

Rt Hon Tom Tugendhat MBE VR MP Security Minister

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Mr Scott O'Malia, CEO International Swaps and Derivatives Association Inc 25 Copthall Avenue 3rd Floor London EC2R 7BP

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8 March 2023

Dear Mr O'Malia,

Thank you for your letter of 22 February regarding your concerns about the Foreign Influence Registration Scheme (FIRS). Your comments on this scheme are much appreciated.

The Government has listened to the significant concerns that have been raised about the breadth of the scheme, including its impact on foreign investment and commercial activities. As such, we have now tabled amendments to the National Security Bill to ensure that the political influence tier of the scheme focuses more closely on the issues we are keen to address.

This tier will require registration of arrangements with foreign powers to carry out political influence activity in the UK. This will mean that foreign entities legitimately acting in their own private interests will no longer be required to register their own activities. Furthermore, there will also no longer be a requirement for those in an arrangement in foreign entities to register activities which are directed by them.

We recognise that FIRS does not contain the same exemptions as the U.S. and Australian equivalent schemes. However, the revised scheme will, in practice, exempt a wide range of commercial, charitable, educational and research activity. Activities will only be registerable if they are directed by a foreign power and if they meet the definition of a political influence activity in the Bill.

I hope this provides reassurance about the revised FIRS scheme. These amendments will now be debated and voted on during the Report Stage of the National Security Bill in early March. Following Royal Assent of the Bill, the government will produce guidance on compliance with the scheme, to ensure that those affected are clear about its requirements before it comes into force.

Yours sincerely

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