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EXPLANATORY NOTES

Economic Crime and Corporate Transparency Act 2023

Chapter 56

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ECONOMIC CRIME AND CORPORATE TRANSPARENCY ACT 2023

EXPLANATORY NOTES

What these notes do

- These Explanatory Notes relate to the Economic crime and Corporate Transparency Act which received Royal Assent on 26 October 2023 (c. 56).
- These Explanatory Notes have been prepared by the Home Office, Department for Business and Trade, Ministry of Justice, HM Treasury and the Attorney General's Office in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Act will mean in practice; provide background information on the development of policy; and provide additional information on how the Act will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Act. They are not, and are not intended to be, a comprehensive description of the Act.

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These Explanatory Notes relate to the Economic Crime and Corporate Transparency Act 2023 which received Royal Assent on 26 October 2023 (c. 56).

Abbreviations

In the explanatory notes, the following abbreviations are used:

ACSP – Authorised Corporate Service Provider

AML – Anti Money Laundering

ATCSA – Anti-Terrorism, Crime and Security Act 2001

CCA – Crime and Courts Act 2013

CFA – Criminal Finances Act 2017

CFT – Counter Terrorism Financing

Cifas – National Fraud Database

CJA – Criminal Justice Act 1987

CPF – Counter Proliferation Financing

DAML – Defence Against Money Laundering

ECCT Act – Economic Crime and Corporate Transparency Act 2023

ECTE Act – Economic Crime (Transparency and Enforcement) Act 2022

FATF – Financial Action Task Force

FCA – Financial Conduct Authority

FIU – Financial Intelligence Unit

GDPR – General Data Protection Regulation

HRTC – High-Risk Third Countries

HMT – HM Treasury

ICO – Information Commissioners Office

IO – Information Order

LPs - Limited partnerships

LCM – Legislative Consent Motion

LEA – Local Enforcement Agencies

LLPs – Limited liability partnerships

LPs – Limited partnerships

LSB – Legal Services Board

MER – FATF's 2018 Mutual Evaluation Report

MLR – Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

NCA – National Crime Agency

POCA – Proceeds of Crime Act 2002

PSC – People with Significant Control

RLE – Relevant Legal Entity

SAMLA – Sanctions and Anti-Money Laundering Act 2018

SAR – Suspicious Activity Report

SDT – Solicitors Disciplinary Tribunal

SFO – Serious Fraud Office

SLPs – Scottish limited partnerships

SMEs – Small- and Medium-sized Enterprises

SRA – Solicitors Regulation Authority

TACT – Terrorism Act 2000

TPI – Third Party Intermediary

UKFIU – United Kingdom Financial Intelligence Unit

Overview of the Act

1 The Economic Crime and Corporate Transparency Act is effectively the second part of a legislative package to prevent the abuse of United Kingdom (UK) corporate structures and tackle economic crime. It follows on from the Economic Crime (Transparency and Enforcement) Act 2022, which received Royal Assent on 15 March 2022.

2 The Act has three key objectives:

a. Prevent organised criminals, fraudsters, kleptocrats and terrorists from using companies and other corporate entities to abuse the UK's open economy. This Act reforms the powers of the Registrar of Companies and the legal framework for limited partnerships in order to safeguard businesses, consumers and the UK's national security.

b. Strengthen the UK's broader response to economic crime, in particular by giving law enforcement new powers to seize cryptoassets and enabling businesses in the financial sector to share information more effectively to prevent and detect economic crime.

c. Support enterprise by enabling Companies House to deliver a better service for over four million UK companies, and improving the reliability of its data to inform business transactions and lending decisions across the economy.

3 The main elements of the Act are:

a. Broadening the Registrar's powers so that the Registrar becomes a more active gatekeeper over company creation and custodian of more reliable data concerning companies and other UK registered entities such as LLPs and LPs – including new powers to check, remove or decline information submitted to, or already on, the register.

b. Introducing identity verification requirements for all new and existing registered company directors, People with Significant Control, and those delivering documents to the Registrar. This will improve the reliability of the Registrar's data, to support business decisions and law enforcement investigations.

c. Providing the Registrar with more effective investigation and enforcement powers and introducing better cross-checking of data with other public and private sector bodies.

d. Tackling the abuse of limited partnerships (including Scottish limited partnerships), by strengthening transparency requirements and enabling them to be deregistered.

e. Amending the Register of Overseas Entities to maintain consistency with change to the Companies Act 2006, and to make the Register more effective.

f. Creating powers to quickly and more easily seize and recover cryptoassets, which are the principal medium used for ransomware. The creation of a civil forfeiture power will mitigate the risk posed by those who cannot be criminally prosecuted but use their funds to further their criminality, or for use for terrorist purposes.

g. Creating new exemptions from the principal money laundering offences to reduce unnecessary reporting by businesses carrying out transactions on behalf of their customers and giving new powers for law enforcement to obtain information to tackle money laundering and terrorist financing.

h. Removing the need for a Statutory Instrument to be laid in order to update the UK's high risk third country list.

i. Enabling businesses in certain sectors to share information more effectively to prevent and detect economic crime.

j. A measure removing the statutory fining limit to allow the Solicitors Regulation Authority (SRA) to set its own limits on financial penalties imposed for economic crime disciplinary matters and a measure removing the fining cap for the Scottish Solicitors' Disciplinary Tribunal.

k. Adding a regulatory objective to the Legal Services Act 2007 to affirm the duties of regulators and the regulated communities to uphold the economic crime agenda.

l. A measure which allows the SRA to proactively request information to monitor compliance with economic crime rules and legislation.

m. Allowing the SFO to use its powers under section 2 of the Criminal Justice Act 1987 at the 'pre-investigation' stage in any SFO case.

Policy background

Economic Crime and Corporate Transparency

4 Following the Corporate Transparency and Register Reform White Paper published in February 2022, and building on the recently enacted Economic Crime (Transparency and Enforcement) Act, the Economic Crime and Corporate Transparency Act tackles economic crime, including fraud, money-laundering and terrorist financing, by delivering greater protections for consumers and businesses, boosting the UK's defences, and allowing legitimate businesses to thrive.

5 This Act is intended to protect the UK's national security, by making it harder for kleptocrats, criminals and terrorists to engage in money laundering, corruption, terrorism-financing, illegal arms movements and ransomware payments.

6 Additionally, it supports enterprise by enabling Companies House to deliver a better service for over four million UK companies, maintaining the UK's swift and low-cost routes for company creation and improving the provision of data to inform business transactions and lending decisions across the economy.

Companies House Reform

7 Companies House performs two vital roles which underpin the UK's strong, transparent and open business environment. It facilitates the creation of companies and a range of other legal entities, which are vital building blocks of the modern economy. And it provides – free of charge and online – information about those entities, for the benefit of investors, providers of finance and other creditors, government agencies and the general public. Formally, powers are vested in the Registrar of Companies for England and Wales (and the Registrars for Scotland and for Northern Ireland: in legislation, references to "the Registrar" are taken to mean all three), who are supported in their work by the staff of Companies House, an executive agency of the Department for Business and Trade.

8 In 2022-23, Companies House incorporated 800,000 companies and had a total of 4.6 million active companies registered. Companies House incorporation fees are among the lowest in the world and 99% of incorporation applications are processed within 24 hours. The total value of incorporation to owners of limited liability companies with 0 to 9 employees is estimated at £9.6 billion.

