

Cabinet Office

National Security and Investment Act 2021

Annual Report 2022-2023

1 April 2022 – 31 March 2023

Presented to Parliament pursuant to the National Security and
Investment Act 2021



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Foreword by the Deputy Prime Minister

For centuries, the UK has been a global magnet for investment - in large part because of our historic commitment to transparency, predictability and the rule of law. The National Security and Investment Act was designed exactly in line with those principles, and in February 2023 I took on the role of decision maker under the Act to ensure this screening regime remains as business-friendly and pro-investment as possible.

Based on this report, we are succeeding in that mission. This is a light-touch, proportionate regime that offers companies and investors the certainty they need to do business, while crucially protecting the UK's national security in an increasingly volatile world. The Act is working for the UK, and working for business.

In the last financial year:

- The majority of businesses in the UK had zero interaction with this screening process, nor any need to.
- Of those who did, we cleared the vast majority (93%) of notifications within a rapid 30 days.
- We received 866 notifications in total.
- We called in just 65 of the acquisitions we reviewed for further assessment.
- And ultimately intervened on just 15 occasions on the basis of national security - issuing final orders to block, unwind or impose conditions on acquisitions.

As you might expect, defence-related acquisitions featured prominently at call-in and final order. The other sectors subject to the most final orders were communications, energy, advanced materials, and computing hardware.

All cases were decided within statutory timelines, providing welcome certainty for businesses.

Finally, as part of my ongoing commitment to be as transparent as possible, I am for the first time publishing new details about the origins of the investment I and my predecessors considered. It is important to note, however, that the Act remains country agnostic. We have judged and will continue to judge each case on its own merits and the individual national security risks it poses - allowing the large majority of investment to flow without any limits under the NSI Act.

I believe the NSI system will be pivotal in maintaining the UK's status as one of the most attractive countries in the world for investment. The first full year has been extremely positive, but I am keen to keep communicating with businesses and to look at where/how the system can be improved. My Ministerial team, officials and I frequently run and attend engagement events, and we welcome your feedback wherever possible.

Executive Summary

1. This report is a statutory requirement, laid in Parliament under section 61 of the National Security and Investment Act 2021 (“NSI Act”). This is the second report under this legislation and covers the year from 1st April 2022 to 31st March 2023 (the “reporting period”). This report contains all that is required by the NSI Act and additional information to aid understanding and transparency.
2. During this reporting period, the Investment Security Unit (ISU), which advises the Secretary of State in their exercise of functions under the NSI Act, moved from the former Department for Business, Energy, and Industrial Strategy into the Cabinet Office. The decision-maker under the NSI Act is the designated Secretary of State, this is now the Deputy Prime Minister in his role as the Secretary of State in the Cabinet Office.

Overview of this report’s content

3. This report is the first NSI Annual Report to cover a whole year. The reporting period began three months after the NSI Act commenced and so some of the powers in the NSI Act were exercised for the first time during this reporting period.
4. The NSI Act requires each Annual Report to contain certain specific details of the functions of the NSI Act. The Government is committed to providing as much transparency as possible on the use of the NSI Act. Therefore, in addition to the statutory information, this report contains categories of information which go beyond the statutory minimum. This includes information which was included in the first Annual Report (such as the total number of notifications organised by month, and the number of notifications organised by mandatory and voluntary categories) and new categories of information not previously published (such as the number of call-in notices organised by origin of investment and the number of retrospective validation notices approved by month).

Notifications received and time taken to assess them

5. In this reporting period, the Secretary of State received 866 notifications. Of these, 671 were mandatory notifications, 180 were voluntary notifications, and 15 were retrospective validation applications. Of the mandatory notifications, 47% related to the defence sector (a single acquisition can relate to more than one sector).
6. Both mandatory and voluntary notifications were accepted on average within 4 working days (median). Of the 43 notifications that were rejected, it took an average of 10 working days to reject mandatory notifications and 7 working days to reject voluntary notifications.

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7. There were 766 mandatory and voluntary notifications and retrospective validations which were reviewed within this reporting period. Of these, 7.2% (55) were issued a call-in notice and 92.8% (711) were notified that there would be no further action. All notifications were either called in or cleared within the statutory time limit of 30 working days after being accepted. Of those notifications that were called in, the Government took on average 28 working days for mandatory notifications and 27 working days for voluntary notifications to decide to call in the acquisition.

Call-ins and the areas of the economy involved

8. During the reporting period 65 acquisitions were called in. Of those 65 call-ins, 37 were made following a mandatory notification and 17 following a voluntary notification. One call-in notice was made to a retrospective validation application and 10 call-in notices were issued for acquisitions that had not been notified.
9. Of the acquisitions called in, 37% were associated with the Military and Dual Use area of the economy, 29% with Defence, and 29% with Advanced Materials. Forty two percent of call-ins were of acquisitions involving acquirers associated with China, 32% with acquirers associated with the UK, and 20% with the USA (an acquisition can be associated with more than one country).
10. Fifteen (15) mandatory notifications and 10 voluntary notifications made use of the additional period, and 10 acquisitions used the voluntary period.

Final notifications, final orders, enforcement, and assistance

11. Of the call-ins that were closed during this reporting period, the Secretary of State made 57 final notifications and 15 final orders; one final order was revoked.
12. Of the 57 final notifications, 42% went to acquisitions in the Military and Dual Use area of the economy, 32% went to Advanced Materials, and 26% to Defence. On average it took 25 working days to issue a final notification. Eleven (11) final notifications were issued to acquisitions which did not complete and so scrutiny under the NSI Act stopped. Of those 57 final notifications, 40% involved acquirers associated with China, 30% with acquirers associated with the UK, and 19% with the USA (an acquisition can be associated with more than one country).
13. Of the 15 final orders, targets carrying on activities in the Military and Dual Use and the Communications areas of the economy received 4 each, and 3 went to targets carrying on activities in each of Energy, Defence, Computing Hardware, and Advanced Materials. Eight of the Final Orders involved acquirers associated with China, 4 were associated with the UK, and 3 with the USA. On average it took 81 working days to issue a final order.

14. No financial assistance was given during this reporting period. No penalties were issued nor any criminal prosecutions concluded.

Purpose of the NSI system

1. The NSI Act came into full effect on 4 January 2022 and grants the Secretary of State powers to scrutinise and intervene in certain acquisitions of control (“acquisitions”) to safeguard the UK’s national security. These powers ensure that investment in the UK can continue with predictability and transparency whilst protecting the UK’s national security.
2. The UK continues to encourage investment and is committed to remaining a free and open economy. The NSI Act focuses solely on national security, meaning it cannot be used for economic or political purposes. Most acquisitions will not raise national security concerns and so will be unaffected by the NSI Act. This ensures the system is effective but light-touch, helping businesses and investors continue with certainty. These powers are in line with many similar systems across the world.

How the NSI system works

3. The NSI Act allows the Secretary of State to review certain acquisitions that meet legal tests set out in the NSI Act and that may give rise to a risk to national security (referred to as “qualifying acquisitions” in the guidance and “trigger events” in the legislation). Whilst the powers cover all areas of the economy, some acquisitions of entities that carry out particularly sensitive activities in 17 areas of the economy (such as in defence, civil nuclear, and quantum technologies) must be notified to the Secretary of State and receive approval before completion. Such acquisitions are called “notifiable acquisitions”.
4. When the Secretary of State receives a notification of an acquisition, they must ‘accept’ or ‘reject’ that notification. If a notification is rejected the notifying party or parties will be contacted by officials to explain why the notification has been rejected. Parties may resubmit the notification addressing the feedback. The notification may then be accepted.

Scrutinising acquisitions

5. The Secretary of State may ‘call in’ acquisitions for scrutiny. The Secretary of State has published a statement that sets out when they are likely to exercise the power to call in acquisitions and the factors they will take into account, this is called the “Section 3 Statement”.
6. If, following scrutiny, the Secretary of State believes on the balance of probabilities that a risk to national security has arisen or would arise as a result of a qualifying acquisition, the Secretary of State may make a final order. This may include measures such as imposing conditions on acquisitions, preventing them from completing, or, if the acquisition has already taken place, requiring parties to unwind the acquisition. If a notifiable acquisition

has taken place without the Secretary of State's approval it is void in law, but the Secretary of State may approve it retrospectively.

7. For qualifying acquisitions that took place on or after 4 January 2022 (when the NSI Act fully commenced), any call-in notice must be given within six months of the Secretary of State becoming aware of the acquisition, and cannot be given more than five years after the acquisition took place.
8. Where the Secretary of State becomes aware of an acquisition that took place between 12 November 2020 and 3 January 2022, any call-in notice must be given within six months of the Secretary of State becoming aware and not more than five years after 4 January 2022.

Time limits and predictability

9. Once the Secretary of State has accepted a notification, they have 30 working days to decide whether to call in the acquisition for a more detailed assessment or to clear it.
10. If an acquisition is called in, the Secretary of State then has 30 working days to assess whether any remedies are needed to address national security risks. The Secretary of State can extend this period by 45 working days, and the Secretary of State and acquirer can mutually agree to further voluntary extensions.
11. During an assessment, the Secretary of State can impose interim orders, such as requiring the acquisition to halt until the assessment is complete. Once a decision is reached, the Secretary of State will clear the acquisition or, if necessary and proportionate, impose remedies through a final order. Non-compliance with the requirements of the NSI Act may attract civil or criminal penalties. Any decisions made by the Secretary of State under the NSI Act may be challenged by applying for judicial review within 28 days, beginning with the day after the day on which the grounds to make the claim first arose (unless the court considers that exceptional circumstances apply).

Further guidance

12. The Government has published extensive [guidance](#) that provides further details on the operation of the NSI Act, including on the process for submitting notifications.

