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To: All Peers

13 December 2022

My Lords,

**NATIONAL SECURITY BILL:  
Foreign Influence Registration Scheme and its interaction with the National Security  
and Investment Act 2021**

In the Second Reading debate of the National Security Bill on 6 December, Lord Wallace of Saltaire asked how the proposed Foreign Influence Registration Scheme (the Scheme) will interact with the National Security and Investment Act 2021 (the Act), particularly in relation to universities. I committed to write to noble Lords on this issue.

As you will know, the NSIA gives the Government power to scrutinise and intervene in business transactions to protect national security while providing business and investors with the certainty and transparency they need to do business in the UK. It also requires organisations to notify the government about acquisitions of a certain type and seek approval from the government before the acquisition can be completed (known as notifiable acquisitions). The Government has published additional guidance for the higher education and research-intensive sectors, which includes universities, to help them understand the scope of the NSIA.

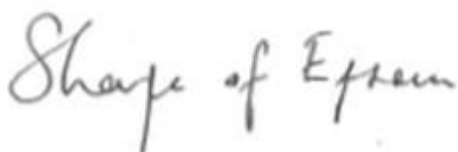
The requirements under the Scheme differ. They are specifically designed to both increase transparency around foreign influence in UK political affairs and provide a means of early disruption of potentially hostile activity by foreign states, using a two-tier approach. Under the political influence activity tier, the scheme will require the registration of all political influence activity where it is to be carried out within the UK at the direction of a foreign power or entity. Under the specified persons tier, any activity to be carried out in the UK by or at the direction of a foreign power or entity that has been specified and agreed by both the Government and Parliament must be registered. Unlike the NSIA, the Scheme does not require government approval of any registerable arrangements and activities. It will work *alongside* the NSIA to increase transparency of foreign activity within the UK.

Universities will not experience a double effect from the two pieces of legislation. The NSIA relies on an acquisition of control taking place. By contrast, the Scheme does not require a change of ownership; it is designed to capture other types of foreign activity that at present do not require declaration. The Scheme is needed in addition to the NSIA to ensure that the Government is doing all that is needed to tackle covert foreign influence in the UK. The NSIA and the Scheme will work together in tandem to protect national security and increase transparency around foreign activity within the UK.

Should noble Lords like to discuss this issue further ahead of Committee, please do get in touch.

A copy of this letter will be placed in the libraries of both Houses.

Yours sincerely



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