



2025/1774

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COMMISSION DELEGATED REGULATION (EU) 2025/1774

of 28 August 2025

amending Delegated Regulation (EU) 2021/1078 as regards strategic investments in the field of defence set out in the investment guidelines for the InvestEU Fund

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 ⁽¹⁾, and in particular Article 8(9) thereof,

Whereas:

- (1) The InvestEU Programme aims to support financing and investment operations contributing to the achievement of the Union's policy objectives set out in Articles 3 and 8 of, and Annex II to, Regulation (EU) 2021/523. These financing and investment operations aim to support the development of, among others, the defence industry in order to contribute to the Union's strategic autonomy.
- (2) Pursuant to Article 14(1), point (d), of Regulation (EU) 2021/523, financing and investment operations under each of the policy windows referred to in Article 8 of that Regulation are to be consistent with the investment guidelines set out in the Annex to Commission Delegated Regulation (EU) 2021/1078 ⁽²⁾ (the current 'investment guidelines'), and based on Article 8(3) and (10) of Regulation (EU) 2021/523. For strategic investments in defence, those investment guidelines set out limitations with respect to final recipients controlled by a third country or third country entities and final recipients having their executive management outside the Union in view of protecting the Union's and Member States' security.
- (3) The Joint White Paper European Defence – Readiness 2030 ⁽³⁾ emphasises the pressing need to improve access to capital for companies established in the Union, including small and medium-sized enterprises and mid-caps, so that they can bring their solutions to industrial scale and drive the industrial ramp-up that the Union is striving for. The financial sector shows a growing interest in defence. Yet, the defence sector remains an under-served market including due to limitations in investment policies of public and private financial institutions. Mobilising the full potential of InvestEU in support of the defence sector is key to address these challenges.
- (4) Based on the feedback received from stakeholders, through a public consultation and targeted consultations with InvestEU's implementing partners and Member States, it appears that the limitations set out in the current investment guidelines for strategic investments may hinder the deployment of the InvestEU fund in support of the defence sector. Therefore, the current investment guidelines should benefit from targeted modification in order to be fully tailored to the specificities of InvestEU, namely a budgetary guarantee implemented in indirect management. The proposed changes will facilitate the deployment of InvestEU in support of the defence sector, while maintaining sufficient safeguards for strategic investments in defence, in accordance with Regulation (EU) 2021/523.
- (5) The scope of strategic investments in defence subject to limitations is defined in the current investment guidelines as defence technologies and products identified in the annual work programme for the European Defence Fund. This definition brings unnecessary complexity and legal uncertainty due to the evolving nature of the work programme of the European Defence Fund. This scope should be streamlined by referring to investments in defence technologies and products primarily developed for military applications. Such simplification would improve predictability for InvestEU implementing partners and financial intermediaries by providing them with a clear methodology to identify whether final recipients are subject to the limitations related to third countries, including to clarify how those limitations apply to technologies with defence and civilian applications (dual use).

⁽¹⁾ OJ L 107, 26.3.2021, p. 30, ELI: <http://data.europa.eu/eli/reg/2021/523/oj>.

⁽²⁾ Commission Delegated Regulation (EU) 2021/1078 of 14 April 2021 supplementing Regulation (EU) 2021/523 of the European Parliament and of the Council by setting out the investment guidelines for the InvestEU Fund (OJ L 234, 2.7.2021, p. 18, ELI: http://data.europa.eu/eli/reg_del/2021/1078/oj).

⁽³⁾ JOIN/2025/120 final, 19 March 2025.

