetary and Financial Code](#)), the nature of the transaction and degree of resulting control over the target entity ([Article R.151-2 of the Monetary and Financial Code](#)), and the degree of sensitivity of the target entity's activities ([Article R.151-3 of the Monetary and Financial Code](#)). Specifically, the following three cumulative conditions must be met:

- (i) **A foreign entity is present in the ownership chain of the direct acquirer.** Non-French investors (whether or not European) and French investors domiciled outside of France for tax purposes are deemed foreign investors under the foreign direct investment screening regulation in France. The investor's nationality is determined by considering the entire ownership chain of the direct acquirer. If any link in the chain is foreign, the investor is deemed foreign.
- (ii) **The nature of the transaction** is such that an investor (i) acquires control (as defined in [Article L. 233-3 of the French Commercial Code](#)) of a French legal entity, (ii) acquires all or part of a business line from a French legal entity, or (iii) crosses the 25% threshold of voting rights in a French legal entity (this threshold was temporarily lowered, until 31 December 2023, to 10% for French companies whose shares are listed on a regulated market). Note that the third scenario only applies to investors from outside the European Union or European Economic Area.
- (iii) **Sensitive activities are carried out by the French target company.** Only investments that are (i) made in one of the sectors specifically listed by the regulation and (ii) likely to jeopardise public order, public security or national defence interests are subject to screening. There are three categories of sectors:
 1. **Inherently sensitive activities** that fall mainly within the defence and security sectors ([Article R.151-3, paragraph I of the Monetary and Financial Code](#))
 2. **Activities relating to infrastructure, goods and services that are essential to safeguard public order and public security, including, but not limited to,** the integrity, security and continuity of energy and water supplies, transportation networks and services, public health, and food security ([Article R.151-3, paragraph II of the Monetary and Financial Code](#))
 3. **Research and development activities that relate to critical technologies listed by Order of 31 December 2019 and to dual-use items and technologies** carried out in the sectors mentioned above ([Article R.151-3, paragraph III of the Monetary and Financial Code](#))

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3. How does an application for authorisation get filed?

Investments must be at a sufficiently advanced stage before authorisation can be requested. An investor is exempt from obtaining authorisation for certain specific investments covered under Article R. 151-7 of the Monetary and Financial Code.

An application for authorisation must be **filed by the foreign investor with the Directorate General of the Treasury** by (i) registered mail (Ministère de l'Economie et des Finances, Direction générale du Trésor; *M. Thomas Ernoult* ; Bureau Multicom 4, Télédéc 233, 139, rue de Bercy, 75572 Paris Cedex 12) or (ii) through the platform ([Plateforme IEF](#)). An electronic acknowledgement of receipt is sent upon receipt of the application.

The application must be submitted in French and include **information on the investor, the target entity and the proposed investment**, as specified in [Article 1 of the Order of 31 December 2019](#). A [form](#) is available on the Directorate General of the Treasury's website to illustrate the type of information requested on the platform. The application must also include the European notification form, completed in English (see Question 12).

Questions on screening procedures or pending applications can be emailed to IEFautorisations@dgtresor.gouv.fr. The email must include the related file number, if applicable.

4. How is an application for authorisation reviewed?

The foreign direct investment screening procedure is led by the Directorate General of the Treasury and includes the Interministerial Committee on Foreign Investment in France. The Interministerial Committee on Foreign Investment in France comprises officials from different administrative institutions (ministries or agencies) with specific expertise in the sectors that are subject to screening.

The procedure takes place in two phases (see Question 6) throughout which the Directorate General of the Treasury cooperates closely with the investor and/or its legal counsel.

The review examines the three conditions that determine if an investment is subject to screening. Particular emphasis is given to the impact on public order, public security and national defence interests.

During the review, the Directorate General of the Treasury may approach the investor to solicit additional information that was not provided in the application. It may also reach out to the French target company to obtain specific information relating to its activities.

By law, the investor and the target company are required to provide the Directorate General of the Treasury, at its request, all documents and information necessary to review the application, and neither the investor nor the company may object on trade secret grounds ([Article L.151-5 of the Monetary and Financial Code](#)).

5. How long does it take to reach a decision?

Pursuant to the regulation, the government must make a decision in **75 business days** ([Article R.151-6 of the Monetary and Financial Code](#)). This review period consists of a first phase of 30 business days from the date a complete application has been filed followed by a second phase of 45 business days.

