

Alert | National Security/Antitrust Litigation & Competition Regulation/Mergers & Acquisitions



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Netherlands Expands Investment Screening Law to Cover 6 Additional Technologies

The Dutch government has announced a significant expansion of the ‘*Wet veiligheidstoets investeringen, fusies en overnames*’ (Vifo Act), the Netherlands’ investment screening framework. It is proposed that, with effect from Jan. 1, 2027, six additional technology sectors will become subject to mandatory security screening in the context of investments, mergers, and acquisitions. This development reflects the Netherlands’ commitment to protecting national security while maintaining an open economy.

Background: The Vifo Act

The Vifo Act entered into force in 2023 and introduced a framework for the security screening of investments, mergers, and acquisitions involving sensitive technologies and vital sectors in target companies established in the Netherlands. The Act is designed to prevent disruption to critical processes and to guard against sensitive technology falling into the “wrong hands” (from a national security perspective) through corporate transactions.

Since its introduction, the Vifo Act has applied to investments in the following sensitive technology areas, among others:

- The defense industry
- Quantum technology

- Photonics
- Semiconductors
- Dual-use technology (technology with both military and civilian applications)

Screening under the Vifo Act is administered by the Dutch Bureau for Review of Investments (*'Bureau Toetsing Investerings'* or BTI), which sits within the Ministry of Economic Affairs and Climate Policy. The BTI assesses whether a proposed investment gives rise to a risk to national security. Where risks are identified, conditions may be imposed on the investment or, in extreme cases, the investment may be partially or wholly prohibited. In view of the commercially sensitive nature of the information involved, individual cases, investigations, and outcomes are not made public, although the Ministry publishes an annual report on the number of cases reviewed.

In addition to the Vifo Act, investment screening in vital sectors such as energy and digital infrastructure also takes place through sector-specific legislation, including the *'Wet Ongewenste Zeggenschap Telecommunicatie'* (Undesirable Control in Telecommunications Act, 2020) and the Energy Act.

The Expansion: 6 New Technology Sectors

The Dutch Cabinet proposes to expand the scope of the Vifo Act with effect from Jan. 1, 2027, by adding the following six technology categories:

1. Biotechnology (in part, for example stem cell technology and plant breeding)
2. Artificial intelligence (AI)
3. Advanced materials
4. Nanotechnology
5. Sensor and navigation technology
6. Nuclear technology for medical use

Key Takeaways for Businesses

The proposed expansion of the Vifo Act has practical implications for companies active in or contemplating transactions involving the newly designated technology sectors. In particular, businesses should be aware of the following:

- Notification obligations: Transactions involving companies active in the six newly designated technology sectors may trigger mandatory notification and screening requirements under the expanded Vifo Act if the transaction completes on or after Jan. 1, 2027.
- Broad technology scope: The coverage of areas such as AI, advanced materials, nanotechnology, and sensor and navigation technology is potentially wide-ranging. Companies operating in these spaces should assess whether their activities fall within the scope of the expanded regime.
- Partial coverage of biotechnology: The biotechnology category is included only in part. Specific sub-sectors such as stem cell technology and plant breeding are identified as falling within scope. Companies in the broader biotechnology sector should assess their exposure.

- Remedies and prohibitions: The BTI would retain the power to impose conditions on, or ultimately prohibit, transactions that are found to present a risk to national security.
- Interaction with other regimes: The expanded Vifo Act would operate alongside both EU-level foreign direct investment screening mechanisms and other Dutch sector-specific legislation. A multi-layered screening analysis may be required for complex cross-border transactions.

Next Steps

The proposed amendment to the decree defining the scope of the Vifo Act has been submitted by the Ministry of Economic Affairs and Climate Policy to both chambers of the Dutch Parliament. The decree will subsequently be referred to the Council of State (*'Raad van State'*) for advice before it enters into force.

As the amendment has not yet been finalized – it remains subject to parliamentary scrutiny and advice from the Council of State – the precise scope of the expanded regime may evolve before it takes effect on Jan. 1, 2027. Companies should monitor further developments. In particular, transactions that are signed in 2026, while completion may run into 2027, should assess whether they may become subject to mandatory BTI screening. To the extent this is deemed a risk, parties should consider agreeing preemptively on arrangements dealing with notification obligations and potential conditions, remedies and prohibition.

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