Draft Regulations laid before Parliament under section 96(5) and (6)(j) of the National Security Act 2023, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2025 No. ****

NATIONAL SECURITY

The National Security Act 2023 (Foreign Activities and Foreign Influence Registration Scheme: Exemptions for Certain Foreign Power Investment Funds, Education, Government Administration and Public Bodies) Regulations 2025

Made - - - - ***

Coming into force in accordance with regulation 1(2)

The Secretary of State makes the following Regulations in exercise of the power conferred by paragraph 8 of Schedule 15 to the National Security Act 2023(**a**).

In accordance with section 96(5) and (6)(j) of that Act, a draft of these Regulations has been laid before Parliament and approved by a resolution of each House of Parliament.

Citation, commencement and extent

1.—(1) These Regulations may be cited as the National Security Act 2023 (Foreign Activities and Foreign Influence Registration Scheme: Exemptions for Certain Foreign Power Investment Funds, Education, Government Administration and Public Bodies) Regulations 2025.

(2) They come into force when Part 4 of the National Security Act 2023 comes fully into force.

(3) They extend to England and Wales, Scotland and Northern Ireland.

Exemption: relevant foreign power investment funds – certain political influence activities

2.—(1) Section 69(3) of the National Security Act 2023 (requirement to register foreign influence arrangements) does not apply to the extent that—

(a) an agreement or arrangement is one pursuant to which a relevant foreign power (see paragraph (9)) directs a relevant foreign power investment fund for the purposes of section 69(1) of the National Security Act 2023 (direction relating to carrying out political influence activities, etc.), and

(b) the political influence activities(**b**) which are the subject of the direction relate to investment activities, whether in the United Kingdom or elsewhere, other than in the country or territory of the relevant foreign power.

(**a**) 2023 c. 32.
(**b**) "Political influence activity" is defined in section 70 of the National Security Act 2023.

(2) In paragraph (1)(a), "relevant foreign power investment fund" means a person in respect of whom—

(a) either Condition 1A or Condition 1B is satisfied, and

(b) all of Conditions 2 to 4 are satisfied.

(3) Condition 1A is that a foreign power(**a**)—

(a) holds, directly or indirectly, 100% of the shares in the person,

(b) holds, directly or indirectly, 100% of the voting rights in the person, or

(c) holds the right, directly or indirectly, to appoint or remove a majority of the officers of the person.

(4) Condition 1B is that—

(a) the trustees of a trust, or the members of a partnership, unincorporated association or other entity that is not a legal person under the law by which it is governed, meet one or more of the requirements set out in paragraph (5), in their capacity as such, in relation to the person, and

(b) a foreign power directs or controls the activities of that trust or entity (in whole or in part).

(5) The requirements are that the trustees or members (as the case may be)—

(a) have the right to direct or control, or actually direct or control, the person's activities (in whole or in part);

(b) hold, directly or indirectly, 100% of the shares in the person;

(c) hold, directly or indirectly, 100% of the voting rights in the person;

(d) hold the right, directly or indirectly, to appoint or remove a majority of the officers of the person.

(6) Condition 2 is that—

(a) the principal activity of the person is to make or manage investments, and

(b) the activities of the person include making or managing investments in countries or territories other than the country or territory of the relevant foreign power ("the overseas investments").

(7) Condition 3 is that the source of the funds for the overseas investments is (in whole or in part) the relevant foreign power.

(8) Condition 4 is that the only purpose or purposes of the overseas investments is either or both of the following—

(a) to benefit financially the relevant foreign power;

(b) to make provision for the payment of pensions (however described) to persons by the relevant foreign power.

(9) In this regulation, "relevant foreign power" means the foreign power mentioned in Condition 1A or 1B in relation to the person.

(10) In paragraphs (3)(c) and (5)(d), "officer" is to be construed in accordance with paragraph 2 of Schedule 13 to the National Security Act 2023 (control of a person by a foreign power).

(11) Part 2 of Schedule 13 to the National Security Act 2023 (interpretation of Part 1), with the modifications contained in the following table, applies to the interpretation of paragraphs (3) to (5) as it applies to the interpretation of Part 1 of that Schedule—

Provision of National Security Act 2023, Schedule 13, Part 2 to be modified	*Modification*
Paragraph 6(1)	For "more than 25%" substitute "100%".

(**a**) "Foreign power" is defined in section 32(1) and 83 of the National Security Act 2023.

	For "exceeding (in aggregate) 25%" substitute "amounting to (in aggregate) 100%".
Paragraph 6(2)(b)	For "holding more than 25%" substitute "holding 100%". For "share in more than 25%" substitute "share in 100%".
Paragraph 7(2)	Ignore paragraph (b).

Exemption: education

3.—(1) Section 65(4) of the National Security Act 2023 (requirement to register foreign activity arrangements) does not apply to an arrangement or agreement to the extent that paragraph (2) or (3) applies to the arrangement or agreement.

(2) This paragraph applies to an arrangement or agreement, between a foreign power and a person providing further education or a course of higher education in the United Kingdom, if the purpose of the arrangement or agreement is to facilitate the making of a further arrangement or agreement to which paragraph (3) applies (whether or not the foreign power is a party to that further arrangement or agreement).

