



# House of Commons

Thursday 10 December 2020

## PUBLIC BILL COMMITTEE PROCEEDINGS

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### NATIONAL SECURITY AND INVESTMENT BILL

*[FIRST TO TWELFTH SITTINGS]*

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#### GLOSSARY

*This document shows the fate of each clause, schedule, amendment and new clause.*

*The following terms are used:*

*Added:* New Clause agreed without a vote and added to the Bill.

*Agreed to:* agreed without a vote.

*Agreed to on division:* agreed following a vote.

*Negatived:* rejected without a vote.

*Negatived on division:* rejected following a vote.

*Not called:* debated in a group of amendments, but not put to a decision.

*Not moved:* not debated or put to a decision.

*Question proposed:* debate underway but not concluded.

*Withdrawn after debate:* moved and debated but then withdrawn, so not put to a decision.

*Not selected:* not chosen for debate by the Chair.

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#### FIRST AND SECOND SITTINGS

Nadhim Zahawi

*Agreed to*

That—

- (1) the Committee shall (in addition to its first meeting at 9.25am on Tuesday 24 November) meet—
  - (a) at 2.00 pm on Tuesday 24 November;
  - (b) at 11.30 am and 2.00 pm on Thursday 26 November;
  - (c) at 9.25 am and 2.00 pm on Tuesday 1 December;
  - (d) at 11.30 am and 2.00 pm on Thursday 3 December;
  - (e) at 9.25 am and 2.00 pm on Tuesday 8 December;
  - (f) at 11.30 am and 2.00 pm on Thursday 10 December;

National Security and Investment Bill, *continued*

- (g) at 9.25 am on Tuesday 15 December;
- (2) the Committee shall hear oral evidence in accordance with the following Table:

TABLE

<i>Date</i>	<i>Time</i>	<i>Witness</i>
Tuesday 24 November	Until no later than 10.30 am	The Royal United Services Institute
Tuesday 24 November	Until no later than 11.25 am	Sir Richard Dearlove KCMG OBE
Tuesday 24 November	Until no later than 2.45 pm	The Centre for International Studies, London School of Economics
Tuesday 24 November	Until no later than 3.30 pm	Skadden, Arps, Slate, Meagher & Flom LLP
Tuesday 24 November	Until no later than 4.15 pm	The Institute of Chartered Accountants in England and Wales
Tuesday 24 November	Until no later than 5.00 pm	The Investment Association
Thursday 26 November	Until no later than 12.15 pm	Slaughter and May
Thursday 26 November	Until no later than 1.00 pm	Professor Ciaran Martin, the Blavatnik School of Government, University of Oxford
Thursday 26 November	Until no later than 2.30 pm	Herbert Smith Freehills
Thursday 26 November	Until no later than 3.15 pm	Simons Muirhead and Burton
Thursday 26 November	Until no later than 4.00 pm	Chatham House
Thursday 26 November	Until no later than 4.30 pm	PricewaterhouseCoopers

- (3) proceedings on consideration of the Bill in Committee shall be taken in the following order: Clauses 1 to 10; Schedule 1; Clauses 11 to 58; Schedule 2; Clauses 59 to 66; new Clauses; new Schedules; remaining proceedings on the Bill;
- (4) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 11.25 am on Tuesday 15 December.

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National Security and Investment Bill, *continued*

Nadhim Zahawi

To move, That, at this and any subsequent meeting at which oral evidence is to be heard, the Committee shall sit in private until the witnesses are admitted.

*Agreed to*

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Nadhim Zahawi

To move, That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.

*Agreed to*

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*THIRD AND FOURTH SITTINGS*

*The following witnesses gave oral evidence:*

*Lisa Wright, Partner, Slaughter and May; Christian Boney, Partner, Slaughter and May.*

*Professor Ciaran Martin, Professor of Practice in the Management of Public Organisations, Blavatnik School of Government, University of Oxford.*

*James Palmer, Senior Partner, Herbert Smith Freehills.*

*David Offenbach, Consultant, Simons Muirhead and Burton.*

*Creon Butler, Research Director, Trade, Investment & New Governance Models: Director, Global Economy and Finance Programme, Chatham House.*

*Will Jackson-Moore, Global Private Equity, Real Assets and Sovereign Funds Leader, PwC United Kingdom, PricewaterhouseCoopers.*

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*FIFTH TO SIXTH SITTINGS*

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negatived on division 3*

Clause 1, page 1, line 6, after “Secretary of State” insert “upon the assessment of a multi-agency review or recommendation of the Intelligence and Security Committee”

*Clause agreed to.*

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**National Security and Investment Bill, *continued***

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Withdrawn after debate* 10

Clause 2, page 2, line 12, leave out subsection (1) and insert—

“(1) No more than one call-in notice may be given in relation to each trigger event, unless material new information becomes available within five years of the initial trigger event.”

