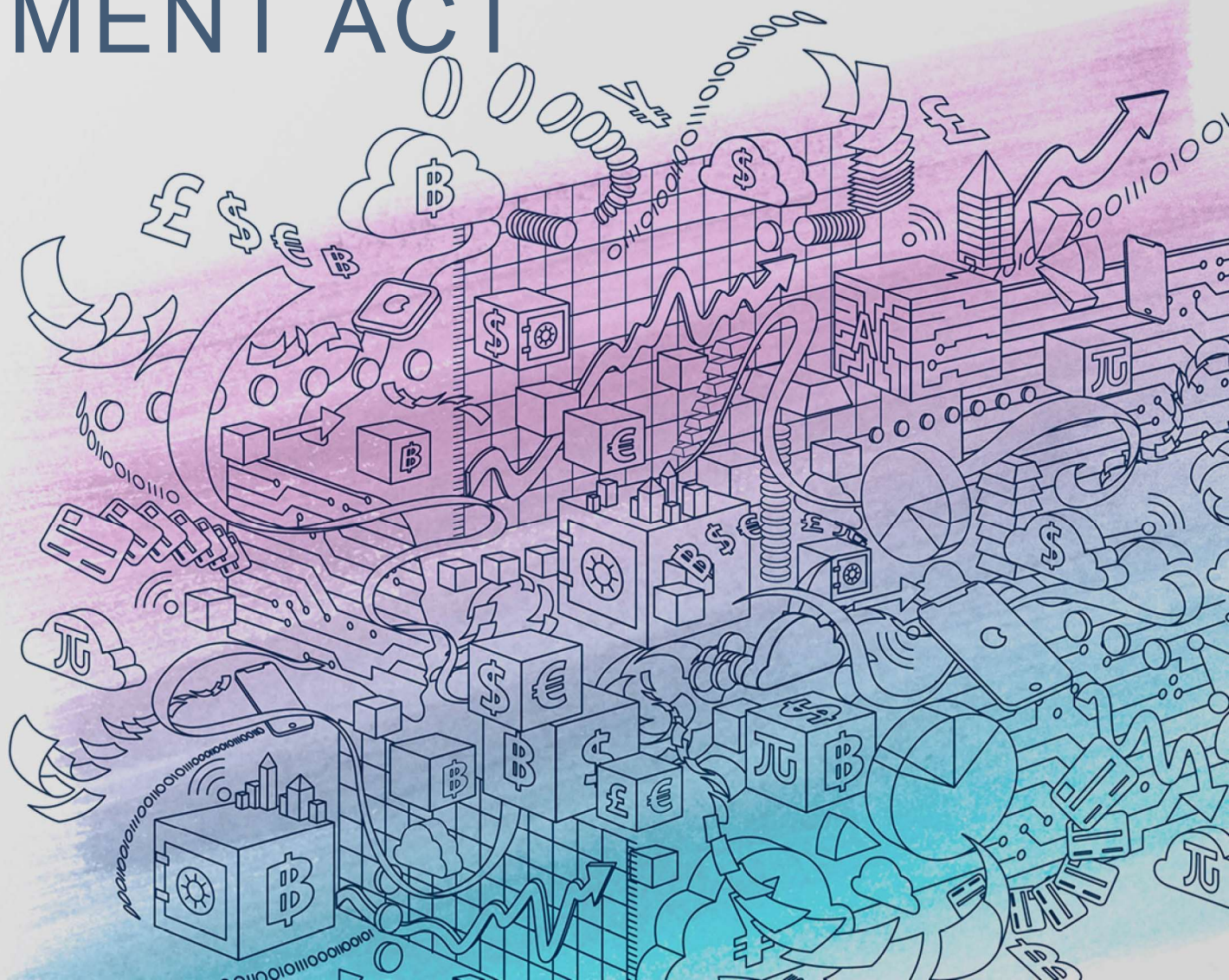


NATIONAL SECURITY AND INVESTMENT ACT REGIME

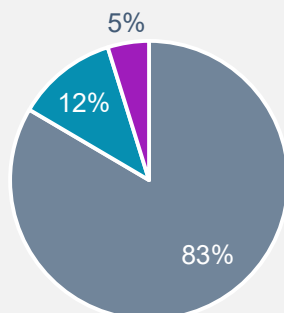
Latest trends

AUGUST 2025



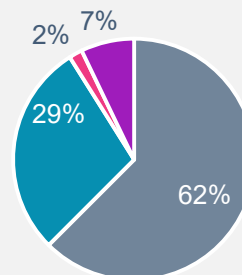
KEY STATS ON PROCESS AND OUTCOMES

NOTIFICATIONS SUBMITTED



■ Mandatory ■ Voluntary ■ Retrospective validation

OUTCOME OF CALL-INS



■ Cleared ■ Remedies imposed
■ Blocked/ order to unwind ■ Withdrawn

NEBULOUS TIMELINES



Frequent use of “**stop the clock**” powers when further information requested, as well as **more reliance on extensions** to the statutory timelines (21 times this year versus 12 in 2023-24), particularly where the outcome of the review is the imposition of remedies in a final order (used in relation to every final order this year).



For the second year running, the ISU is **taking longer to confirm acceptance or rejection of notifications: 7-8 average median working days for acceptances** (versus 4 in 2022-2023) and **16-20 for rejections** versus 13-15 in 2023-24 and 7-10 in 2022-23)

WATCH OUT FOR MINORITY INTERESTS IN SENSITIVE SECTORS



The ISU can scrutinise transactions and impose remedies where the level of investment is below the 25% threshold, with the ISU considering that the investor can exercise material influence over the target. So far, situations leading to remedies have included an interest percentage **as low as 12.8%** (*Paragraf Limited / MIC UAE Investments 2 RSC Limited*).



95.5%

OF NOTIFICATIONS REVIEWED CLEARED WITH A NO FURTHER ACTION NOTICE

On par with last year despite higher number of notifications – vast majority of deals cleared within 30 working days



37.5%

OF CALL-INS RESULT IN REMEDIES IMPOSED OR THE DEAL BEING BLOCKED OR WITHDRAWN

Final orders and deal withdrawals combined are up from 15 last year to 21, representing 37.5% of call-ins (vs. 36% last year)



