

Whitehall extends national security probe into Truphone deal

The government has extended a national security probe into the fire-sale of a leading British mobile phone technology provider whose owners include Roman Abramovich.

Sky News has learnt that officials at a division of the Department for Business, Energy and Industrial Strategy (BEIS) are to take up to 45 additional working days to scrutinise the purchase of Truphone assets by Hakan Koc, a billionaire German technology entrepreneur.

The extension, which prohibits the sale from being completed, has been ordered by the Investment Security Unit (ISU) under the National Security and Investment Act.

Sources said the decision to extend the inquiry did not itself imply that the government would seek to block the deal, with one executive close to the process expressing confidence on Friday that it could yet close before the end of this month.

Kwasi Kwarteng, the business secretary who is widely expected to be named chancellor in a Liz Truss-led administration, is understood to be being kept informed of developments.

Truphone is a mobile virtual network operator in nine countries, focusing on international corporate clients such as investment banks.

The company holds an embryonic remote SIM provisioning contract with BT Group, which they said triggered potential concerns in relation to the takeover.

Sources told Sky News in July that Mr Koc had indicated that he and his fellow acquirer, Pyrros Koussios, were prepared to

exclude that contract from their purchase of Truphone's assets.

Mr Koc is also said to be preparing to introduce a monitoring system for app-based messaging services into Truphone's products, enabling investment banks' compliance departments to more effectively supervise employees' use of such platforms.

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This follows a slew of fines issued by US regulators against major banks for failing to prevent the use of services such as WhatsApp for sensitive work-related activities.

A person close to Mr Koc said his objective was to transform Truphone into a UK-based global technology champion.

A number of deals have already been scrutinised under the new NS&I legislation, with several having been extended before being cleared.

The delay to the sale of Truphone's assets comes during a fraught period for the company.

It is said to have been within weeks of running out of cash, with emergency funding understood to have been discussed in recent weeks.

More than 400 people work for the company in the UK and overseas.

A sale process was run for Truphone before the summer, with Mr Koc being selected as the preferred bidder on an exclusive basis.

An insider told Sky News in July that the issuing of the interim order had produced the "perverse" outcome of Truphone effectively remaining for a longer period in the ownership of an already-sanctioned Russian oligarch.

Mr Abramovich and two Russian business partners are said to

have invested more than £300m in Truphone during their time as shareholders.

The oligarch has already presided over the most prominent sale of a British asset since Vladimir Putin's invasion of Ukraine, in the form of the £2.5bn sale of Chelsea Football Club.

Mr Koc is a German-born businessman who co-founded the used-car platform Autol.

That listed in Frankfurt last year, and although its valuation has since fallen in line with listed technology stocks around the world, it crystallised Mr Koc's status among the super-rich.

The government has come under pressure to demonstrate that the new national security laws are being applied robustly, leading Mr Kwarteng's department to declare in June that they were working well – despite concerns expressed by a number of leading City law firms.

“The government is laser-focused on growing our economy and levelling up every part of the UK, but this will not come at the cost of our national security,” he said.

“This report shows our new investment screening process is working.

“It's simple and quick, giving firms speed and certainty to do business in a way that protects the security of the UK.”

In total, more than 200 transactions were notified to the government during the first three-month period after the Act became law.

Mr Koc declined to comment on Friday, while a government spokesman previously said in relation to the investigation: “While commercial transactions remain primarily a matter for the parties involved, the government routinely monitors acquisitions across the economy in case of national security

concerns.

“The business secretary has powers under the National Security & Investment Act to intervene in acquisitions where necessary.”