**DEPARTMENT FOR DIGITAL, CULTURE, MEDIA AND SPORT**

**ANTICIPATED ACQUISITION BY CONNECT BIDCO LIMITED OF INMARSAT PLC**

**NOTICE OF PROPOSED UNDERTAKINGS OFFERED BY CONNECT BIDCO LIMITED AND INMARSAT PLC**

**Views are sought by 16.30pm on 24.10.2019 as to whether the attached undertakings are sufficient to remedy the public interest concerns in relation to the interests of national security raised by the proposed merger.**

**Intervention under the Enterprise Act 2002**

1. On 22 July 2019, the Secretary of State gave a [public interest intervention notice](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/819668/Inmarsat-_Public_Interest_Intervention_Notice.pdf) to the Competition and Markets Authority (“CMA”) under section 42 of the Enterprise Act 2002 (“the Act”) in relation to the proposed acquisition by Connect Bidco Limited (“Connect Bidco”) (a consortium comprising Apax Partners LLP, Canada Pension Plan Investment Board, Ontario Teachers’ Pension Plan Board and Warburg Pincus LLP) of Inmarsat plc (Inmarsat) (“the merger”).
2. On 17 September 2019, the CMA reported to the Secretary of State in accordance with section 44(2) of the Act. The [report](https://www.gov.uk/government/consultations/proposed-acquisition-of-inmarsat-plc-by-connect-bidco-limited) contained the CMA’s decisions on the jurisdictional and competition aspects of the merger and summarised representations received by it relating to the national security public interest consideration specified in the public interest intervention notice.
3. The Secretary of State has received further representations direct from the Secretary of State for Defence as regards the national security implications of the merger. Representations were also received from a third party.
4. In light of the report from the CMA and the advice of the Secretary of State for Defence, the Secretary of State considers that she has the power to refer the merger under section 45 of the Act to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 to carry out a more detailed assessment. This is termed a “phase 2 inquiry”.
5. Alternatively, if the Secretary of State would otherwise be minded to refer the transaction to a phase 2 inquiry, she can accept undertakings in lieu of such a reference under paragraph 3(2) of Schedule 7 to the Act.

**Public interest concerns**

1. The CMA makes a finding in its report that it does not believe that it is or may be the case that the transaction may be expected to result in a substantial lessening of competition within a market or markets in the UK for goods or services. The Secretary of State’s consideration of the transaction therefore takes account only of the national security public interest consideration.
2. The Ministry of Defence identified two core national security concerns relating to the transaction:
	1. that insufficient security controls within the new ownership structure could result in unauthorised access to sensitive defence and security data held by Inmarsat or carried on their systems; and
	2. that certain capabilities that Inmarsat use to provide certain strategic services could cease to operate or be sold or transferred abroad. For the Ministry of Defence to transfer to a new service, a significant notice period would be required with a consequent risk of a break in service with significant impacts on the work of the Armed Forces.
3. In addition, a third party raised a concern that Inmarsat could cease to provide satellite services used within the Global Maritime Distress and Safety System (GMDSS). However, the Secretary of State considers that this concern does not arise from the fact of the transaction but rather from unrelated decisions taken or to be taken by the International Mobile Satellite Organisation as to arrangements for the provision of the GMDSS. The Secretary of State therefore considers that this concern should be excluded from her consideration of the effect on the public interest of the transaction.

**Proposed undertakings**

1. Following discussions with the Ministry of Defence, Connect Bidco and Inmarsat have offered undertakings in the form of the [draft undertakings](https://www.gov.uk/government/consultations/proposed-acquisition-of-inmarsat-plc-by-connect-bidco-limited).
2. The draft undertakings would require Connect Bidco and Inmarsat to maintain existing security measures and implement enhanced controls to protect sensitive information and technology from unauthorised access. The measures include a high standard of physical security in relation to company processes and premises, system security in relation to IT systems, and personnel security in relation to employees and company management.
3. Connect Bidco and Inmarsat would also undertake to continue the provision of certain capabilities and to maintain a UK registered company to ensure that services remain under the UK’s jurisdiction. The undertakings provide rights of access to premises and information to enable the Ministry of Defence to audit compliance with the security measures, and provisions to enable the CMA and the Secretary of State to carry out their statutory functions of monitoring and review of undertakings.
4. The Secretary of State considers that the draft undertakings are appropriate to mitigate the national security risks identified and therefore proposes to accept the draft undertakings instead of making a reference to a phase 2 inquiry.
5. The Secretary of State now publishes the draft undertakings for consultation, in accordance with paragraph 2 of Schedule 10 to the Act, and will consider any representations made before making a final decision.

**Consultation responses**

1. Views are sought by **16.30pm** on **24.10.2019**. Responses should be sent to:

**publicinterestconsultation@culture.gov.uk**

**Disclosure, Confidentiality and Data Protection**

1. We may publish non-confidential versions of the responses received on the GOV.UK website and may also refer to them in any response to the consultation, on in further publications related to the Secretary of State’s decisions. We would be grateful if you would indicate in your response whether you would be content for your response to be published and submit a non-confidential version for publication highlighting any redactions you wish to make. It would also be helpful if you would indicate whether you are content for your name and/or the name of your organisation to be published either alongside your response, or if not, as having responded to the consultation.
2. All responses and personal data will be processed in compliance with the Data Protection Act 2018 and the General Data Protection Regulation. More information on disclosure, confidentiality and data protection is set out in the [Privacy Notice](https://www.gov.uk/government/consultations/proposed-acquisition-of-inmarsat-plc-by-connect-bidco-limited) associated with this consultation.

**Related information**

1. All documents published by the Department in relation to the proposed merger are available at: <https://www.gov.uk/government/consultations/proposed-acquisition-of-inmarsat-plc-by-connect-bidco-limited>

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