SECTION ONE: Notifications

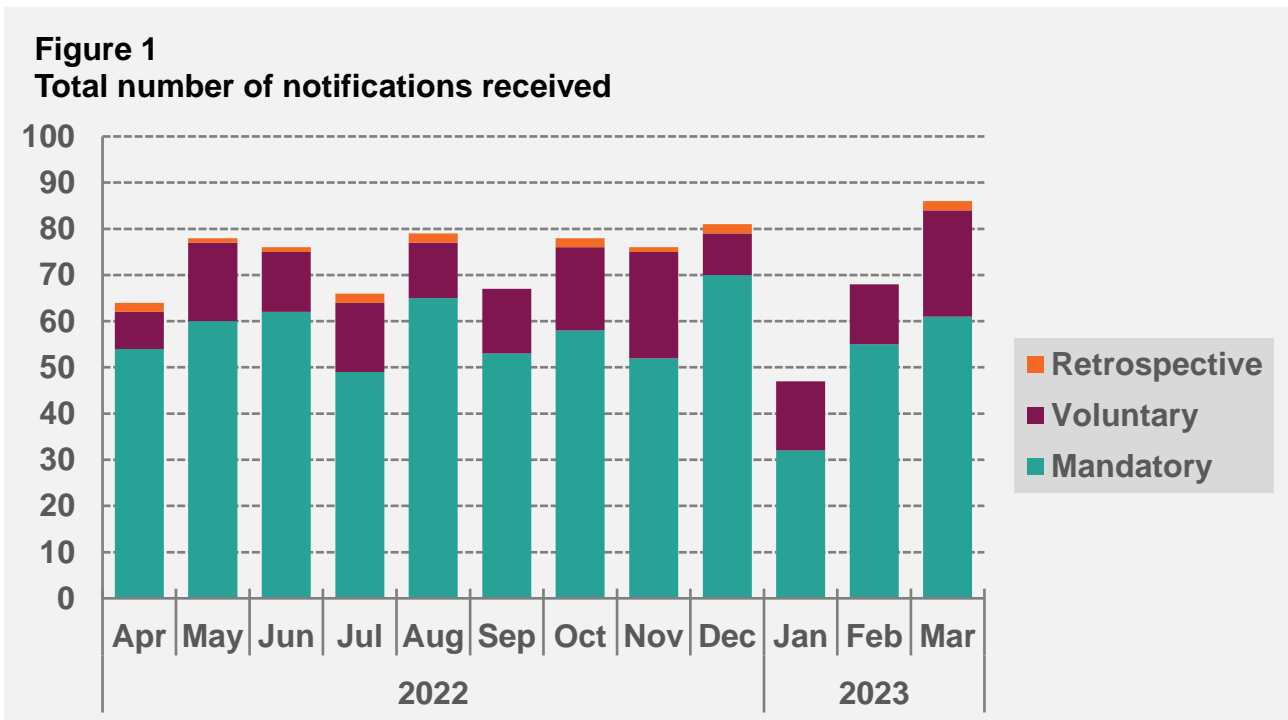
1. This section contains information about the notifications the Secretary of State received during this reporting period.
2. Notifications are the means by which a person gives notice to the Secretary of State about acquisitions that meet legal tests set out in the NSI Act, which can include both asset and entity acquisitions, and that may give rise to a risk to national security (referred to as “qualifying acquisitions” in this document and the guidance and “trigger events” in the legislation). The vast majority of activity in the UK economy in any given year will not need to be notified to the Secretary of State.
3. Parties to acquisitions can make three types of notification under the NSI Act:
 - a. mandatory notifications;
 - b. voluntary notifications; and
 - c. retrospective validation applications (also referred to as “applications”).
4. Mandatory notifications are those received in relation to ‘notifiable acquisitions’, which are acquisitions of entities carrying on certain activities in the 17 sensitive areas of the UK economy specified in the [Notifiable Acquisition \(Specification of Qualifying Entities\) Regulations 2021](#).
5. Voluntary notifications are those received in relation to acquisitions that are not mandatorily notifiable acquisitions. Parties may submit notifications voluntarily to achieve business certainty, given that the Secretary of State may call in qualifying acquisitions where they reasonably suspect the acquisition may give rise to a risk to national security.
6. Retrospective validation applications are applications for notifiable acquisitions to be recognised retrospectively as being valid in law after they have been completed without approval.
7. In the text below we refer to voluntary notifications, mandatory notifications, and retrospective validation applications collectively as “notifications”.

Notifications received

8. The number of notifications in this section have been calculated up to the end of the reporting period (defined as the “relevant period” in the NSI Act). The reporting period is the year from 1st April 2022 to 31st March 2023, as set out in section 61 of the NSI Act. Once a notification is received the Secretary of State must either accept the notification (meaning it can be reviewed) or reject the notification. Reasons for rejecting a notification

are given below at Figure 5 on page 14. Notifications listed here as ‘received’ may have been under consideration at the end of the reporting period and so accepted or rejected after the reporting period closed. This means that there may be some discrepancy between these and other figures in the report.

A. The total number of notifications received	866
B. The total number of mandatory notifications received	671
C. The total number of voluntary notifications received	180
D. The total number of retrospective validation applications received	15
E. The total number of notifications received split by month and type	<i>Fig. 1</i>



9. The Impact Assessment for the NSI Bill, published in November 2020, estimated that the ISU would receive between 1,000 and 1,830 notifications each year.¹ The total number of notifications received in this 12-month reporting period was 866.

10. Almost four times as many mandatory notifications were received as voluntary notifications. The number of notifications and the split between the different types of notifications in each month was fairly consistent across the year.

Notifications accepted and rejected

11. This section includes notifications that had been received and accepted/rejected during the reporting period. Some notifications that had been received towards the end of the

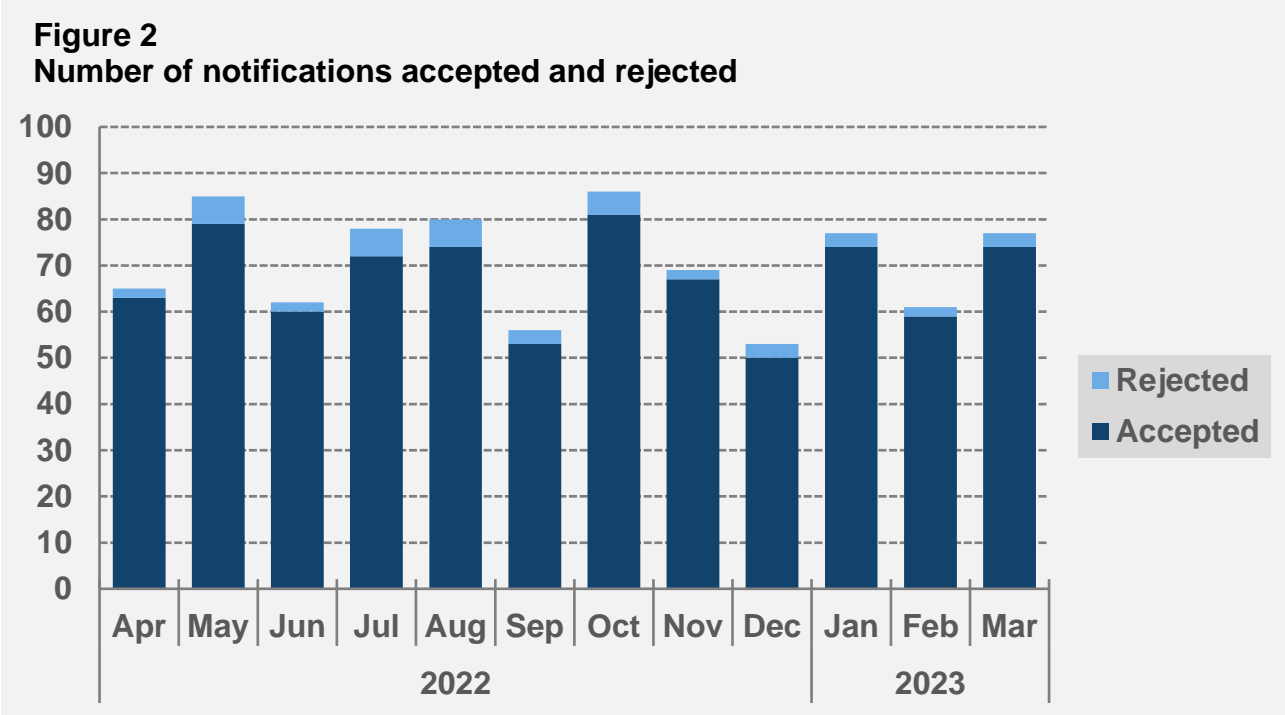
¹ Impact Assessment: National Security and Investment Bill, 9 November 2020 (IA No. BEIS006(F)-20-CCP), p.22

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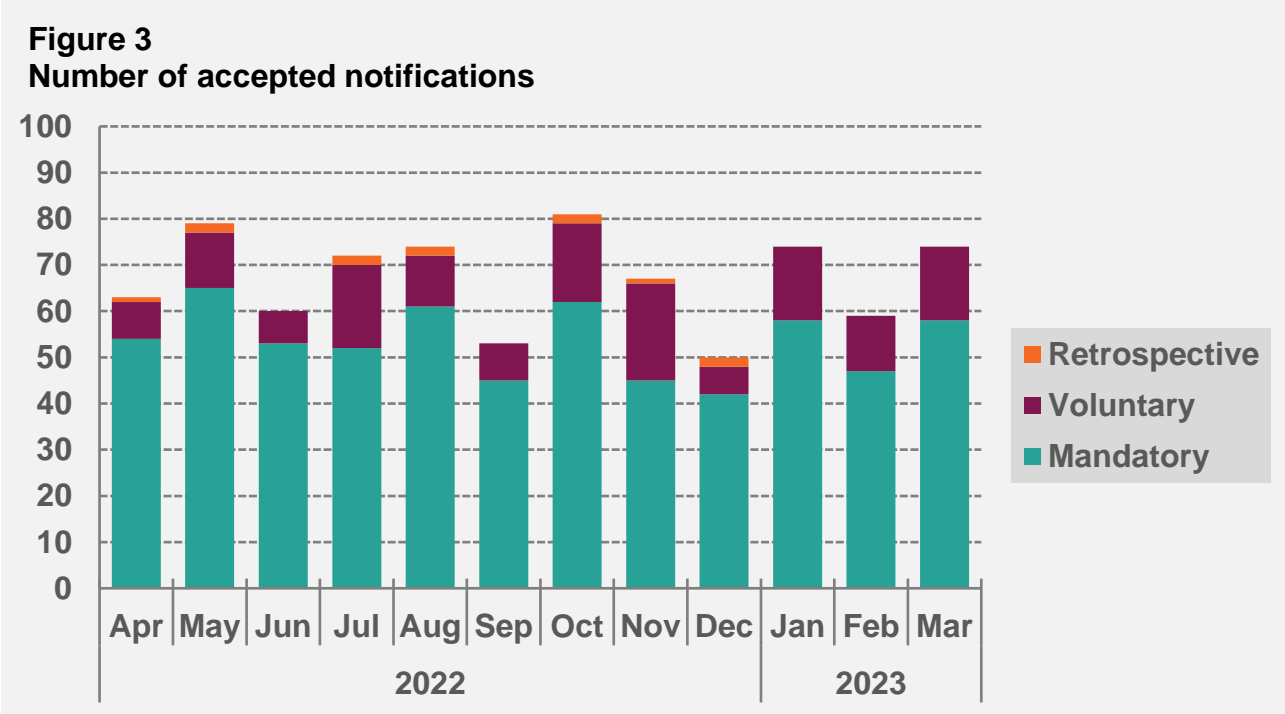
reporting period had not yet been accepted/rejected when the reporting period ended, meaning the total number of notifications accepted/rejected is not the same as the total number received. Additionally, this section includes any notifications which were received before this reporting period but were accepted or rejected during this reporting period.

