

Hungary eases foreign investment screening rules from August 2025

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Legislative elements underlying Hungary's specific domestic foreign direct investment (FDI) screening regime are being repealed to incorporate the existing provisions into law and ease some of the currently applicable screening rules.

On 19 August 2025, a new piece of legislation will repeal the government decrees underlying Hungary's "alternative" FDI regime which relied on national state of emergency rules and enacts them into a new law perpetually. A welcome addition to this change is that the new law reintroduces less stringent procedural rules from an earlier version of the applicable law.

1 Deadlines for review, requests for information and extensions are amended

As opposed to the currently applicable review deadlines, the FDI Act reverts to the original timings in standard cases, meaning that the competent Minister once again has 30 business days to conclude his initial review, which is extendable by an additional 15 calendar days. With respect to transaction regarding Hungarian solar power plants however, the previously applicable 60 business day initial review deadline increases to 75 business days.

2 Pre-emption right for blocked transactions is removed, deadline extended for solar power plants

An even more significant change is that the pre-emption right of the Hungarian state in case of a blocking decision is removed. Such pre-emption, as previously was the case, remains only applicable to transactions concluded in respect of Hungarian solar power plants, where the deadline to exercise such pre-emption increases from the current 60 business days to 90 business days.

While these changes benefit the investors with more expeditious review deadlines and a lack of sweeping pre-emption rights of the state, deal structuring in Hungarian M&A matters remain important from an FDI screening perspective.

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3 Changes affecting only filings made after the effective date

The new (old) regime applies only to filings made after 19 August 2025. Accordingly, transactions pending imminent signing should be carefully reviewed in light of the changing FDI screening provisions in Hungary.

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