6. What are the possible outcomes of the screening procedure?

At the end of the **first phase** of the screening procedure, the investor will receive one of three possible answers from the administration:

1. **Prior approval by the Minister is not required** under foreign direct investment screening regulation as not all of the three conditions for screening (see Question 2) have been met.
2. **Prior approval by the Minister is required** under foreign direct investment screening regulations **and the transaction is authorised without conditions.**
3. **Prior approval by the Minister is required** under foreign direct investment screening regulations **and further investigation is needed to determine if conditions are required** to safeguard national interests.

In the third instance, the Minister for the Economy gives notice to the investor that a **second phase** of investigation will begin, to be completed by the regulatory deadline (see Question 5). The second phase has three possible outcomes:

1. **The investment is authorised by the Minister without conditions.**
2. **The investment is authorised by the Minister subject to conditions** in order to safeguard national interests. Any such conditions must be justified by and proportionate to the need to protect public order, public security and national defence interests.

Conditions are primarily designed to ([Article R.151-8 of the Monetary and Financial Code](#)):

- a. ensure the long-term survival and continuity of sensitive activities on French territory and protect any information related to these activities ;
- b. preserve and protect the skills and know-how of the French company ;
- c. adjust the French company's internal organisational and governance arrangements, as well as how the investor's rights in the target French company are exercised ;
- d. define procedures to share information between the various investment stakeholders and the government.

The Minister may also make the authorisation conditional on the transfer of a percentage of the acquired capital, or all or part of a business line operated by the target French company, to an entity separate from the investor and approved by the Minister.

Conditions are discussed and agreed upon with the investor prior to notification of the Minister's decision. The investor must comply with the conditions for as long as it exercises control over the French target company or for a specified length of time. In certain cases, conditions may be modified at the investor's request or Minister's initiative in accordance with the provisions set out in [Article R.151-9 of the Monetary and Financial Code](#).

3. **The investment is not authorised by the Minister.** Refusal may or may not be explicitly communicated; it is implied if no response is given within the prescribed regulatory deadline of 75 business days. The grounds on which authorisation may be refused are strictly limited by regulations ([Article R.151-10 of the Monetary and Financial Code](#)), namely if there are doubts about the investor's character or if it is not possible to prescribe sufficiently robust conditions to protect national interests.

Any decision taken by the Minister can be appealed before the Administrative Court of Paris within 2 months.

7. What happens after the Minister has reached a decision?

If the investment does not fall within the scope of foreign direct investment screening in France, no further action is required by the foreign investor.

If the investment is authorised with or without conditions by the Minister for the Economy, the investor must file a disclosure within two months from the date on which the investment is made. The disclosure must indicate the date on which the investment was completed, the French target company's new shareholder structure following the investment, the size of the investment (the amount paid or an estimate including the valuation method that was used), and any change in the ownership chain of the French target company that occurred since the date on which the Minister granted authorisation ([Article 3 of the Order of 31 December 2019](#)).

Any conditions tied to the Minister's authorisation will be **monitored by the relevant ministerial departments throughout their entire duration.**

8. What happens if an investment was carried out without authorisation?

Any undertaking, agreement or contractual clause which directly or indirectly gives rise to a foreign direct investment without the prior authorisation required by foreign direct investment screening regulations **is deemed null and void** ([Article L.151-4 of the Monetary and Financial Code](#)).

If a foreign direct investment was made without prior authorisation, and following an adversarial procedure initiated by a notice to the investor from the Minister for the Economy, the **Minister may order the investor to implement one or more of the following measures** ([Article L.151-3-1 of the Monetary and Financial Code](#)):

1. Apply for authorisation to put the transaction in order. Screening is then performed following the same procedures that apply to investors who seek authorisation prior to making an investment;
2. Amend the transaction;
3. Return to the *status quo ante* at the investor's expense.

Enforcement orders may be cumulatively accompanied by a **daily penalty payment** ([Article R.151-14 of the Monetary and Financial Code](#)) to encourage compliance, and/or **precautionary measures** to protect public order, public security and national defence (such as suspending the investor's voting rights tied to the transaction requiring authorisation; assigning an agent to safeguard national interests within the French company; suspending, restricting or temporarily prohibiting the investor from disposing of assets tied to sensitive activities; prohibiting or restricting the investor from receiving dividends or stock compensation tied to the transaction requiring authorisation).