F. The number of notifications accepted/rejected	849
G. The number of notifications accepted	806
H. The number of notifications rejected	43
I. The number of mandatory notifications accepted	642
J. The number of mandatory notifications rejected	22
K. The number of voluntary notifications accepted	152
L. The number of voluntary notifications rejected	19
M. The number of retrospective validation applications accepted	12
N. The number of retrospective validation applications rejected	2
O. The number of notifications pending acceptance/rejection at the end of the reporting period	17

P. The number of notifications accepted/rejected, by month *Fig. 2*



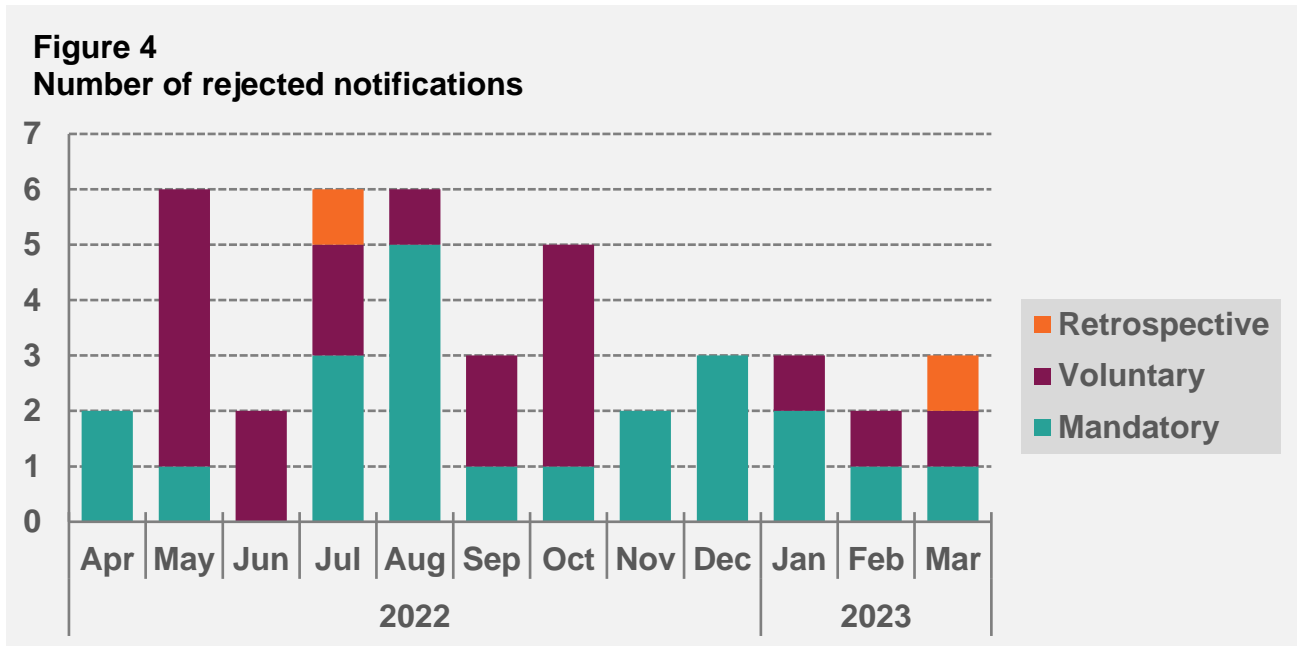
Q. The number of accepted notifications, by month and type *Fig. 3*



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R. The number of rejected notifications, by month and type

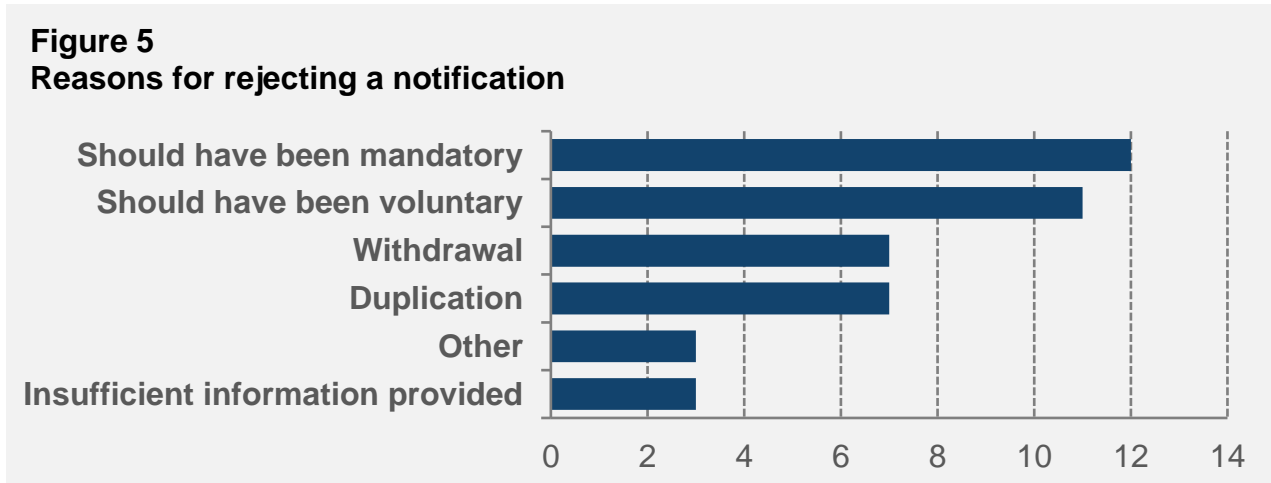
Fig. 4



12. In each month the large majority of notifications were accepted, with only a small minority being rejected.

S. The number of rejected notifications by the reason why they were rejected

Fig. 5



13. The NSI Act allows for three reasons to reject a notification: i) the notification does not meet the requirements set out in the NSI Act; ii) the notification does not meet the requirements set out in regulations; iii) the notification does not contain sufficient information. The chart above provides a more detailed breakdown of the reasons for rejection within these three categories to help stakeholders to understand better why notifications were rejected during this reporting period.

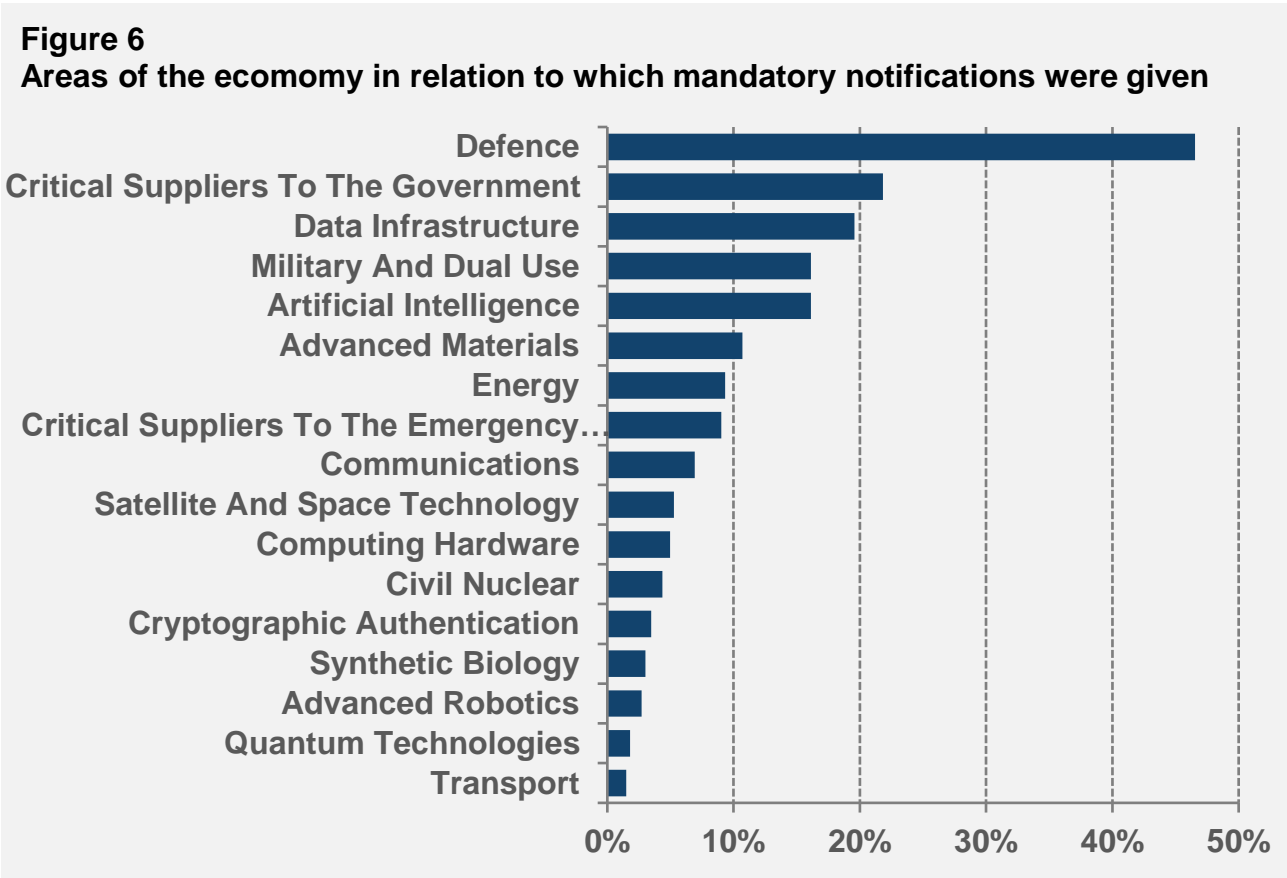
14. The most common reason for rejecting a notification was that the acquisition has been notified using the wrong form (23 notifications rejected out of 43 in total). When the ISU

rejects a notification the ISU contacts parties to explain why the notification is rejected, helping to ensure that the system remains as transparent as possible.

Notifications received by area of the economy

15. The information below contains data only about notifications which were accepted or rejected within this reporting period (i.e. not those which were received but still under consideration in this reporting period). This is because a notification is categorised to an area of the economy only at the point of acceptance or rejection and so it is not possible to say which area of the economy a notification belongs to before it is accepted. There is therefore a small difference between the number of notifications received during the reporting period and the number of notifications categorised to an area of the economy. For the same reason, a small number of notifications received in the previous reporting period but accepted or rejected in this reporting period are included in the data below.

T. The areas of the economy in relation to which mandatory notifications were given, and the number of notifications received from each area Fig. 6



*The abbreviated name of the area of the economy is Critical Suppliers to the Emergency Services

16. This chart shows the percentage of all accepted or rejected notifications which were associated with that particular sector. For example, 47% of mandatory notifications were

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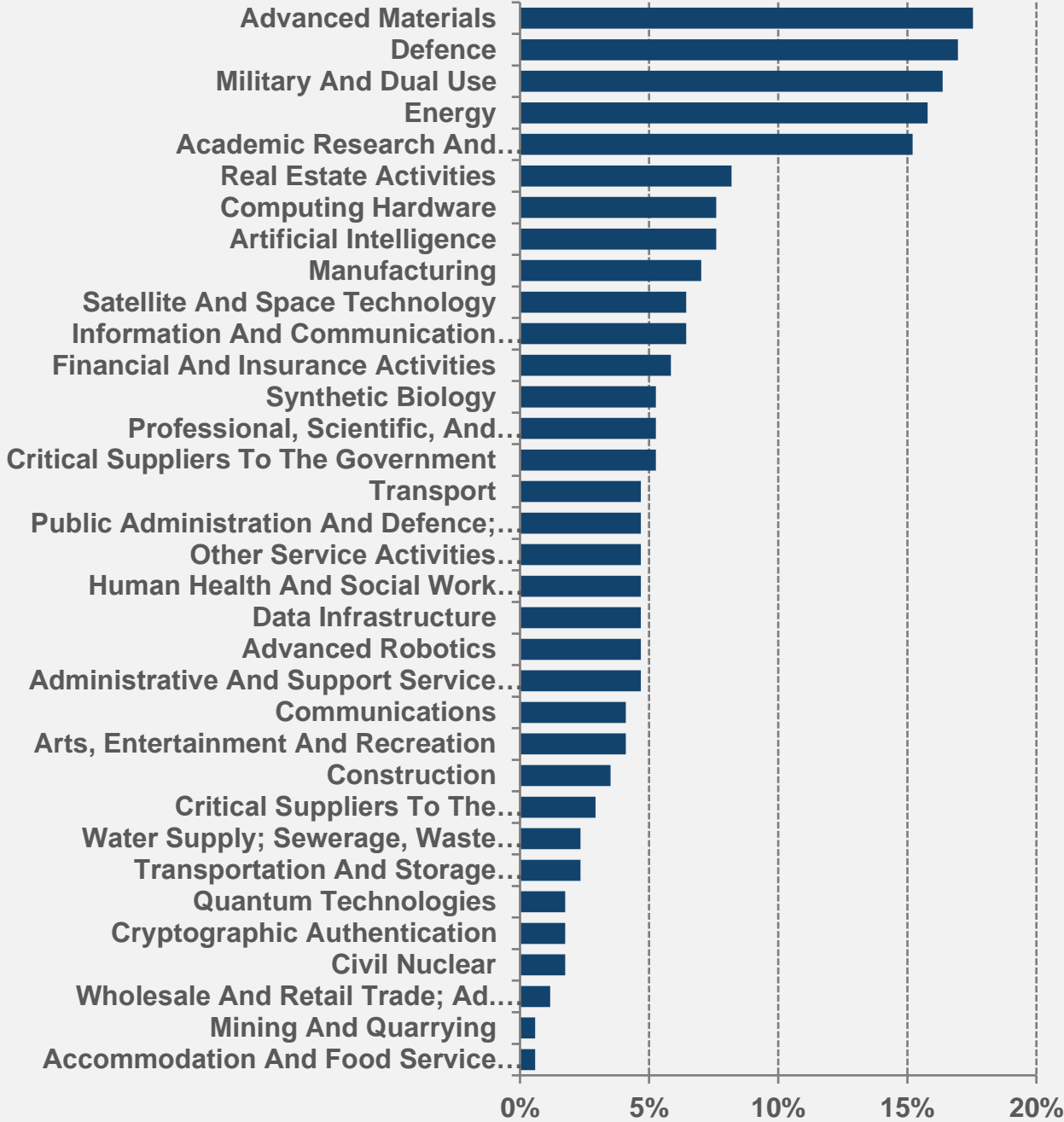
related to the Defence area of the economy. Each notification may be associated with more than one area of the economy so the percentages add up to more than 100%.

