

LAKATOS, KÖVES ÉS TÁRSAI  
ÜGYVÉDI IRODA

LKT NEWS  
CORPORATE  
11 NOVEMBER 2020

## UPDATE - HUNGARIAN FOREIGN INVESTMENT RESTRICTIONS EXTENDED TO 30 JUNE 2021

As we [reported in May](#) new foreign investment restrictions (“**New Hungarian FDI Regulation**”) were introduced by a Government Decree during the Covid 19 state of emergency (in addition to the already existing FDI rules on sectors closely related to national security). We also reported [at the end of June](#) that the Parliament has refined and slightly modified those rules in an Act and e.g. it exempted indirect transactions from mandatory FDI screening. Now the Parliament has made only two minor but undoubtedly significant changes to the New Hungarian FDI Regulation.

### WHAT IS THE SUBSTANCE OF THE NEW HUNGARIAN FDI REGULATION?

Under the New Hungarian FDI Regulation a notification and the acknowledgement of the Minister of Innovation and Technology is required as a precondition to implementing foreign investment into Hungarian companies operating in a large number of sectors.

### WHAT ARE THE NEW RULES?

The first modification is that the duration of the new Hungarian FDI Regulation is extended until 30 June 2021, which means that transactions signed until that date are subject to FDI screening and to the acknowledgement of the competent Minister.

The other amendment to the existing regulation is investor friendly, as it provides that the New Hungarian FDI Regulation shall not apply if the transaction happens between affiliates (e.g. intra-group restructurings).

These modifications are effective as of 30 October 2020.

### CONTINUING UNCERTAINTY

Unfortunately the Parliament has not made any clarification to the other existing uncertainties relating to the New Hungarian FDI Regulation (like what happens if the Minister remains silent or the interpretation of the criteria for refusal), so it seems that these will live on together with the regulation.

### WHERE CAN I FIND A DETAILED SUMMARY ON THE NEW HUNGARIAN FDI REGULATION?

Please check out our previous newsletters on this topic to get the full picture of the New Hungarian FDI Regulation:

[The original rules](#)

[The refinements of June](#)

### WHO TO CONTACT?

If your business may be affected by the New Hungarian FDI Regulation, please do not hesitate to contact any member of our team:

Péter Lakatos	<a href="mailto:peter.lakatos@lakatoskoves.hu">peter.lakatos@lakatoskoves.hu</a>
Péter Köves	<a href="mailto:peter.koves@lakatoskoves.hu">peter.koves@lakatoskoves.hu</a>
Iván Sólyom:	<a href="mailto:ivan.solyom@lakatoskoves.hu">ivan.solyom@lakatoskoves.hu</a>
Richard Lock	<a href="mailto:richard.lock@lakatoskoves.hu">richard.lock@lakatoskoves.hu</a>
Pál Rahóty	<a href="mailto:pal.rahoty@lakatoskoves.hu">pal.rahoty@lakatoskoves.hu</a>



Péter Lakatos  
Managing Partner  
[peter.lakatos@lakatoskoves.hu](mailto:peter.lakatos@lakatoskoves.hu)



Péter Köves  
Senior Partner  
[peter.koves@lakatoskoves.hu](mailto:peter.koves@lakatoskoves.hu)



Richard Lock  
Partner  
[richard.lock@lakatoskoves.hu](mailto:richard.lock@lakatoskoves.hu)



Pál Rahóty  
Counsel  
[pal.rahoty@lakatoskoves.hu](mailto:pal.rahoty@lakatoskoves.hu)

**Lakatos, Köves and Partners**  
1075 Budapest  
Madách Imre út 14.  
Tel: +36 (1) 429 1300  
Fax: +36 (1) 429 1390  
[www.lakatoskoves.hu](http://www.lakatoskoves.hu)

## CREATIVE | COMMITTED | CLIENT FOCUSED

This newsletter does not constitute legal advice with respect to any matter or set of facts and may not be relied upon for such purposes. Readers are advised to seek appropriate legal advice before making any determination or taking any action related to matters discussed herein. No part of this newsletter may be copied or quoted without the prior written consent of Lakatos, Köves and Partners.