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The Government's proposal for a Swedish regime on foreign direct investments (FDI) – SOU 2021:87

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Sweden is one of the few EU Member States which does not have a stand-alone foreign direct investment ("**FDI**") regime. In 2019, the Swedish Government therefore announced that it would consider introducing a new FDI control regime. On 1 November 2021, the Swedish Government published its long-awaited government official report (SOU 2021:87)[1] with an inquiry and proposal for a new FDI screening mechanism (the "**Inquiry Report**"). The Inquiry Report suggests comprehensive and wide-ranging reforms to the Government's powers to review foreign direct investments. The proposal, which is suggested to enter into force on 1 January 2023 (and thus apply to investments as from 1 February 2023), significantly expands the Swedish Government's current powers to scrutinize foreign investments.

According to the proposal, the screening mechanism is intended to protect Sweden's national security as well as public order and public security in Sweden. The proposed screening mechanism aims to give the screening authority the power to review investments in Swedish undertakings that carry out certain "protected activities," as developed below.

The proposed FDI screening mechanism will require notification and clearance of investments in a wide range of sectors. In certain cases, investments will be prohibited or subject to conditions and sanctions, including fines of maximum SEK 50 million (EUR 4,8 million) and investments may also be prohibited after completion. Even if this will occur only in limited cases, the legislation will consequently impose administrative burdens in a substantial amount of investments and transactions and will lead to delay in closing times.

Summary of the proposal

- The proposed screening mechanism provides for mandatory notification of all kinds of investments in Swedish companies and foundations etc., including public companies, that carry out certain "protected activities" in a wide range of sectors.
- Investors must obtain a clearance from the screening authority, the Inspectorate of Strategic Products ("**ISP**") (Sw. *Inspektionen för strategiska produkter*) prior to closing.
- If an investment has been completed without notification or before the screening authority has completed its final examination of the notification and the conditions for a prohibition are met, the screening authority may prohibit the investment.
- The ISP will be able to prohibit investments or clear investments subject to certain conditions. If a condition imposed is not met, the screening authority may order the investor to comply with the condition or face an administrative fine or prohibit the investment if the conditions for a prohibition are met.
- An investment may also be prohibited after implementation, e.g. even if the investor has not notified the investment to the ISP and there are grounds for prohibition. Such prohibition would annul the investment and the implementation of it, meaning it has to be reversed. This will not apply to public companies, where the investor instead may be ordered to sell what has been acquired.
- The notification obligation applies to investors from third countries and EU Member States (including Swedish investors) who obtain 10 % or more of the total number of shares or votes in the target company.
- A two-stage screening procedure is suggested. In the first stage, the screening authority decides either to take no further action or to initiate an examination within 25 working days from a complete notification. In the case of a decision to examine the investment, as a general rule the authority must make a final decision within three months of the decision to initiate the examination. Where there are special grounds, this deadline may be extended up to six months.
- The ISP may issue administrative fines of up to SEK 50 million (EUR 4,8 million) for non-compliance with the legislation.
- The screening mechanism will not replace but complement existing notification requirements under the Protective Security Act (which applies to transfers of security-sensitive activities) as well as the merger control rules in the Competition Act.

I. Background to the proposal – the EU FDI Regulation and increased investments in Sweden

Background

The EU FDI Regulation 2019/452 (the "**EU FDI Regulation**")[2], which is applicable since 11 October 2020, provides for a framework for screening foreign investments by the EU Member States. The EU FDI Regulation allows the European Commission to review certain investments of "union interest" and to issue non-binding opinions to Member States who are reviewing investments under their national FDI regimes. A key part of the Regulation is a mechanism for cooperation and information sharing among Member States, and between Member States and the European Commission. The Regulation includes a list of factors and areas which Member States may consider when determining whether a transaction is likely to impact their security or public order. The list includes, for example, critical infrastructure, critical technologies, security of supply, access to sensitive information and freedom and pluralism of the press. Although the EU FDI Regulation does not oblige Member States to adopt national FDI screening mechanisms, the European Commission has strongly encouraged all Member States to do so or to strengthen their existing FDI regimes.

It is stated in the Inquiry Report that foreign direct investments are needed in Sweden, but that strategic buyouts or investments made in undertakings operating in sensitive areas can pose risks. In particular, risks are manifest when the investor has links to undemocratic and antagonistic states, for example due to risks of technology theft, espionage, and sabotage. The Inquiry Report however finds that the Swedish Government currently has limited opportunities to regulate or prevent foreign direct investments that could entail risks to Sweden's security and public order.