9 Companies House has a strong track record for customer service and is well regarded worldwide. The legal framework in which it operates needs updating to meet the demands of a thriving and increasingly digitally-based 21st century economy. In addition to this, recent years have seen growing instances of misuse of companies, concerns over the accuracy of the registers that the Registrar maintains relating to companies and other registrable entities, and challenges to the safeguarding of personal data on the register.

10 As set out in the Corporate Transparency and Register Reform White Paper, the Government would like to see Companies House have an expanded role so changes its statutory role from being a largely passive recipient of information to a much more active gatekeeper over company creation and custodian of more reliable data.

11 The measures in Part 1 of the Act delivers these policy objectives, including by:

a. Expanding the role and powers of the Registrar:

i. This includes new objectives oriented to maintaining the integrity of the registers held at Companies House. These objectives are designed to guide the Registrar's use of her powers with the ultimate goal of allowing the UK business environment to flourish. The Registrar is now equipped with enhanced powers to query suspicious appointments or filings and, in some cases, request further evidence or reject the filing, in pursuit of these objectives. These include measures to tackle the fraudulent use of company names and addresses. The Registrar is now better able to use fees to fund investigation and enforcement activity.

b. Introducing identity verification measures:

i. All new and existing registered company directors, People with Significant Control, and those delivering documents to the Registrar must have a verified identity with Companies House, or have registered and verified their identity via an anti-money laundering supervised authorised corporate service provider (ACSP). This will make anonymous filings harder and discourage those wishing to hide their company control through nominees or opaque corporate structures. It will make the data provided by Companies House considerably more reliable for business and general users.

ii. Building on the above, the Act allows for the creation of a completely new type of sanctions measure under the Sanctions and Anti-Money Laundering Act 2018 called "director disqualification sanctions". An individual subject to this new sanctions measure will commit an offence if they act as a director of a company or directly or indirectly take part in or be concerned in the promotion, formation or management of a company. The Act also voids the appointment of directors who are disqualified, including as an undischarged bankrupt, or a person subject to the new director disqualification sanctions measure.

iii. The Act also contains important new controls over who can set up companies and make filings on their behalf, ensuring such actors are verified and appropriately supervised under the Money Laundering Regulations.

iv. The Act also improves the provision of information about company ownership.

c. Enhancing data sharing:

    i. The Act provides the Registrar with more extensive legal gateways for data sharing with law enforcement, other government bodies and the private sector. This means more efficient sharing of suspicious activity with law enforcement and establishment of feedback loops with other government bodies, supervisory bodies, and the private sector. This will lead to quicker identification of discrepancies between information on the registers and information held by other bodies that can then be questioned through the Registrar's enhanced powers to query information.

d. Preventing abuse of personal information on the register:

    i. Individuals whose personal information has been displayed on the public register will be able to apply to have some more of that information "protected", so that it is not made available on the public register.

    ii. Individuals who can provide evidence that having their personal information on the public register puts them at serious risk of violence or intimidation will be able to apply to have it protected.

    iii. Companies who can provide evidence that having an address on the public register puts them at serious risk of violence or intimidation will be able to apply to have it protected.

e. Improving the financial information on the register:

    i. The Act streamlines the range of accounts filing options for small companies into two regimes for small companies and micro-entities, simplifying filing options for business.

    ii. At the same time, the Act levels the playing field by requiring all businesses to file a profit and loss account as part of their annual accounts and removing the option for filing abridged accounts.

    iii. These reforms are intended to lead to better financial management practices within small and micro-entity companies, promote the transition to digital reporting, support better business and credit decisions, improve the value of the Companies House register to its users, and help wider efforts to combat economic crime.

12 Companies House will undergo a full transformation, with the ambition of being the most innovative, open and trusted corporate registry in the world. The Government plans to enhance the contribution Companies House makes to the UK economy, and at the same time boost its capacity to combat economic crime.

Limited Partnerships

13 Limited partnerships are a form of partnership registered at Companies House and are used for a range of legitimate business purposes, including venture capital, the film industry and oil and gas exploration. Limited partnerships that are registered in Scotland have separate legal personality from their partners, which allows the Scottish limited partnership itself to own property or enter into contracts in its own right. Those registered in England and Wales, and Northern Ireland have no separate legal personality and any contracts entered into are made on behalf of the individual partners.

14 The Government is aware of reports that some limited partnerships, in particular Scottish limited partnerships, have been misused including for facilitating large-scale international money laundering. In addition, given that the legislation on limited partnerships is over 100 years old, the Government is of the view that it should be modernised to make limited partnerships more transparent and fit for the modern age. The Government has already extended the People with Significant Control legislation to Scottish limited partnerships in 2017 (it is not legally meaningful for this measure to be applied to other forms of UK limited partnership). While the numbers of new registrations of Scottish limited partnerships fell at the same time, reports of misuse continue and the lack of transparency of limited partnerships remains a concern to the Government.

15 Changes in the Act to the legislation on limited partnerships include:

a. Tightening registration requirements, by requiring more information about the partners of a limited partnership and requiring that this information is submitted by authorised corporate service providers, which are supervised for anti-money laundering purposes.

b. Requiring limited partnerships to have a firmer connection to the part of the UK in which they are registered, by having to maintain a registered office there. The registered office must be the usual residential address or registered office address of a general partner or provided by an authorised corporate service provider.

c. Requiring all limited partnerships to submit statements at least once per year confirming that the information held about them on the register is correct.

d. Enabling the Registrar to deregister limited partnerships that are dissolved or no longer carrying on business, or where a court determines that it is in the public interest to do so.

e. Sanctions will be enforced for breaches of the above obligations against the general partners of limited partnerships.

16 The broader reforms to Companies House in other Parts of the Act will impact limited partnerships in the following ways:

a. Expansion of the role and powers of the Registrar over limited partnerships.

b. Introduction of mandatory identity verification of general partners.

c. Enhanced data sharing of information about limited partnerships.

d. Prevention of the abuse of personal information of people within limited partnerships.

17 Other measures will be brought forward by regulations which will align the regulation of limited partnerships in the following way:

a. Making it an offence for general partners who are bankrupt or disqualified (including by virtue of being subject to asset freeze financial sanctions under the Sanctions and Anti-Money Laundering Act 2018) to continue to manage the firm.

b. Limited partnerships which do not have a registered office at an appropriate address may have their address changed to the Companies House default address.

Register of Overseas Entities

18 The Register of Overseas Entities came into effect on 1 August 2022, when most of Part 1 of the Economic Crime (Transparency and Enforcement) Act 2022 (the ECTE Act) was commenced. The Register of Overseas Entities is held by Companies House. Overseas entities owning land in the UK that are in scope of the requirements must register with Companies House and provide

details about their beneficial owners. The purpose of the Register of Overseas Entities is to increase transparency in land ownership in the UK, and to reduce the threat of money laundering via UK property.

19 Some changes are made to the ECTE Act via this Act in order to (i) ensure that it remains consistent with the Companies Act 2006 in those areas that "mirror" the Companies Act, and which are changed via this Act, (ii) make minor and technical changes which have come to notice since the ECTE Act received Royal Assent, and (iii) introduce new measures to improve the effectiveness of the Register.

