

National Security and Investment Bill

AMENDMENTS
TO BE MOVED
IN GRAND COMMITTEE

Clause 3

LORD GRANTCHESTER

Page 3, line 9, at end insert—

- “() When considering details of sectors for the purposes of subsection (3)(a), the Secretary of State must consider the current and future domestic capacity in such sectors, having regard to—
- (a) the need to promote research and development and innovation in new and existing industries and enterprises, and
 - (b) the need to protect the United Kingdom’s national security.”

After Clause 5

BARONESS HAYTER OF KENTISH TOWN

Insert the following new Clause—

“National security definition

When assessing a risk to national security for the purposes of this Act, the Secretary of State must have regard to factors including, but not limited to—

- (a) the likely impact of the trigger event on the United Kingdom’s defence capabilities and interests;
- (b) whether the trigger event risks enabling a hostile actor to—
 - (i) gain control or significant influence of a critical supply chain, critical national infrastructure, or natural resource,
 - (ii) conduct espionage or exert undue leverage over the target entity,
 - (iii) obtain access to sensitive sites, or
 - (iv) corrupt processes or systems;
- (c) the characteristics of the acquirer, including whether it is effectively under the control, or subject to the direction, of another state;
- (d) whether the trigger event adversely affects the United Kingdom’s ability to maintain security of supply or strategic capability in sectors critical to the United Kingdom’s economy, or creates a situation of significant economic dependency;

After Clause 5 - continued

- (e) the likely impact of the trigger event on the transfer of sensitive data, technology or potentially sensitive intellectual property in strategically important sectors outside of the United Kingdom;
- (f) the likely impact of the trigger event on the United Kingdom's international interests and obligations, including compliance with legislation on modern slavery and compliance with the UN Genocide Convention;
- (g) the potential of the trigger event to involve or facilitate significant illicit or subversive activities, including terrorism, organised crime, money laundering and tax evasion;
- (h) whether the trigger event may adversely affect the safety and security of British citizens or the United Kingdom; and
- (i) the outcome of the Integrated Review of Security, Defence, Development and Foreign Policy and a national security risk assessment."

Member's explanatory statement

This new Clause establishes factors which the Secretary of State must have regard to when assessing a risk to national security.

Clause 61

LORD WEST OF SPITHEAD

Page 36, line 15, at end insert “, except for any confidential annex prepared under subsection (2A).”

Page 36, line 33, at end insert –

- “(m) in respect of mandatory and voluntary notifications, trigger events called-in, and final orders given –
 - (i) the jurisdiction of the acquirer and its incorporation;
 - (ii) the number of state-owned entities and details of states of such entities;
 - (iii) the nature of potential national security risks identified;
 - (iv) the particular technological or sectoral expertise that was being targeted; and
 - (v) any other information the Secretary of State may deem instructive on the nature of national security threats uncovered through reviews undertaken under this Act.

- (2A) Where the Secretary of State considers that publication of any information listed in paragraph (m) would be contrary to the interests of national security, those details may be excluded from publication and instead shall be included in a confidential annex to the report provided to the Intelligence and Security Committee of Parliament on the same day that the rest of the report is laid before each House of Parliament.”

Clause 61 - continued

BARONESS HAYTER OF KENTISH TOWN

Page 36, line 33, at end insert –

“() the minimum, average and maximum turnaround times for notifications.”

LORD GRANTCHESTER

Page 36, line 33, at end insert –

“() the average number of days taken to assess a trigger event called in under the Act,
() the average number of days taken for acceptance decisions in respect of mandatory and voluntary notices,
() the average staff resource allocated to the operation of reviews of notices made under sections 14 and 18 over the relevant period,
() the number and proportion of notices and call-in notices concerning the acquisition of a small or medium-sized enterprise,
() in respect of the acquisition of a small or medium-sized enterprise, the sectors of the economy in relation to which call-in notices were given.”

Member’s explanatory statement

This amendment would require the Secretary of State to report on the time taken to process notices, the resource allocated to the new division established by the new Clause after Clause 61, and the extent to which small and medium-sized enterprises are being called-in under the new regime.

After Clause 61

BARONESS HAYTER OF KENTISH TOWN

Insert the following new Clause –

“Annual report to the Intelligence and Security Committee of Parliament

- (1) The Secretary of State must, in relation to each relevant period under section 61 –
 - (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 practicable after the end of that period.
- (2) Each report must provide, in respect of mandatory and voluntary notifications, call-in notices, and final orders made under this Act, 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) particular technological or sectoral expertise that was being targeted, and

After Clause 61 - continued

- (e) any other information the Secretary of State deems instructive on the nature of national security threats uncovered through review undertaken under this Act.”

Member’s explanatory statement

This new Clause would require the Government to publish an annual security report to the Intelligence and Security Committee of Parliament.

Insert the following new Clause—

“Integrated review statement

- (1) As soon as reasonably practicable after the Integrated Review of Security, Defence, Development and Foreign Policy is published, the Secretary of State must publish a statement which outlines how provisions in this Act will align with the United Kingdom’s long term security priorities and concerns which have been identified in the Review.
- (2) The statement must cover how provisions in this Act will respond to emerging threats, new technology, biological weapons, cyber, misinformation, and military developments by the UK’s adversaries.
- (3) The Secretary of State must lay the statement before Parliament.”

LORD GRANTCHESTER

Insert the following new Clause—

“Equity stakes and national security review

- (1) Within one month of the day on which this Act is passed, the Secretary of State must conduct a review of business loans and grants which have been distributed in response to severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) to sectors in relation to which the Secretary of State considers that trigger events are more likely to give rise to a risk to national security.
- (2) If loans and grants have been accepted by businesses in these sectors, the Secretary of State must consider converting loans and grants into equity stakes if there is a clear economic and national security rationale for doing so.”

Insert the following new clause—

“Support for small and medium-sized enterprises

- (1) Within 3 months of this Act being passed, the Secretary of State must set up a division charged with engaging with small and medium-sized enterprises (SMEs) affected by any provisions of this Act.
- (2) The division must focus on the following functions—
 - (a) providing updated, efficient and accessible guidance specific to SMEs on compliance with the terms of this Act;
 - (b) engaging with SMEs in advance of a notice under this Act for the purposes of allowing efficient notice and assessment periods, including through use of regulatory sandboxes where beneficial for innovation and national security;

After Clause 61 - continued

- (c) providing regular engagement with and assistance to SMEs throughout the assessment periods for SMEs;
- (d) seeking to deliver prompt, proportionate resolution of complaints by SMEs relating to the provisions of this Act;
- (e) monitoring the impact on access to investment for SMEs.”

Member’s explanatory statement

This new Clause would require the Secretary of State to set up a small and medium-sized enterprise (SME) engagement division to assist and support SMEs through the national security screening process.

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5 February 2021