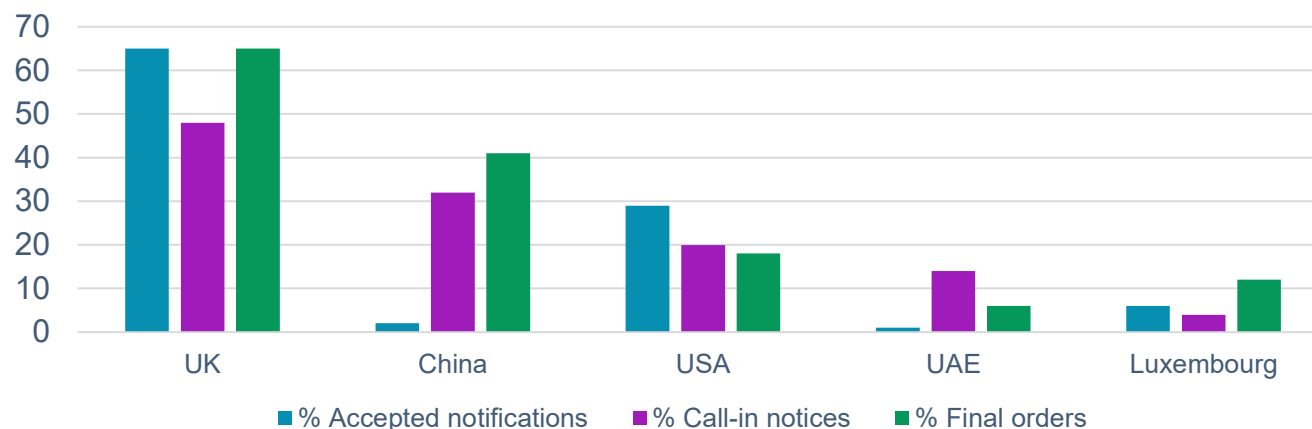
ACTIVE

ISU MARKET MONITORING

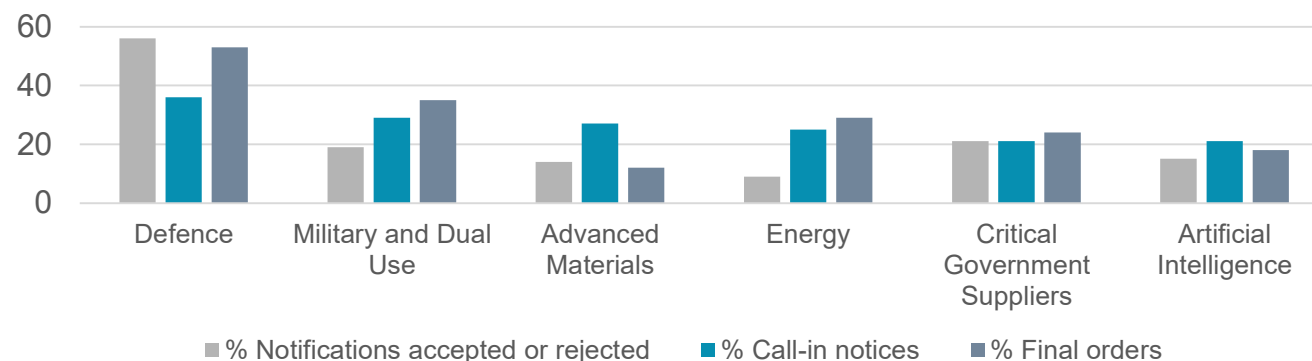
7 call-ins for detailed assessment of non-notified transactions (vs. 4 last year) + 60 identified offences of completing a notifiable transaction without pre-approval (vs. 34 last year; no fines)

KEY STATS ON AT-RISK SECTORS AND TERRITORIES

ASSOCIATED ORIGIN OF INVESTMENT



AREA OF THE ECONOMY



Sources: August 2025 NSIA Report (covering the period from 1 April 2024 to 31 March 2025)
September 2024 NSIA Report (covering the period from 1 April 2023 to 31 March 2024).



£ \$ €

UK AND “FRIENDLY STATE” INVESTORS BEWARE

This is a continuing trend – significant scrutiny of UK transactions as part of a regime that has no “safe harbour” list for origins of investment.



UAE

RELATED DEALS UNDER THE SPOTLIGHT THIS YEAR

Deals involving the UAE seemed to attract more interest this year. Despite accounting for <1% of accepted notifications, 14% of call-in notices and 6% of final orders had UAE links. This may be an outlier rather than a trend – the ISU focuses more on target than investor/ buyer risk.



AI

SUBJECT TO INCREASING FOCUS

As well as the usual suspects (Defence, Critical Suppliers to Government and Military & Dual Use), the ISU scrutinised a significant number of deals relating to Artificial Intelligence, while also continuing to take a special interest in Advanced Materials and Energy deals.

TRENDS IN FINAL ORDER REMEDIES

MOST COMMON TYPES OF REMEDIES IMPOSED TO DATE (NO SUBSTANTIVE CHANGE FROM LAST YEAR)



Physical and information security requirements