*Clause agreed to.*

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Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negated on division* 1

Clause 3, page 3, line 1, leave out “may” and insert “shall”

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negated on division* 2

Clause 3, page 3, line 9, at end insert—

“(d) the Secretary of State’s definition of the scope of what constitutes national security.”

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Not called* 9

Clause 3, page 3, line 9, at end insert—

“(d) details of the resource allocated annually to reviews of national security assessments guiding call-in decisions, including specific headcount, skillsets and review caseload figures.”

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negated on division* 11

Clause 3, page 3, line 16, at end insert—

“(7) The Secretary of State must publish guidance for potential acquirers and other interested parties separate from the policy intent statement.

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**National Security and Investment Bill, *continued***

- (8) Guidance under subsection (7) must cover—
- (a) best practice for complying with the requirements on acquirers imposed by this Act and regulations;
  - (b) the enforcement of the requirements; and
  - (c) circumstances where the requirements do not apply.
- (9) Guidance under subsection (7) must be published within six months of this Act receiving Royal Assent.”

*Clause agreed to.*

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Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Not called* 4

Clause 4, page 3, line 21, at end insert—

- “(aa) at least one week before the statement is made, consult with the Intelligence and Security Committee in respect of the contents of the statement; and
- (ab) amend such legislation as may be necessary to allow such consultation to take place;”

*Clause agreed to.*

*Clause 5 agreed to.*

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Stephen Kinnock  
Chi Onwurah  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negated on division* 6

Clause 6, page 4, line 27, at end insert—

- “(4A) The Secretary of State must have regard to the protection of critical national infrastructure when making regulations under this section.”

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negated on division* 5

Clause 6, page 5, line 3, at end insert—

- “(10) Before making regulations under this section, the Secretary of State must—
- (a) provide the Intelligence and Security Committee with one week’s advance notice of his/her intention to bring forward such regulations; and

**National Security and Investment Bill, *continued***

- (b) make any necessary amendments to legislation to allow the Intelligence and Security Committee to respond with recommendations.”

Stephen Flynn  
Peter Grant

*Withdrawn after debate* 13

Clause 6, page 5, line 3, at end insert—

- “(10) Notifiable acquisition regulations must be reviewed one year after they are made, and at least once every five years thereafter.”

*Clause agreed to.*

*Clause 7 agreed to.*

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Stephen Kinnock  
Chi Onwurah  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negated on division* 7

Clause 8, page 6, line 38, at end insert—

- “(10) The fifth case is where the acquisition involves state-owned entities or investors originating in a country of risk to UK national security and creates any change of influence.”

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Not called* 8

Clause 8, page 6, line 38, at end insert—

- “(10) The fifth case is where the acquisition involves changes to material influence in industries critical to the UK’s capability and capacity to maintain national security, including economic security.”

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negated on division* 12

Clause 8, page 6, line 38, at end insert—

- “(10) The fifth case is where a person becomes a major debt holder and therefore gains influence over the entity’s operation and policy decisions.  
(11) For the purposes of subsection (8A), a major debt holder is a person who holds at least 25% of the entity’s total debt.”

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National Security and Investment Bill, *continued*

Stephen Flynn  
Peter Grant

*Negatived on division* 14

Clause 8, page 6, line 38, at end insert—

- “(10) The fifth case is where a person becomes a major debt holder and therefore gains influence over the entity’s operations and policy decisions.
- (11) For the purposes of subsection (8A), a major debt holder is a person who holds at least 25% of the entity’s total debt.
- (12) The sixth case is where a person becomes one of the entity’s top three suppliers of goods, services, infrastructure or resources and therefore gains influence over its operations and policy decisions.”

*Clause agreed to.*

*Clauses 9 and 10 agreed to.*

*Schedule 1 agreed to.*

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SEVENTH AND EIGHTH SITTINGS

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Withdrawn after debate* 16

Clause 12, page 8, line 4, leave out from “does” to end of line 11 and insert “establishes that arrangements are in progress or contemplation which, if carried into effect, would result in a trigger event taking place.”