20 The changes include changes to the offences within sections 15 and 32 of the Act, which are both "false filing" offences, to maintain consistency both with each other and with a change made via this Act to the Companies Act 2006 section 1112 general false filing offence.

21 A further amendment relates to the circumstances in which an overseas entity is no longer considered to be a "registered overseas entity" for the purposes of applications to register transactions with the UK's three land registries. Currently, an overseas entity is not considered to be a "registered overseas entity" during any time that it is not compliant with the annual updating duty. The effect of this is that the land registries will not accept applications to register transactions undertaken by the overseas entity during this time. The circumstances in which this will be the case are expanded to include any time within which an overseas entity is non-compliant with the duty to respond to an information notice from the Registrar.

22 Changes are also made to clarify what information forms part of the Register of Overseas Entities, and amend the meaning of a service address to maintain consistency with the Companies Acts.

23 Further changes to improve the operation of the Register of Overseas Entities, and close potential loopholes include (1) requiring overseas entities to provide more information about associated trusts, including via annual updates; (2) increasing access to information on overseas ownership of property via trusts; and (3) strengthening verification of information in relation to the Register. The Act also introduces new measures to ensure that where the overseas entity's ownership structure includes nominees, those behind the nominee must be identified.

Cryptoassets

24 Cryptoassets serve as a pseudo-anonymous, low-cost, and relatively quick method to move funds globally. There are low barriers to entry, users merely need an internet-connected device to transact with cryptoassets. Given these characteristics, it is little surprise that this technology is being exploited by criminals and law enforcement are already investigating terrorist financing cases where cryptoassets have been used.

25 The threat of cryptoassets being exploited by criminals is more apparent than ever before. The NCA's National Strategic Assessment noted a particular acceleration in the criminal use of these assets during the pandemic. Further, cryptoassets are one of only a few accepted payment mechanisms most used by cyber criminals demanding payment following a ransomware attack. These attacks are increasingly common and pose a significant threat to the UK public and businesses.

26 Cryptoassets have not yet become a chronic problem in the counter-terrorism space. But the use of cryptoassets is clearly an emerging trend, with law enforcement seeing their use in a number of terrorist financing cases. In particular, the use of social media platforms to fundraise and the use of cryptoassets as a method of payment is increasing.

27 The ability to move property quickly, across borders, without the need for standard banking services, and often to hold it anonymously, can make these assets attractive to those engaged in economic crime and terrorist financing.

28 It is the Government's view that it is necessary to strengthen the UK's asset recovery and counter-terrorist financing legislative frameworks to provide law enforcement agencies with the most effective and efficient powers to help seize and recover cryptoassets, in as many cases as possible. Without intervention, those assets may be used to fund further criminality or for terrorist purposes.

29 To achieve this, the measures in the Act will:

a. Improve the criminal confiscation powers in Parts 2, 3 and 4 of POCA in relation to cryptoassets. These reforms will: enable officers to seize cryptoassets during the course of an investigation without first having arrested someone for an offence; enable officers to seize cryptoasset-related items; and enable the courts to better enforce unpaid confiscation orders against a defendant's cryptoassets.

b. Bring cryptoassets within the scope of civil forfeiture powers in Part 5 of POCA 2002. These powers would be simple and user friendly for law enforcement agencies.

c. Ensure that forfeiture powers are accompanied by supplementary investigative powers in Part 8 of POCA, similar to investigatory powers that exist to support the forfeiture of cash, listed assets and funds in certain accounts.

d. Mirror the civil forfeiture related powers in Part 5 and Part 8 of POCA in counter-terrorism legislation (Schedule 1 to the Anti-Terrorism, Crime and Security Act 2001 and Schedule 6 to the Terrorism Act 2000) to provide sufficient flexibility to be able to suppress the risk that cryptoassets become increasingly used for terrorist purposes.

Defence Against Money Laundering (DAML)

30 POCA provides the statutory basis for the principal money laundering offences in the UK. These offences are set out in sections 327, 328 and 329 of POCA. In certain circumstances, a person can seek consent from the NCA, or other specified officers, to deal with property in a way which would otherwise constitute one of the principal money laundering offences. Such consents must be sought by making an authorised disclosure as specified in section 338 of POCA. Authorised disclosures are commonly referred to as Defence Against Money Laundering Suspicious Activity Reports, or "DAMLs". If the reporter gets consent under s335, they do not commit a principal money laundering offence in POCA when dealing with that property in a way that is covered by the consent, and after seven working days have passed the reporter can assume that they have consent.

31 Additionally, sections 327, 328, 329 and 339A of POCA include provisions that currently allow certain businesses only, in certain circumstances, to process transactions where there is knowledge or a suspicion of money laundering, if the transaction is below a threshold amount, without having to submit a DAML to the NCA and without committing a principal money laundering offence. From 5 January 2023, the threshold amount for acts done by deposit-taking bodies, e-money, and payment institutions in operating an account is £1,000 unless a higher amount is specified in accordance with section 339A of POCA. The threshold amount provisions only apply in relation to activity undertaken in operating an account; they do not apply in relation to transactions related to the opening or closing of an account, or when a deposit-taking body first suspects that the property is criminal.

32 Due to the significant rise in authorised disclosures submitted to the NCA in recent years – increasing from 34,543 in 2018/19 to 62,341 in 2019/20 – customers are sometimes left waiting for seven days until the consent period has passed and consent can be assumed, before being able to process their transactions. This can cause significant disruption to individuals and businesses. Further, businesses are unable to inform their customers of the reason for the delay, as this could amount to a tipping off offence under POCA section 333A or 342. This provision will help reduce some of the disruption faced by customers.

33 Certain businesses (especially those in the regulated sector, defined in Schedule 9 to POCA) deal with property belonging to clients or customers. Where they suspect money laundering, it is common for those businesses to prevent access to any of that property, even where their suspicion relates only to part of the value of that property. This can result in disproportionate economic hardship to individuals unable to access their property, for example to pay rent or living expenses.

34 The amendments made by this Act will introduce exemptions from the principal money laundering offences in two circumstances:

a. where a business in the regulated sector ends a business relationship with a client or customer and for that purpose hands over property worth less than £1,000; and

b. where a business in the regulated sector is dealing with property for a client or customer and keeps hold of property worth at least as much as the part of that property to which the knowledge or suspicion relates.

35 Where an exemption applies, a business in the regulated sector is still required to report suspicions of money laundering to the NCA under section 330 of POCA.

36 The exemptions do not apply to disclosures under the Terrorism Act 2000.

Money laundering: offences of failing to disclose

37 It is an offence under sections 330 and 331 of POCA for persons in the regulated sector to fail to report suspicions or grounds for suspicion of money laundering.

38 Section 184 creates a defence against the offence of failure to report where the information only came to them as a result of a "status check" or "immigration check" carried out in compliance with the Immigration Act 2014.

Information Order (IO)

39 Information Orders (IOs) are a valuable tool for NCA officers to develop intelligence on money laundering and terrorist financing. The power was originally introduced under the name Further Information Orders, as amended to IOs, under section 339ZH to POCA and 22B to TACT by the Criminal Finances Act 2017, as an investigative tool. There are multiple reasons in which an IO can be applied for, for example an order can be made to examine whether a person is engaged in money laundering or terrorist financing. It compels businesses in the Anti-Money Laundering (AML) regulated sector, (for example, banks, accountancy, and legal sectors) who have submitted a statutory disclosure also known as a Suspicious Activity Report (SAR) to provide further specific information about their customer or client. The additional information allows the NCA to build on existing intelligence and assist law enforcement with investigations or determine whether an investigation should commence.