Following the adoption of the EU FDI Regulation which establishes a framework for the screening of foreign direct investments in the EU, the Swedish Government commissioned an inquiry committee to set out a proposal for a Swedish FDI regime.

The first part of the inquiry led to the ISP being designated as the Swedish screening authority and the contact point for the information-sharing mechanism under the EU FDI regulation as of 1 October 2020. However, the ISP's authority in this regard is limited to share information to other EU Member States about investments in Sweden that may affect more than one Member State and/or the Member State that requires the information. The ISP may also order an investor, or the company concerned, to provide information about the investment.

The Swedish Government published the second part, the Inquiry Report, on 1 November 2021. The Inquiry Report includes an inquiry and a proposal for a new foreign direct investment screening mechanism. The screening mechanism is suggested to enter into force on 1 January 2023 and will apply to investments as from 1 February 2023.

Next steps – public consultation until 22 February 2022

The Inquiry Report is now subject to a public consultation until 22 February 2022 to a large number of interested parties.[3] The Swedish Government will thereafter present a formal legislative proposal to the Swedish Parliament and it is expected that the bill largely will follow the proposals in the inquiry report, although the public consultation is likely to raise a number of issues.

[1] Available in Swedish here: https://www.regeringen.se/4aaa4c/contentassets/ce5bb47ea46f4ea4b61bfb0c2cdb241e/granskning-av-utlandska-direktinvesteringar-sou-202187-utan-omslag.pdf

[2] Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union.

[3] https://www.regeringen.se/remisser/2021/11/remiss-av-sou-202187-granskning-av-utlandska-direktinvesteringar/

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II. Sectors and activities covered by the proposed FDI screening mechanism

Sectors and activities covered

The following type of sectors and activities are proposed to be covered by the screening mechanism:

Sectors and Activities	Definition
Essential services	'Essential services' refers to services or infrastructure that maintain or assure societal functions that are vital to society's basic needs, values or safety. The Swedish Civil Contingencies Agency (Sw. *Myndigheten för samhällsskydd och beredskap* (MSB)) will issue a more precise definition of which activities that will be considered as 'essential services' in administrative provisions. In this work, MSB will involve the Swedish Armed Forces (Sw. *Försvarsmakten*), ISP, the National Board of Trade Sweden (Sw. *Kommerskollegium*), the Swedish Security Service (Sw. *Säkerhetspolisen*) and other public authorities that may have relevant knowledge.
Security-sensitive activities	Security-sensitive activities are activities covered by the Protective Security Act (2018:585) (Sw. *Säkerhetsskyddslagen*).
Inputs or raw materials	Activities that prospect for, extract, enrich or sell raw materials that are critical to the EU, or other metals and minerals that are critical to Sweden. Which raw materials that are critical for the EU will be listed in the EU's raw materials list. Other metals and minerals that are critical for Sweden are to be specified in an ordinance based on data from the Geological Survey of Sweden (Sw. *Sveriges Geologiska Undersökning* (SGU)).
Activities whose major purpose is the processing of sensitive personal data or location data	'Sensitive personal data' means personal data as defined in Article 9(1) of the General Data Protection Regulation ("**GDPR**"), i.e. personal data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person's sex life or sexual orientation. Location data are data processed in an electronic communications network or by an electronic communications service and which show the geographical position of the terminal equipment of a user, as defined in the Electronic Communications Act (2003:389) (Sw. *lagen om elektronisk kommunikation*). The Inquiry Report clearly states that the *major* purpose of the activities has to be the processing of such sensitive personal data in order to be targeted by the screening mechanism. Activities where such sensitive data are processed, but not as the major purpose, will be excluded.
Activities related to emerging technologies and other strategic protected technologies	An ordinance is to identify these kinds of technologies in detail based on data from the ISP. In this area, technical experts from the ISP, the Swedish Defence Research Agency (Sw. *Totalförsvarets forskningsinstitut* (FOI)), the Swedish Defence Material Administration (Sw. *Försvarets Materielverk* (FMV)) and the Swedish Armed Forces will work together in order to define the emerging technology areas among other things, in order to develop definitions.
Dual-use products	Activities that manufacture, develop, conduct research into or supply dual-use products or supply technical assistance for such products. 'Dual-use items' means products listed in Annex I to the EU's Dual-Use Regulation (EU) 2021/821, i.e. items that have a civil implementation but may be used for military purposes as well.
Military equipment	Activities that manufacture, develop, conduct research into or supply military equipment or supply technical support for military equipment. Military equipment and technical assistance are the same as referred to in the Military Equipment Act (1992:1300) (Sw. *lag om krigsmateriel*).