*Clause 11 agreed to.*

*Clause agreed to.*

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Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Withdrawn after debate* 17

Clause 13, page 8, line 22, at end insert—

- “(4) The Secretary of State must publish guidance that covers—
  - (a) consideration of the impact of a notifiable acquisition being deemed void under subsections (1) and (3), with particular regard to the impact on consequential obligations, liabilities and rights in completed events;
  - (b) who constitutes a “materially affected” person under Clause 16(1); and

**National Security and Investment Bill, *continued***

- (c) the informational and evidential standards that would underpin the requirement for completion “in accordance with the final order” at subsection (3).”
- (5) Guidance as set out under subsection (4) must be published within 3 months of this Bill becoming an Act and the Secretary of State shall review the guidance once every 12 months thereafter.”

*Clause agreed to.*

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Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negatived on division 18*  
Clause 14, page 8, line 36, leave out “may” and insert “shall”

*Clause agreed to.*

*Clauses 16 and 17 agreed to.*

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Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negatived on division 19*  
Clause 18, page 11, line 28, leave out “may” and insert “shall”

*Clause agreed to.*

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Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Withdrawn after debate 20*  
Clause 19, page 12, leave out lines 24 to 27

*Clause agreed to.*

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National Security and Investment Bill, *continued*

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Not called* 21

Clause 20, page 13, leave out lines 17 to 20

*Clause 21 agreed to.*

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NINTH AND TENTH SITTINGS

*Clause 22 agreed to.*

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negatived on division* 22

Clause 23, page 15, line 15, leave out from “as” until end of line 16 and insert “as agreed by the Secretary of State in accordance with subsection (9)”

*Clause agreed to.*

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Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negatived on division* 23

Clause 24, page 16, line 26, at end insert—

“(6) The Secretary of State must publish each year the aggregate amount of days included under subsection (4), the number of called-in events for which such days are included, and the number of times information notices are given for each called-in event in the report required at Clause 61.”

*Clause agreed to.*

*Clauses 25 to 28 agreed to.*

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**National Security and Investment Bill, *continued***

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negatived on division 27*

Clause 29, page 19, line 39, leave out paragraph (a) and insert—  
“(a) would be likely to prejudice the commercial interests of any person and where the publication would not be in the public interest, or”

*Clause agreed to.*

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Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negatived on division 24*

Clause 30, page 19, line 44, leave out “making of a final order” and insert “making of an interim or a final order”

Peter Grant  
Stephen Flynn

*Not called 28*

Clause 30, page 20, line 3, after “period” insert “or any calendar year,”

*Clause agreed to.*

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Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negatived on division 25*

Clause 31, page 20, line 27, leave out from “in” until end of line 28 and insert “setting out the reasons for such direction and an assessment of the impacts on grounds for action that may have arisen under Part 3 of the Enterprise Act 2002”

*Clause agreed to.*

*Clauses 32 to 48 agreed to.*

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National Security and Investment Bill, *continued*

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

Clause 49, page 30, line 31, leave out “28 days” and insert “three months” *Negatived on division* 26

*Clause agreed to.*

*Clauses 50 to 52 agreed to.*

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ELEVENTH AND TWELFTH SITTINGS

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

Clause 53, page 32, line 30, leave out “may” and insert “shall” *Withdrawn after debate* 29

*Clause agreed to.*

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Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

Clause 54, page 34, line 9, leave out “which appears to the Secretary of State” and insert “which, on a reasonable enquiry, appears to the Secretary of State” *Negatived on division* 30

*Clause agreed to.*

*Clauses 55 to 58 agreed to.*

*Schedule 2 agreed to.*

*Clauses 59 and 60 agreed to.*

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National Security and Investment Bill, *continued*

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Withdrawn after debate* 31

Clause 61, page 36, line 20, at end insert—

- “(m) the average number of days taken to assess a trigger event called in under the Act;
- (n) the average number of days taken for acceptance decisions in respect of mandatory and voluntary notices;
- (o) the average annual headcount allocated to the operation of reviews of notices made under sections 14 and 18 over the relevant period;
- (p) the proportion and number of Small to Medium Enterprises in the overall number of notices and call-in notices.”

