

Details of Compensation scheme for London Capital & Finance bond holders announced

Due to the unique and exceptional nature of the situation concerning London Capital & Finance (LCF), the government will establish a scheme that provides 80% of LCF bondholders' initial investment up to a maximum of £68,000. Where bondholders have received interest payments from LCF or distributions from the administrators, Smith & Williamson, these will be deducted from the amount of compensation payable.

The scheme will be available to all LCF bondholders who have not already received compensation from the Financial Services Compensation Scheme (FSCS) and represents 80% of the compensation they could have received had they been eligible for FSCS protection, which is capped at £85,000.

Economic Secretary to the Treasury, John Glen said:

This has been a very difficult time for LCF bondholders, many of whom are elderly and have lost their hard-earned savings.

It is an important point of principle that government does not step in to pay compensation in respect of failed financial services firms that fall outside the Financial Services Compensation Scheme.

However, the situation regarding LCF is unique and exceptional and the government has decided to establish a compensation scheme for LCF bondholders in this instance. The scheme appropriately balances the interests of both bondholders and the taxpayer and will ensure that all LCF bondholders receive a fair level of compensation in respect of the financial loss they have suffered.

The existing Financial Services Compensation Scheme is strictly limited in scope and it is only able to pay out when a relevant regulated activity has been undertaken. The FSCS has considered LCF claims in detail and has been able to protect around 2,800 bondholders, paying out over £57 million in compensation.

Around 97% of all LCF bondholders invested less than £85,000 and therefore will not reach the compensation cap under either the government scheme or the FSCS. The government expects to pay out around £120 million compensation to around 8,800 people in total and to have paid all bondholders within 6 months of securing the necessary primary legislation, which it will bring forward as soon as parliamentary time allows.

Bondholders should be vigilant to the risk of scammers posing as services to help them claim. They do not need to do anything at this stage and government

will provide further details on how the scheme will operate in due course.

The government is committed to ensuring the financial services sector is well regulated and consumers are adequately protected, and the Treasury is therefore today launching a consultation on proposals to bring the issuance of mini-bonds into FCA regulation. This consultation is the culmination of a review into the regulation of mini-bonds announced in May 2019 and delivers on one of the recommendations made in Dame Elizabeth Gloster's report into the collapse of LCF.

Further information

- the [London Capital & Finance Compensation scheme](#) Written Ministerial Statement is now published.
- the [Regulation of non-transferable debt securities \(mini-bonds\): a consultation](#) is also available online.
- LCF was a Financial Conduct Authority (FCA) authorised firm which issued unregulated non-transferable debt securities, commonly known as 'mini-bonds', to investors and then speculatively invested the funds received in a number of underlying businesses. LCF went into administration in January 2019 and at the point of failure 11,625 bondholders had invested around £237 million.
- an [independent investigation](#) led by Dame Elizabeth Gloster, which the government published at the end of last year concluded that the FCA did not discharge its functions in respect of LCF in a manner which enabled it to effectively fulfil its statutory objectives during the relevant period.

[Digital Secretary instructs CMA to look into NVIDIA's takeover of ARM](#)

- Digital Secretary Oliver Dowden issues a Public Interest Intervention Notice
- Competition body to report on jurisdictional, competition and national security issues
- 'Phase one' investigation is the start of a process to examine the transaction

Digital Secretary Oliver Dowden has today issued a [Public Interest Intervention Notice](#) (PIIN) in relation to the proposed sale of ARM to NVIDIA.

He has written to the Competition and Markets Authority (CMA) to inform them of his decision and has instructed them to begin a 'phase one' investigation to assess the transaction.

The CMA will now prepare a report with advice on jurisdictional and

competition issues. The report will also include a summary of any representations it receives on potential national security issues arising from a consultation it will launch to gather third-party views. Alongside the CMA's process, the government will examine the national security public interests.

The Digital Secretary, who has 'quasi-judicial' powers under the Enterprise Act 2002 to intervene in certain mergers on public interest grounds, has issued the notice to ensure that any national security implications for the United Kingdom are explored.

ARM, which is headquartered in Cambridge, is a major global player in the semiconductor industry. Semiconductors are fundamental to current and future technologies – from artificial intelligence and quantum computing to 5G. Semiconductors also underpin the UK's critical national infrastructure and are found in defence and national security related technologies.

Digital Secretary Oliver Dowden said:

"Following careful consideration of the proposed takeover of ARM, I have today issued an intervention notice on national security grounds.

"As a next step and to help me gather the relevant information, the UK's independent competition authority will now prepare a report on the implications of the transaction, which will help inform any further decisions.

"We want to support our thriving UK tech industry and welcome foreign investment, but it is appropriate that we properly consider the national security implications of a transaction like this."

The 'phase one' investigation will ensure specific considerations around competition, jurisdiction and national security are assessed.

It will advise whether the acquisition results in a substantial lessening of competition in any market in the UK, and whether it would be appropriate to deal with any concerns through undertakings by the parties involved in place of a referral to a 'phase two' investigation.