The Minister may also impose a **fine** ([Article L.151-3-2 of the Monetary and Financial Code](#)) up to the greater of:

1. twice the amount of the unauthorised investment
2. 10% of the target company's annual turnover
3. €1m for an individual and €5m for an entity

Lastly, **criminal measures** may be imposed upon complaint by the Minister for the Economy, in accordance with [Article 459 of the Customs Code](#).

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9. What happens if the conditions tied to the authorisation are not met?

If an investor fails to comply with one or more conditions tied to the authorisation, and following an adversarial procedure initiated by a notice to the investor from the Minister for the Economy, **the Minister may take one or more of the following measures:**

1. Withdraw the authorisation;
2. Order the investor to comply with the initial conditions within a specified period of time;
3. Enforce compliance with new conditions, such as requiring the investor to divest certain activities or return to the *status quo ante*.

Enforcement orders may be cumulatively accompanied by a **daily penalty payment** to encourage compliance and/or **precautionary measures**. The Minister may also impose a **fine** (see Question 8).

Lastly, **criminal measures** may be imposed upon complaint by the Minister for the Economy if conditions tied to an authorisation are violated, in accordance with [Article 459 of the Customs Code](#).

10. What happens if the investor obtained authorisation in a fraudulent manner?

The Minister may impose a **fine** (see Question 8) and **criminal measures** may be ordered upon complaint by the Minister, in accordance with [Article 459 of the Customs Code](#).

11. What is the procedure to request an opinion on whether a business activity requires screening?

A request for opinion is a **streamlined procedure** allowing investment stakeholders to better plan for a transaction. **Both the foreign investor and the French company in which a foreign investment might take place** can seek an opinion from the administration before initiating an investment transaction in order to confirm whether prior authorisation is required ([Article R.151-4 of the Monetary and Financial Code](#)). The purpose of this request for opinion is to provide more certainty and predictability for the transaction and for the stakeholders from the moment negotiations begin or as soon as the French entity considers raising capital. The French company can take advantage of this procedure to more accurately value the financing it needs for development and more effectively pursue new investors. This also helps the French company, and the foreign investor, to better anticipate any conditions precedent to the transaction.

The file that must be submitted is more succinct than an application for authorisation given that the government only needs to review information pertaining to the French company's activities. A [form](#) is available on the Directorate General of the Treasury's website.

The Minister for the Economy will decide if the French company's business activities require screening **within two calendar months**.

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12. What is the European foreign investment screening mechanism?

The European regulation establishing a framework for the screening of foreign direct investments into the European Union entered into force on 11 October 2020. This regulation provides for the implementation of a **mechanism allowing Member States and the European Commission to better cooperate and share intelligence** on transactions carried out by investors originating outside the European Union in one or more Member States.

Pursuant to the European regulation, **any transaction involving a non-European Union entity in the investor's ownership chain must be notified to the European network**. Consequently, investors, or their legal counsel, must include the European notification form in their application for authorisation. The form, which must be completed in English, is available on the Directorate General of the Treasury's [website](#). The government also recommends including an English translation of the application for authorisation, in Word format, that outlines, with supporting rationale, any information that should not be shared with the European network.

The European cooperation mechanism for screening foreign direct investments **does not increase the amount of time afforded under the national procedure** for screening foreign direct investments in France.

All communication taking place under the cooperation mechanism is **confidential**, and information is exchanged through secure channels that comply with national and European procedures and standards.

For more information on foreign direct investment screening in France, please refer to: [Investissements étrangers en France | Direction générale du Trésor](#) (in French)

References:

[Articles L.151-1 et seq. of the Monetary and Financial Code](#) (in French)

[Articles R.151-1 et seq. of the Monetary and Financial Code](#) (in French)

[Order of 31 December 2019 relating to foreign investments in France](#) (in French)

[Decree No. 2021-1758 of 22 December 2021 extending the temporary measure to lower the threshold for the screening of foreign investments in French companies whose shares are admitted to trading on a regulated market](#) (in French)

[Article 459 of the Customs Code](#) (in French)

[Regulation \(EU\) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union](#)