Maintenance of UK capabilities



Governance safeguards

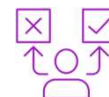
Auditing/ reporting obligations



Management/ staff appointment conditions



Government notification/ pre-approval obligations



NSIA REMEDIES TYPICALLY:

• **BEHAVIOURAL** in nature (requirements to do something rather than one-off disposal obligation)

TAILORED on a case-by-case basis

Can be very **EXPANSIVE/ BURDENSOME**

EXAMPLES OF PARTICULARLY EXPANSIVE REMEDIES



Government “step in rights” and other arrangements to secure continuity of supply to Government
(e.g. *Geast UK*, *Ultra PMES*)

Prohibition from sourcing or procuring product input from countries outside of a pre-approved list
(e.g. *Fireblitz*)



JUDICIAL REVIEW CASES TO DATE: CLARIFICATIONS AND TAKEAWAYS

CLARIFICATIONS TO DATE

1

Court will show **great deference to the Executive** with regards to assessment of substance of national security concerns, with Final Orders very unlikely to be set aside – as long as internal assessment documents contain reasons

2

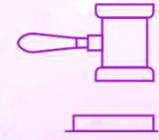
National security concerns take priority over economic interests of sophisticated and well-resourced investors – arguments based on human rights considerations are very unlikely to succeed

3

No obligation on ISU to disclose detailed assessments of national security risk to the parties – the “gist” is enough

4

Parties should take full advantage of **opportunities to make representations on proposed remedies** – these will be included in the Remedies Assessment, and the Summary of Representations presented to the decision-maker