The CMA has until midnight at the end of 30 July 2021 to complete and submit this report to the Digital Secretary.

The test

The test to be met for the Digital Secretary to issue a PIIN under the Enterprise Act 2002 is:

- He has reasonable grounds for suspecting the proposed transaction could result in the creation of a 'relevant merger situation': when two enterprises would 'cease to be distinct' (for example, one enterprise is buying another) and the turnover in the UK of the enterprise being taken over exceeds £1 million;
- The Competition and Markets Authority has not completed a 'phase one'

assessment under the Enterprise Act on competition grounds (ie: that the CMA has confirmed that their 'phase one' process has not yet been formally started);

- The Digital Secretary believes that it is, or may be the case, that one or more public interest considerations such as national security is relevant to the merger situation concerned.

Next steps

Once the 'phase one' process is complete, the Digital Secretary has a number of options:

- He can decide whether to clear the transaction if, for example, no concerns arise on either public interest or competition grounds;
- Clear the transaction subject to any agreed undertakings (to remedy the competition or public interest concerns or both);
- Refer the transaction to a 'phase two' investigation for further scrutiny (whether on public interest and competition grounds or on public interest grounds alone).

There is no set period in which this decision must be made, but it must take into account the need to make a decision as soon as reasonably practicable to reduce uncertainty.

If the Digital Secretary determines there are no public interest concerns, but there are competition concerns based on the CMA's report which cannot be remedied by undertakings, he will instruct the CMA to deal with the merger as an 'ordinary' merger case.

If the transaction is referred to a 'phase two' investigation, the CMA will lead a further investigation of any identified competition and/or public interest concerns.

If a 'phase two' referral has been made based on public interest concerns, the CMA will assess further whether the merger raises public interest concerns and make recommendations as to what the Digital Secretary should do to remedy any adverse effects.

At the end of a phase two investigation the Digital Secretary has the power to take action to remedy, mitigate or prevent any effects adverse to the public interest.

The government has issued several PIINs of this nature in the past and they are an important element of the UK's investment screening regime.

Notes to editors

- In September last year Nvidia announced its intention to buy ARM in a deal valued at approximately \$40 billion.
- The decision to issue a PIIN is in line with our approach to investment screening and falls within the Digital Secretary's statutory powers under the Enterprise Act 2002.
- The Act's main purpose is to enable the Competition and Markets

Authority to scrutinise and intervene in potentially anti-competitive M&A activity.

- The Act also allows the relevant UK Secretary of State to make a quasi-judicial decision to intervene in mergers under the following public interest considerations: national security; media plurality; the stability of the UK financial system; to combat a public health emergency.
- If the relevant Secretary of State deems that a merger or transaction meets these conditions they can issue a PIIN to assess the transaction in greater detail.
- If the relevant Secretary of State has referred a merger on public interest grounds, he or she also takes the final decision on whether the merger operates, or may be expected to operate against the public interest, and on any remedies for identified public interest concerns.
- Subject to the ability to reach a decision ultimately on public interest grounds, the Digital Secretary must accept the CMA's decision on jurisdiction and competition issues.
- Following the receipt of the Competition and Markets Authority's report and the updated national security assessment, the Digital Secretary has the power to make reference under section 45 for a phase two investigation.

DCMS press office is on 020 7211 2210

Government to ban white supremacist group in the UK

Priti Patel has today (19 April) moved to outlaw the white supremacist group, Atomwaffen Division and list National Socialist Order as its alias.

The Home Secretary has asked Parliament to proscribe Atomwaffen Division, which is a predominantly US-based white supremacist group that celebrates and promotes the use of violence in order to bring about a fascist, white ethno-state by means of a 'race war'.

This will make it a criminal offence to be a member of, or invite support for the group, with those found guilty facing up to 10 years in prison. Through the Counter-Terrorism and Sentencing Bill, which will shortly receive Royal Assent, we are increasing this to 14 years.

Atomwaffen Division claimed it had disbanded in March 2020 following pressure from US law enforcement agencies, but in July 2020, National Socialist Order announced itself online as its 'successor'. The government assesses that it is the same group operating under a different name but adhering to the same twisted ideology as it did when it was called Atomwaffen Division.

Home Secretary Priti Patel said:

Vile and racist white supremacist groups like this exist to spread hate, sow division and advocate the use of violence to further their sick ideologies.

I will do all I can to protect young and vulnerable people from being radicalised which is why I am taking action to proscribe this dangerous group.

The terrorist group has inspired other loosely affiliated groups abroad, including Feuerkrieg Division, which the UK proscribed as a terrorist organisation in July 2020.

Proscribing Atomwaffen Division and listing National Socialist Order as its alias will support the police in their work to disrupt the threat that these white supremacist groups continue to pose to the UK's national security, including by supporting efforts to remove online content associated with the group.

