



## Suspension of the liberalisation regime of certain foreign direct investments in Spain (Update I).

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Following the suspension of the liberalisation regime of certain foreign direct investments in Spain as a result of the adoption of Royal Decree-Law 8/2020, of 17 March, on urgent extraordinary measures to address the economic and social impact of COVID-19, which provided a prior authorisation mechanism for foreign investments to be made in critical sectors, as well as those carried out by specific categories of foreign investors ([see our previous entry in this regard](#)), the Royal Decree-Law 11/2020, of 31 March, on additional urgent measures in the social and economic field to address the impact COVID-19, has introduced further transitory amendments affecting foreign direct investments as from 2 April 2020:

- Foreign direct investments of less than EUR 1 million will be exempt from the requirement of prior authorisation.
- A simplified procedure to obtain the a.m. prior authorisation will apply to foreign direct investments:
  - (a) in which an agreement or a binding offer setting forth the price -or a method to determine it at a later stage- existed before 18 March 2020;
  - (b) of an amount between EUR 1 million and EUR 5 million.



- **The suspension of the liberalisation regime is extended to** direct investments in Spain made by **residents of the European Union, or the European Free Trade Association, whose beneficial owners are established outside those geographical areas.**

Such 'beneficial ownership' shall be deemed to exist **when the foreign entity or individual ultimately owns or controls, directly or indirectly, more than 25% of the investor's share capital or voting rights, or holds direct or indirect control over the investor by any other means.**

The list of critical sectors and specific categories of foreign investors affected by the suspension of the liberalisation regime ([as described in our previous entry](#)) remains unaltered.

Please do not hesitate to contact us for further information.

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