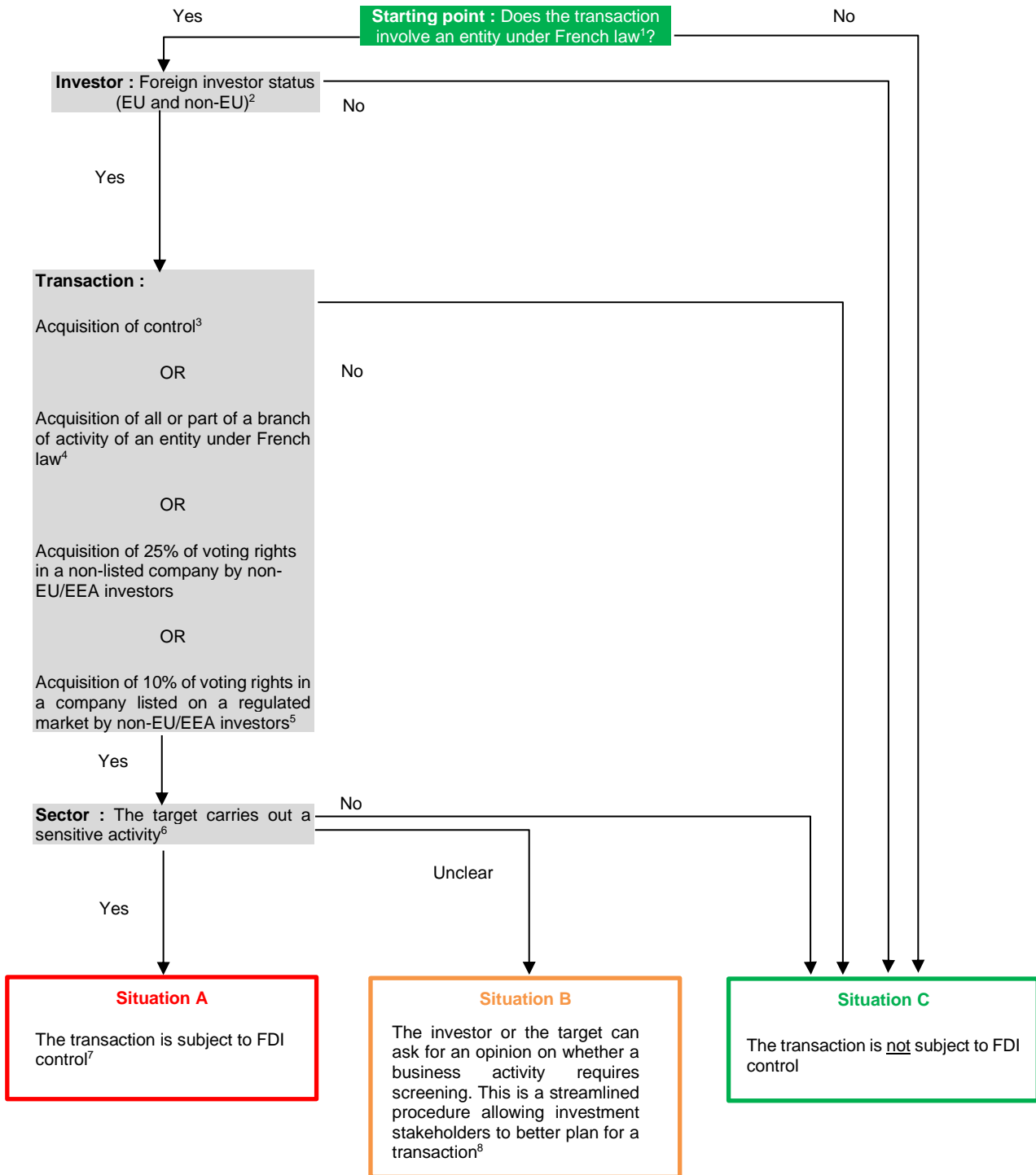


The French FDI Regime: What do I need to know?



¹ An entity can be a corporation, a foundation, a trust, etc. It does not however cover greenfield projects.

² The investor's nationality is determined by considering the entire ownership chain of the direct acquirer. If any element in the chain is foreign, the investor is deemed foreign.

³ The concept of control is only assessed under Article L. 233-3 of the French Commercial Code and not merger control rules.

⁴ A branch of activity has to be autonomous, and is defined as a set of elements capable of functioning on their own under normal conditions.

⁵ A different filing procedure applies: the foreign investor meeting the 10% voting rights threshold notifies the Ministry of Economy which has 10 working days to decide whether the transaction should be subject to further review, on the basis of a full application for authorization. This threshold was meant to last until 31 December 2023 but will be made permanent.

⁶ The list of strategic sectors includes the following (i) inherently sensitive activities that fall mainly within the defence and security sectors (ii) activities relating to infrastructure goods or 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 and telecoms networks and services, space operations, public health, and food security, press; and (iii) research and development activities that relate to critical technologies (e.g. cybersecurity, artificial intelligence, robotics, additives manufacturing, semi-conductors, quantum technologies, energy storage, biotechnologies, technologies in the production of renewable energies) or to dual-use items and technologies (i.e. which can be used for both civilian and military applications), if they are likely to be applied in the sectors mentioned above. An upcoming reform will expand these sectors to extraction and processing of critical raw materials.

⁷ The Ministry of Economy must make a decision in 75 business days. This review period consists of a Phase 1 of 30 business days from the date a complete application has been filed to determine whether to authorize proposed investment without conditions or to commence Phase 2 for further review. The second phase lasts 45 business days.

⁸ The file that must be submitted is lighter than an application for authorisation given that the Ministry of Economy only needs to review information pertaining to the French company's activities. The Ministry of Economy will decide if the French company's business activities require screening within two calendar months.