National Security and Investment Bill Guide:
How the Regime Functions

The diagrams below illustrate the process established by the National Security and Investment Regime. The diagrams assume a high degree of compliance from business, and therefore does not detail sanctions available nor explain every permutation of the exercise of the call-in power (such as in the case of false information being provided).

The Power to "call-in" a Transaction

The Secretary of State may give a notice if the Secretary of State reasonably suspects that:

- *a trigger event has taken place, or is in progress, in relation to a qualifying entity or asset; and*
- *the event has given rise to or may give rise to a risk to national security.*

The issuance of a "call-in" notice allows the Secretary of State to intervene in the transaction. Intervention can take several forms, including the issuing of "interim notices" requiring certain persons to do or not do specific things in relation to the transaction.

The Statement

The Statement is a statement prepared by the Secretary of State that sets out how the Secretary of State expects to exercise the power to give a call-in notice. It may include, among other things, details of sectors of the economy, or types of transactions, are more likely to give rise to a risk to national security concerns.

Trigger Events

A 'Trigger Event' is a transaction which falls within scope of the following:

- the acquisition of more than 25% of the votes or shares in a qualifying entity;
- the acquisition of more than 50% of the votes or shares in a qualifying entity;
- the acquisition of 75% or more of the votes or shares in a qualifying entity;
- the acquisition of voting rights that enable or prevent the passage of any class of resolution governing the affairs of the qualifying entity;
- the acquisition of material influence over a qualifying entity's policy.

As well at the above, a Trigger Event includes the acquisition of a right or interest in, or in relation to, a qualifying asset providing the ability to:

- use the asset, or use it to a greater extent than prior to the acquisition; or
- direct or control how the asset is used, or direct or control how the asset is used to a greater extent than prior to the acquisition.

Notifiable Acquisitions

Are defined as the acquisition of 15% or more of the votes or shares in an entity

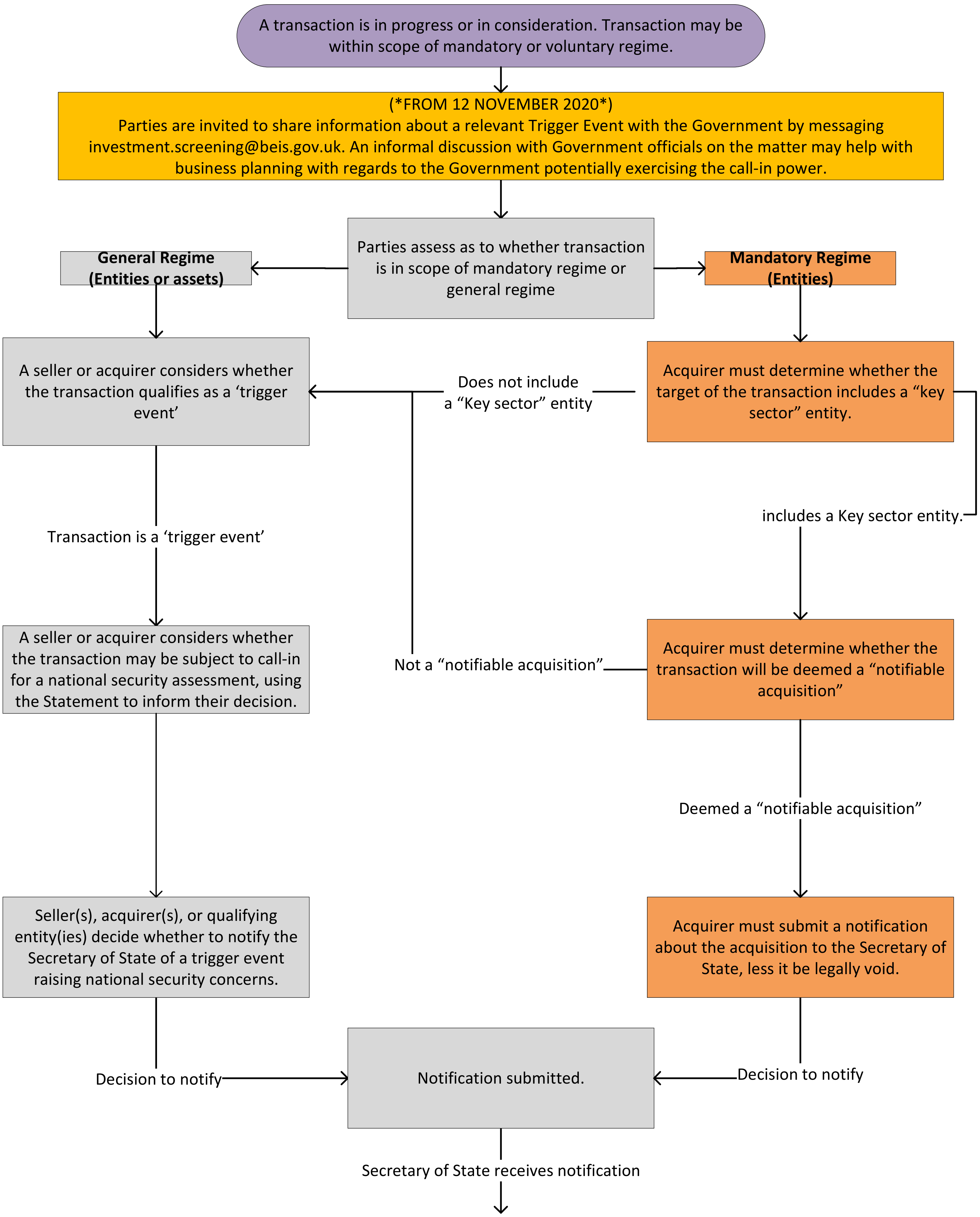
Key Sectors

Mandatory notification applies to entities in specific "Key Sectors", established through regulation.