40 The UK is a member of the Financial Action Task Force (FATF), which is the international body devoted to developing and promoting policies to combat money laundering and terrorist financing. FATF's 2018 Mutual Evaluation Report (MER) assessed the UK Financial Intelligence Unit (UKFIU) as partially compliant in its ability to seek all the information it requires from regulated businesses to perform proper operational and strategic analysis. This is in part because the current IO power: (a) relies on a preceding SAR; and (b) has not been used since its introduction to demonstrate the UKFIU's ability to compel information.

41 The measures in the Actwill assist NCA officers to proactively gather intelligence without reliance on a SAR. The information gathered under these measures is designed to be used for intelligence purposes only. They will align the power more closely with international recommendations in relation to the functions of the UK Financial Intelligence Unit (UKFIU),

which re-orientates the power towards assisting the NCA in carrying out its functions to conduct intelligence gathering and conduct analysis, rather than being investigatory-focused, as it is now. The Act will do this by:

a. removing the requirement of a preceding SAR in order to enable the NCA to proactively gather intelligence.

b. amending the conditions for the magistrates' or sheriff courts to make orders to businesses in the AML regulated sector where the information is likely to assist the NCA or an overseas Financial Intelligence Unit (FIU) making an application to carry out its financial intelligence unit functions.

42 The power will increase the UK's ability to support foreign partner FIU requests where no SAR has already been submitted by UK reporters. An example of this is the suspicion of terrorist financing where gathering information at speed is crucial.

43 As the UK is one of the most globalised economies, it is crucial that it plays its part in collaborating with other FIUs, and to prevent illicit funds from entering the UK economy and combating illicit financial flows at an international level.

Enhanced due diligence: designation of high-risk countries

44 The UK's High-Risk Third Countries list (the List) is an important part of the government's anti-money laundering, counter-terrorism financing and proliferation financing (AML/CFT/CPF) regime. The List is defined in Schedule 3ZA of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (S.I. 2017/692), and sets out those countries identified as having strategic deficiencies in their AML/CFT/CPF regimes, thus posing a high risk to the UK. To protect the UK's financial system, regulations stipulate that certain transactions with and all customers established in high risk jurisdictions must undergo enhanced checks by the UK's regulated businesses.

45 The List mirrors and is updated in accordance with those countries identified in public lists by the Financial Action Task Force (FATF), the global standard setter for AML/CFT/CPF, as having strategic deficiencies in their AML/CFT/CPF regimes.

46 When the List was introduced in March 2021, the government committed to updating the List to mirror the periodic changes made by the FATF to its public lists. These updates to the List are made up to three times a year, following updates by the FATF. As per the Sanctions and Anti-Money Laundering Act 2018 (SAMLA), the List can only be updated through made-affirmative procedures. Since introduction of the List, the Government has laid seven statutory instruments to make these updates. The administrative and parliamentary process for amending the List via secondary legislation however prolongs the time taken for necessary, routine updates, while creating uncertainty and delays in the implementation of requirements for the regulated sector to apply enhanced checks.

47 This measure will streamline the process of updating the List, by allowing regulations to refer directly to the lists of countries published by the FATF. Any countries included in the FATF lists will therefore automatically trigger obligations to conduct enhanced checks in the UK, unless otherwise specified. This will ensure the List remains up-to-date with latest findings, allowing the UK to respond swiftly to the latest economic crime threats and provide greater clarity to businesses on which jurisdictions are deemed to be high risk at the speed necessary.

48 The measure includes a transitionary period to allow consequential amendments to regulations to be made within 6 months of royal assent under the made affirmative procedure, to allow these automatic updates to be implemented as soon as possible. Any changes made after that period will be subject to the draft affirmative procedure.

Information sharing

49 Large amounts of financial data flow through the UK every hour. The overwhelming majority of this data relates to legitimate activity. However, a small proportion involves criminal activity.

50 The sharing of information between businesses, which would help them better detect, prevent and investigate criminal activity, is constrained by their duties of confidentiality. Particularly in the context of banking, this is known as the Tournier principle (from *Tournier v National Provincial and Union Bank of England* [1924] 1 KB 461).

51 This has three main consequences:

a. First, a bank, for example, querying a particular transaction can only see its own data in relation to that transaction. It is unable to request further information from the other bank involved in the transaction to clarify relevant details. In the absence of confirmatory information, the bank may either end up under-reporting (not submitting a Suspicious Activity Report (SAR) to the UK Financial Intelligence Unit) or over-reporting (submitting a SAR when in fact none was necessary).

b. Second, a bank conducting an investigation into one of its customers – for instance for the purpose of complying with the MLR 2017 – can only see its own data in relation to that customer. This is despite the fact that economic crimes such as money laundering can take place across multiple bank accounts hosted by separate businesses.

c. Third, a bank who restricts access to its products, or terminates a relationship with a customer due to economic crime concerns, is unable to share that information with other businesses in the sector. This means that a customer whose account is terminated with a bank for economic crime reasons can easily open up an account with a new provider, without the new provider being aware of the original bank's concerns.

52 These provisions will make it easier for businesses covered by the provisions to share customer information with each other for the purposes of preventing, investigating, and detecting economic crime by disapplying civil liabilities owed to the person to whom the disclosed information relates (other than those incurred under the data protection legislation) where information is shared for these purposes. Businesses will therefore be able to take a much more proactive and timelier role in identifying and preventing criminal activity.

53 The sections will allow direct sharing between relevant businesses Section 188 and indirect sharing through a third-party intermediary Section 189. Indirect sharing will apply in cases where the business has information about a customer that is relevant to preventing, detecting, or investigating economic crime, but does not know whom the information would assist, either now or in the future. This might occur where a business decides to terminate a relationship with a customer due to economic crime concerns and wants to ensure that any future business dealing with the customer is aware of their decision.

54 The provisions can only be used for the purposes of preventing, detecting, and investigating economic crime. Economic crime in this instance is defined as any of the offences listed in Schedule 11 and includes: money laundering, sanctions evasion, fraud, bribery, terrorist financing, market abuse and tax evasion. Any disclosure of customer information for purposes other than those specified in the section would not qualify for the civil liabilities protections.

55 The sections involve sharing information about customers in order to help inform other businesses' risk-based decisions about these customers. They do not provide any additional powers for businesses to restrict services, or to exclude customers. In taking a decision whether to restrict access to a product, or exclude a customer, a business will still have to abide by its existing obligations, including ensuring that a decision is free from unlawful discrimination under the Equalities Act 2010. Unlawful discrimination against a customer on the basis of a

protected characteristic will remain a breach of the law. Firms regulated by the Financial Conduct Authority (FCA) already have additional obligations to treat customers fairly under the FCA's Regulatory Principles.

56 Due to the thresholds set out in the sections, in particular that a business can only proactively share information about a customer or former customer if it has taken a decision to restrict its own services or exclude them itself (or would have taken the decision to do so in the case of a former customer). It is not anticipated that there will be a significant increase in the number of customers denied a product or excluded services. Rather, individuals who are already denied products or excluded services due to economic crime concerns will likely find it more difficult to access those same services elsewhere.

