

# Sony's purchase of AWAL raises competition concerns

- Deal could lead to worse terms for artists and less innovation in the music sector

The music industry is evolving, with the development of social media and streaming enabling artists to have more control over the distribution of their own content and promotion of their brand. As a result, while most music artists have historically been signed to one of a small number of 'major' labels, alternative business models have emerged. In particular, independent providers of Artist and Label (A&L) services offer a streamlined version of the support typically provided by the major labels, while allowing artists to retain ownership of their music and a greater percentage of royalties.

Sony is one of the 3 major record labels active in the UK today. In addition to its main label offering, Sony Music Entertainment, Sony also owns The Orchard, an A&L services provider that it acquired in 2012. AWAL is an emerging music distributor offering an alternative to traditional music deals, providing both A&L services and a 'DIY platform' that allows artists to upload their own music for distribution.

The Competition and Markets Authority's (CMA) investigation found that the wholesale distribution of recorded music in the UK is highly concentrated at present, with the 3 major labels accounting for the vast majority of the market. AWAL is an important emerging player, widely recognised for its innovative business model. It is one of the few suppliers outside the major labels that has succeeded in gaining a meaningful foothold in the market and has grown significantly in recent years.

As part of its investigation, the CMA found evidence that – if the deal had not gone ahead – Sony and AWAL could also have competed more strongly with each other in future. AWAL was well-placed to grow its business even further in the coming years. There is also evidence that Sony intended to expand The Orchard's offering, focussing more on the emerging pool of smaller artists, which would have led it to compete more with AWAL.

This competition between Sony and AWAL could have benefited artists by improving the terms of their deals with distributors, potentially allowing them to keep a larger share of their earnings and to have more ownership of their music rights. The CMA is therefore concerned that the loss of an innovative competitor like AWAL could, despite continued presence of the other major labels, lead to worse terms for artists and less innovation in the music sector.

Colin Raftery, Senior Director at the CMA, said:

The music industry forms an important part of the UK's flourishing

entertainment sector, and it's essential that distributors continue to compete to find new and creative ways of working with artists.

We're concerned that this deal could reduce competition in the industry, potentially worsening the deals on the table for many music artists in the UK, and leading to less innovation across the industry.

Sony must now address the CMA's concerns within 5 working days. If it is unable to do so, the deal will be referred for an in-depth Phase 2 investigation.

For more information, visit the [Sony / AWAL merger inquiry page](#).

### Notes to editors:

1. The CMA served an initial enforcement order in May. Details of this can be found on the [Sony / AWAL merger inquiry page](#).
2. This is a Phase 1 decision. Unless the parties offer suitable Undertakings in Lieu, it will proceed to Phase 2. A collection of guidance published by the CMA on mergers work can be found on the [CMA mergers guidance](#).
3. Sony and AWAL have 5 working days to offer legally-binding proposals to the CMA to address the competition concerns identified. The CMA would then have a further 5 working days to consider whether to accept any offer instead of referring the case to a Phase 2 investigation.
4. The CMA has found competition concerns with regards to Sony's purchase of AWAL, but not with regards to Sony's purchase of Kobalt Neighbouring Rights.
5. In July, the [House of Commons Select Committee on Digital, Culture, Media and Sport published a report](#) raising concerns about the strong position of the major music groups and its impact on artist remuneration.
6. All media enquiries should be directed to the CMA press office by email on [press@cma.gov.uk](mailto:press@cma.gov.uk), or by phone on 020 3738 6460.

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## [Bill to strengthen democracy to be debated in House of Commons](#)

Minister of State for the Constitution and Devolution Chloe Smith, is expected to set out in the Commons the government's plans to update electoral law. Delivering on a UK-wide manifesto commitment, the Elections Bill will help safeguard our elections to ensure our democracy remains secure, fair, modern and transparent.

Minister of State for the Constitution and Devolution Chloe Smith said:

Voters must be confident, not only that their vote is theirs and theirs alone, but that their voices are heard and their vote matters.

The Elections Bill keeps our elections free and fair and will ensure democracy across the UK continues to thrive.

The measures set to be scrutinised by parliamentarians will protect the rights of electors to vote in secret and without fear. New laws will strengthen action against intimidation of voters, by improving and updating the offence of 'undue influence' in electoral law, to prevent people from being coerced into giving up control over their vote.

