



July 31, 2007

President Signs Foreign Investment in U.S. Reform into Law

Further to our Alert dated July 18, 2007, the President signed the *Foreign Investment and National Security Act of 2007* (the "Act") into law on July 26, 2007. The Act takes effect ninety (90) days from the date of signing.

The Act amends Section 721 of the Defense Production Act of 1950 (known as the Exon-Florio provision), which sets forth the procedures for the U.S. Government (the Committee on Foreign Investment in the United States, or "CFIUS") to vet foreign direct investments in U.S. companies involved in business having national security implications.

Once the Act takes effect, it will have a significant impact on U.S. companies seeking foreign investment because of the expanded scope of coverage and the heightened scrutiny for certain transactions. As we discussed in our previous Alert, the following are some of the changes to the CFIUS review process:

- Allow the President to intervene in any transaction perceived to be a security risk;
- Require a mandatory 45-day investigation period for acquisitions of companies by foreign governments or their intermediaries;
- Require approval of transactions from higher levels within the various CFIUS agencies;
- Require the creation of a position of Assistant Secretary of the Treasury to monitor CFIUS issues;
- Require each completed CFIUS review to be reported to Congress;
- Require CFIUS to consult the Director of National Intelligence;
- Requires the tracking of withdrawn transactions to prevent any potential risks identified.

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