57 To ensure that a customer's data remains accurate and used only for the purposes specified in the Act, businesses must continue to adhere to the stipulations of the Data Protection Act 2018 and the UK GDPR (General Data Protection Regulation). The UK GDPR establishes principles around, amongst other areas, accuracy, purpose and fairness and transparency. Failure to adhere to these principles, for instance deliberately sharing incorrect data, would constitute a breach of the UK GDPR, the penalty for which is £17.5 million or 4 per cent of annual global turnover – whichever is greater. Where a customer believes their data rights have been breached, they can pursue a complaint via the Information Commissioner's Office (ICO).

58 Where a customer in the banking sector has found themselves denied or restricted a product from their bank and is unable to resolve the situation with the bank directly, they can pursue their case under the existing complaints procedure established by the Financial Ombudsman Service for individuals who have been denied products or services. In all cases – other than those where, for example, an individual's account has been used for criminal activity or maintaining the account would breach other legal obligations such as those under the MLR 2017 – an individual will still have a right (as established in the Payment Accounts Regulations 2015) to a Basic Bank Account , ensuring that an individual who had their standard account terminated by a bank will still be able to access basic account services.

59 The protections and appeals mechanisms outlined above are based upon those currently in place for the National Fraud Database (CIFAS) where customer information is shared between businesses for the purposes of preventing and detecting fraud.

SLAPPs

60 Strategic Lawsuits Against Public Participation (SLAPPs) are legal actions typically brought by corporations or individuals with the intention of harassing, intimidating and financially or psychologically exhausting opponents via improper use of the legal system. SLAPPs are typically framed as defamation cases, but they can occur across a broad spectrum of issues including data protection, privacy and environmental law. It is estimated that the majority of SLAPPs are related to economic crime.

61 SLAPPs present a growing problem as claimants explore new ways to suppress legitimate reporting, by abuses of process that are intended to be costly and time-consuming for defendants. Broadly, SLAPPs fundamentally undermine freedom of speech and the rule of law.

62 The Ministry of Justice launched a Call for Evidence (CfE) in Spring 2022, and committed to take action to deliver on our SLAPPs reforms. In light of that evidence, the provisions in the Act aim to ensure that misconduct and improper use of the legal system to suppress legitimate reporting on matters of public interest related to combating economic crime will be prevented. The Act will therefore strengthen the legal framework to ensure that those reporting on such matters are free from the intimidation and financial burden of that improper litigation and that, as a result, those responsible for wrongdoing can be held accountable.

63 The Act equips the courts to deal with SLAPPs robustly in England and Wales by defining SLAPP claims in such a way as to be able to identify them at an early stage in the proceedings and providing the courts with new powers to strike them out where they are less likely than not to succeed at trial. The Act also provides protection for defendants against costs where a SLAPP claim is not struck out early. These measures therefore strike a careful balance between protecting freedom of speech and access to justice, and will therefore help to uphold the integrity of the legal system, discourage the use of SLAPPs and restrict their harmful impact.

FTPF

64 Corporations as well as individuals can commit fraud. The victims of corporate fraud could be individuals, the public sector or other businesses. For example, customers might be tricked into buying a product or paying an inflated price as a result of the company giving them deliberately misleading information. The Failure to Prevent Fraud offence gives law enforcement and prosecutors additional powers to hold corporations accountable for fraud, and encourages corporations to put preventative measures in place, thereby reducing the amount of fraud that happens in the first place. The offence implements an option proposed in the Law Commission's June 2020 report on Corporate Criminal Liability.

65 The offence holds an organisation responsible if an 'associated person' (for example, a company employee) commits fraud, intending to benefit the organisation, and the organisation did not have reasonable prevention procedures in place. It does not need to be proven that senior management within the organisation knew about or were involved in the fraud; this represents a key difference from existing powers to hold companies accountable for fraud. The Government is required to produce guidance on reasonable prevention measures before the offence comes into force.

IDD

66 The identification doctrine is the legal test in deciding whether the actions and mind of a natural person can be regarded as those of a legal person, in this instance a corporation. The current law requires that the natural person be senior enough to be considered the "directing mind and will" of the corporation itself. If the person(s) identified as the "directing mind and will" of the corporation commits a criminal offence acting in that capacity, that offence, including the guilty mind to commit the offence, is considered to be that of the corporation. The corporation will be prosecuted as if they were the individual identified as the "directing mind."

67 Prosecuting authorities generally seek to identify someone with the status, for example, of a director, who has committed the criminal offence and there would be reasonable grounds for such individuals to have the necessary authority to constitute the directing mind and will of the organisation. This legal principle has developed over time in case law since Tesco v Nattrass in 1971.

68 In recent years, concern has been expressed that a principle devised in the 1970s does not adequately deal with misconduct carried out by and on behalf of modern-day corporations. This is because:

- It is too narrow – only a small number of persons are considered the "directing mind and will" of a corporation.
- It does not reflect the reality of decision-making in complex corporations – decision-making can be dispersed across multiple directing minds leading different areas of a corporation.

- It makes it too difficult to convict corporations for offences committed for their benefit – corporates are gaining financially from economic crimes and should be prosecuted accordingly.
- It is unfair between small and large companies – the "directing mind and will" is easier to identify in small organisation that may have 1-2 directors controlling the business.
- It does not always bring certainty – the current law has developed through the courts and has not got legislation underpinning it.
- It does not incentivise good corporate governance and may disincentivise it – a corporate could escape liability under the common law by making their governance artificially difficult to determine a singular "directing mind and will"

69 The reform places the identification doctrine on a statutory footing (for economic crimes), providing certainty that senior managers are in scope to better capture large ownership structures. The corporation will be prosecuted as if they were the senior manager themselves. Economic Crime is defined according to a schedule of associated offences.

Legal services - the removal of the statutory cap on the Law Society's (as delegated to the SRA) power to issue financial penalties, for disciplinary matters relating to breaches of the economic crime regime

70 The current crisis in Ukraine has shone a light on the role legal services regulators play in preventing and detecting economic crime. The legal services sector was assessed in HMT's National Risk Assessment of money laundering and terrorist financing (2020) as being at high risk of abuse for money laundering purposes. The crisis has highlighted the sector's exposure to risks spanning different areas of economic crime, such as fraud or breaches of the sanctions regime.

71 Legal professionals are already bound by high standards with regards to their anti-money laundering obligations. In light of the Ukraine crisis, legal services regulators have updated guidance to support the sector to aid compliance of economic crime, particularly the sanctions regime. As regulators have a duty to enforce compliance of economic crime rules, it is important that they have the right tools, such as the ability to set and amend the levels of financial penalties in relation to economic crime.

72 The Solicitors Regulation Authority (SRA) is the body that regulates all solicitors and traditional law firms. If a solicitor or law firm is in breach of economic crime rules, the SRA, as delegated from the Law Society, can direct a solicitor to pay a penalty not exceeding £25,000. Any cases warranting a higher penalty would require a referral to the Solicitors Disciplinary Tribunal (SDT), who have unlimited financial penalty limits. The maximum penalty amount that the Law Society can apply is set out in primary legislation and can only be amended by an Order made by the Lord Chancellor. In comparison, other frontline legal services regulators can set their fining levels in their discipline rules, subject to the Legal Services Board's (LSB) approval, and they are not bound by the same statutory limitations as the SRA.