The Bill will also toughen sanctions for those convicted of intimidating political candidates, campaigners and elected representatives by barring perpetrators from running for elected office for a period of five years.

The UK is renowned for its democratic heritage, but it is essential that it is able to keep up with changes in society and technology so that it remains fit for the modern age.

In the UK, we are stewards of a fantastic democratic heritage, and as the world moves on, we must move with it, ensuring our democracy remains fit for the future.

Amid the growth in online political campaigning, the government will introduce a new digital imprints regime, requiring political campaign content promoted online by a party, candidate or campaigner to explicitly show who is behind it. This means voters know exactly who is informing their political views online.

The Elections Bill will also include measures to reduce the potential for someone to steal another person's vote by introducing sensible safeguards for postal and proxy voting. This will see party campaigners banned from handling postal votes, putting a stop to postal vote harvesting.

Minister Smith is expected to argue "electoral fraud, at any level and in any context, is a threat to people's confidence in our elections, and to the very fabric of our democracy".

The Bill will introduce a requirement to show an approved form of photographic identification before voting at the polling station.

These sensible checks and balances have existed in Northern Ireland since 2003, helping to stop voter fraud without compromising the ability to vote, and should apply across the United Kingdom. For any eligible voter who does not have one of a broad range of accepted identification documents, a free, locally issued Voter Card will be available from their local authority.

The Government's wider Elections Bill will also:

- improve access to voting for electors with disabilities
- tackle electoral fraud by post and proxy
- increase transparency and accountability within our elections
- empower British citizens living overseas to participate in our democracy
- amend voting and candidacy rules for EU citizens following our departure from the EU

Robust discussion and freedom of expression has always been a crucial part of our democracy. Today MPs will have the opportunity to freely debate measures designed to protect these key principles.

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## Thousands of teenagers missing out on Child Trust Fund cash

HM Revenue and Customs (HMRC) is today urging young people to check if they have a hidden pot of gold – in the shape of a Child Trust Fund (CTF).

It is now one year since the first account holders started turning 18 and around 55,000 CTFs mature every month. This means their owners can withdraw funds or transfer savings into an adult ISA. Hundreds of thousands of accounts have been claimed so far, but many have not.

CTFs were set up for all children born between 1 September 2002 and 2 January 2011 with a live Child Benefit claim. Parents or guardians set up these accounts with Child Trust Fund Providers – usually banks, building societies or investment managers – using vouchers provided by the government. If an account was not opened by the child's parent, HMRC set one up on the child's behalf.

Between 2002 and early 2011, about 6 million CTFs were opened by parents or guardians, with a further million set up by HMRC.

Economic Secretary to the Treasury, John Glen, said:

It's fantastic that so many young people have been able to access the money saved for them in Child Trust Funds but we want to make sure that nobody misses out on the chance to invest in their future.

If you're unsure if you have an account or where it may be, it is easy to get help from HMRC to track down your provider online.

Some young people may not know they have a CTF – or some parents or guardians

may have forgotten who they set the account up with. To help them find their accounts, HMRC created a [simple online tool](#).

Any young people unsure about whether or not they have a CTF should first ask a parent or guardian if they remember setting one up. Once they know who their provider is, they should contact them directly – and either request to withdraw the money or transfer the funds into an adult ISA or other savings account.

For those who cannot access the tool, HMRC will provide alternative, non-digital routes to finding a CTF provider upon request. HMRC will send details of the provider by post within three weeks of receiving their request.

The accounts were set up to encourage positive financial habits and a saving culture among the young account holders. HMRC is working with the Money and Pension Service and the CTF providers to continue to provide financial education to the beneficiaries. At 16 years, a child can choose to operate their CTF account or have their parent or guardian continue to look after it, but they cannot withdraw the funds. At 18 years of age, the CTF account matures and the child is able to withdraw money from the fund or move it to a different savings account.

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## [COP26 President statement on COVID measures for delegates coming to Glasgow](#)

Press release

Alok Sharma confirms support available for quarantine hotel stays for those arriving from red list areas who would otherwise find it difficult to attend



COP26 President-Designate Alok Sharma said:

“COP26 has already been postponed by one year, and we are all too aware climate change has not taken time off. The recent IPCC report underlines why COP26 must go ahead this November to allow world leaders to come together and set out decisive commitments to tackle climate change.

