

APPENDIX 6.1  
(referred to in paragraphs 4.19, 4.22 and 6.85)

**National security undertakings**

The following undertakings have been suggested to the Commission by Government departments to remedy the adverse effects on United Kingdom security requirements.

*General*

- (a) All directors of Plessey companies owned by Siemens, or owned jointly by GEC and Siemens, to be British citizens. Where necessary provision to be made in the company Articles of Association to require this and this requirement not to be removed without the prior agreement of the MOD.
- (b) For all Plessey companies owned by Siemens, or jointly owned by GEC and Siemens, all information classified at Confidential and above, not already covered under contract by the terms and conditions of 'Standard Conditions of Government Contracts, No 59 Security Measures', to be confined to persons who have been authorised for access to classified information by the MOD under equivalent arrangements to those operated under SC59.

*Plessey Defence Systems*

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*Details omitted.  
See note on page iv.*

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*Roke Manor*

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*Details omitted.  
See note on page iv.*

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*Details omitted.  
See note on page iv.*

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### **The Commission's view**

We believe that the suggestions listed above could form the basis of undertakings that would satisfy United Kingdom security requirements. However, it is possible that, in negotiation with the parties, satisfactory undertakings could be agreed which do not go quite as far as the Government departments have suggested. In particular, the MOD initially expressed to us the view that less restrictive conditions could be applied to the nationality of directors of the companies owned by Siemens, or jointly owned by Siemens and GEC for example, that there should be a majority of United Kingdom directors, no foreign executive directors, and an assurance that a quorum could only be constituted with a majority of United Kingdom directors. The MOD subsequently feared that such provisions may not be enforceable. It may be possible in negotiation to agree arrangements by which it would be sufficient that all executive directors and the majority of non-executive directors of the companies owned by Siemens or jointly owned by GEC and Siemens would be British citizens. Consideration might also be given to placing the relevant activities in one or more separate operating companies and restricting the composition of the Board and management of those companies while being less restrictive about the composition of the Boards of the immediate or ultimate holding companies. In our view, it may also not be appropriate for undertakings as to ownership of the Marconi companies to be sought under the Fair Trading Act, in view of the limited scope of our terms of reference, but to be separately agreed with GEC.