



NSI ACT (NOTIFIABLE ACQUISITION) (SPECIFICATION OF QUALIFYING ENTITIES) REGULATIONS 2021

Issued 14 October 2025

ICAEW welcomes the opportunity to comment on the consultation, NSI Act (Notifiable Acquisition) (Specification of Qualifying Entities) Regulations 2021, published by Cabinet Office on 22 July 2025, a copy of which is available from this [link](#).

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KEY POINTS

Missed opportunity to improve agility in the system and contain cost to business

1. The proposed changes to the NSI Act Notifiable Acquisitions Regulations (NARs) respond to changing national security risk and have sensibly been informed by feedback on sensitive sectors to a call for evidence published in 2023. It is disappointing, however, that the government appears to have missed an opportunity to simultaneously respond to operational challenges in the functioning of the NSI system. Acknowledging and addressing recommendations for improvement from those who interact with the system would have been in line with the stated intention stated in the Ministerial Foreword for a screening regime that is “business-friendly and pro-innovation”.
2. The NSI process undoubtedly has an impact on transaction timetables, with cost implications for businesses that can disproportionately impact smaller transactions. The government and ISU should be cognisant of this.
3. ICAEW would also request that steps be taken to streamline information requirements for repeat acquirers to reduce unnecessary burdens.
4. We note the government's 22 July announcement¹ also indicated that the government intended to remove from the mandatory notification regime both the appointment of liquidators, official receivers and special administrators and "certain types" of internal reorganisations. ICAEW is in favour of such changes. However, so far as we are aware, the government has yet to bring forward such changes. We would urge the government to do so as soon as possible.

ANSWERS TO CONSULTATION QUESTIONS

Question 1 Do the proposed changes to the NARs achieve their stated policy objectives?

5. We indicate in our response to Questions 2 and 3 where clarifications and exclusions would improve the proportionality of the regime and avoid unintended consequences such as precautionary (over)notifications.
6. We also refer to the point above on exempting the appointment of liquidators, official receivers and special administrators from the mandatory notification regime.

Question 2: Are the updated draft schedules, including where these involve technical terminology, sufficiently clear to enable investors and businesses to self-assess whether they must notify and receive approval for relevant acquisitions? If not, how could the proposed definitions be improved?

Question 3: To what extent are technical and scientific terms correct, sufficiently clear, and commonly understood by those required to notify for the purposes of determining relevant activities?

7. We set out examples of where ambiguity can be removed from the drafting, or where exclusions could be introduced, which will assist self-assessment, prevent over-notification and improve proportionality of the regulations.

Draft New Schedule Critical Minerals

8. Interpretation paragraph 1
 - Definition of “enabler”: This is potentially a very broad concept, which would benefit from clear parameters and/or exceptions about the types of items that would be in scope. For example, this definition could include very basic equipment used in activities 2(2)(g)

¹ <https://www.gov.uk/government/news/national-security-powers-to-be-updated-to-reduce-the-burden-on-businesses>

extracting or 2(2)(i) recycling (such as spades, diggers and extractive machinery) and activities 2(2)(a) research, (e) creating IP and (j) provision of know-how, services, enablers (such as office computers).

9. Activities paragraph 2

- Activities in paragraph 2(2): (c): for similar reasons, “anything designed as an enabler” is very broad, and would benefit from clearer parameters, exceptions and/or examples of the types of items that would be in scope.

10. Critical Minerals paragraph 3: There are new minerals in the list that could capture a broad range of consumer products, which should not raise national security issues. These include the following minerals with suggestions for specific exclusions:

- (a) Aluminium: A consumer product exclusion could be considered, or specific exclusions such as aluminium in a product form including kitchen foil, aluminium cans and aluminium in recycled form (otherwise, for example, all recycling facilities could be captured)
- (i) Helium: Consider explicitly excluding the storing/ packaging of helium for consumer use (ie, to exclude products such as party balloons)
- (aa) Sodium: consider exclusions for processing and packaging this for consumer use

Draft New Schedule Semiconductors

11. Our suggestion for the definition of “enabler” in the Critical Minerals schedule also applies for Semiconductors, as this is also a very broad concept.
12. Proportionality would be improved with guidance on specific examples of paragraph 2(2) activities that would be caught, like (k) re-using.
13. In updated Devices, 4(1)(h)(iii), does this include pressure sensors that are standalone devices?

Draft Schedule 1 Advanced Materials

14. We repeat the point on improving proportionality in the Semiconductors schedule in relation to 2(2)(h) re-using activities in relation to Advanced Materials.
15. Sectors and Matters, 12(7) Other materials: We note that rare earth elements (used for certain purposes) are included here as well as in the New Schedule, Critical Minerals. Is this intended?
16. Sectors and Matters, 3(4) Engineering and technical ceramics: An exclusion would be helpful regarding innocuous use of [NEW] (f) activated carbon in non-textile or fibre forms.

Draft Schedule 3 Artificial Intelligence

17. The new definition/exclusion for “consumer” is welcome. However, we think that entities that meet Condition B (in [NEW] 4) for artificial intelligence systems that are not available to consumers should be excluded like ones that meet Condition A (in [NEW] 3).

Draft Schedule 5 Communications

18. Under Associated facilities, 3(1)(b) should refer to sub-paragraph (1A) not (2A).

Draft Schedule 11 Energy

19. The removal of paragraphs 3(a)(iv) and 3(b)(iv), which is included in the Summary of changes (p53 of the consultation paper) has not been taken through to Draft Schedule 11. Is this an omission?

Question 6: Are there entities or activities covered in the proposed regulations that you do not expect warrant mandatory notification?

20. Draft New Schedule: Critical Minerals.

In this sector UK-registered companies commonly perform the management of activities that are carried out outside the UK and may also own assets that are outside of the UK. For example, direction of exploration or extraction activity may take place in the UK, but the activity that is being directed is performed elsewhere. Technical studies may be carried out in the UK to assess feasibility of 2(2) activities that will be done outside the UK. Clear statements would be helpful regarding the government's intention (or otherwise) that these will be in scope.

21. Draft Schedule 3 Artificial Intelligence

We would suggest that consideration be given to treating the business to business (B2B) supply of technology in the same way as its supply to consumers. In particular, an exemption for off-the-shelf products and services supplied to businesses could be appropriate.