KEY TAKEAWAYS

2 JR challenges – both dismissed

Judgments provide helpful clarifications and insights into the decision-making process

JRs of NSIA assessments are and will remain very challenging in practice

TARGETED CHANGES ON THE HORIZON WILL HELP STREAMLINE THE REGIME



GOVERNMENT CONSULTATION UNTIL 12 OCTOBER 2025 – CHANGES COULD BECOME EFFECTIVE AROUND Q1 2026



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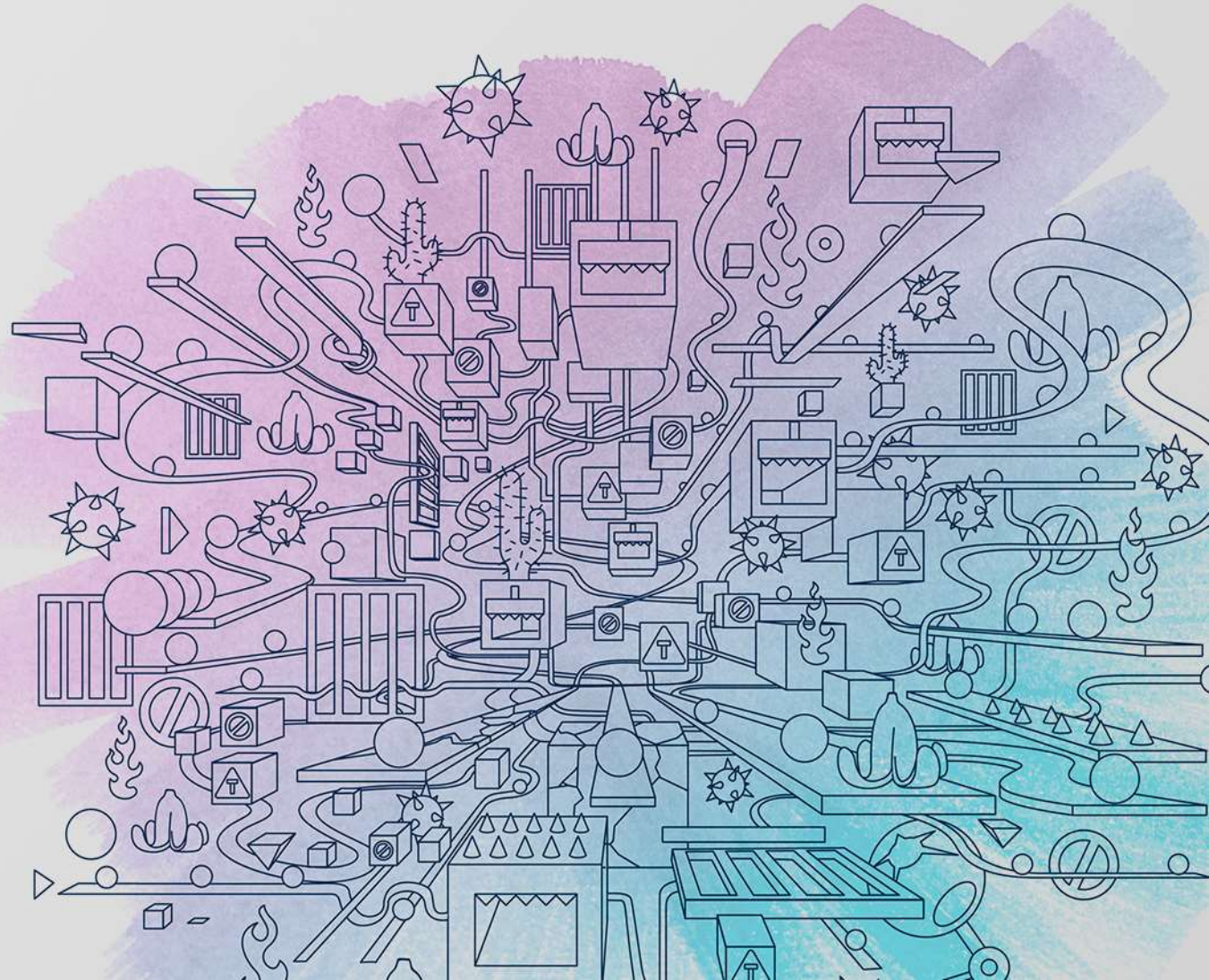
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