

UK National Security and Investment Bill Receives Royal Assent

May 3, 2021

On 29 April 2021, the UK National Security and Investment Bill, which strengthens the UK government's ability to investigate transactions on grounds of national security, was granted Royal Assent. This marks the end of the legislative process and the biggest shake-up of the UK's investment screening regime in 20 years.

The new National Security and Investment Act (NSI Act) introduces a standalone regime for the screening of foreign investments in the UK and significantly upgrades the government's powers to "call-in" transactions across all sectors of the economy on national security grounds. Once in force, transactions in 17 sectors, ranging from synthetic biology to data infrastructure, will be subject to mandatory notification if certain "trigger events" are met. The Secretary of State will also have the power to "call-in" transactions across the wider economy that may raise national security concerns; a power which will apply retrospectively to transactions that closed on or after 12 November 2020. Ultimately, the government will be able to scrutinise, impose conditions or, as a last resort, block a deal where there is an unacceptable risk to the UK's national security.

Whilst there have been amendments to the original National Security and Investment Bill as published on 11 November 2020, notably regarding the government's reporting obligations, the main amendment brought by the NSI Act concerns the removal of the 15% threshold for mandatory notification. It means that mandatory notification will now start at investments of over 25% of the shares or voting rights in companies active in the 17 specified sectors. The Secretary of State, however, will still be able to "call-in" transactions of less than 25% where an investor acquires material influence over a target entity, and so voluntary notification may be advisable in certain transactions that fall below the 25% threshold.

In the [press release](#) to accompany the NSI Act, the government was keen to emphasise that the UK "is very much open for business" and "remains one of the world's most open, attractive and welcoming destinations for foreign investment." The vast majority of acquisitions and investments are expected to require no intervention and should be able to proceed quickly once the 30-working-day period (or earlier) for clearance has passed.

The NSI Act is due to commence at the end of the year. Ahead of commencement, the government plans to work closely with investors and businesses to explain what has changed, in particular "in sectors affected by mandatory notification, such as quantum technologies and space and satellite technologies". There will also be significant secondary legislation needed to address aspects of the new regime including the sectors impacted by the mandatory regime.

If you would like further information or advice on the new regime, please do not hesitate to contact the authors below. For more details on the NSI Bill as published, please read this prior [Cooley alert](#).

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