(3) This paragraph applies to an arrangement or agreement for the provision of financial assistance (whether by waiving fees, providing funds or otherwise) to an individual ("S")—

(a) while S is receiving further education or undertaking a course of higher education in the United Kingdom,

(b) where, if S is undertaking a course of higher education and the ATAS condition applies, that condition is met, and

(c) where, pursuant to that arrangement or agreement, S is directed to carry out any activity which is reasonably necessary in order to ensure that S—

(i) continues, fully participates in, devotes sufficient time to or successfully completes that education or course (for example, attending events organised by the provider of the education or course),

(ii) upholds the reputation of the provider of the assistance or the provider of the education or course (for example, acknowledging them in articles published by S),

(iii) meets standards of conduct reasonably expected by the provider of the assistance or the provider of the education or course, or

(iv) notifies any person of any of the details set out in paragraph (4).

(4) The details mentioned in paragraph (3)(c)(iv) are—

(a) current contact details for S;

(b) any other information about S which is reasonably required by any person in order to—

(i) assess the amount of financial assistance to be provided under the arrangement or agreement,

(ii) monitor S's progress towards successfully completing the education or course, or

(iii) verify S's compliance with another direction given pursuant to the arrangement or agreement.

(5) In this regulation—

"course of higher education" means—

(a) in England and Wales, a course of education of any description mentioned in Schedule 6 to the Education Reform Act 1988(**a**);

(b) in Scotland, a course of education of any description referred to in section 5(3) of the Further and Higher Education (Scotland) Act 2005(**b**);

(c) in Northern Ireland, a course of education of any description referred to in paragraph 1 of Schedule 1 to the Further Education (Northern Ireland) Order 1997(**c**);

"further education"—

(a) in England and Wales, has the meaning given by section 2(3) and (5) of the Education Act 1996(**d**);

(b) in Scotland, has the same meaning as the definition of "fundable further education" given by section 5(1) and (2) of the Further and Higher Education (Scotland) Act 2005;

(c) in Northern Ireland, has the meaning given by Article 3 of the Further Education (Northern Ireland) Order 1997.

(6) For the purposes of paragraph (3)(b)—

(a) the ATAS condition applies if S has leave to enter or remain in the United Kingdom granted in accordance with rules made under section 3(2) of the Immigration Act 1971(**e**) subject to a condition requiring S to obtain an Academic Technology Approval Scheme clearance certificate before commencing the course;

(b) the ATAS condition is met if S obtains, or arrangements are in place to ensure that S obtains, such a certificate before S commences the course.

Exemption: government administrative and technical services

4.—(1) Section 65(4) of the National Security Act 2023 does not apply to the extent that an arrangement or agreement is one pursuant to which a foreign power directs a person ("P") to carry out any activity which is reasonably necessary to facilitate the provision, to P or to another person on whose behalf P is acting, of a service—

(a) to which paragraph (2), (3) or (4) applies, and

(b) which P, or the person on whose behalf P is acting, cannot reasonably obtain from any person except the foreign power.

(2) This paragraph applies to the provision, by or on behalf of the foreign power, of any of the following services—

(a) issuing a passport or other travel document to a national of the country or territory of the foreign power, or amending, extending or renewing such a document,

(b) issuing an appropriate document to a person wishing to travel to the country or territory of the foreign power, or amending, extending or renewing such a document,

(c) acting as a notary, including preparing any certificate or declaration,

(d) acting as a civil registrar, including registering a birth, death or marriage,

(e) making a search for, or obtaining a copy of, an entry or record in a register or archive held by or on behalf of the foreign power,

(f) administering, safeguarding or arranging the transmission of all or part of a deceased person's estate or proceeds from that estate,

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(**a**) 1988 c. 40.
(**b**) 2005 asp. 6.
(**c**) S.I. 1997/1772 (N.I. 15).
(**d**) 1996 c. 56. Relevant amendments were made by paragraph 33 of Schedule 21 and Part 3 of Schedule 22 to, the Education Act 2002 (c. 32).
(**e**) 1971 c. 77.

(g) administrative services in connection with legal proceedings in the United Kingdom, including effecting service of a document or providing evidence of service,

(h) transmitting or executing judicial or similar documents requesting assistance in obtaining evidence for use in legal proceedings in the country or territory of the foreign power,

(i) providing or arranging appropriate representation for a person who is detained or becomes a defendant or respondent in legal proceedings in the United Kingdom,

(j) administrative services in connection with shipping or aircraft, including examining or stamping papers,

(k) arranging or carrying out investigations into incidents on a voyage or flight or settlements of disputes involving the crew of a ship or aircraft,

(l) arranging for the repatriation of a person, or of human remains, to the country or territory of the foreign power,

(m) providing or arranging for the provision of assistance to meet the needs of a person affected by emergency circumstances, including crime, loss or damage to property, serious injury or serious illness,

(n) arranging travel or care for children or other persons lacking full capacity, or

(o) any other administrative or technical service which is reasonably necessary to assist a national of the country or territory of the foreign power and is directly related to the exercise of a consular function within Article 5 of the Vienna Convention on Consular Relations, as set out in Schedule 1 to the Consular Relations Act 1968(**a**).