Further guidance on covered activities

The Inquiry Report does not specify in detail what parts of these activities/sectors that will be subject to the mandatory notification. However, the Inquiry Report also indicates that the Swedish Government may further delimit the activities covered by the new FDI regime in secondary legislation.

Media is currently not part of the proposal

The Inquiry Report suggests that the proposed screening mechanism should not cover media undertakings, even though the EU FDI Regulation stresses that freedom and pluralism of the media may be taken into account when assessing whether foreign investments are likely to affect the public security or public order of the Member States. However, the Inquiry Report leaves open the possibility that the media sector can be covered by the FDI screening mechanism. If the Swedish Government decides to include the media in the proposal, the Inquiry Report suggests limiting the scope to public news media (Sw. *allmänna nyhetsmedier*) as defined in the Media Subsidies Regulation (Sw. *mediestödsförordningen*).

III. The scope of the proposed FDI screening mechanism

Covered investments; including third countries, EU investors as well as Swedish investors

According to the proposal, the new screening mechanism would apply to investments made by investors from third countries and from other EU Member States. It is proposed that investments made by Swedish investors also should be covered. The Inquiry Report states that the main reason for also including Swedish investors is to prevent circumvention of the screening mechanism, e.g. through an ownership structure where the investor uses a Swedish company, which is directly or indirectly owned by a person from a third country.

In other words, the proposed screening mechanism thus applies to indirect foreign investments, i.e. investments or acquisitions made by an intermediary Swedish undertaking that is ultimately controlled by a foreign investor. For example, an investment carried out by a foreign investor via its local Swedish subsidiary will be considered an indirect foreign investment. The Inquiry Report also suggests that the screening mechanism should apply to investments where the Swedish investor in reality is the 'front man' for a foreign actor. While the proposed FDI regime requires a local nexus, i.e. the foreign investment must concern a company which has its seat in Sweden, the Inquiry Report does not specify if investments in a non-Swedish parent company with a Swedish subsidiary active in the protected sectors will be covered by the new FDI regime.

The proposed screening mechanism applies to all investments in Swedish undertakings carrying out any of the aforementioned "protected activities", regardless of their legal form. The screening mechanism would apply to investments in limited companies (Sw. *aktiebolag*), partnerships (Sw. *handelsbolag*), unincorporated businesses (Sw. *enkla bolag*), sole trader undertakings (Sw. *enskild näringsverksamhet*), economic associations (Sw. *ekonomisk förening*), foundations and trusts (Sw. *stiftelser*) domiciled in Sweden.

Thresholds

The Inquiry Report suggests different thresholds depending on which type of entity the investment concerns and how the investor is expected to gain influence over the entity covered by the screening mechanism. In relation to investments in limited companies and economic associations, the proposal suggests that notification shall be performed for investments over a certain threshold. It is proposed that the new FDI regime will only apply to investors who after implementation of the investment obtains influence over 10 % or more of the total number of votes via shareholding, other participation or membership in the target entity. The proposal also suggests that investments involving the formation of a limited company also should be covered if the investor subsequently obtains 10 % of the voting rights in the newly created company.

In addition, investments that give an investor influence over the management of the target entity in other ways than shareholding are also proposed to be caught. Such influence may for example be obtained by e.g. a right to appoint or remove board members of the target company, through shareholders' agreement or the articles of association. As a result, the formation of a joint venture through a partnership agreement may also be subject

to the proposed screening mechanism, if the investor obtains influence over the management of the joint venture.

The screening mechanism will not apply to share or bonus issues where the investor has a right of priority to participate in the issue pro rata to the investor's existing ownership of shares. In other words, it is important to assess the circumstances of each investment in order to comply with the proposed screening mechanism.