17. Defence received more than twice the proportion of notifications than the next largest area of the economy.

[The report continues on the following page]

U. The areas of the economy in relation to which voluntary notifications were given, and the number of notifications received from each area Fig. 7

Figure 7
Areas of the economy in relation to which voluntary notifications were given



**The abbreviated names of the areas of the economy are: Academic Research And Development In Higher Education; Information and Communication (Publishing, TV, IT); Professional, Scientific, And Technical Activities; Public Administration And Defence; Compulsory Social Security; Other Service Activities (Membership Orgs, Repair, Personal Services Etc.); Human Health And Social Work Activities; Administrative And Support Service Activities; Critical Suppliers To The Emergency Services Sectors; Water Supply; Sewerage, Waste Management, And Remediation Activities; Transportation And Storage (Logistics); Wholesale And Retail Trade; Ad. Repair Of Motor Vehicles And Motorcycles; Accommodation and Food Service Activities.*

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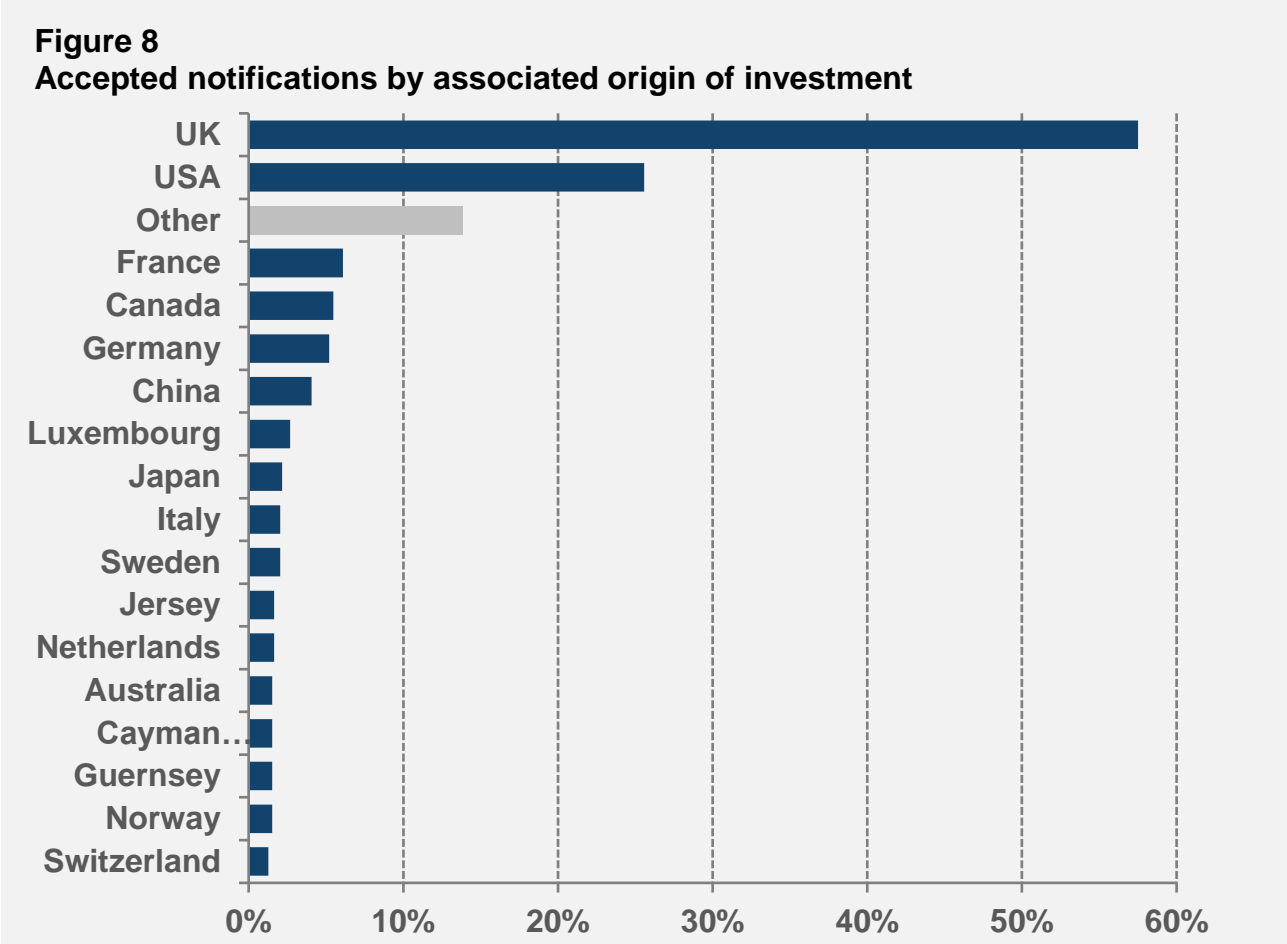
18. The percentages in this chart are calculated from the total number of voluntary notifications accepted or rejected in the reporting period. Each notification may be associated with more than one area of the economy, so the percentages add up to more than 100%.
19. This chart shows all notifications that were not subject to mandatory notification because the targets were not carrying on the specified activities in the 17 areas of the economy that are subject to mandatory notification, as defined by the Notifiable Acquisition Regulations. Nevertheless, these voluntary notifications often relate to targets whose activity may fall within the same broad sector as the 17 sectors, but do not satisfy the specific criteria set out in the Notifiable Acquisition Regulations. This explains why the top four areas of the economy for voluntary notifications, shown in the chart above, share labels with mandatory notification areas but are not within the definitions of notifiable acquisitions.
20. Over the reporting period, the vast majority of acquisitions that were not related to sectors associated with mandatory notification were unlikely to be affected by the requirements of the NSI Act.

Accepted notifications by origin of investment

21. This section sets out the origin of investment with which acquirers are associated.
22. For the purposes of these statistics, the associated origin of investment depends on several factors such as the location of the immediate acquirer's headquarters or the headquarters of its ultimate beneficial owner.
23. The following chart shows the percentage of accepted notifications by the origin of investment. Acquirers can be associated with more than one origin of investment, and there can be more than one acquirer per acquisition, so one acquisition may be counted to two or more origins of investment. Percentages in the chart therefore add up to more than 100%.

V. Accepted notifications by associated origin of investment

Fig. 8



*The abbreviated names of the origin of investment is: Cayman Islands

24. The majority of accepted notifications – 58% of the total – relate to investments that are associated with the United Kingdom. The USA and France are the next largest single origins of notified investments. The origins of investment included in the ‘Other’ category are listed in Annex C.

Time in which notifications were accepted or rejected

Average number of working days from receipt of a...	Median working days	Mean working days
W. ...mandatory notification to the Secretary of State notifying parties of a decision to accept that notification	4	5
X. ...mandatory notification to the Secretary of State giving written reasons of a decision to reject that notification	10	12

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Y. ...voluntary notification to the Secretary of State notifying parties of a decision to accept that notification	4	5
Z. ...voluntary notification to the Secretary of State giving written reasons of a decision to reject that notification	7	9

25. The mean number of working days is higher than the median due to a small number of notifications that took significantly longer to accept or reject. The median is more representative for the large majority of notifications.
26. These values relate to parties receiving a final decision about whether their notification has been accepted or rejected. Parties typically receive communication from the ISU (even if it is not a final decision) within 5 working days of submitting a notification.
27. The principal reason for the assessment of some notifications taking longer than others was that the particular complexity of some specific cases meant that the ISU had to seek additional information for further consideration. The Government in all cases seeks to make and communicate decisions rapidly.
28. The median values in this table show that notifications are usually accepted or rejected quickly. On average the longest amount of time taken was to reject mandatory notifications.

SECTION TWO: Call-ins

1. This section contains information about the notifications reviewed by the Secretary of State during this reporting period. This is different from the notifications which have been received and accepted or rejected because the Secretary of State may have received a notification in a previous reporting period but reviewed it in this reporting period.
2. When the Secretary of State reviews a notification they may either issue a call-in notice or inform parties that no further action will be taken.
3. The Secretary of State can only call in an acquisition for scrutiny if they reasonably suspect a qualifying acquisition may give rise to a risk to national security. This means the vast majority of notified acquisitions in any given year will not be called in.
4. Call-in allows for further investigation of the acquisition and does not indicate that an acquisition certainly gives rise to a risk to national security or that the Government intends to intervene. Call-in notices may be issued concerning any qualifying acquisition, whether or not it has been notified.

Notifications reviewed & call-in notices issued

A. The total number of notified acquisitions reviewed	766
B. The number of acquisitions reviewed following a mandatory notification	617
C. The number of acquisitions reviewed following a voluntary notification	137
D. The number of acquisitions reviewed following a retrospective validation application	12
E. The total number of call-in notices issued	65
F. The number of call-in notices issued following a mandatory notification	37
G. The number of call-in notices issued following a voluntary notification	17

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H. The number of call-in notices issued following a retrospective validation application 1

I. The number of call-in notices issued for non-notified acquisitions 10

5. In all 766 mandatory and voluntary notifications and retrospective validations which were reviewed by the Secretary of State in this reporting period, the parties were notified of the outcome within the 30-working day 'review period'². Of these, 7.2% (55) were issued a call-in notice and 92.8% (711) were notified that there would be no further action.
6. This shows that the large majority of acquisitions which are notified are able to proceed without being called in.
7. A further 10 non-notified transactions reviewed by the Secretary of State in this period were issued a call-in notice.
8. The Impact Assessment for the NSI Bill, published in November 2020, estimated that the ISU would issue 70-95 call-in notices each year.³ The total number of call-in notices issued in this 12-month reporting period (65 call-in notices) is slightly below the lower end of the estimate in the Impact Assessment.