73 This measure will align the SRA more closely with other regulators in relation to economic crime-related disciplinary matters by removing the statutory fining cap and allowing the SRA to set its own fining limits in guidance, with the LSB's oversight.

74 The appropriate checks on the SRA's use of its power will stay in place. These include:

- the requirement for the SRA to consult the SDT before making rules in relation to the exercise of this power;
- the approval of the LSB in agreeing changes to regulatory arrangement;
- the obligation for the SRA to follow their public law duties to take a proportionate approach;
- the continued need to refer cases requiring more serious sanctions (such as strike off) to the SDT; and
- the appeal route for all SRA fining decisions to the SDT.

Legal services – SSDT's financial sanctions in respect of economic crime

75 The purpose of the measure is to ensure that the independent Scottish Solicitors' Discipline Tribunal for solicitors, the SSDT, has effective enforcement powers that enable it to act appropriately, should any solicitor be found to have undermined the economic crime regime. The intended effects are a more effective deterrent, which will be used in a proportionate way based on the facts and circumstances of each case to ensure economic crime compliance.

76 The Scottish Government supports this measure as it will ensure the SSDT has effective enforcement powers in relation to breaches of economic crime. The measure will provide the SSDT parity with England and Wales in respect of the financial sanctions available to the Solicitors Disciplinary Tribunal (SDT) for economic crime. The Law Society of Scotland and the SSDT are supportive of the measure.

Legal services – regulatory objective for regulators to promote adherence to economic crime rules and legislation

77 The crisis in Ukraine has shone a light on the exposure of professional services sectors to economic crime. The legal services sector was assessed in HMT's National Risk Assessment of money laundering and terrorist financing[1] (2020) as at high risk of abuse for money laundering purposes. The sector is also exposed to further-reaching risks such as fraud or breaches of sanctions legislation.

78 Legal professionals are already held to high standards with regards to their anti-money laundering obligations, and it is evident that they should not be facilitating economic crime.

79 While it is the Government's view that the vast majority of the legal services sector complies with their economic crime duties, it is important to ensure that regulators have the right tools to effectively promote compliance within their regulated communities.

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1 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945411/NRA_2020_v1.2_FOR_PUBLICATION.pdf

80 It can already be inferred from existing objectives, such as the objective to maintain adherence to professional principles and the objective to promote the public interest, that regulators should promote compliance with economic crime rules set out in relevant guidance and legislation.

81 The duty of legal services regulators to promote adherence to economic crime rules and legislation is not explicitly set out in legislation. As a result, there are differing views on the roles and responsibilities of regulators relating to economic crime. The measures in this part of the Act seek to address this by adding a regulatory objective to section 1 of the Legal Services Act 2007 which focuses on promoting the prevention and detection of economic crime.

82 The purpose of the measure is to put beyond doubt that it is the duty and within the remit of the frontline regulators to exercise the appropriate regulatory actions that are necessary to promote and maintain compliance with economic crime legislation and guidance.

Legal services – SRA information request powers

83 Legal professionals are already bound by high standards with regards to their anti-money laundering obligations. In light of the war in Ukraine, legal services regulators have updated their guidance to support the sector to aid compliance with the economic crime regime, particularly in relation to sanctions. It is important that regulators have the right tools, such as the ability to request information from their regulated communities, in relation to economic crime.

84 The Solicitors Regulation Authority (SRA) regulates all solicitors and law firms in England and Wales. The SRA can proactively request information from two-thirds of its regulated community under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs). However, it cannot request information in relation to activities that are exempt from the MLRs unless it has a suspicion of solicitor misconduct.

85 The risks of economic crime are not restricted to money laundering, with fraud and breaches of the sanctions regime also posing significant risks. The SRA lacks the necessary proactive information request power to supervise economic crime compliance, leaving it vulnerable to challenges being brought by its members. Such challenges require time and resource to deal with, and can prevent the SRA from taking targeted compliance activity in relation to economic crime.

86 This measure will ensure that the SRA has the necessary proactive information request powers to fulfil its obligations to effectively oversee and promote the prevention and detection of economic crime.

Serious Fraud Office – pre investigation powers

87 The Serious Fraud Office (SFO) was established in 1988, with the remit of investigating and prosecuting the most serious economic crimes, including fraud and bribery and corruption. The SFO has a unique set of investigative powers, provided by section 2 of the Criminal Justice Act 1987 (CJA) which SFO officers can use to require a person to answer questions, furnish information, or produce documents. These powers can only be used following the Director of the SFO's decision to commence an investigation; alternative means must be used to gather information in advance of that decision.

88 In recognition of the difficulty posed for the SFO in gathering information by alternative means in relation to suspected cases of international bribery and corruption, in 2008 SFO officers were granted access to their powers under section 2 at the 'pre-investigation' stage. This enables the SFO to gather more effectively the information necessary to allow the Director to decide

whether to take on a case (they may also decide to refer the case elsewhere). This legislative change has had a positive impact on the SFO's cases; in some cases, it has allowed the organisation to more promptly determine whether a crime is likely to have taken place, and usually leads to the earliest stages of an investigation being delivered more quickly.

89 As fraud is one of the most prevalent crimes in the UK, and poses a significant threat to UK citizens, it is no longer justifiable for the SFO to have access to enhanced powers in relation to only international bribery and corruption. By granting access to enhanced pre-investigation powers in relation to fraud cases, the SFO expects to be able to progress cases of suspected fraud more quickly through the earliest stages of an investigation. This may have consequential benefits such as allowing proceeds of crime to be restrained or frozen at an earlier stage, preserving more funds for victims.

Sanctions enforcement: monetary penalties

90 Sanctions are an important foreign policy and national security tool. The UK autonomous sanctions framework enables the Government to use targeted sanctions to deter and disrupt malign activity and demonstrate our readiness to defend international norms. The UK has over 35 different geographic and thematic sanctions regimes. Sanctions are one instrument used to complement and reinforce others as part of a wider UK response. Enforcement of UK sanctions is particularly important in the context of the unprecedented number of Russia sanctions the Government has announced in response to Russia's full-scale invasion of Ukraine in 2022.

91 The Government uses a range of methods to enforce UK sanctions, one of which is the imposition of civil monetary penalties (CMPs) which are fines that are levied by the Government and do not require a criminal prosecution. To date, the Government has imposed CMPs in respect of breaches of financial sanctions using powers in the Policing and Crime Act 2017.

92 This section will amend section 17 of, and insert a new section 17A in, the Sanctions and Anti-Money Laundering Act 2018 (SAMLA) to provide expressly that sanctions regulations may make provision for enforcement of sanctions breaches through the imposition of CMPs. This clarification will therefore allow for wider use of CMPs in response to sanctions breaches.

93 This Act makes amendments to both the Policing and Crime Act 2017 and SAMLA.

Legal background

Companies House reform

94 The Companies Act 2006 is the key piece of primary legislation containing the powers of the Registrar, in Part 35. The ECCT Act takes the approach of amending the 2006 Act by changing existing provisions in Part 35 and elsewhere and inserting in new provisions. In some cases, new powers to make secondary legislation are inserted.

