

New national security regime from 4 January 2022

To businesses and investors.

We are now approaching the full commencement of the National Security and Investment Act 2021 on 4 January 2022. The Act introduces new powers for government to investigate and, if necessary, intervene in investments and other acquisitions of entities and assets in, or linked to, the UK where they could harm the UK's national security.

This is the biggest shake up of the UK's national security investment screening powers for 20 years, and I wanted to write to you to set out what this means.

As a government, we have always wrapped our arms around business and we will continue to welcome the huge role foreign direct investment plays in our economy – creating jobs and driving growth across the country. However, while we prize our open approach to investment, we must balance this with measures that protect the safety of our citizens.

I understand that the majority of investors are only seeking to grow their businesses and contribute to the UK economy by investing here, but it is an unavoidable truth that a handful want to do us harm.

In the UK, we see ever more ingenious threats to our national security. The government has been very clear that we want the UK to remain an attractive place to do business and the Act is an important part of ensuring investment in the UK can continue with predictability and transparency while protecting national security.

Our economy has changed greatly over the last 20 years, and these reforms are about modernising our existing powers which derive from the Enterprise Act 2002. This is not about stifling investment, but about adapting to new threats. The Act establishes a dedicated investment screening process for national security purposes. It cannot and will not be used for anything other than national security.

The approach of the Act will be familiar to those of you who have dealt with investment screening in other like-minded countries, such as the USA, Australia, Germany, and Canada. I want to reassure you that the vast majority of acquisitions will be unaffected by these powers. We know that only a small minority of acquisitions pose a potential risk to the UK.

The Act requires certain acquisitions of entities in the 17 most sensitive areas of the economy to be notified and approved before they are completed.

The Act intentionally gives businesses and investors a clear and predictable screening process so that they can plan with confidence the maximum time it will take until they can expect a decision. My department, the Department for

Business, Energy and Industrial Strategy (BEIS), hosts the Investment Security Unit and the decision maker on all cases will be the Secretary of State for BEIS. We have published the [Section 3 Statement](#) which can be used to help understand how government expects to use the call-in power, which allows government to call-in and assess qualifying acquisitions, within the legislation.

Businesses and investors are urged to get ready for the changes, and we have published [guidance to ensure a smooth transition to the new rules](#).

To help you prepare for the Act I have set out the following steps:

1. Check if the rules will apply to your acquisition. This will depend on what you are acquiring and how much control you have over it.
2. Check if you will need to tell the government about your acquisition. You will be legally required to inform the government about certain acquisitions of entities if your acquisition is in a [sensitive area of the UK economy](#) from 4 January 2022.
3. Tell the government about your acquisition. You can do this online by submitting a notification from 4 January 2022.
4. The government will review your acquisition. It can either clear your acquisition, impose certain conditions, or block or unwind it.

We will publish further guidance 6 months after the new Act commences. This will be written in light of the experience once the Act is in operation, and we hope to give some indication of types of acquisitions that do not need to be notified. This should give further reassurance to businesses and maintain the UK's lively and competitive economy.

Similarly, the ISU is available to be contacted by their email address (investment.screening@beis.gov.uk) and I encourage you to get in touch if you have any questions about the Act or any notifications.

Yours faithfully,

Lord Callanan
Minister for Business, Energy and Corporate Responsibility