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Foreign direct investment screening regime

1.1. General

A notification on the foreign direct investment needs to be submitted to the Slovenian Ministry of Economy, Tourism and Sport (the “**Ministry**”) no later than 15 days after the conclusion of the transaction by which the foreign investor acquires, directly or indirectly, at least 10 % of the capital or voting rights in a company established in the Republic of Slovenia, or after the announcement of the takeover bid.

1.2. Information to be submitted

In addition to the necessary power of attorney concerning the procedure, the following information have to be provided to the Ministry (and the relevant supporting documents may be submitted):

- a) the name, surname and residence or corporate name and registered seat of the foreign investor and of the target company or the acquired company or newly created company;
- b) annual turnover of the foreign investor and the target company or the acquired company (since certain data in this list will not yet be available, we propose to give a forecast, if and where possible);
- c) total number of employees with the foreign investor and the target company or the acquired company or newly created company;
- d) ticker/trading code for the securities of the foreign direct investor and of the target company or the acquired company or newly created company (if any);
- e) the ownership structure of the foreign investor and of the target company or the acquired company or newly created company, including information on the ultimate investor and participation in the capital and voting rights. We propose that the entire ownership chain, with the relevant data, is disclosed. If the foreign investor is a part of a group, we also usually provide the data on group level (e.g. annual turnover, number of employees, etc.);
- f) the value of the foreign direct investment and the source of funding;
- g) the products, services and business operations of the foreign investor and of the target company or the acquired company or newly created company (in accordance with the NACE classification);
- h) the Member States in which the foreign investor and the the target company or the acquired company conduct relevant business operations;
- i) the date when the foreign direct investment is planned to be completed or has been completed;
- j) a detailed description of the foreign direct investment;
- k) the definition as to whether the foreign direct investment may have an impact on security or public order;
- l) the definition and submission of evidence demonstrating the veracity of the information referred to in the preceding bullet points.

In addition, it needs to be confirmed that none of the following applies (or, if they apply, some details on the circumstances have to be provided):

- a) the foreign investor is directly or indirectly controlled by the government, including state bodies or armed forces of a third country, including through ownership structure or significant funding;
- b) the foreign investor has already been involved in activities affecting security or public order in a Member State;
- c) there is a risk that the foreign investor engages in illegal or criminal activities.

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If the target or acquired company or the newly created company does not possess the required information, it shall provide a clear and reasoned explanation in the notification.

1.3. The Ministry's decision

The Notification Commission of the Ministry carries out a preliminary examination and, if the transaction meets the conditions, issues an opinion in which it assesses whether or not the transaction has a significant impact on public order and security in the Republic of Slovenia. On the basis of such assessment, the Ministry then issues a decision approving the foreign direct investment or a decision to initiate a second-stage review procedure.

If a second-stage review procedure is initiated, the Expert Group conducts the screening process and submits an opinion to the Ministry with a recommendation to approve or reject the FDI no later than two years after the initiation of the screening process. On the basis of the opinion, the Ministry issues a decision either approving, granting limited approval by setting conditions for its implementation, or prohibiting the FDI. The Ministry must issue the decision within two months of the Expert Group's opinion.

1.4. Conditions

The Ministry may impose conditions on the implementation of a foreign direct investment if an impact on the security or public order of the Republic of Slovenia is identified, provided that the impact can be mitigated or prevented by the imposition of conditions. The conditions for implementation shall be imposed for a fixed period of time not exceeding ten years and may include, in particular:

- prohibition on the sale of copyrights and related rights owned by the target company or the acquired company or the newly established company to natural or legal entities from third countries;
- the prohibition on the sale of certain tangible and intangible fixed assets acquired through direct foreign investment;
- a prohibition on business cooperation with a legal or natural person affecting public policy or security in any of the Member States, where this has been established either by a Member State or by the European Commission;
- an obligation to reduce the shareholding to be acquired in the target company or in the acquired company or in a newly created company;
- an undertaking that certain parts of the target company or the acquired company or the newly created company will be retained in the Republic of Slovenia;
- an obligation to transfer certain sensitive activities from the target company or the acquired company or the newly created company in the Republic of Slovenia to another legal entity established in the Republic of Slovenia;
- prohibition of certain practices on the market of the Republic of Slovenia,
- the obligation to carry on the original business of the target company or the acquired company or the newly created company in the Republic of Slovenia;
- the obligation to provide goods and services from the original activity of the target company or the acquired company.