

New and improved National Security and Investment Act set to be up and running

- The National Security and Investment Act – the biggest shake up of the UK's national security regime for 20 years – to be commenced fully from 4 January 2022
- businesses and investors urged to get ready for the changes, with guidance published to ensure a smooth transition to the new rules
- new laws will advance the UK's gold-star reputation as an attractive place to invest, while strengthening government's powers to investigate and intervene in potentially hostile foreign investment

Businesses and investors are being urged to get ready for changes to the UK's strengthened national security regime which will be commenced fully on 4 January 2022.

The National Security and Investment Act modernises the government's powers to investigate and intervene in mergers, acquisitions and other deals that could threaten the UK's national security.

The new regime will see investors being given more efficient clearance processes for relevant acquisitions as well as more transparency about what types of deals the government could examine and the processes for doing so.

This will give investors additional certainty and clarity as the UK enshrines its status as a global champion of free trade and investment.

The regime also means new rules for businesses. Once the Act is commenced, the government will be able to scrutinise and intervene in certain acquisitions made by anyone, including businesses and investors, that could harm the UK's national security, but the regime will be targeted and proportionate. The government will be able to impose certain conditions on an acquisition, or, if necessary, unwind or block it – although the government expects to do this rarely and the vast majority of deals will be able to proceed without delay.

The Act also grants government a 5-year retrospective power to call in acquisitions in the wider economy which were not notified, but may raise national security concerns. However, these powers will not apply to acquisitions which took place prior to the Act's introduction to Parliament (11 November 2020), so businesses and investors have certainty about historical deals.

Once the Act fully commences, investors planning an acquisition in one of the defined sensitive areas of the UK economy may need to get approval from the government before they can complete it.

Before the new laws are commenced on 4 January 2022 businesses and investors are encouraged to read a [range of guidance](#) published by the government today, to ensure they understand this new process. More guidance will follow later this year.

Business Secretary Kwasi Kwarteng said:

Protecting the UK's national security is of paramount importance to this government. Now that our investment screening regime has been strengthened, the government will be able to take swift and decisive action against potentially hostile foreign investment.

This robust regime will also make the investment screening process simpler and quicker for investors and businesses – giving them the certainty they need to do business in the UK – and I urge them to make sure they are ready for the changes coming into force on 4 January 2022.

The government has also been working closely with investors and businesses, including through a cross-sector Expert Panel, to ensure they understand what is new.

The Investment Security Unit – a dedicated hub that sits within the business department – will provide a single point of contact for businesses wishing to understand the Act and notify the government about transactions.

The unit will review transactions and coordinate cross-government activity to identify, assess and respond to national security risks arising from foreign direct investment – providing certainty for businesses that they will not be targeted and exploited by potentially hostile actors.

Investments will be screened much more quickly than the current regime, assessing transactions within 30 working days – and often faster – with timelines now set out in law, rather than by the government on a case-by-case basis as is currently the case.

Businesses are urged to contact the hub using the email address investment.screening@beis.gov.uk if they have any queries ahead of commencement.

Today the government has also published:

Business Minister Lord Callanan said:

The UK has a world-class reputation as a leading destination for foreign investment and our National Security and Investment Act will only strengthen that reputation.

This government has been clear all along: we are open to foreign investment, but we will not tolerate those who wish to threaten our

national security.

The UK is consistently placed as one of the leading destinations for foreign investment in Europe and around the world, thanks to the strength of its workforce, innovation and lack of red tape and this government is clear that the new national security regime will only strengthen the UK's status as a premier destination for inward investment.

Minister for Investment Gerry Grimstone said:

The UK is one of the best investment destinations in the world offering investors strong returns and growth in a low tax, high skill economy with a strong rule of law.

This Act bolsters our reputation with quicker, slicker scrutiny processes and more certainty and security for businesses to help attract high value, high impact investment.

From 4 January 2022, the commencement of the National Security and Investment Act will mean that:

- the government will be able to scrutinise, impose conditions on or, as a last resort, block a deal wherever there is an unacceptable risk to UK's national security
- investors and businesses will have to notify a dedicated government unit – the Investment Security Unit – through a digital portal about certain types of acquisitions in designated sensitive areas, such as artificial intelligence
- the UK's screening powers will include assets like intellectual property as well as companies
- the vast majority of acquisitions will be able to proceed unhindered and investments will be screened much faster than the current regime
- acquisitions will be assessed within 30 working days and often more quickly, as set out in law
- investors can also notify any acquisitions voluntarily if they believe it has implications for national security
- to ensure that no dangerous deal can slip through the net unchecked, in addition to mandatory notification for certain sensitive areas of the economy, the Secretary of State will have the power to 'call in' acquisitions in the wider economy which were not notified to government but may raise national security concerns

The 17 defined sensitive sectors are:

- Advanced Materials
- Advanced Robotics
- Artificial Intelligence
- Civil Nuclear
- Communications
- Computing Hardware

- Critical Suppliers to Government
- Cryptographic Authentication
- Data Infrastructure
- Defence
- Energy
- Military and Dual-Use
- Quantum Technologies
- Satellite and Space Technologies
- Suppliers to the Emergency Services
- Synthetic Biology
- Transport