



Department for  
Business, Energy  
& Industrial Strategy

Nadhim Zahawi MP  
Minister for Business and  
Industry

Department for Business,  
Energy & Industrial Strategy  
1 Victoria Street  
London  
SW1H 0ET

Dr Alan Whitehead MP  
House of Commons  
London  
SW1A 0AA

3 December 2020

Dear Alan,

### **NATIONAL SECURITY AND INVESTMENT BILL**

During Public Bill Committee on 1 December, you asked about paragraph 6 of Schedule 1 to the National Security and Investment Bill and I committed to writing to you on the matter.

Specifically, you asked me to clarify who is deemed to hold rights that are exercisable by an administrator or by creditors while a qualifying entity is in relevant insolvency proceedings.

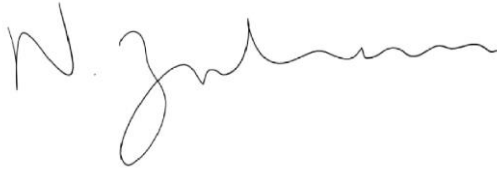
Subparagraph (2) explicitly states that rights exercisable by the administrator or creditors are not to be regarded as held by the administrator or creditors even while the entity is in those proceedings. Accordingly, the administrator or creditors are not treated for the purposes of this Bill as acquiring rights or interests in the entity by virtue of those exercisable rights. Whether the holders of rights or interests in the entity immediately before the entity entered relevant insolvency proceedings retain their rights and interests would depend on the provisions of the applicable insolvency legislation in the specific jurisdiction.

This approach is consistent with the approach taken in paragraph 22 of Schedule 1A to the Companies Act 2006, insofar as the relevant insolvency proceedings are not to be taken into account when considering if a person holds an interest in a company for the purposes of the Persons with Significant Control register. As such, I am confident that businesses and investors alike will welcome this familiar approach and confirmation that rights exercisable by an administrator or by creditors during insolvency proceedings are not within scope of this Bill.

As I said in the House, the most important point is that an acquisition of control over the entity itself, or its qualifying assets, by another person arising as a result of the entity entering insolvency proceedings would be in scope of the Bill. The Secretary of State would have the power to call such an acquisition in for national security assessment if the legal test was met.

I trust this a position which you support, and I look forward to your important scrutiny on the remaining clauses of the Bill. I am copying this letter to all members of the Public Bill Committee and I will be placing a copy of this letter in the Libraries of the House.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'N. Zahawi'. The signature is fluid and cursive, with a large initial 'N' and a long, sweeping tail.

**NADHIM ZAHAWI MP**  
Minister for Business and Industry