IV. Mandatory notification, procedure and assessment

Notifications to the Inspectorate of Strategic Products

Investors planning to make an investment covered by the screening mechanism will in accordance with the proposal be obliged to notify the investment to the ISP. The investor must notify the investment before implementation and it may not proceed with the investment until it has received clearance from the screening authority. The investment will be considered as implemented as soon as the investor effectively can exercise influence over the target. The Inquiry Report however clarifies that the parties may conclude transactional agreements if closing is conditional upon a clearance decision from the screening authority.

The proposed FDI regime imposes a duty upon the target company or entity to inform the investor that the screening mechanism applies to the investment. Even though it is the investor that is obligated to notify the screening authority about the investment, companies and undertakings must assess whether their activities are covered by the FDI regime in order to be able to inform the investors about the regime.

Timelines

The screening mechanism is proposed to follow a two-stage procedure:

• Under the first stage, the screening authority must decide whether to take no further action or to initiate an examination within 25 working days after the notification was made. Thus, an investment may be implemented if the notification is dismissed without further action.

• The second stage would apply in case the screening authority decides to initiate an examination. A final decision must be adopted within three months after the decision to initiate the examination (this deadline may exceptionally be extended to six months).

The two-stage procedure is designed to enable the screening authority to focus on investments which merit in-depth investigations. The Inquiry Report indicates that many unproblematic investments will be cleared swiftly under the first stage. For example, the proposal suggests that notifications made by Swedish investors should be left without further action (for example, if the investor is a natural person with Swedish citizenship or a legal person ultimately controlled by natural persons with Swedish citizenship).

Circumstances to be taken into account by the Inspectorate of Strategic Products

The proposal sets out certain relevant circumstances that the screening authority should consider in its assessment of the risks posed by a foreign direct investment. The following investor-specific factors should be considered:

• whether the investor is directly or indirectly, in whole or in part, controlled by another country's government, in particular from undemocratic and antagonistic states;

• whether the investor has previously been involved in activities that have or could have adversely affected Sweden's security or public order or public security; and

• if there are other circumstances surrounding the investor that could pose a risk to Sweden's security or public order or public security (for example, participation in illegal activities).

The Inquiry Report emphasises that the assessment of the investment must take all relevant factors into account and that it shall consider the company's or entity's activities as well. Different activities may have different values to protect.

EU consultation procedure

The EU FDI Regulation establishes a channel of exchange of information to raise awareness on FDI reviews that may affect security or public order in more than one Member State and shall be considered as a complement to the national screening mechanisms. These channels enable the Member States to ask questions and comment on investments taking place in other Member States that may affect their security or public order. The Commission may itself ask questions and issue an opinion on an investment that may affect the security or public order of more than one Member State. Whilst the final decision on the appropriate response to any particular foreign direct investment rests exclusively with the specific Member State in which the investment is planned or completed, they must give due consideration to the comments or opinion received. The ISP will therefore provide information about FDI reviews in Sweden to the EU Member States and the EU Commission who will then, according to the EU FDI Regulation, have 15 plus 35 days to comment on the proposed investment. The timeframes for the Swedish screening mechanism and the information exchange between the Member States under the EU FDI regulation differ, obviously.

V. Powers of the screening authority, the Inspectorate of Strategic Products

Clearance and requirement for consultation in the second stage

An investment covered by the screening mechanism may only be completed after explicit clearance or if left without further examination after the initial review under the first stage of the screening procedure. If the ISP decides to initiate a formal examination of the investment (i.e. enter into the second stage of the screening procedure) it must consult with certain public authorities with special knowledge, such as the Swedish Armed Forces, MSB, the Swedish Security Service and the National Board of Trade and, where appropriate, other authorities.

Prohibition

The ISP may ultimately decide to prohibit an investment if it affects Sweden's national security, public order or public security. A decision to prohibit an investment may be given under the penalty of a fine in case of violation. According to the proposal, a prohibition must be *necessary* to protect the activities at hand, which implies that the prohibition must be proportionate. In assessing whether it is necessary to prohibit a foreign direct investment, the ISP must take into account the nature and scale of the protected activity and the circumstances of the investor.

An investment made in violation of a prohibition is to be considered null and void, which from a practical perspective may give rise to difficult consequences for both the investor and the target when the investment shall be 'reversed'. It is therefore necessary to consider if the screening mechanism is applicable long before completing any investment in the applicable sectors.

Regarding investments taken place at a regulated market or multilateral trading facility platform (MTF), a prohibition will instead result in an injunction to sell what has been acquired.