*Clause agreed to.*

*Clauses 62 to 66 agreed to.*

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Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negatived on division* NC1

To move the following Clause—

**“National Security definition**

When assessing a risk to national security, the Secretary of State may have regard to factors including, but not restricted to—

- (a) whether the trigger event risks enabling a hostile actor to gain control of a crucial supply chain, obtain access to sensitive sites, corrupt processes or systems, conduct espionage, exert inappropriate leverage or engage in any other action which may undermine national security;
- (b) whether the trigger event adversely impacts the UK’s capability and capacity to maintain economic security;
- (c) the potential impact of the trigger event on the UK’s defence capabilities and interests;
- (d) the potential impact of the trigger event on the transfer of sensitive data, technology or know-how outside of the UK;
- (e) the characteristics of the acquirer, including its jurisdiction of incorporation and proximity to any state;
- (f) the potential impact of the trigger event on the security of the UK’s critical national infrastructure;
- (g) whether the acquirer in respect of a trigger event has a history of compliance with UK and other applicable law;
- (h) the potential impact of the trigger event on the UK’s international interests and obligations, including with respect to the protection of human rights and climate risk; and

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**National Security and Investment Bill, *continued***

- (i) the potential of the trigger event to involve or facilitate illicit activities, including terrorism, organised crime and money laundering.”
- 

Stephen Flynn  
Peter Grant

*Withdrawn after debate* NC2

To move the following Clause—

**“Report on impact on Small to Medium Enterprises**

Not later than 18 months after the day on which this Act receives Royal Assent, the Secretary of State must lay before Parliament—

- (a) a report setting out the impacts the Act has had on Small to Medium Enterprises and early-stage ventures, and
  - (b) guidance for Small to Medium Enterprises and early-stage ventures on complying with the provisions of this Act.”
- 

Stephen Flynn  
Peter Grant

*Not called* NC3

To move the following Clause—

**“Grace period for SMEs**

For the purposes of section 32, a person has a reasonable excuse if—

- (a) the entity concerned is a Small to Medium Enterprise;
  - (b) this Act has been in force for less than six months.”
- 

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negated on division* NC4

To move the following Clause—

**“Complaints procedure**

- (1) The Secretary of State shall by regulations set up a formal complaints procedure through which acquirers may raise complaints about the procedures followed during the course of an assessment under this Act.
- (2) Complaints as set out in subsection (1) may be made to a Procedural Officer, who—

**National Security and Investment Bill, *continued***

- (a) must not have been involved in the assessment and who is to consider significant procedural complaints relating to this section or another part of this Act; and
  - (b) may determine or settle complaints in accordance with regulations to be published by the Secretary of State within 3 months of this Bill becoming an Act.”
- 

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Withdrawn after debate* NC5

To move the following Clause—

**“High- and low-risk acquirers**

- (1) The Secretary of State shall set out in writing descriptions of high risk and low risk acquirers by reference to the characteristics of those persons and their actual or potential hostility to the UK’s national security and national interest, and based on regular multi-agency reviews.
  - (2) Acquirers who meet the description of a high risk acquirer under subsection (1) must be subject to greater scrutiny by the Secretary of State in the carrying out of the Secretary of State’s functions under this Act.
  - (3) Acquirers who meet the description of a low risk acquirer under subsection (1) must be subject to lesser scrutiny by the Secretary of State in the carrying out of the Secretary of State’s functions under this Act.”
- 

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Withdrawn after debate* NC6

To move the following Clause—

**“Access to information relevant to national security**

- (1) The Secretary of State may by regulations make provision for the call-in power under section 1 to be exercisable by the Secretary of State in respect of circumstances where a person acquires access to, or the right of access to, sensitive information but does not acquire control of an entity within the meaning of section 8 or control of an asset within the meaning of section 9.
  - (2) For the purposes of this section, sensitive information means information of any form or description the disclosure of which may give rise to a risk to national security.”
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**National Security and Investment Bill, *continued***

Chi Onwurah  
Stephen Kinnock  
Sam Tarry  
Matt Western  
Dr Alan Whitehead

*Negatived on division* NC7

To move the following Clause—

**“Annual report to the Intelligence and Security Committee**

- (1) The Secretary of State must, in relation to each relevant period –
  - (a) prepare a report in accordance with this section, and
  - (b) provide a copy of it to the Intelligence and Security Committee of Parliament as soon as is practicable after the end of that period.
- (2) Each report must provide, in respect of mandatory and voluntary notifications, trigger events called-in, and final orders given, details of—
  - (a) the jurisdiction of the acquirer and its incorporation;
  - (b) the number of state-owned entities and details of states of such entities;
  - (c) the nature of national security risks posed in transactions for which there were final orders;
  - (d) details of particular technological or sectoral expertise that were being targeted; and
  - (e) any other information the Secretary of State may deem instructive on the nature of national security threats uncovered through reviews undertaken under this Act.”

*Bill to be reported.*