CFIUS 2024 ANNUAL REPORT SHOWS A LARGE DROP IN MITIGATION, OTHER ENCOURAGING TRENDS, AND A CONTINUED DECLINE IN CFIUS FILINGS

The Committee on Foreign Investment in the United States ("**CFIUS**") released its Annual Report to Congress addressing data for calendar year 2024 ("**Annual Report**") on August 6, 2025. The Annual Report provides the most comprehensive information available on trends in the CFIUS process. Overall, the 2024 data reflects parties moving through the CFIUS process with fewer hurdles compared to recent years. This trend is likely to continue under the Trump Administration, since the America First Investment Policy issued in February is aimed at encouraging foreign investment from allied investors, including through reducing the use of complex mitigation measures and helping trusted investors move through the CFIUS process more quickly, such as via the new Fast Track pilot program. Most notably, the Annual Report shows that after a significant jump in the frequency of CFIUS requiring mitigation measures to clear transactions during the prior two years, 2024 saw such mitigation decline to its lowest rate since 2015. The frequency of transactions effectively being stopped by CFIUS also decreased. Though 2024 showed some significant improvements for transaction parties, the Annual Report also reflected a second straight year of decline in the total number of CFIUS filings. Given the positive signs in the Annual Report and the Trump Administration seeking to facilitate a welcoming investment environment, transaction parties might find more benefit to voluntary filings and obtaining safe harbor for transactions going forward.

Key Points

- The rate of CFIUS requiring mitigation to clear transactions declined to a nearly 10-year low.
- CFIUS also stopped fewer transactions in 2024.
- Short-form declarations are proving to be an effective tool for certain transactions.
- US allies remain the most heavily represented investor countries in CFIUS filings.
- CFIUS continues to actively look for non-notified transactions of interest and focus on enforcement.
- Total CFIUS filings again declined.

Below are our key takeaways from the Annual Report.

- **2024 saw a 50% decrease in the percentage of cases requiring mitigation for CFIUS clearance—the lowest rate in nearly a decade**. In 2024, CFIUS required mitigation measures as a condition for clearance in 16 CFIUS notices—approximately 7.7% of total notices. This was about half the rate of mitigation compared with the prior two years: 15% of notices cleared with mitigation in 2023, and 14% cleared with mitigation in 2022. Significantly, 2024 had the lowest percentage of notices requiring mitigation for clearance since 2015, when the rate was also 7.7%. Following the enactment of the Foreign Investment Risk Review Modernization Act ("**FIRRMA**") in 2018, CFIUS got additional resources for monitoring and enforcement, and this helped facilitate the large increases in the frequency of mitigation in 2022 and 2023 compared with historical trends. The Annual Report indicates that this trend may be ebbing, which seems primed to continue as CFIUS works to implement the America First Investment Policy, including its directives to simplify mitigation measures.
- **CFIUS stopped fewer deals in 2024.** Just as mitigation decreased in 2024, so did the instances of CFIUS effectively blocking transactions. While nearly 4% of notices (9 filings) were withdrawn and abandoned in 2023 based on CFIUS objections or mitigation measures parties would not accept, just under 3% of notices were effectively stopped in 2024: 4 that were withdrawn and abandoned based on CFIUS considerations, and 2 formally blocked by President Biden (with one, the Nippon Steel/U.S. Steel deal, later receiving clearance under the Trump Administration). Though it has always been the case that CFIUS clears the vast majority of the transactions it reviews without mitigation, the trends from the 2024 Annual Report, coupled with the pro-investment policies of the Trump Administration, should be encouraging for transaction parties when assessing CFIUS considerations.
- **Declarations continue to be an effective option for lower-risk cases.** In another encouraging trend, in 2024, 78% of declarations were cleared by CFIUS, up slightly from 76% in 2023. At the same time, the rate of declarations resulting in requests for notices declined from 18% to 15%, while the percentage of "shrug" outcomes (where CFIUS neither clears the declaration nor requests a notice) held steady at 6%. The past two years of data indicate that parties have gotten better at determining which transactions are good candidates for declarations, and CFIUS has become more adept at using the declaration process to clear benign deals. This trend is encouraging for parties considering potential filings for transactions that are expected to present lower substantive risks.
- **The total number of CFIUS filings decreased again, with notices dropping to the second-lowest rate since 2016 and declarations increasing slightly.** There were 209 CFIUS notices in 2024, compared with 233 in 2023 and 286 in 2022. Other than 2020 (which saw a drop in M&A due to the pandemic), this was the lowest number of notices since 2016. At the same time, declarations increased slightly to 116 in 2024, compared with 109 in 2023, after a large drop from 154 in 2022. The total number of CFIUS filings dropped approximately 5% from 342 to 325, and was down more than 25%