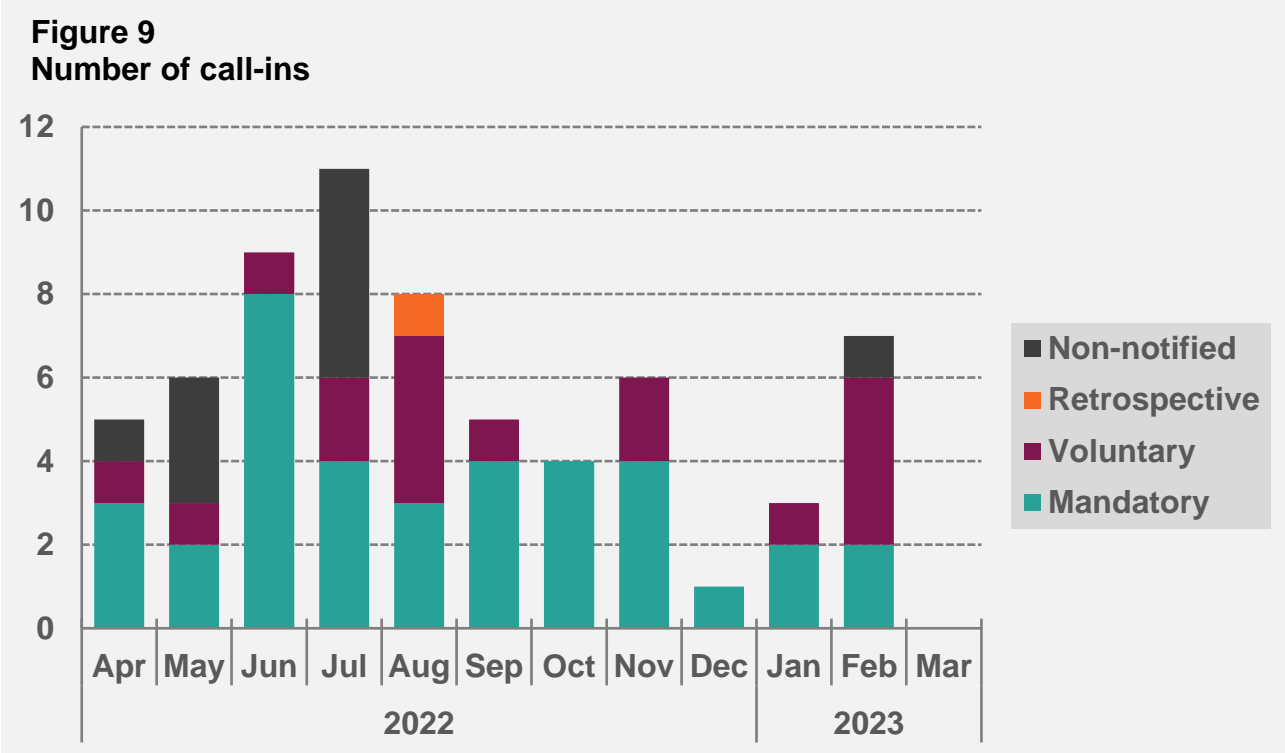
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² The "review period" is the period of 30 working days beginning with the day on which the notification under section 16 subsection 8(a) is given to the person who gave the mandatory notice, or under section 16 subsection 7(a) in relation to a retrospective validation or under section 18 subsection 8(a) in relation to a voluntary notification.

³ Impact Assessment: National Security and Investment Bill, 9 November 2020 (IA No. BEIS006(F)-20-CCP), p.22

J. The number of call-ins, by month and type

Fig. 9



9. Notifiable acquisitions were called in every month. Only October and December 2022 had no voluntary notifications called in, and there were no call ins of any sort in March 2023.

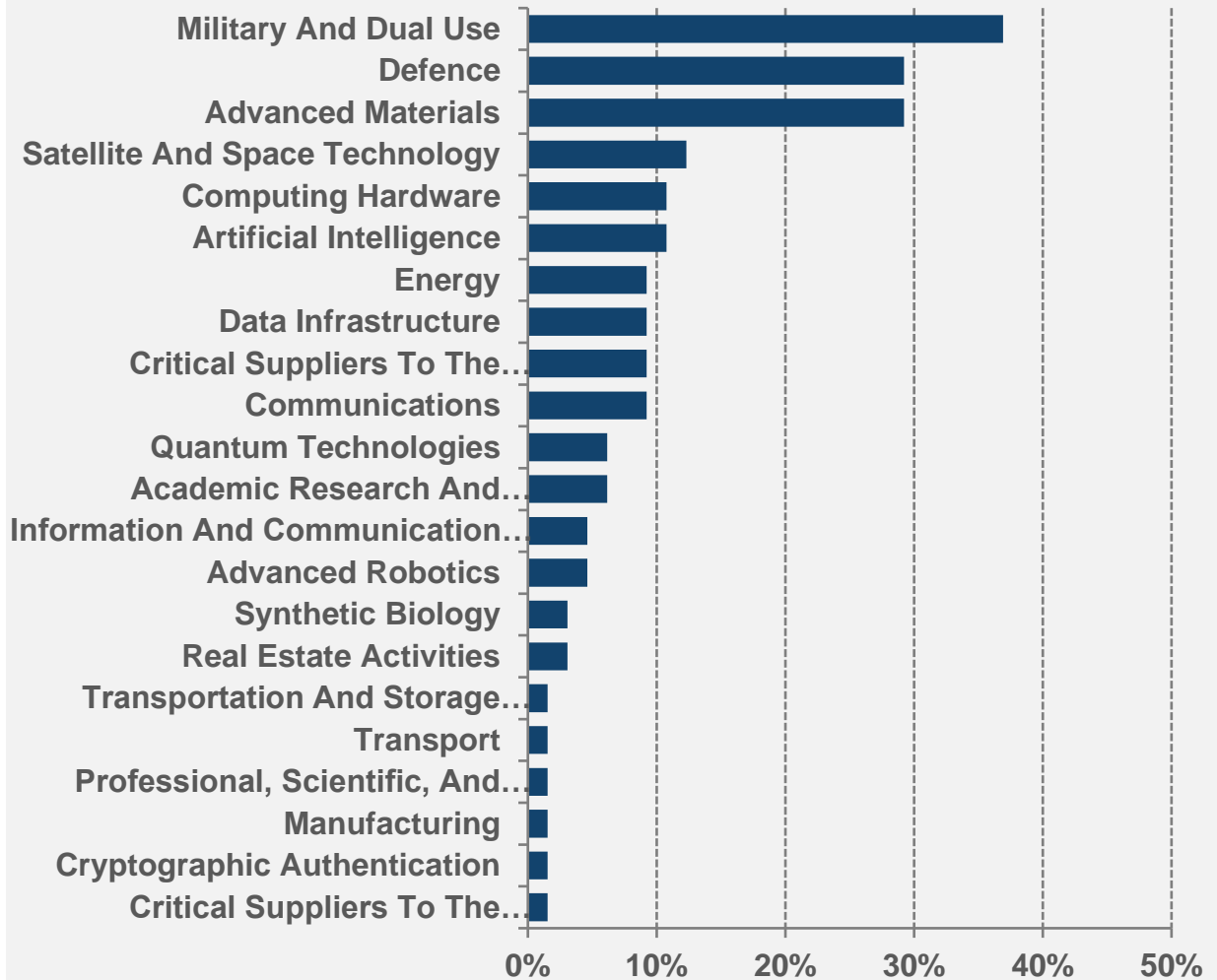
Call-ins made by area of the economy

10. Figure 10 shows the percentage of total call-ins split by area of the economy. This shows the percentage of all call-ins that involved each sector, not the percentage of notifications or acquisitions in that sector that were called in. For example, 37% of all call-ins were in the Military and Dual Use sector of the economy, but this does not mean that 37% of Military and Dual Use notifications were called in.

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K. The percentage of call-in notices issued, by area of the economy *Fig. 10*

Figure 10
Percentage of call-in notices issued, by area of the economy



**The abbreviated names of the areas of the economy are Critical Suppliers To The Government; Academic Research And Development In Higher Education; Information And Communication (Publishing, TV, IT); Transportation And Storage (Logistics); Professional, Scientific, And Technical Activities; Critical Suppliers To The Emergency Services Sectors.*

11. The areas of the economy with the highest number of call-in notices were Military and Dual-Use, Defence, and Advanced Materials. Most of the areas of the economy in the chart relate to areas of the economy subject to mandatory notification or acquisitions that are within those associated wider sectors but do not meet the tests requiring mandatory notification.

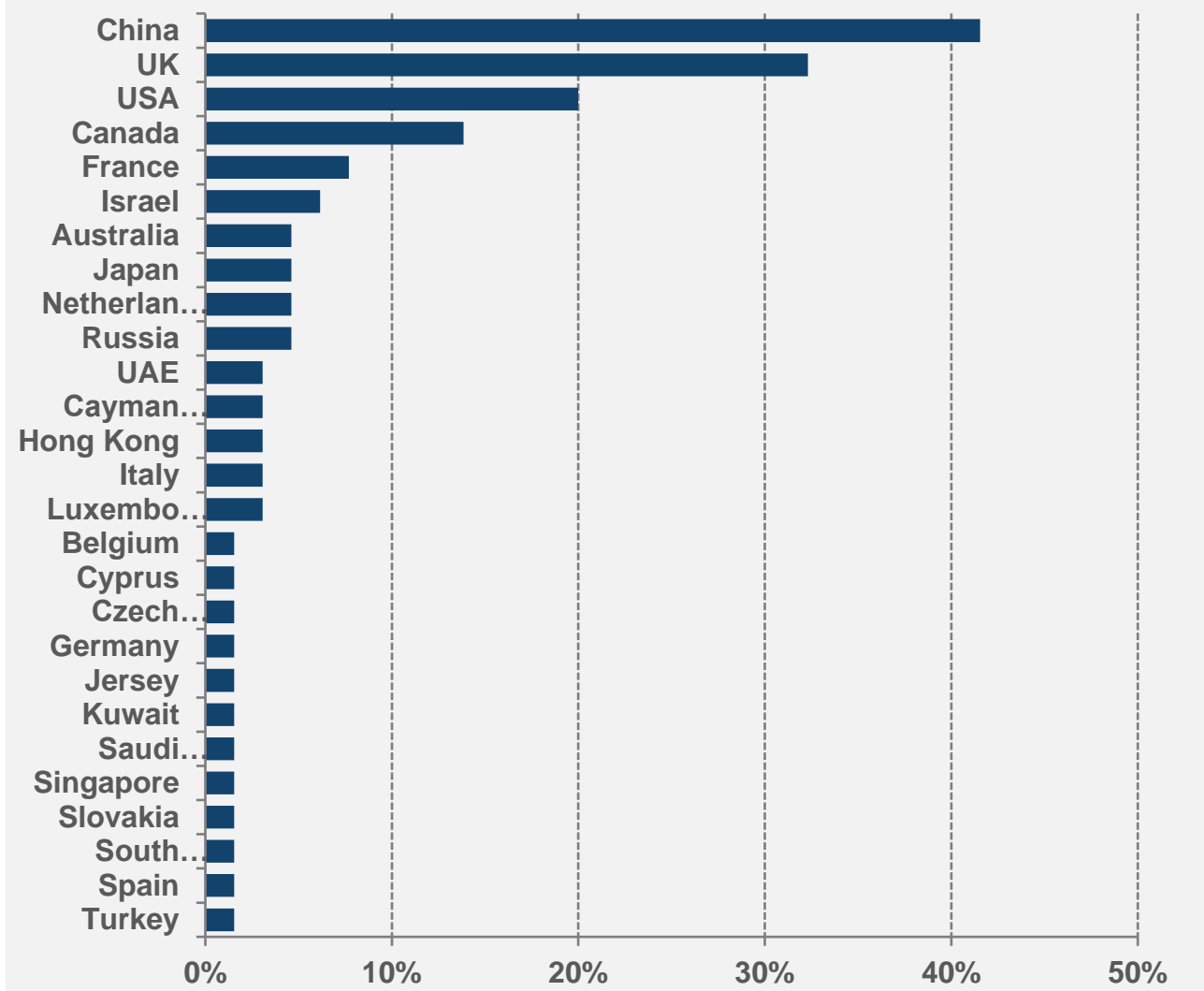
Call-ins made by origin of investment

12. This section sets out the number of call-ins made by origin of investment with which acquirers are associated. The NSI Act applies to all acquirers and does not target any particular origin of investment.
13. For the purposes of these statistics, the origin of investment associated with an acquirer depends on several factors such as the location of the immediate acquirer's headquarters or the headquarters of its ultimate beneficial owner. The following chart shows the percentages of called in cases which were associated with each origin of investment. This includes both notified and non-notified cases that were called in.
14. Acquirers can be associated with more than one origin of investment and acquisitions can have more than one acquirer, so one acquisition may be counted to two or more origins of investment. Percentages in the chart may therefore add up to more than 100%.