Approval of an investment may be subject to conditions

According to the proposal, the ISP will be able to clear investments subject to conditions. The Inquiry Report mentions that the conditions could be related to:

• the activities of the undertaking that is subject to the investment (such as carve-out the protected activities from the scope of the investment);

• the management and control of the undertaking that is subject to the investment (such as requiring that the board or CEO should be Swedish citizens);

• circumstances relating to the investor (such as to exclude certain investors who may raise national security concerns); or

• potential resale of a product or activity (such as require a notification in case of resale regardless of whether it fulfills the requirements for notification).

Even though the abovementioned conditions are examples, such conditions may have big impact over the target company's operations and the investor's possibilities to exercise influence over the target.

In order to monitor compliance with the conditions, it is proposed that the ISP may impose reporting obligations upon the investors. Also, the ISP may order the investor to comply with the conditions, subject to penalty of a fine or prohibition of the investment in case of non-compliance.

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Other powers of the screening authority

The ISP is also proposed to have the power to request information or documentation from the investor and the target company or undertaking. This includes the right to issue injunctions in order to inspect and gain access to sites, premises and other locations of the investor or the target company or entity. These rights of the supervisory authority may be recognised from other similar control mechanisms, such as merger control, competition law and export control.

Administrative fines up to SEK 50 million (EUR 4,8 million)

The ISP may impose administrative fines from SEK 25,000 to SEK 50 million (EUR 4,8 million) against an investor who:

- does not notify an investment that is subject to a notification requirement;
- implements an investment before clearance;
- implements an investment which the screening authority prohibited;
- breaches a condition imposed by the screening authority;
- does not provide the screening authority with requested information or documentation; or
- provides incorrect information to the screening authority.

When the ISP assesses the size of the administrative fine, the damage to Swedish security, public order or public security that has actually occurred or that could have occurred shall be considered, as well as the grade of intent or negligence, the profit earned due to the violation, etc.

Appeals

The ISP's final decision of the screening may only be appealed to the Swedish Government. Consequently, it is not possible to appeal the decision in an administrative court, which in most cases is the general rule for decisions from public authorities imposing restrictions on individuals. Apparently, this might be questionable from an access to justice perspective, as the investor may not have any possibility to get the final decision reviewed by judges in a court.

However, imposed injunctions and administrative fines may be appealed to the Administrative Court in Stockholm (Sw. Förvaltningsrätten i Stockholm). The decision to initiate an examination or to take no further action on a notification may not be appealed at all.

Confidentiality issues

An information disclosure provision is suggested to be introduced into the Public Access to Information and Secrecy Act (2009:400) (Sw. *Offentlighets- och sekretesslagen*). The proposal means that, notwithstanding secrecy, the Swedish Armed Forces and Swedish Security Service can disclose information to the ISP if the information relates to matters under the proposed legislation. At the same time, the corresponding ordinance may be amended.

It is noted in the Inquiry Report that the ISP may need to receive information about whether the investor has committed a criminal offence. It is suggested that a provision be introduced into the ordinance on criminal records (1999:1134) (Sw. *förordning om belastningsregister*) requiring the disclosure of data from criminal records if requested by the ISP in a case under the proposed FDI screening mechanism.

Suggested entry into force

The Inquiry Report suggests that the new FDI screening mechanism will start to apply on

1 January 2023. However, it is suggested the new FDI regimes shall not apply to investments implemented before 1 February 2023.

VI. Parallel notifications in accordance with other Swedish legislations

The proposed screening mechanism and the Swedish Protective Security Act complement each other

The Protective Security Act requires operators engaged in security-sensitive activities to identify potential security risks and to set up adequate measures to protect these activities. Since 1 January 2021, the Protective Security Act also requires that an operator (or shareholder) who intends to sell security-sensitive activities (in whole or in part) or property of importance to the security of Sweden is obligated to consult with its supervisory authority as defined in the Protective Security Ordinance (2021:955) (Sw. *Säkerhetsskyddsförordningen*), e.g. the Swedish Security Service, the Swedish Armed Forces, Svenska Kraftnät (the Swedish public authority responsible for the Swedish national grid for electricity), the Swedish Energy Agency (Sw. *Energimyndigheten*), the relevant County Administrative Boards (Sw. *Länsstyrelser*) or any other supervisory authority depending on what type of activity the operator conducts.

