

Tightening the grip – Hungary introduces updates to its foreign investment screening processes

25 June 2025

Hungary's specific domestic foreign direct investment (FDI) screening regime (affecting both ongoing and future cases) has been updated to include extended applicable deadlines and the possibility of multiple rounds of extensions. Additionally, the existing pre-emption mechanism – originally intended for transactions targeting solar developments – has been extended to cover all transactions blocked by the competent minister's decision.

On 23 June 2025, an amendment to the government decree underlying the "alternative" FDI regime (the "**FDI Decree**") was published in the *Hungarian Gazette* (see publication issue no. 75/2025). The changes to the provisions of the FDI Decree came into force the day after publication, 24 June 2025.

1 Updated deadlines and multiple rounds of requests for information and extensions

The new government decree significantly extends the current deadline for the competent minister (the Hungarian Minister of National Economy) to review transactions subject to the FDI Decree, increasing it from 30 to 45 business days, calculated from the date of submission. Furthermore, the statutory deadline extension – which was previously permitted only once in specific cases – may now be applied up to three times, each for a maximum of 30 business days, if the minister deems it necessary to obtain further information before rendering a final decision to either approve or block the transaction.

2 Additional right of pre-emption in the case of blocked transactions

Another significant change is that the FDI Decree now provides that if the competent minister blocks any transaction within this scope, the Hungarian state will be granted a statutory right of pre-emption. This allows the state to complete the blocked transaction itself, through its private company, Hungarian National Asset Management Inc., or any other delegated third-party undertaking.

This right of pre-emption may be exercised within 90 days following the delivery of the ministerial decision. While the FDI Decree already included a statutory pre-emption right for transactions involving solar developments, the current update introduces a universal pre-emption right for all blocked transactions, irrespective of the industry involved.

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These amended deadlines, coupled with the Hungarian state's statutory pre-emption rights for blocked transactions, further highlight the importance of preliminary FDI reviews and deal structuring in Hungarian M&A matters.

3 Changes affecting ongoing filings

Unlike previous amendments – where the changes introduced applied only to filings and ongoing FDI clearance processes initiated after the amendments entered into force – this time, the updates will apply from the day after publication (24 June) and will affect not only future filings but also any FDI clearance processes already underway at the time the amendment takes effect. Accordingly, projected transaction timelines should be carefully reviewed and recalculated in light of the amended provisions of the FDI Decree.

About Wolf Theiss

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