from the all-time high of 440 total filings in 2022. Though various factors contribute to annual filing numbers and parties assess filing considerations on a case-by-case basis, the continued decline in CFIUS filings happened despite an increase in overall US M&A transactions in 2024. Part of this trend may reflect reluctance by parties to voluntarily file in certain cases as the CFIUS process was viewed as presenting more challenges than it had historically, including a greater general risk of mitigation being required for clearance. With the positive trends in the Annual Report and the Trump Administration further seeking to make the CFIUS process work better for investors, parties may be more inclined to voluntarily file—and obtain safe harbor to "future proof" their investments—going forward.

- **Though China remained the top investor country in CFIUS notices, investors from allied countries continue to be the most heavily represented in CFIUS filings.** In 2024, China was the most-represented investor country in CFIUS notices (26 notices, 12%), followed by France (25 notices, 12%), Japan (24 notices, 11%), the United Arab Emirates ("UAE") (21 notices, 10%), and Singapore (14 notices, 7%). For distinct transactions (i.e., not counting withdrawals and refilings), the lead investor countries in notices were France, Japan, and the UAE. (The China numbers likely reflect a significant number of withdrawals and refilings and fewer distinct transactions under review.) Over a three-year period from 2022-2024, the lead countries for notices were China (13%), followed by Singapore (10%), the UAE (7%), and the United Kingdom (7%). For declarations, Japan took the lead from Canada with nearly 14% of total declarations in 2024, followed by Canada (9%), and France and the United Kingdom (8% each). Over the three years from 2022-2024, Canada led (12%), followed by Japan (12%), and a three-way tie for third among the United Kingdom, France, and Germany (7%).
- **CFIUS continued its enforcement efforts, issuing five penalties in 2024—including its largest-ever.** CFIUS issued its first post-FIRRMA penalties in 2023, announcing four penalties for breaches of mitigation agreements (twice as many penalties as it had ever issued previously in its history). This trend continued in 2024, with the Annual Report reflecting the issuance of five more penalties—four for breaches of material mitigation provisions, and one for material misstatements in a CFIUS filing. CFIUS provided additional detail on penalties when it launched its enforcement website last fall. Notably, the 2024 penalties generally reflected significantly higher penalty amounts than those issued in 2023, including one $60 million penalty for material violations of a mitigation agreement (the largest CFIUS penalty issued to date). CFIUS also issued new regulations in late 2024 that increased the maximum dollar penalty amounts by 20-fold, jumping from $250,000 to $5 million per violation (note: in most cases, penalty amounts can be up to $5 million or the value of the transaction, whichever is greater). The updated regulations reflected CFIUS seeking more flexibility in issuing penalties of larger amounts. To date, CFIUS has not announced any penalties for failure to make a mandatory filing, though the Annual Report notes that CFIUS conducted two investigations in 2024 related to missed mandatory filings that resulted in formal determinations of non-compliance. So far, the vast majority of CFIUS penalties have focused on violations of mitigation requirements.