95 The changes to the 2006 Act that are made by the ECCT Act have the effect, in relation to some generally stated provisions, of applying beyond companies and empowering the Registrar to take action in respect of other entities which are obliged to register with Companies House. In other cases, the ECCT Act's provisions relate only to companies (because, for example, they are amending company-specific provisions). In those cases, secondary legislation-making powers will be exercised as part of the ECCT Act's implementation to apply the new regime to non-company entities such as limited liability partnerships, with the necessary modifications to suit the different circumstances.

Limited Partnerships

96 Limited partnerships are governed by the Limited Partnerships Act 1907 and the Partnership Act 1890. The ECCT Act amends the 1907 Act to create the new regulatory regime for this species of partnership which, unlike general partnerships, has to register with Companies House.

97 Many of the ECCT Act's reforms to the 1907 Act establish provisions which broadly mirror provisions that apply to companies, for example the obligation on the limited partnership to maintain a registered office at an "appropriate address", and to provide "confirmation statements".

98 The ECCT Act also includes a power for the Secretary of State to make regulations which apply company law to limited partnerships with suitable modifications, which mirrors the power contained in section 15 of the Limited Liability Act 2000. This provides a mechanism for future legislation to ensure that the regulatory regime for limited partnerships can keep up with developments in company law reforms.

Register of Overseas Entities

99 The Register of Overseas Entities was established by Part 1 of the Economic Crime (Transparency and Enforcement) Act 2022 (ECTE Act) and requires overseas entities owning land in the United Kingdom to register information about themselves and their beneficial owners.

100 Part 1 of the ECTE Act was largely commenced on 1 August 2022. It contains provision for a six-month transitional period in which all overseas entities who hold land acquired on or after 1 January 1999 in England and Wales, or 8 December 2014 in Scotland were required to register with Companies House.

101 The ECCT Act's amendments to the ECTE Act address issues identified post-implementation (such as the contents of the register and the meaning of "registered overseas entity"), and alignments with similar provisions in Companies legislation (such as relating to false statement offences). These amendments also increase the information requirements and will make the Register more effective and robust.

Cryptoassets

102 The UK's asset recovery legislation (contained in POCA) has not kept pace with the rapid development and evolution of cryptoassets and associated technology. Cryptoassets are a form of property that can typically be used to store or transfer value by secure means. The Government intends to introduce new powers to make it easier for law enforcement agencies to seize, detain and recover cryptoassets in more circumstances than at present.

103 Broadly this involves reforming criminal 'confiscation' powers in Parts 2, 3, and 4 of POCA to enable law enforcement agencies to recover cryptoassets (intangible items) in a broadly similar way provided for tangible property, so that those assets can be confiscated at a later date. This principally involves expanding the search, seize and detention powers to make it explicitly clear that officers have the authority to recreate cryptoasset wallets (which are devices for storing cryptoassets: 'recreating' them is a way to gain access to those cryptoassets) and transfer assets into a law enforcement-controlled wallet. The reforms are reflective of existing powers being introduced well before the advent of cryptoasset technology and principally to cater for tangible assets such as cash.

104 Further amendments will be introduced to Part 5 of POCA, which contains regimes for civil forfeiture of property (cash, certain listed assets and fund in accounts). Cryptoassets are not in scope of existing powers. The creation of a cryptoasset specific civil forfeiture power will

mitigate the risk posed by those that cannot be prosecuted but use their funds to further criminality. These powers will be replicated in counter-terrorism legislation to ensure that law enforcement have the necessary tools and powers to effectively seize or freeze, detain, and forfeit cryptoassets which may be used specifically for terrorist purposes.

Defence Against Money Laundering (DAML)

105 The principal money laundering offences under sections 327, 328 and 329 of POCA can be committed by any person who does any of the acts specified in relation to criminal property. "Criminal property" is defined in section 340 as property which is either known or suspected to be a benefit from criminal conduct. "Criminal conduct" includes any type of UK criminal offence, as well as conduct overseas which would be an offence in the UK if committed here.

106 A person does not commit a money laundering offence under section 327, 328 or 329 if they submit a disclosure under section 338 of POCA and receive consent to carry out the act or wait to carry out the act until after the 7 working days' notice period has expired without refusal or the moratorium period after refusal has expired (see section 335).

107 The "regulated sector" consists of the types of business listed in Part 1 of Schedule 9 to POCA, which are the same as those set out in regulation 8 of the MLR (where those businesses are called "relevant persons").

108 A separate duty in section 330 of POCA makes it an offence for a person doing business in the regulated sector to fail to report suspicions of money laundering as soon as practicable after receiving the relevant information.

109 A SAR provides information which alerts law enforcement that certain client or customer activity is in some way suspicious and might indicate money laundering or terrorist financing. Businesses in the regulated sector have an obligation to submit a SAR to the UKFIU in such circumstances or risk committing a Failure to Report offence, under the POCA, s330-332. A DAML can be made to the NCA where a reporter has knowledge, or a suspicion, that property they intend to deal with is in some way criminal.

110 If consent or deemed consent is received, a DAML can provide an exemption from the principal money laundering offences in sections 327 to 329 of POCA while providing intelligence to the UKFIU. DAMLs effectively freeze a transaction until a consent decision is made by the UKFIU or seven working days have passed, after which the business can assume they have consent. This means that businesses are regularly waiting for seven working days before being able to assume consent, where no decision is given, before proceeding with an action. In that period, the reporter cannot inform the customer that the delay is because a DAML has been submitted, as telling them would amount to a potential tipping off offence. Reviewing these requests and disseminating to wider LEAs for input are the primary task of the UKFIU's DAML Team.

111 To improve the effectiveness of the system, exemptions for certain types of transaction from the principal money laundering (ML) offences i will be based on transaction value and for certain sub-categories of transactions. POCA already contains exemptions for dealings by banks and similar firms with suspected criminal property, for transactions under £1,000 in the operation of an account, and the Government would seek to extend this approach. This will reduce the disruption to individuals and customers who currently find their transaction delayed by up to seven days and will reduce the regulatory burdens on those businesses required to submit reports below the threshold. It will also free up UKFIU resource to focus on higher value asset denial opportunities.

Money laundering: offences of failing to disclose

112 Under section 330 and 331 of POCA, it is an offence for a person to fail to disclose that they know or suspect, or have reasonable grounds for knowing or suspecting, that another person is engaged in money laundering and the information comes to them in the course of business in the regulated sector.

113 Banks and building societies, who are in the regulated sector, are required by sections 40 and 41 of the Immigration Act 2014 to carry out "status checks" and "immigration checks" on new and existing customers.

114 Section 184 creates a defence against the offence of failure to report for persons in the regulated sector whose knowledge or suspicion, or reasonable grounds to know or suspect, only comes to them as a result of those checks.

Information Orders (IOs)

115 The Criminal Finances Act 2017 (CFA) inserted sections 339ZH-ZK into POCA and sections 22B-E in TACT.

116 Currently the NCA can receive information on a voluntary basis in relation to the NCA's statutory functions. Section 7(1) and (8) of the Crime and Courts Act 2013 (CCA) provides an information sharing gateway that allows the sending of information to NCA officers relevant to the exercise of NCA functions, including financial intelligence, from regulated businesses and others.