Although the proposed screening mechanism and the Protective Security Act overlap in some parts, the Inquiry Report indicates that they have different aims and somewhat different areas of application. The Protective Security Act is designed to protect national security and thus security-sensitive activities, whereas the proposed FDI regime, in addition to national security, aims to protect public security and public order.

As another example, the proposed FDI screening mechanism imposes a notification obligation on the purchaser (i.e. the *investor*), whereas the Protective Security Act imposes a notification obligation on the seller (the operator or the shareholder). The FDI screening mechanism targets 'investments' in general, irrespective of form, and is not only applicable for security-sensitive activities, meaning the scope is much broader. The Protective Security Act's notification procedure targets *transfers* of shares in or assets from security-sensitive operations, and certain agreements concerning security-sensitive operations. In addition, the Protective Security Act does not provide for any thresholds, which the FDI regime does. Also, the Protective Security Act's transfer notification procedure currently excludes public companies.

The Inquiry Report states that the threshold to prohibit an investment under the proposed FDI regime will be considerably higher than to prohibit transfers under the Protective Security Act. Primarily, the stated reason is that the FDI regime prescribes that prohibiting the investment must be *necessary* in order to protect national security, public order or public security in accordance with EU law.

The Protective Security Act on the other hand, stipulates that the supervisory authority may prohibit a transfer which is *not appropriate* with regard to the security-sensitive activities concerned. The notification obligation regarding transfers under the Protective Security Act does not apply if a transfer requires a permit in accordance with certain other legislations, such as the EU's Dual Use Regulation or the Military Equipment Act. The FDI regime explicitly targets activities involving different operations concerning dual use or military items and will apply in parallel.

The Inquiry Report therefore considers that these regulatory frameworks complement each other and should apply in parallel. This means that certain transactions may need to be notified under (at least) two different Swedish regulatory procedures as of 1 January 2023, if legislation in accordance with the proposal is adopted. As a result, an investment may be cleared in accordance with one regime and prohibited in accordance with the other, all depending on the circumstances.

Notifications may also be required under the Swedish Competition Act

The Swedish Competition Act (2008:579) (Sw. *konkurrenslagen*) provides for mandatory notifications of transactions and full-function joint ventures when there is a change of control and certain turnover thresholds are met.[4] For notified transactions, there is a standstill obligation prohibiting the implementation of the transaction prior to obtaining a clearance decision from Swedish Competition Authority (Sw. *Konkurrensverket*). Investments and acquisitions subject to notification requirements under the new FDI regime and/or the Protective Security Act may also fall subject to Swedish merger control rules. Thus, there will still be an obligation to notify mergers subject to mandatory notification under the merger control regime. Even though the legislations have some similar features they aim at safeguarding different measures. The Swedish Competition Authority may prohibit transactions that result in a decrease in competition in the market[5] or require the notifying parties to adopt remedies in order to eliminate the harmful effects of the transaction.

[4] A merger control notification will be required if the following turnover thresholds are fulfilled:
- the combined annual turnover in Sweden of all the undertakings concerned is more than SEK 1 billion; and
- the aggregate annual turnover in Sweden of each of at least two of the undertakings concerned is more than SEK 200 million.

[5] It must be assessed whether the concentration significantly impedes the existence or development of effective competition in the country as a whole or in a substantial part of it. In assessing whether a concentration should be prohibited, particular account shall be taken as to whether it leads to the creation or strengthening of a dominant position.

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VII. Concluding remarks

The proposal is now being circulated for formal consultation with enterprises, public authorities and municipalities until February 2022. We will follow the consultation process with interest and report further in relation to any meaningful developments. Thereafter, the formal legislative proposal will be published. We will get back with comments once the legislative proposals have been published.

As the screening mechanism may have big impact on investments taking place in the protected sectors, we recommend that companies and other entities already now discuss investments that might be covered by the suggested FDI regime with counsel at the earliest convenience. For private equity investors and other companies with investments, mergers and acquisitions in other companies or entities located at the Swedish market as their main business, but also for industrial investors, compliance with these proposed rules are of the utmost importance. For companies and other entities performing the activities covered by the regime, the screening mechanism might as well call for internal routines for handling investments and changes in ownership structures. It will also be important for companies to monitor legislative developments as regards FDI in other EU Member States.

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