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UK National Security and Investment Act, Update 2026

23 July 2026

The fifth annual report under the National Security and Investment Act (NSIA) was published on 14 July 2026, covering the period 1 April 2025 to 31 March 2026 (the Reporting Period). It provides useful insights on the UK government's evolving enforcement practice as the NSIA continues to bed in and highlights upcoming reforms designed to improve predictability and reduce burdens on businesses, with the aim of allowing the government to focus its (limited) resources on those transactions more likely to raise national security concerns.

- **A lot of filings, but overall intervention rates remain low**. The government received almost 16% more notifications than during the previous Reporting Period (1,324 up from 1,143) and the number of notifications actually reviewed (the government is able to reject filings) was up 13% (1,220 vs. 1,079). In the vast majority of notified deals (95.6%), no further action was taken after the initial review period, meaning only a small minority were called in (consistent with the previous Reporting Period). Meanwhile, six non-notified acquisitions reviewed by the government were issued with a 'call-in' notice (which subjects the transaction to a more detailed review), demonstrating the importance of undertaking an NSIA filing assessment and seeking approval where necessary. Only nine final orders (issued where the transaction is subject to mitigation or prohibition) were issued (down significantly from 17), with eight allowing the transaction to go ahead subject to conditions, and one outright prohibition in August 2025 in relation to an investment by a Chinese investor into automotive and battery technology. It is worth noting that there has been another prohibition since the Reporting Period, which also involved a Chinese investor, namely a partly Chinese state-owned communications company.
- **Continued scrutiny of voluntary filings**. During the Reporting Period, six voluntary filings were called in for more detailed review, which is broadly consistent with the previous year. Parties are able to submit voluntary filings where either the activities of the target are not within scope of one of the mandatory sectors, and/or the level

of investment is below the threshold of a mandatory trigger event (most commonly an investment of at least 25% or more). Of note, one of the voluntary cases called in (which was then only approved subject to remedies) concerned an investment of less than 13%.

- **Defence remains most scrutinised sector, but investment into Advanced Materials raises most concerns**. Given the broad scope of the Defence sector, it is not a surprise to see the largest proportion of notifications remained associated with Defence (58%) (as was the case in the previous Reporting Period) followed by Military and Dual-Use (23%) and Critical Suppliers to Government (20%). Of the 60 acquisitions called in, the largest proportion was associated with the Defence area of the economy (47%), followed by Critical Suppliers to Government (33%) and Military and Dual-Use (33%). Meanwhile, of the nine final orders, the largest number was associated with acquisitions relating to Advanced Materials (five), followed by Data Infrastructure (three) and Military and Dual-Use (two). The relatively high intervention rate in deals concerning Advanced Materials (accounting for less than 20% of all notifications but over half of the final orders issued during the Reporting Period) demonstrates the importance with which the government can view investments into sectors other than Defence.
- **UK investors remain top of mind — but Chinese investment still heavily scrutinised**. Given the NSIA is investor agnostic and applies to investors of all nationalities, it is not a surprise that the largest proportion of accepted notifications involved acquirers associated with the UK (72%). U.S. investors accounted for the second largest number of accepted notifications (28%), followed by investors from France (6%) and Luxembourg (6%). Four acquisitions were withdrawn after the transaction was called in (perhaps over fears of detailed scrutiny, or simply transactions not proceeding), acquirers associated with the UK were associated with two withdrawals, and acquirers associated with China, Turkey, United Arab Emirates and the U.S., were each associated with one withdrawal. Of the nine final orders made, five involved acquirers associated with the UK, three involved acquirers associated with China, and two involved acquirers associated with the U.S. and Germany. Canada, Hong Kong, Russia and the UAE were also each related to one final order. Comparatively, the highest number of final orders in the previous Reporting Period involved acquirers associated with the UK (11) and China (seven). Proportionally, accepted notifications by Chinese acquirers accounted for less than 5% of all filings but accounted for approximately a third of all deals called in for detailed assessment and a third of the final orders made (three of the nine that were issued).
- **Developing remedies regime**. The remedies imposed by the UK government during the Reporting Period reflect its developing practice, adapting to mitigate what it considers to be the national security risks arising from a transaction. The UK

government has continued to impose remedies involving restrictions on handling data and information, requirements to establish specific security and governance structures, requirements concerning composition of the board, reporting requirements and obligations to retain capabilities (including R&D, personnel and infrastructure) in the UK. In addition, the UK government has also imposed restrictions on the specific areas of R&D that can be undertaken and with whom any such development or partnerships can be established (regarding the latter, the remedy only allowed collaboration with companies incorporated in, or whose ownership was incorporated in, a preapproved list of jurisdictions).

- **Significantly longer acceptance periods**. The time taken to accept a notification has increased significantly, taking on average 11 working days for mandatory notifications (up from seven), 13 working days for voluntary notifications (up from eight), and 10 working days for retrospective applications (up from six). The government acknowledges that this relates to the increase in notifications (15% more compared with 2024/25 and 46% more compared with 2023/24) and is "taking steps to reduce this" (and we have seen signs of slightly shorter acceptances in practice, since the end of the Reporting Period). However, once accepted, the government took all decisions on whether to call-in or clear notified acquisitions within the review period's statutory 30 working days. Meanwhile, on average, it took slightly less time than last year (68 down from 70 working days) to make a final order from the point an acquisition was called in.
- **No penalties for failure to file (yet)**. The government again chose not to use its powers to issue penalties against companies who fail to file (no penalties have been issued since the regime was introduced). In the Reporting Period, the government identified 42 potential offences of completing a notifiable acquisition without approval. No fines or other penalties were imposed but the parties were required to provide reassurance that steps had been taken to prevent any recurrence.
- **Timing of planned reforms remains uncertain**. Significantly, the foreword to the annual report previews forthcoming legislation that is expected to exempt certain acquisitions from mandatory notification, update the scope of the notifiable sectors, and improve the forms that businesses use to notify acquisitions. In March 2026, the government had announced important changes to the mandatory sectors (including the inclusion of a new Water schedule, carving out Critical Minerals and Semiconductors from Advanced Materials as standalone schedules, and removing "off-the-shelf" AI from scope), which it planned to lay before Parliament later this year. It was less clear if and when the government would progress plans previewed in July 2025 to remove certain transactions from scope, notably internal reorganisations. The annual report suggests this will form part of the upcoming legislative changes, which will be welcome news indeed for businesses. It would also help to address the current challenges caused by the increased volume of

notifications, including related delays to acceptances. However, the annual report does not mention any envisaged timing for these changes, so this remains uncertain, and is potentially made more so by the latest change of Prime Minister.

The NSIA remains one of the broadest FDI regimes in the world, capturing many more transactions than other regimes. Whilst the process is reasonably predictable once a review has commenced (with the vast majority of transactions approved within 30 business days without the need for remedies), the increasing number of notifications the UK government receives, and the longer timelines for accepting filings, mean implementation of the proposed changes is to be welcomed.

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Suggested Reading

- 27 May 2026 Kirkland Alert District Court Vacates New HSR Rules, Fifth Circuit Denies Motion to Stay Order Pending Appeal, FTC Will Accept Either Form (For Now)
- 19 March 2026 Kirkland Alert FTC Proposes New Rulemaking for Rental Housing Fees
- 19 March 2026 Kirkland Alert FTC Restarts Subscription Rulemaking