- (6) The current investment guidelines require that in order to be eligible, an entity controlled by a third country or third country entities shall demonstrate that the Member State in which it is established has approved a guarantee in accordance with the principles concerning eligible entities set out in Regulation (EU) 2021/697 of the European Parliament and of the Council ⁽⁴⁾ establishing the European Defence Fund. That provision is not tailored to the specificities of InvestEU and constrains the deployment of the funding. Guarantees approved by a Member State under a defence programme having received the financial contribution of the Union appear to be sufficient to protect the security of the Union and its Member States in the context of the InvestEU Fund. Only entities which are not able to fulfil this criteria should be required to submit a guarantee specifically in the context of the InvestEU operation. This amendment aims at clarifying the implementation of the InvestEU fund in support of entities established in the Union and controlled by non-EU entities. Such guarantees may, as the case may be, rely on mitigation measures imposed by, or to the benefit of, the Member State screening the acquisition of control of such legal entities by another third country or by another third country entity, within the meaning of Regulation (EU) 2019/452 of the European Parliament and of the Council ⁽⁵⁾.
- (7) The current investment guidelines set out that for strategic investments in defence, the limitations relating to the control of final recipients also extend to their suppliers and subcontractors. This wide scope of application is not adapted to the type of financing provided under InvestEU and can impede the deployment of InvestEU funding by imposing unnecessary administrative burden. In order to simplify the administrative process of InvestEU funding and to ensure that the eligibility conditions for the InvestEU funding are tailored to debt and equity financing instruments, the reference to suppliers in the case of control by third countries should be removed from the investment guidelines.
- (8) The limitations set out in the current investment guidelines for strategic investments restrict to an unnecessary level the eligibility of entities established in associated third countries or controlled by associated third country or third country entities. To ensure equal treatment with entities established in the Union and in third country associated to the InvestEU Programme, and to align the principle for eligible entities set out in the European Defence Fund as well as other defence programmes in which the Union is a financial contributor, the current investment guidelines should be adapted to ensure that limitations are applied in relation to entities established or controlled by non-associated third countries or third country entities.
- (9) Pursuant to the current investment guidelines, up to five years after the date of the final disbursement of the financing, final recipients of strategic defence investments cannot exclusively license or transfer intellectual property rights to related critical technologies and technologies instrumental to safeguarding the essential security interest of the Union and its Member States directly resulting from those strategic investments to third countries or third-country entities, unless approved by the Member State in which the final recipient is established. The implementation of that provision poses significant challenges and bottlenecks in Member States and therefore hinders the deployment of InvestEU in support of defence by requiring Member States to implement new forms of control, beyond existing mechanisms, such as for the export of military items or the screening of foreign direct investments. To address those difficulties, the current investment guidelines should be modified to ensure that beneficiaries would only be subject to existing control mechanisms implemented by Member States in which they are established, while the financing and investment operation is covered by the EU guarantee.
- (10) Delegated Regulation (EU) 2021/1078 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

The Annex to Delegated Regulation (EU) 2021/1078 is amended in accordance with the Annex to this Regulation.

⁽⁴⁾ Regulation (EU) 2021/697 of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/1092 (OJ L 170, 12.5.2021, p. 149, ELI: <http://data.europa.eu/eli/reg/2021/697/oj>).

⁽⁵⁾ 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 (OJ L 79I, 21.3.2019, p. 1, ELI: <http://data.europa.eu/eli/reg/2019/452/oj>).

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 28 August 2025.

For the Commission
The President
Ursula VON DER LEYEN

ANNEX

Point 2.10 of the Annex to Delegated Regulation (EU) 2021/1078 is replaced by the following:

‘2.10. Strategic investments

Financing or investment operations under InvestEU may contribute to activities that are of strategic importance to the Union as set out in Article 8(3) of Regulation (EU) 2021/523. Such activities shall be considered strategic investments if they:

- (a) concern projects and final recipients associated with risks to the security or public order of the Union, its Member States or countries associated to the InvestEU programme (“associated countries”), in particular investments in defence and space sectors and cybersecurity:
 - (i) for defence, investments in technologies and products primarily developed for military applications,
 - (ii) for space, investments in the following products:
 - atomic clocks (including for Galileo positioning systems);
 - strategic launchers (including space launch vehicles for Union-controlled space systems);
 - space products defined in a list decided by the Commission on an annual basis and communicated to the Steering Board;
 - (iii) for cybersecurity, investments focusing solely on developing and deploying cybersecurity tools and solutions, including when these are part of deploying or upgrading digital networks and data infrastructure;
- or
- (b) contribute to the resilience of the Union in areas of strategic importance to it, as set out in Sections 6.1.1.8, 6.2.1.1 and 6.4.1.1, by upholding and strengthening strategic value chains and maintaining and reinforcing activities of strategic importance to the Union, including Important Projects of Common European Interest (IPCEI), in the areas of critical infrastructure, transformative technologies, game-changing innovations and inputs to businesses and consumers.

For direct operations, the implementing partner shall ensure that strategic investments respect the limitations laid down in the paragraphs below. For indirect operations, the implementing partner shall contractually require that the financial intermediary ensures compliance with the same limitations.

Limitations apply to final recipients falling under point (a) of the first paragraph, except in the case of direct operations below EUR 10 000 000 and transactions under indirect operations below EUR 10 000 000.