- **CFIUS terminated 25 mitigation agreements in 2024, leading to an overall net decline in mitigated companies.** As of the end of 2024, CFIUS was monitoring 242 mitigation agreements or conditions—a slight net decrease from 246 as of the end of 2023. This is because despite the enactment of new mitigation agreements in 2024, CFIUS terminated 25 mitigation agreements in 2024—significantly higher than the 15 terminated in 2023 and the 16 terminated in 2022. Terminations can happen for various reasons, including sale of a mitigated company to a new owner or CFIUS determining that the mitigation measures are no longer necessary to address the originally identified risk. Given the America First Investment Policy's focus on moving away from complex, long-term mitigation agreements, it is possible the rate of mitigation terminations will remain elevated in the Trump Administration.
- **Withdrawals and refilings increased slightly despite the drop in mitigation, and other data reveals process efficiencies holding steady or showing some improvement.** In 2024, 42 notices (20%) were withdrawn and refiled, which is a process used to extend the timeline of CFIUS reviews (e.g., to allow more time to negotiate mitigation measures) since the review periods are time-limited by statute. This was actually a slight increase from the 18% rate of withdrawals and refilings in 2023, which indicates some regression in overall efficiency given the decline in mitigation frequency but still improvement over the higher rates in 2021 and 2022. In 2024, 56% of CFIUS notices went into investigation, which is generally consistent with the numbers in recent years (55% in 2023 and 57% in 2022). Given the steady rate of slightly more than half of notices moving into an investigation phase, parties should continue to plan for the notice process to take the full 90 days, and build this process into deal timelines accordingly. Finally, the Annual Report reflects some modest improvements in the timeline of CFIUS providing comments on prefilings and accepting formal filings of CFIUS notices, helping to get the CFIUS review process started more quickly. CFIUS has focused in recent years on improving various process efficiencies, and we expect this will continue to be a priority for the Committee.
- **Non-notified transactions remain a CFIUS focus, with nearly 10% of total notices in each of the past three years addressing transactions that the parties did not originally notify to CFIUS.** In 2024, CFIUS again considered thousands of transactions that parties had not notified to CFIUS via a notice or declaration, which are often referred to as "non-notified transactions." CFIUS more deeply investigated 98 non-notified transactions and issued formal inquiries for 76. This resulted in 17 filings for non-notified transactions—12 following a formal CFIUS request and 5 where the parties voluntarily filed prior to receiving a formal request. This was an increase from 2023, when there were 60 non-notified inquiries resulting in 16 filings—13 following formal requests and 3 made voluntarily before a request was made. For each of the past three years, 16-19 filings were made following CFIUS non-notified inquiries—meaning approximately 7-8% of the total notices were for non-notified transactions (not counting any withdrawals and refilings these reviews may have had). Non-notified reviews are often highly complex given that CFIUS has made a preliminary determination that the transaction raises national security considerations. Indeed, two recent presidential blocks were

based on CFIUS non-notified inquiries: In July 2025, President Trump blocked the 2020 acquisition of Jupiter Systems, LLC by Suirui International Co., Limited—more than five years after the deal closed. Additionally, in 2024 President Biden blocked the acquisition of certain real estate by MineOne Cloud Computing Investment I L.P., which was the first presidential block under the CFIUS real estate regulations and was brought to the attention of CFIUS via a public tip. These presidential blocks demonstrate some of the risks of not voluntarily filing with CFIUS. Non-notified reviews often conclude after a deal has closed, meaning the parties have limited options if CFIUS requires mitigation to address risk or pursues divestment. Longer-term non-notified risk can also change over time when substantive risk considerations and/or the geopolitical landscape shift in ways that were unanticipated at the time of the original transaction. Parties should carefully assess non-notified risks when considering whether to make a voluntary filing, including the advantage of protecting their transaction with the "safe harbor" afforded by CFIUS approval since cleared transactions cannot be reviewed again.

The CFIUS process remains complex, but the most recent data indicates a number of positive trends for investors. As CFIUS works to implement the Trump Administration's America First Investment Policy, we expect to see continued efforts at improving the CFIUS process and facilitating an open investment environment, while balancing the need to address potential national security risks in certain transactions. CFIUS remains a key national security tool of the US Government and parties should continue to carefully consider CFIUS considerations early in the deal process to most effectively manage CFIUS risk. That said, they should also take some comfort in various recent developments indicating a more positive regulatory environment for foreign investment into the United States.

CONTACTS

Karalyn Mildorf
Partner

T +1 202 912 5083
E karalyn.mildorf
@cliffordchance.com

Renée Latour
Partner

T +1 202 912 5509
E renee.latour
@cliffordchance.com

Megan Gordon
Partner

T +1 202 912 5021
E megan.gordon
@cliffordchance.com

T.J. Cluff
Senior National Security Advisor

T +1 202 912 5979
E thomas.cluff
@cliffordchance.com

Holly Bauer
Associate

T +1 202 912 5132
E holly.bauer
@cliffordchance.com

David Harris
Associate

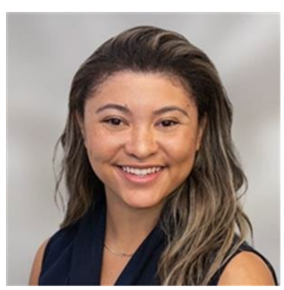
T +1 202 912 5918
E david.harris
@cliffordchance.com

Martina Kneifel
Associate

T +1 202 912 5066
E martina.kneifel
@cliffordchance.com

Erica Hackett
Associate

T +65 6410 2282
E erica.hackett
@cliffordchance.com



Amber Pirson
Associate

T +1 202 912 5094
E amber.pirson
@cliffordchance.com