L. The percentage of call-in notices given, by associated origin of investment *Fig. 11*

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Figure 11
Percentage of call-in notices given, by associated origin of investment



**The abbreviated names of the origins of investment are: Netherlands; Cayman Islands; Luxembourg; Czech Republic; Saudi Arabia; South Korea*

15. The origin of investment associated with the most call-ins was China with 42% of all call-ins during this reporting period. Data below (Section 3, paragraph 9) shows that acquisitions associated with China also received the highest number of final notifications (clearances). Almost a third of call-ins were made to acquirers associated with the UK and a fifth were to acquirers associated with the USA.

Time taken to call in acquisitions

16. The Secretary of State must decide whether to call in an acquisition within 30 working days of accepting the notification. This statutory requirement balances the needs of businesses to have fast decisions with the need to examine acquisitions thoroughly for risks to national security.

Average number of working days to decide to call in...	Median working days	Mean working days
M. ...a mandatory notification once accepted	28	27
N. ...a voluntary notification once accepted	27	25

17. All acquisitions which were called in were called in within the 30-working-day period in which the Secretary of State must decide to call in an acquisition.

Call-ins that used the additional period

18. Following a call-in, there will be an “assessment period”. This time is used to assess the risks arising from a trigger event and what remedies, if any, are necessary and proportionate.

19. The Secretary of State initially has 30 working days from the day of calling in to assess the acquisition (the “initial period”). This can be extended by another 45 working days (the “additional period”). The additional period will usually be used to assess the trigger event further. The assessment period may be extended further, following the end of the additional period, with the agreement of the acquirer (the “voluntary period”). The counting of these working days may be paused whilst parties respond to an information notice or an attendance notice, and bank holidays are not counted if they take place in any part of the United Kingdom.

In this reporting period the additional period has been used in the following number of cases:

O. The number of times the additional period was used for called-in mandatory notifications	15
P. The number of times the additional period was used for called-in voluntary notifications or retrospective notifications	10
Q. The number of times the additional period was used for called-in non-notified cases	4

20. This shows that 25 notified acquisitions of the 65 which were called in proceeded to the additional period within the reporting period, of which 15 originated from mandatory notifications.

Call-ins that used the voluntary period

- 21. The assessment period may be extended further, following the end of the additional period, with the agreement of the acquirer (the “voluntary period”).
 - 22. The number in data point ‘R’ below shows how many called-in cases used the voluntary period where the voluntary period began during this report’s reporting period even if earlier stages of the case began in the previous reporting period.
- R. The number of called-in acquisitions that used the voluntary period 10

SECTION THREE: Final notifications

1. This section contains information about the final notifications the Secretary of State gave during this reporting period.
2. Following the initial period (and, if used, the additional period and the voluntary period) the Secretary of State may clear an acquisition with no further action by giving a final notification. In these circumstances, the Secretary of State cannot take any further action unless they were given materially false or misleading information.
3. This enables the parties to go ahead with the acquisition in confidence that the Government cannot use NSI powers again in relation to the acquisition.

Final notifications given

A. Number of final notifications given

57

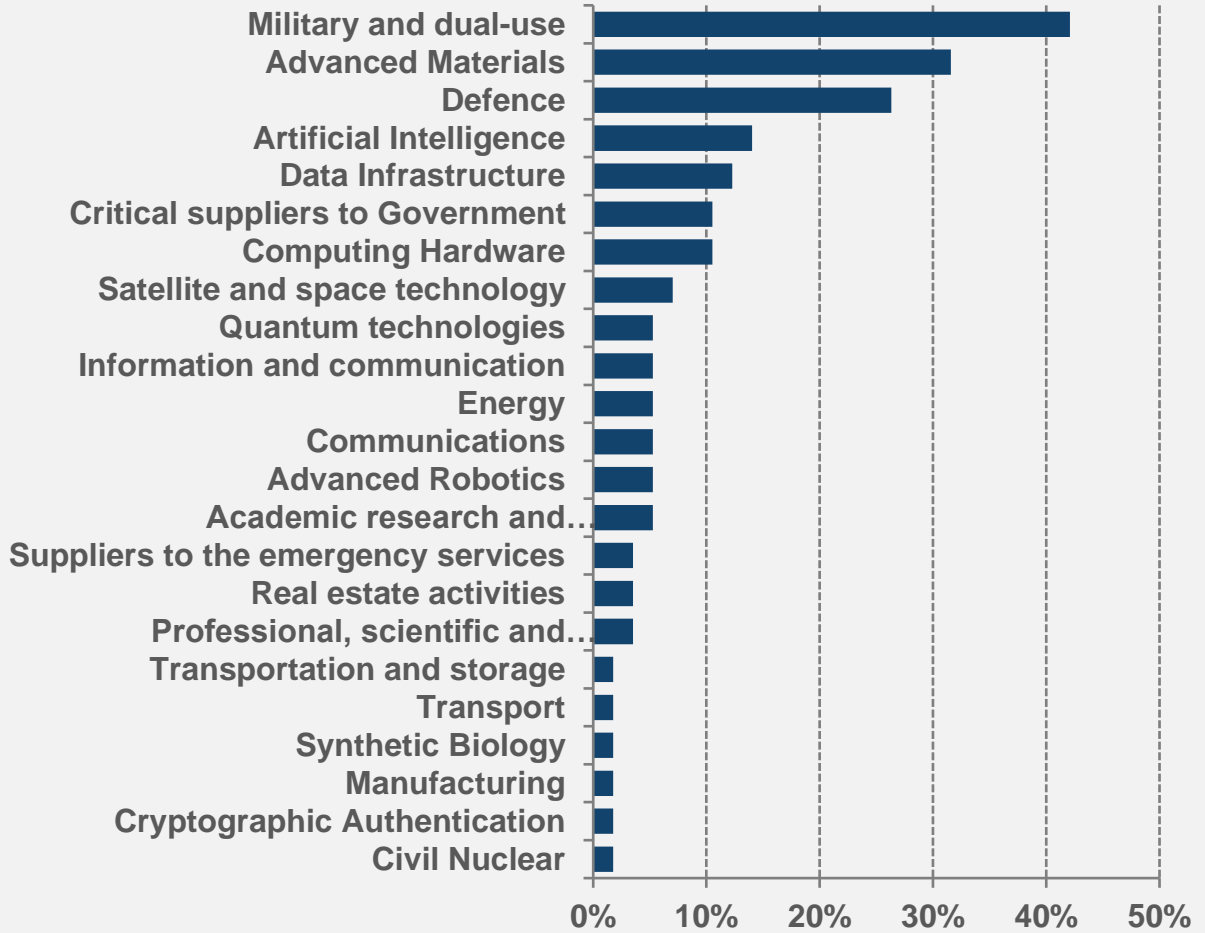
4. There were 72 called-in acquisitions put to the Secretary of State for final determination as to whether to give the parties a Final Notification or make a Final Order in this reporting period. This is different from call-ins made because the Secretary of State may have made the decision to call-in an acquisition in a previous reporting period but have made the final determination in this period. Alternatively, he may have made the call-in decision in this reporting period but not make a final determination on the acquisition until the following reporting period.
5. Of the 72 called-in acquisitions put to the Secretary of State for final determination as to whether to give the parties a Final Notification or make a Final Order in this reporting period, 79.2% (57) resulted in a Final Notification.
6. Some final notifications were given in relation to acquisitions which were called in during the previous reporting period.

Final notifications given by area of the economy

B. Final notifications given, by area of the economy

Fig 12

Figure 12
Final notifications given, by area of the economy



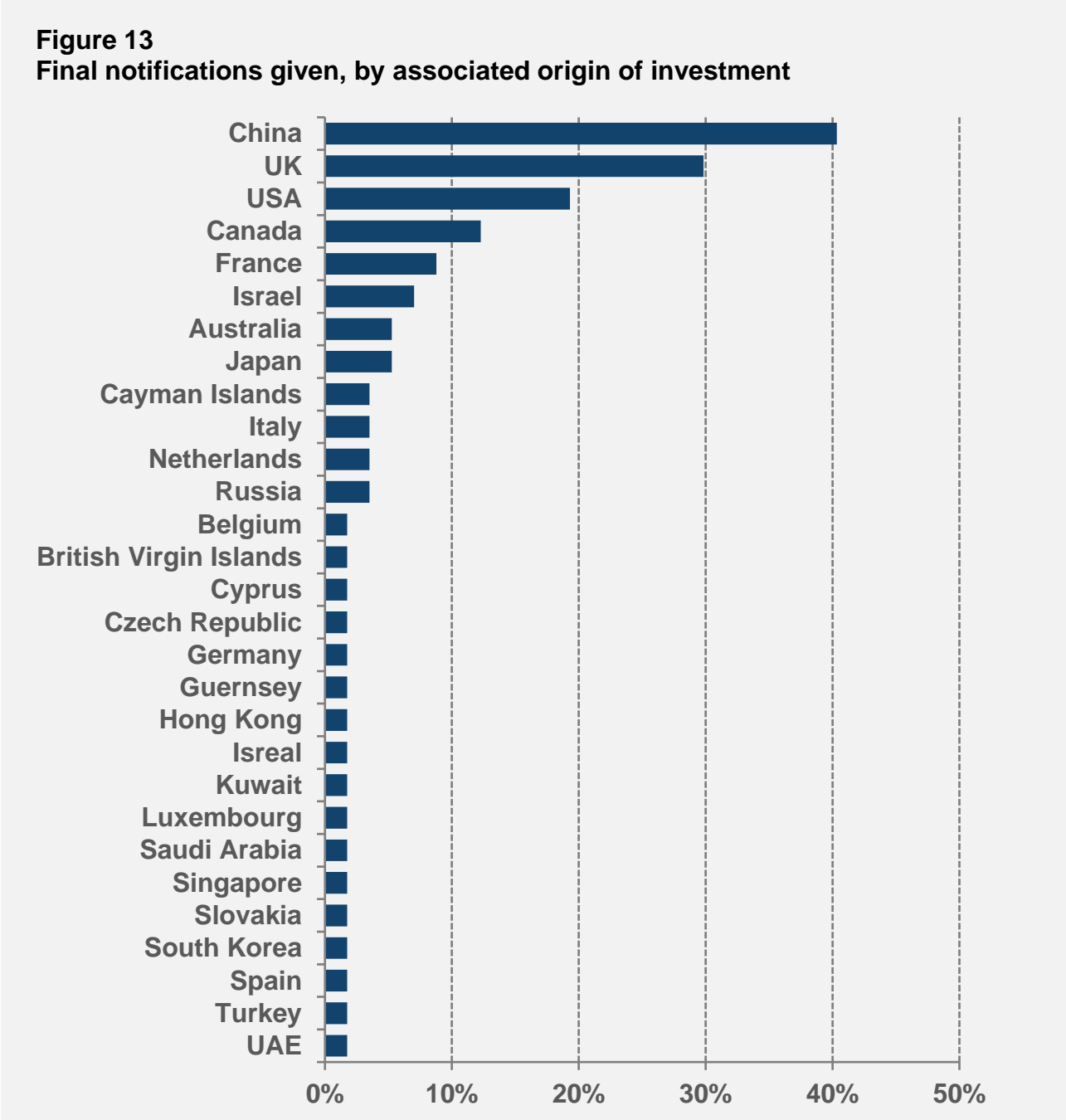
**The abbreviated names of the areas of the economy are Academic Research And Development In Higher Education; Professional, Scientific, And Technical Activities.*

7. Military and dual-use call-ins received 42% of final notifications and Advanced Materials received 32%. Each notification may be associated with more than one area of the economy so the percentages add up to more than 100%.