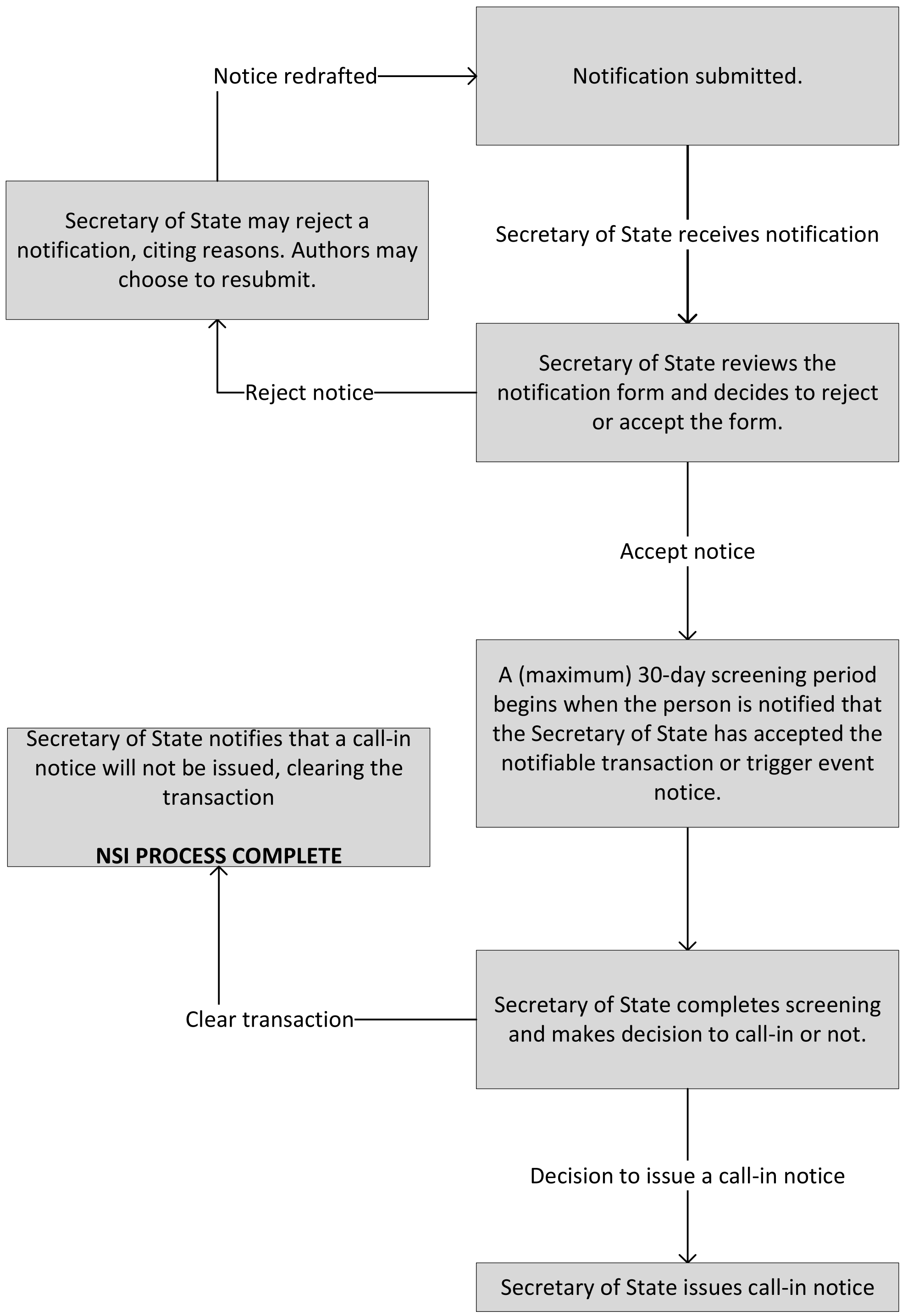
Notice to business: The NSI Regime between 12 November 2020 and commencement

Before the NSI regime takes legal effect, businesses may message BEIS for advice on their transactions. By contacting the team at investment.screening@beis.gov.uk, you may seek advice on what to expect with regards to your relevant Trigger Event. The Government will not use the "call-in power" before the NSI regime is commenced.

Part 1: Notification to Government



Part 2: Government Assessment of notification



Part 3: Government National Security Assessment