The decision to proscribe the group follows a meeting of the Proscription Review Group, which brings together representatives from operational partners, the intelligence community and other experts from across government to assess the risk posed by groups which may be considered for proscription.

The proscription order laid in Parliament today will now be debated and, subject to approval, will come into force later this week.

[Experts meet to reduce waste and prevent plastic pollution](#)

Press release

Preventing plastic waste will be the focus of an open virtual workshop for businesses in the Solent area today (19 April 2021).



50% of marine litter is made up of single use items. Image credit: Alastair Scarlett

The event, co-hosted by the Environment Agency, Greentech South and the Hampshire and Isle of Wight Sustainable Business Network, will feature insights, tips and case studies to help companies maximise resources, reduce plastic waste and prevent plastic pollution.

Businesses were invited to register for the workshop via Eventbrite or email plasticsandsustainability@environment-agency.gov.uk to find out more.

Businesses will have the opportunity to discuss issues they face in-house and within supply chains, hear about sustainability and plastic reduction charterships and certifications, and offered support to tackle plastic pollution. They will also hear from speakers representing Business in the Community, Marwell Wildlife, the University of Southampton and Southampton City Council.

In the UK it is estimated that 5 million tonnes of plastic is used every year, nearly half of which is packaging. And the UK recycling/recovery rate increased annually until 2017 before falling back to 43.8% in 2018.

Environment Agency project lead Jonathan Harvey said:

More people have become aware of the negative consequences of our throw away economy in recent years, and consumers are showing a desire for a less wasteful culture.

Leading UK businesses have recognised the importance of challenging their own consumption and production activities. Many businesses want to tap into these changing consumer attitudes and do their bit to protect our planet by reflecting this in their product and services.

It is an opportunity to review and change business practices, innovate, and successfully achieve environmental ambitions, both within their own operations and their supply chains.

The workshop is being delivered as part of the Interreg Preventing Plastic

Pollution partnership programme, which identifies and targets plastics hotspots from river to sea.

If you spot a serious plastic pollution incident contact the 24-hour incident hotline on 0800 80 70 60.

Published 19 April 2021

[CAT increases fine after musical instrument firm breaks settlement bargain](#)

Press release

The CMA has welcomed a Competition Appeal Tribunal judgment dismissing an appeal against a fine it imposed, instead increasing the fine from £4m to £5m.



In June 2020, the Competition and Markets Authority (CMA) fined the musical instrument firm Roland just over £4 million for restricting online discounting of its electronic drum kits between 2011 and 2018. This was one of several fines imposed by the CMA on leading musical instrument suppliers for requiring retailers to sell their products online at or above a minimum price, a practice known as ‘resale price maintenance’ (RPM).

The fine imposed by the CMA had been reduced under its leniency and settlement programmes to take account of the fact that Roland had admitted acting illegally and cooperated with the CMA’s investigation. In a highly unusual move, Roland appealed to the Competition Appeal Tribunal against the level of the fine which it had itself agreed to pay as part of its settlement with the CMA.

In today's judgment, the Tribunal unanimously upheld the CMA's decision in its entirety, dismissing Roland's arguments that its conduct was not sufficiently serious to justify such a high fine and that the CMA should have awarded it a higher leniency discount.

The Tribunal also agreed with the CMA that, by appealing against the CMA's decision, Roland had breached its bargain with the CMA to accept a lower fine in return for agreeing not to appeal. It decided that Roland should therefore lose the benefit of its 20% settlement discount. As a result, Roland's fine was increased to just over £5 million, an increase of more than £1 million.

Michael Grenfell, the CMA's Executive Director of Enforcement, said:

"This is an important judgment from the Tribunal and sends a strong message that when a company agrees to end an investigation through a settlement, it cannot reopen the question by appealing without losing its discount. This reinforces the CMA's view that settlements should be final.

"The judgement also shows that conspiring to keep prices high by restricting discounting of products is a serious breach of competition law and can result in significant fines."

Further details are available on the [Electronic drum sector: anti-competitive practices 50565-5 case page](#).

1. The CMA's decision was addressed to Roland (U.K.) Limited which was directly involved in the infringement, and to Roland Corporation as its parent company (together referred to as 'Roland').
2. The CMA decided that Roland (U.K.) Limited operated a policy restricting online price competition and required its electronic drum kits, related components and accessories to be sold at or above a minimum price between 7 January 2011 and 17 April 2018.
3. Under the [CMA's leniency programme](#), companies which come forward with information about cartel activities (including RPM) may qualify for a reduction in the penalty, provided that they meet certain conditions. In this case, the CMA reduced Roland's fine by 100% for the period from 2011 to 2012 and by 20% for the period from 2013 to 2018.
4. Under the CMA's settlement policy, companies may also benefit from a fine reduction of up to 20% by admitting the breach of competition law and accepting a streamlined procedure. Details of the CMA's settlement process can be found in the [CMA's investigation guidance](#).
5. The CMA has [published advice to help businesses understand more about illegal RPM practices](#) and compliance with competition law.

Published 19 April 2021