Final notifications given by origin of investment

8. This section sets out the number of call-ins made by origin of investment with which the acquirers were associated. The NSI Act applies equally to all acquirers and does not target any particular origin of investment.

C. Final notifications given, by associated origin of investment *Fig. 13*



9. This shows that acquirers associated with China received the most final notifications with 40% of final notifications associated with China. The UK was second in this list with 30% and the USA third with 19% of final notifications.

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10. Acquirers can be associated with more than one origin of investment, and there can be more than one acquirer per acquisition, so one acquisition may be counted to two or more origins of investment. Percentages in the chart therefore add up to more than 100%.

Time taken to issue a final notification

11. The number of working days given in this section does not cover days during which information notices or attendance notices were in force, nor bank holidays. This is because the days during which such notices are in force do not count for the purposes of calculating the initial, additional, or voluntary periods. Therefore the number of days given below may not align with the number of calendar days the process took.

	Median working days	Mean working days
D. The average number of working days between calling in an acquisition and issuing a final notification	25	31

12. Final notifications for called-in acquisitions can be issued during either the initial period, the additional period, or the voluntary period. The majority of final notifications were issued within 30 working days of the notification being accepted, that is, without using the additional period.

Final notifications that used the additional period

13. The Secretary of State initially has 30 working days from the day of calling in to assess the acquisition (the “initial period”). This can be extended by another 45 working days (the “additional period”), as explained above.

E. The number of times the additional period was used for cases that were called in and subsequently issued a final notification	13
--	----

Final notifications that used the voluntary period

14. The assessment period may be extended further, following the end of the additional period, with the agreement of the acquirer (the “voluntary period”), as explained above.

F. The number of times the voluntary period was used for cases that were called in and subsequently issued a final notification	2
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Withdrawals

15. Parties can withdraw from acquisitions at any time which may cause the notification to be withdrawn. In such circumstances the Secretary of State issues a final notification to end the assessment period. The figure below is the number of notifications withdrawn once the acquisition had been called in under the NSI Act, and therefore in receipt of a final notification, regardless of the reason for withdrawal. This figure is therefore included in the other final notification statistics.

G. The number of notifications withdrawn during the assessment period
for which final notifications were issued 11

SECTION FOUR: Final orders

1. This section contains information about the final orders the Secretary of State made during this reporting period.
2. The Secretary of State may make a final order to impose necessary and proportionate remedies that mitigate risks to national security arising from the acquisition. This may include blocking an acquisition from happening or ordering an acquirer to unwind the acquisition.
3. The vast majority of acquisitions that were assessed under the NSI system proceeded without a final order, meaning final orders were applied to a very small proportion of all acquisitions in the economy.

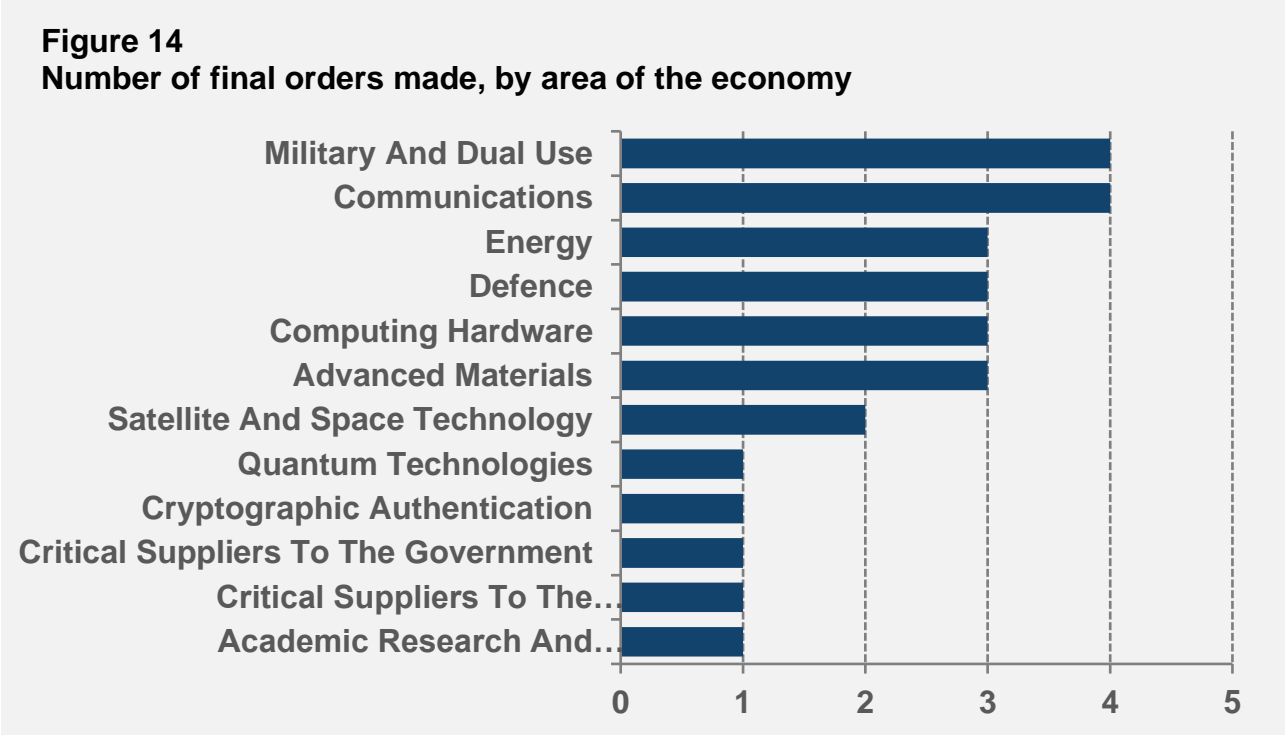
Final orders made

- | | |
|---|----|
| A. The number of final orders made | 15 |
| B. The number of acquisitions blocked or subject to an order to unwind the acquisition (included in the total number of final orders) | 5 |
4. There were 72 called-in acquisitions put to the Secretary of State for final determination as to whether to give the parties a Final Notification or make a Final Order in this reporting period. This is different from call-ins made because the Secretary of State may have made the decision to call-in an acquisition in a previous reporting period but have made the final determination in this period. Alternatively, he may have made the call-in decision in this reporting period but not make a final determination on the acquisition until the following reporting period.
 5. Of the 72 called-in acquisitions put to the Secretary of State for final determination as to whether to give the parties a Final Notification or make a Final Order in this reporting period, 20.8% (15) resulted in a Final Order.
 6. The Secretary of State must keep each order under review and may vary or revoke them. A person required to comply with an order may request that the Secretary of State vary or revoke an order but the Secretary of State is not required to consider such a request if in their opinion there has been no material change of circumstances since the order was made or last varied or the last request for variation.

- C. The number of final orders varied 1
- D. The number of final orders revoked 1
- 7. Of the 15 final orders made, 1 final order was revoked so the total number of final orders still in effect at the end of the reporting period was 14.
- 8. A summary of each final order, variation, and revocation is published on the NSI Collection page on [Gov.uk](https://www.gov.uk).

Final orders made by area of the economy

E. The number of final orders made, by area of the economy Fig. 14



**The abbreviated names of the areas of the economy are Critical Suppliers To The Emergency Services Sectors; Academic Research And Development In Higher Education*

- 9. The most final orders were made relating to acquisitions in the Communication and Military and Dual Use areas of the economy with four final orders each.

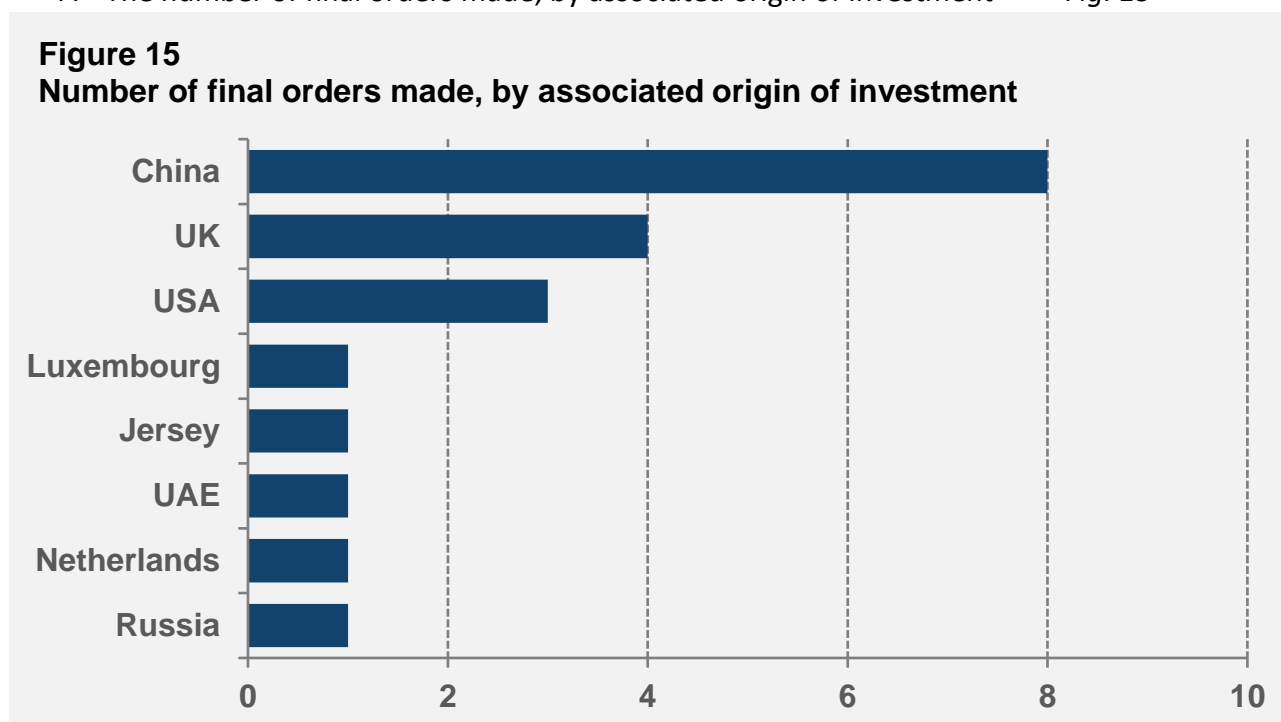
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Final orders made by origin of investment

10. This section sets out the final orders made by origin of investment with which acquirers were associated. The NSI Act applies equally to all acquirers and does not target any particular origin of investment.

