

## Ukraine takes steps towards FDI screening law

**September 2025** - Ukraine's parliament has registered a draft law "On the Screening of Foreign Direct Investments" (the "**FDI Draft**"), which, in line with EU standards, seeks to establish mandatory screening mechanisms for foreign investments into sensitive sectors. At this stage, the FDI Draft has only been registered as draft legislation, and thus its prospects for adoption remain unclear. Its alignment with EU standards enhances the likelihood of eventual adoption; however, the wartime context may affect both the timing of the legislative process and the substance of the final law.

The Draft Law provides for the following framework:

- **Sectors.** Foreign investments will require screening if directed toward companies involved in:
  - critical infrastructure;
  - the extraction of metallic ores or non-metallic minerals of strategic importance; or
  - the development, production, modernization, repair, transportation, disposal, or trade of military and dual-use goods.
- **Thresholds.** Screening would apply when a foreign investor (directly or indirectly through its affiliates):
  - acquires more than 25% of a company's voting shares.
  - gains the right to appoint a CEO, more than half of an executive board, over 25% of a supervisory board, or the ability to block decisions by the respective governing bodies.
  - acquires or leases fixed assets valued at 10% or more of a company's total assets, based on the latest financial statements.
- **FDI Commission.** The Cabinet of Ministers of Ukraine would exercise oversight over the screening process, supported by a newly established Interagency Commission on FDI Screening. The Commission would comprise representatives of the Ministry of Economy, Ministry of Defence, Security Service of Ukraine, Ministry of Internal Affairs, the State Service of Special Communications and Information Protection, etc.
- **Procedure and timing.** Reviews would generally take up to 90 calendar days, with the possibility of extension if additional information is required.
- **Sanctions.** Transactions completed without prior approval could be invalidated. Investors could also lose voting rights, be denied dividends, and face fines of up to 50% of the respective investment's value.
- **Monitoring obligations.** Foreign investors would be required to notify the authorities of any ownership changes and submit annual reports.
- **Competition Law implications.** The FDI Draft would also amend Ukraine's existing competition law framework. Specifically, the Antimonopoly Committee of Ukraine (the "**AMC**") would no longer grant approval for concentrations or concerted practices involving foreign investors without a prior FDI screening decision, or a confirmation that no screening is necessary. Merger notifications filed without such an approval would be rejected, and pending cases would be suspended until screening is completed. A lack of clearance would also be grounds for terminating merger or concerted practices reviews. Consequently, foreign investors would face a dual approval requirement with both FDI screening clearance on national security grounds and merger clearance from the AMC side.

The FDI Draft introduces a structured mechanism for the screening of foreign direct investments into Ukraine. It demonstrates Ukraine's commitment to aligning with EU standards, but its advancement will ultimately depend on how legislative priorities are balanced in the wartime context. Stay tuned for further updates as the FDI Draft makes its way through the legislative process.

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