For the purposes of the limitations set out in this Section:

- (a) “control” means the ability to exercise a decisive influence on a legal entity directly or indirectly through one or more intermediate legal entities;
- (b) “executive management” means a body of a legal entity appointed in accordance with national law, and, where applicable, reporting to the chief executive officer, or any other person having comparable decisional power, which is empowered to establish the legal entity’s strategy, objectives and overall direction, and which oversees and monitors management decision-making;
- (c) “non-associated third country” entity means a legal entity established in a non-associated third country or, where it is established in the Union or an associated country, having its executive management in a non-associated third country. The location of establishment of the legal entity is determined by the location of its registered office.

A final recipient falling under point (a) of the first paragraph shall have its executive management in the Union or an associated country and shall not be controlled by a non-associated third country or non-associated third country entities.

If the final recipient falling under point (a) of the first paragraph is involved in a strategic investment in the field of 5G connectivity, the measures and risk mitigation plans, pursuant to the 5G Cybersecurity Toolbox (*) shall also apply to its suppliers. Such suppliers notably include vendors of telecom equipment and manufacturers and other third-party suppliers, such as cloud infrastructure providers, managed service providers, systems integrators, security and maintenance contractors and transmission equipment manufacturers.

By way of derogation, a legal entity falling under point (a) of the first paragraph involved in a strategic investment in defence, having its executive management in the Union or an associated country and being subject to control by a non-associated third country or a non-associated third-country entity shall be eligible to be a recipient in one of the following cases:

- It demonstrates that it has received a guarantee, approved by the Member State or the associated country in which it is established, under a defence programme having received the financial contribution of the EU (**);
- It demonstrates that, specifically for the purpose of the operation, it has received a guarantee, approved by the Member State or the associated country in which it is established in a timely manner. The guarantee shall provide assurances that the involvement in an action of such a legal entity would not contravene the security and defence interests of the Union and its Member States as established in the framework of the CFSP pursuant to Title V of the TEU, or the objectives set out in Article 3 of Regulation (EU) 2021/523. The guarantee shall in particular substantiate that, for the purpose of the operation: measures are in place to ensure that:
 - (i) control over the final recipient is not exercised in a manner that restrains or restricts its ability to conduct the defence activities funded by the operation; and
 - (ii) access by a non-associated third country or by a non-associated third-country entity to sensitive or classified information relating to the defence activities funded by the operation is prevented and the employees or other persons involved in the operation have a national security clearance issued by a Member State or an associated country in accordance with national laws and regulations.

By way of derogation, a legal entity falling under point (a) of the first paragraph involved in a strategic investment in space, having its executive management in the Union or an associated country and being subject to control by a non-associated third country or a non-associated third-country entity, shall be eligible to be a final recipient if it has received the Commission waiver granted in accordance with principles concerning eligible entities set out in the relevant provisions of Regulation (EU) 2021/696.

The implementing partner must notify the Commission of any derogation granted to the limitations set out in this Section 2.10.

While the financing and investment operation is covered by the EU guarantee, the final recipient falling under point (a) of the first paragraph shall receive the relevant approvals from the Member States or associated country in which they are established, under their existing national procedures, in order to transfer the ownership or grant exclusively license to non-associated third countries or non-associated third-country entities the intellectual property rights, where such rights result directly from those operations.

(*) NIS Cooperation Group, Cybersecurity of 5G networks EU Toolbox of risk mitigating measures, January 2020, https://ec.europa.eu/newsroom/dae/document.cfm?doc_id=64468.

(**) It includes inter alia the following programmes:

- Regulation (EU) 2018/1092 of the European Parliament and of the Council of 18 July 2018 establishing the European Defence Industrial Development Programme aiming at supporting the competitiveness and innovation capacity of the Union's defence industry (OJ L 200, 7.8.2018, p. 30, ELI: <http://data.europa.eu/eli/reg/2018/1092/oj>);
- Regulation (EU) 2021/697;
- Regulation (EU) 2023/1525 of the European Parliament and of the Council of 20 July 2023 on supporting ammunition production (ASAP) (OJ L 185, 24.7.2023, p. 7, ELI: <http://data.europa.eu/eli/reg/2023/1525/oj>);
- Regulation (EU) 2023/2418 of the European Parliament and of the Council of 18 October 2023 on establishing an instrument for the reinforcement of the European defence industry through common procurement (EDIRPA) (OJ L, 2023/2418, 26.10.2023, ELI: <http://data.europa.eu/eli/reg/2023/2418/oj>);
- Council Regulation (EU) 2025/1106 of 27 May 2025 establishing the Security Action for Europe (SAFE) through the Reinforcement of the European Defence Industry Instrument (OJ L, 2025/1106, 28.5.2025, ELI: <http://data.europa.eu/eli/reg/2025/1106/oj>).