11. For the purposes of these statistics, the origin of investment associated with an acquirer depends on several factors such as the location of the immediate acquirer’s headquarters or the headquarters of its ultimate beneficial owner. The following chart shows the percentages of cases subject to a final order which were associated with each origin of investment. This includes both notified and non-notified cases. Acquirers can be associated with more than one origin of investment and so one acquisition may be assigned to two or more origins of investment.

F. The number of final orders made, by associated origin of investment *Fig. 15*



12. Acquisitions by entities associated with China attracted the largest number of final orders, with entities associated with the UK being involved in second largest number of final orders, and the USA third.

Time taken to issue a final order

13. The number of working days given in this section does not cover days during which information notices or attendance notices were in force, nor bank holidays. The days during which such notices are in force do not count for the purposes of calculating the initial,

additional, or voluntary periods. Therefore the number of days given below may not align with the number of calendar days the process took.

	Median working days	Mean working days
G. Average number of working days between calling in an acquisition and making a final order	81	77

14. The initial period is 30 working days and the additional period is 45 working days which totals 75 working days. This can be extended by agreement with the acquirer in order to enter the voluntary period. That the average number of working days to issue a final order is higher than 75 days shows that of the 15 acquisitions for which a final order was made, several used the voluntary period. The number of final orders issued during the voluntary period was 8 in this reporting period.

SECTION FIVE: Financial assistance

1. The Secretary of State may give financial assistance to or in respect of an entity in consequence of making a final order. This may be any form of financial assistance (actual or contingent) including loans, guarantees, or indemnities. Such assistance must be made with the consent of HM Treasury.
2. No financial assistance has been given during this reporting period. There are therefore no liabilities in respect of financial assistance.

SECTION SIX: Appeals, Compliance, and Enforcement

1. The NSI Act specifies offences may be committed in respect of:
 - completing a notifiable acquisition without approval;
 - failing to comply with an interim or final order;
 - failing to comply with an information notice or attendance order, and various associated offences;
 - using or disclosing information in contravention of disclosure of information provisions.

2. For this reporting period the Secretary of State did not issue any penalties, and consequently, there were no appeals against penalties or costs. There were no criminal prosecutions concluded during this time period.

Contacting the Investment Security Unit

1. Throughout this first year of operation the Government has monitored the performance of the NSI Act operated by the Investment Security Unit (ISU).
2. You can contact the ISU by contacting its inbox at investment.screening@cabinetoffice.gov.uk with any queries or suggestions to contribute to the operation of the NSI Act, or future publications. Please note that following the ISU's move to the Cabinet Office in 2023 this e-mail address is likely to change during the course of the year 2023-24. Full details will be made available on [Gov.uk](https://www.gov.uk).
3. Please visit <https://www.gov.uk/government/collections/national-security-and-investment-act> for full details of the operation of the NSI Act, including comprehensive guidance.

Annex A: Summary of statistics in this report

1. The following table summarises the statistics contained in this report. The core statistics from the report are in this table but please refer to the report for the complete set of statistics, especially for charts containing more data.
2. The statistics in this table show numbers relating to the labelled category for the reporting period (1st April 2022 – 31st March 2023). Therefore some statistics will not add up, for example some final orders may have been made or final notifications issued in this reporting period regarding cases that were called in during the previous reporting period. Similarly, some acquisitions that were called in during this reporting period have not reached a conclusion. This means, for example, that the number of called in acquisitions may not add up to the number of final orders plus final notifications.

SECTION ONE: NOTIFICATIONS	
A. The total number of notifications received	866
B. The total number of mandatory notifications received	671
C. The total number of voluntary notifications received	180
D. The total number of retrospective validation applications received	15
F. Total number of notifications accepted/rejected	849
G. Total number of notifications accepted	806
H. Total number of notifications rejected	43
I. The number of mandatory notifications accepted	642
J. The number of mandatory notifications rejected	22
K. The number of voluntary notifications accepted	152
L. The number of voluntary notifications rejected	19
M. The number of retrospective validation applications accepted	12

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N. The number of retrospective validation applications rejected	2	
O. The number of notifications pending acceptance/rejection at the end of the reporting period	17	
W. Average number of working days from receipt of a mandatory notification to the Secretary of State notifying parties of a decision to accept that notification	Median 4	Mean 5
X. Average number of working days from receipt of a mandatory notification to the Secretary of State giving written reasons of a decision to reject that notification	Median 10	Mean 12
Y. Average number of working days from receipt of a voluntary notification to the Secretary of State notifying parties of a decision to accept that notification	Median 4	Mean 5
Z. Average number of working days from receipt of a voluntary notification to the Secretary of State giving written reasons of a decision to reject that notification	Median 7	Mean 9
SECTION TWO: Call-ins		
A. The number of notified acquisitions reviewed	766	
B. The number of acquisitions reviewed following a mandatory notification	617	
C. The number of acquisitions reviewed following a voluntary notification	137	
D. The number of acquisitions reviewed following a retrospective validation application	12	
E. The total number of call-in notices issued	65	
F. The number of call-in notices issued following a mandatory notification	37	
G. The number of call-in notices issued following a voluntary notification	17	

H. The number of call-in notices issued following a retrospective validation application	1	
I. The number of call-in notices issued for non-notified acquisitions	10	
M. Average number of working days to decide to call in a mandatory notification once accepted	Median 28	Mean 27
N. Average number of working days to decide to call in a voluntary notification once accepted	Median 27	Mean 25
O. The number of times the additional period was used for called-in mandatory notifications	15	
P. The number of times the additional period was used for called-in voluntary notifications or retrospective notifications	10	
Q. The number of times the additional period was used for called-in non-notified cases	4	
R. The number of called-in acquisitions that used the voluntary period	10	
SECTION THREE: Final notifications		
A. Number of final notifications given	57	
D. Average number of working days between calling in an acquisition and issuing a final notification	Median 25	Mean 31
E. The number of times the additional period was used for cases that were called in and subsequently issued a final notification	13	
F. The number of times the voluntary period was used for cases that were called in and subsequently issued a final notification	2	
G. Acquisitions withdrawn during the assessment	11	

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period for which final notifications were issued		
SECTION FOUR: Final orders		
A. The number of final orders made	15	
B. The number of acquisitions blocked or subject to an order to divest by final orders (included in the total number of final orders)	5	
C. The number of final orders varied	1	
D. The number of final orders revoked	1	
G. Average number of working days between calling in an acquisition and issuing a final order	Median	Mean
	81	77

Annex B: Information contained in this report

The National Security and Investment Act 2021 specifies information that must be included in each Annual Report. The Government includes additional information to assist stakeholders in their understanding of the operation of the NSI Act and to maintain high standards of transparency.

STATUTORY INFORMATION INCLUDED IN THIS REPORT

Information	Page number
The expenditure incurred by the Secretary of State in giving, or in connection with giving, financial assistance falling within section 30	37
The amount of the actual or contingent liabilities of the Secretary of State at the end of the relevant period in respect of such financial assistance	37
The number of mandatory notices accepted	12
The number of mandatory notices rejected	12
The average number of working days from receipt of a mandatory notice to notification of a decision to accept that notice	19
The average number of working days from receipt of a mandatory notice to giving written reasons for a decision to reject that notice	19
The areas of the economy in relation to which mandatory notices were given	15
The number of voluntary notices accepted	12
The number of voluntary notices rejected	12
The average number of working days from receipt of a voluntary notice to notification of a decision to accept that notice	20
The average number of working days from receipt of a voluntary notice to giving written reasons for a decision to reject that notice	20
The areas of the economy in relation to which voluntary notices were given	17
The number of call-in notices given	21

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The sectors of the economy in relation to which call-in notices were given	24
The number of final notifications given	28
The number of final orders made	33
The number of final orders varied	34
The number of final orders revoked	34

ADDITIONAL INFORMATION INCLUDED IN THIS AND LAST YEAR'S REPORT

Information	Page number
The number of mandatory notifications received	11
The number of voluntary notifications received	11
The number of retrospective validation applications received	11
The number of retrospective validation applications accepted	12
The number of retrospective validation applications rejected	12
The number of notifications split by month	11
The number of call-in notices given as a result of mandatory notifications	21
The number of call-in notices given as a result of voluntary notifications	21
The number of call-in notices by month	23
The number of call-in notices issued, by area of the economy	24
Average number of working days to call in a mandatory notification once accepted	26
Average number of working days to call in a voluntary notification once accepted	26
The number of mandatory notifications received from each area of the economy	15
The areas of the economy in relation to which voluntary notifications were given, and the number of notifications received from each area	17
Distribution of notifications accepted in each area of the economy, by month	See note below

The number of mandatory notices that were called in and made use of the Additional Period	26
The number of voluntary notices or retrospective applications that were called in and made use of the Additional Period	27
Average number of working days between calling in a notification and issuing a final notification	31
Commentary on appeals, judicial reviews, compliance, and enforcement	38

Note on the inclusion of “Distribution of notifications accepted in each area of the economy, by month”: this was included in the 2022 annual report which covered just three months. This was helpful introductory data at the start of the NSI system running. However on review of this data covering twelve months the data was too granular to be of use in the context of the annual report and so this information is not included in this annual report.

ADDITIONAL INFORMATION INCLUDED FOR THE FIRST TIME IN THIS REPORT

Information	Page number
The number of notifications accepted/rejected	12
The number of notifications accepted	12
The number of notifications rejected	12
The number of notifications pending acceptance/rejection at the end of the reporting period	12
The number of notifications accepted/rejected, by month	13
The number of accepted notifications, by month and type	13
The number of rejected notifications, by month and type	14
The number of rejected notifications, by the reason why they were rejected	14
Accepted notifications by associated origin of investment	19
The number of acquisitions reviewed	21
The number of call-in notices issued following a mandatory notification	21
The number of call-in notices issued following a voluntary notification	21
The number of acquisitions where no further action was taken	22

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The number of call-in notices given as a result of non-notified acquisitions	22
The number of call-in notices given as a result of retrospective validation applications	22
The number of call-in notices made for non-notified acquisitions	22
The number of call-in notices issued following a retrospective validation application	22
The number of call-in notices given, by associated origin of investment	25
The number of non-notified cases which were called in and made use of the additional period	27
The number of called in acquisitions that made use of the voluntary period	27
Final notifications given, by area of the economy	29
Final notifications given, by associated origin of investment	30
The number of final notifications that used the additional period	31
The number of final notifications that used the voluntary period	31
The number of notifications withdrawn during the assessment period	32
The number of acquisitions blocked or subject to an order to divest by final orders	33
The number of final orders made, by area of the economy	34
The number of final orders made, by associated origin of investment	35
The average number of working days between calling in an acquisition and making a final order	36

Annex C: List of the origins of investment within the category 'Other' in charts

Several origins of investment featured in fewer than ten notifications. In the charts in this annual report these are combined under the category 'Other'. The origins of investment included in this category are:

Austria	Israel
Belgium	Kuwait
Bermuda	Malaysia
Brazil	New Zealand
British Virgin Islands	Poland
Cyprus	Portugal
Czech Republic	Qatar
Denmark	Russia
Estonia	Saudi Arabia
Finland	Singapore
Ghana	Slovakia
Greece	South Korea
Hong Kong	Spain
India	St. Lucia
Iran	Taiwan
Ireland	Thailand
Isle of Man	Turkey
	United Arab Emirates

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