“We are working tirelessly with all our partners, including the Scottish Government and the UN, to ensure an inclusive, accessible and safe summit in Glasgow with a comprehensive set of COVID mitigation measures. This includes an offer from the UK Government to fund the required quarantine hotel stays for registered delegates arriving from red list areas and to vaccinate accredited delegates who would be unable otherwise to get vaccinated.

“Ensuring that the voices of those most affected by climate change are heard is a priority for the COP26 Presidency, and if we are to deliver for our planet, we need all countries and civil society to bring their ideas and ambition to Glasgow.”

### **Background:**

- Vaccination is very strongly recommended for everyone coming to COP and delegates who have registered for a vaccine through the accreditation process are set to begin receiving their first dose this week.
- The offer of funding the required managed quarantine stays is to party delegates, observers and media who are arriving from red list areas who would otherwise find it difficult to attend COP, including all those from the Global South.
- It is available to individuals who are both vaccinated and unvaccinated.
- Delegates from red listed countries who are fully vaccinated will have to quarantine on arrival for five days. Unvaccinated delegates for ten days.
- Like many international events, the way COP operates has to adapt to the COVID context. As we make arrangements for COP26, ensuring the health of participants and the local community is of utmost importance.
- Decisions on Travel Restrictions and vaccines for COP26, in light of COVID, have been developed by the UK Government and Scottish Government and based on public health advice.

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# Rhondda security company fined for false claim of approved contractor status

Press release

On Thursday 26 August, a Rhondda security company pleaded guilty at Cardiff Magistrates' Court to illegally branding their business as an SIA approved contractor.



Security Industry Authority

Dragon Event Security Ltd and its two directors, Darrel Baldwin and Anthony Stone, were sentenced on the same day. Dragon Event Security Ltd was fined £390 and required to pay a victim surcharge of £39. Darrel Baldwin was fined £390 required to pay £480 court costs and a victim surcharge of £39. Fellow director Anthony Stone was also fined £390 and required to pay costs of £480 and a victim surcharge of £39. The former directors claimed to be dissolving Dragon Event Security Ltd which was founded on 20 January 2020.

The prosecution started with an SIA investigation into Darrel Baldwin's former business, Stay Safe Events Support Ltd, for the alleged supply of illegal security. By the time the investigation gathered momentum the business had become Dragon Event Security Ltd.

SIA investigators discovered that Dragon Event Security was illegally displaying SIA Approved Contractor Scheme (ACS) status on company vans and on social media. Dragon Event Security has never been an SIA approved contractor. The SIA's investigators asked Dragon several times to remove the ACS accreditation mark from its company vehicles and its Facebook profile. The directors refused to engage with the SIA and continued to display their false status.

This left the SIA no other option but to prosecute.

Nathan Salmon, one of the SIA's criminal investigations managers, said:

The business falsely advertised that they had been awarded ACS accreditation. Dragon Event Security attempted to win lucrative business by purporting to be vetted and having gone through the rigorous process to be an approved contractor. Their persistent behaviour has landed them in court and as a result they have received fines and criminal records. This is a lesson for anyone who seeks to illegally display our ACS accreditation; we will prosecute any business who continues to purport to be something they are not.

#### Notes to editors:

- By law, security operatives working under contract must hold and display a valid SIA licence. Information about [SIA enforcement and penalties](#) can be found on GOV.UK.
- The [Approved Contractor Scheme](#) (ACS) is voluntary and exists to raise performance standards. To be an approved contractor a business needs to meet a sector-specific approval based on a relevant set of qualifying criteria that is independently assessed.
- The offences relating to the Private Security Industry Act (2001) that are mentioned in the release are as follows:
  - 1 x count of Section 16 (right to use the Approved Contractor Scheme logo)
  - 2 x counts of Section 16 via Section 23 (criminal liability of the directors)
- The Private Security Industry Act 2001 is [available online](#).
- The SIA recently published [guidance about sub-contracting suppliers to events](#).

#### Further information:

- The Security Industry Authority is the organisation responsible for regulating the private security industry in the United Kingdom, reporting to the Home Secretary under the terms of the Private Security Industry Act 2001. Our main duties are: the compulsory licensing of individuals undertaking designated activities; and managing the voluntary Approved Contractor Scheme.
- For further information about the Security Industry Authority visit [www.gov.uk/sia](http://www.gov.uk/sia). The SIA is also on [Facebook](#) (Security Industry Authority) and [Twitter](#) (SIAuk).

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