

# Impact of FIRRMA on PE Funds: Recent CFIUS Developments and Upcoming Changes

MAY 8, 2019

Because of concerns about protecting certain U.S. national security interests from foreign influences and control, Congress and the Trump administration recently reformed the process and scope of transaction reviews by the Committee on Foreign Investment in the United States (CFIUS). While these Foreign Investment Risk Review Modernization Act (FIRRMA) reforms had a sizable impact on CFIUS when they were enacted in August 2018, they were merely the tip of the iceberg of developments in this sector.

This article details some of the FIRRMA provisions that are continuing to be introduced and ways private equity (PE) sponsors can prepare for them. Specifically, this article explores the mandatory declaration requirements of a recently introduced pilot program; the parameters of a new safe harbor for non-controlling investments by foreign investors; and other related CFIUS reforms that are currently in effect or are expected to be throughout 2019.

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