(3) This paragraph applies to the provision, by or on behalf of the foreign power, of any other advice or assistance which is directly related to the making of an application to enter, stay in, or obtain nationality or citizenship of the country or territory of the foreign power.

(4) This paragraph applies to the provision, by or on behalf of the foreign power, of advice or assistance which is directly related to any of the following—

(a) payment of any tax owed to the foreign power or otherwise payable in the country or territory of the foreign power;

(b) compliance with any other legal requirements relating to such tax;

(c) assessment of a person's liability to pay, or eligibility for exemption from paying, such tax;

(d) assessment of the amount of such tax or exemption.

Exemption: UK public body arrangements

5.—(1) Section 65(4) of the National Security Act 2023 does not apply to foreign activity arrangements that are UK public body arrangements, except to the extent that the arrangements relate to political influence activities.

(2) Section 68(1) to (3) of the National Security Act 2023 (specified persons etc. must not carry out unregistered activities) does not apply to activities carried out in accordance with a UK public body arrangement, except to the extent that the arrangements relate to political influence activities.

(3) In this regulation, a "UK public body arrangement" is an arrangement or agreement, other than a UK arrangement within the meaning of paragraph 1 of Schedule 15 to the National Security Act 2023 (exemptions), to which—

(a) a UK public body is a party, or

(b) any person acting for or on behalf of a UK public body is (in that capacity) a party.

(4) In this regulation, a "UK public body" is, subject to paragraph (5)—

(**a**) 1968 c. 18.

(a) a public authority, within the meaning of section 3(1) of the Freedom of Information Act 2000(**a**), other than—

(i) a body listed in Part 2 of Schedule 1 to that Act (local government),

(ii) a body listed in Part 4 of that Schedule (maintained schools and other educational institutions),

(iii) a police and crime commissioner, or

(iv) the Mayor's Office for Policing and Crime, or

(b) a Scottish public authority, within the meaning of section 3(1) of the Freedom of Information (Scotland) Act 2002(**b**), other than—

(i) a body listed in Part 3 of Schedule 1 to that Act (local government), or

(ii) a body listed in Part 5 of that Schedule (educational institutions).

(5) Where paragraph (6) applies, an arrangement or agreement is a "UK public body arrangement" only—

(a) to the extent that the body (or a person acting on its behalf) makes the arrangement or agreement in—

(i) the exercise of the functions referred to in paragraph (6)(a), or

(ii) the provision of the services referred to in paragraph (6)(b), or

(b) if it is made by—

(i) a body acting as a tribunal, or

(ii) the Bank of England acting in the exercise of its functions with respect to monetary policy, financial operations intended to support financial institutions for the purposes of maintaining stability, or the provision of private banking services and related services.

(6) This paragraph applies where a body is listed in Schedule 1 to the Freedom of Information Act 2000 or Schedule 1 to the Freedom of Information (Scotland) Act 2002, or specified under section 5 of either of those Acts, in respect of information held for the purposes of, relating to, or as a result of—

(a) the exercise of particular functions, or

(b) the provision of particular services.

Name
Minister of State
Home Office

Date

(**a**) 2000 c. 36. Paragraphs 57 and 58 of Schedule 1 to the Freedom of Information Act 2000 were substituted by paragraph 249 of Schedule 16 to the Police Reform and Social Responsibility Act 2011 (c. 13).
(**b**) 2002 asp. 13.

EXPLANATORY NOTE

(This note is not part of the Regulations)

Part 4 of the National Security Act 2023 (c. 32) ("the 2023 Act") contains the foreign activities and foreign influence registration scheme.

Foreign influence arrangements (section 69) are required to be registered with the Secretary of State under the scheme. Regulation 2 provides that certain types of investment fund owned or controlled by foreign powers will be exempt from the need, in accordance with section 69(3) of the 2023 Act, to register foreign influence arrangements.

These Regulations also exempt certain arrangements from the need, in accordance with section 65(4) of the 2023 Act, to register foreign activity arrangements. Regulation 3 exempts arrangements to provide financial support to students of further or higher education in the United Kingdom where foreign powers give directions to the student or to the education provider who facilitates the arrangement. Regulation 4 exempts arrangements where foreign powers give directions to people who are seeking administrative or technical services, including consular services. Regulation 5(1) exempts "UK public body arrangements". These are arrangements with most bodies that are public authorities under the Freedom of Information Act 2000 (c. 36) or Scottish public authorities under the Freedom of Information (Scotland) Act 2002 (asp. 13) and fall outside the exemption for "UK arrangements" in Schedule 15 to the 2023 Act because the body is not part of the Crown. The exemption does not apply to political influence arrangements.

Regulation 5(2) concerns activities carried out in accordance with UK public body arrangements. It exempts entities that have been specified in regulations under section 66 of the 2023 Act from the need, in accordance with section 68(1) and (3) of the 2023 Act, to register those activities with the Secretary of State under the scheme. The exemption does not apply to political influence activities.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen.

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