117 The NCA can request information voluntarily that would fall within this gateway. The NCA opt to use section 7 CCA requests rather than IOs due to the duration of time it can take to apply for and process a court order. Section 7 CCA requests are easy for the NCA to submit as they do not require authorisation from the courts and information requested can be broad. Section 7 requests are complied with in the majority of cases.

Enhanced due diligence: designation of high-risk countries

118 The Money Laundering Regulations (MLRs) are a key part of the legislative framework for tackling money laundering and terrorist financing.

119 Regulation 33(1)(b) of the MLRs requires regulated businesses ("relevant persons") to apply enhanced customer due diligence measures and enhanced ongoing monitoring in any business relationships with a person established in a high-risk third country, or in relation to any relevant transaction where either of the parties to the transaction is established in a high-risk third country. A high-risk third country is defined for the purposes of the MLRs as a country specified in Schedule 3ZA.

120 When Schedule 3ZA is updated and a new country is added or removed to the UK's list of high-risk third countries, the requirement for enhanced customer due diligence and enhanced ongoing monitoring for businesses and customers operating in or transacting with those countries comes into force with the statutory instrument.

121 SAMLA sets out the procedures for updating Schedule 3ZA and the UK's High-Risk Third Countries list. Section 49(1) notes that statutory instruments are to be laid for enabling or facilitating the detection, prevention or investigation of money laundering or terrorist financing, as well as implementation of Standards published by the FATF from time to time, relating to combating threats to the integrity of the international financial system. Schedule 2 of SAMLA provides further detail to supplement Section 49.

122 The Act will make amendments to SAMLA. A statutory instrument will be laid alongside this Act to make corresponding changes to the MLRs (in particular the removal of Schedule 3ZA, which will no longer be necessary).

Information sharing

123 Civil liability for certain institutions sharing information is already disapplied under section 339ZF of POCA, where an institution shares customer information for the purposes of making a disclosure in compliance or intended compliance with section 339ZB, in connection with money laundering. This Act will make provisions along similar lines for businesses who are sharing information for the purposes outlined in the legislation.

124 The Government intends to make it easier for certain businesses to share information with each other. To enable this, civil liability for breaches of confidentiality will be disapplied when a business shares customer information with another for the purposes of preventing, detecting and investigating economic crime.

125 The legislation will disapply any obligation of confidence owed by the institution sharing the information, where the information is shared for the purpose of preventing, detecting, or investigating economic crime. Unlike section 339ZF of POCA 2002, the legislation will apply to businesses who share information amongst themselves without having to involve law enforcement.

SLAPPs

126 Courts apply procedural rules to ensure justice is provided to all parties to litigation. Procedural rules provide parties the opportunity to properly present their case, and for that case to be challenged, so that an impartial court can determine the correct outcome. Justice requires that the operation of those rules ensures cases can be dealt with in a reasonable time and at proportionate cost. Such rules therefore seek to prevent the misuse of litigation by ensuring weak cases or cases that seek to abuse the system, such as through excessive cost or delay, are dismissed speedily, either by allowing them to be struck out or by allowing summary judgment to be given in favour of a party.

127 SLAPPs claims most commonly arise in civil litigation to which the Civil Procedure Rules 1998 (CPR) apply. Those procedural rules are made by the Civil Procedure Rule Committee under the Civil Procedure Act 1997.

128 The Government considers that although SLAPPs can properly be identified as claims that seek to abuse the process, as described in the case of Broxton v McLelland, [1995] EMLR 485, the operation of the CPR does not successfully tackle them. As such, the CPR must be amended to ensure SLAPPs can be appropriately dealt with.

129 As the definition of a SLAPP claim carefully balances fundamental issues of freedom of speech in the prevention of economic crime against access to justice the Government considers that definition and the appropriate test for early dismissal is a matter which Parliament must address. Although the underpinning procedural rules will be implemented via the Civil Procedure Rule Committee alongside new rules for a cost protection regime. These provisions therefore aim to do that.

130 The Act introduces a definition of a SLAPP claim which incorporates matters that the Government considers are specific to such claims, including the requisite connection to economic crime.

131 In addition, the Act requires new civil procedure rules enabling an early dismissal of SLAPP claims based on the tests established in the Act, which is whether the claimant can demonstrate that the case is more likely than not to succeed at trial.

132 The Act also requires new civil procedure rules which imposes costs implications for claimants in those SLAPPs claims which cannot be dismissed at that stage.

133 Further, the Act also contains a power that the Lord Chancellor may exercise by regulations requiring other rules of court to be made by other rule making bodies or persons to introduce the same procedural provisions for other cases.

134 Details on how the early dismissal and cost protection mechanisms will operate will be determined by the Civil Procedure Rule Committee and approved in the normal manner by the Lord Chancellor, Master of the Rolls and Parliament.

135 Whilst legislating to require the making of court rules is a deviation from the norm it is not unprecedented and these are exceptional measures to deal with exceptional behaviours which represent an abuse of our legal system.

Failure to Prevent Fraud

136 The new offence of failure to prevent fraud is intended to mirror the existing offences of failure to prevent bribery and failure to prevent the criminal facilitation of tax evasion contained in sections 7, 8, and 9 of the Bribery Act 2010 (BA 2010) and Part 3 of the Criminal Finances Act 2017 (CFA 2017) respectively.

137 The offence will apply where the fraud is committed by an employee or associate of the organisation with a view to benefiting the organisation.

138 The offence will only apply to large organisations (defined by reference to their turnover, balance sheet total and number of employees).

139 A defence would be available where "reasonable procedures" for the prevention of fraud have been implemented by the organisation (thus mirroring the approach taken in the CFA 2017 for failure to prevent the facilitation of tax evasion), with provision that in some circumstances it may be reasonable for no such procedures to be in place. The statutory defence in the Bribery Act 2010 (BA 2010) (failure to prevent bribery) is "adequate procedures" but this has been interpreted as meaning no more than "reasonable in all the circumstances" in other words, equivalent to 'reasonable procedures'.

140 The offence will only apply where the employee or associated person commits a relevant fraud offence under the law of part of the UK. This usually requires that one of the acts which was part of the fraud took place in the UK, but for some offences, it is enough that the intended gain or loss occurred, or was intended to occur, in the UK.

141 If a UK-based employee commits fraud, the employer could be prosecuted, wherever the organisation is based.

142 If an employee or associated person of a company based overseas commits fraud in the UK, or targeting British victims, the organisation could be prosecuted.

143 British companies will not generally be liable for their overseas employees or subsidiaries in relation to offending that takes place abroad (with no UK nexus).

144 The burden of proving that the organisation had put in place reasonable prevention procedures, or that it was reasonable not to have any such procedures, will lie with the defence (that is, the organisation).

145 If convicted on indictment, an organisation could receive an unlimited fine. As set out in the sentencing guidelines, courts will take account of all the circumstances in deciding the appropriate level for a particular case.

146 If convicted on summary conviction, the organisation will receive a fine. In Scotland and Northern Ireland, this fine may not exceed the statutory maximum.

147 The Government will publish guidance on the procedures organisations can put in place to prevent fraud. As an organisation's defence depends on demonstrating that it has reasonable procedures, where applicable under the circumstances, it is likely that where an organisation has complied with this guidance this will be enough to demonstrate that it had reasonable procedures in place.

IDD

148 This provision enables conviction of an organisation where a senior manager commits a relevant economic offence while acting in the scope of their actual or apparent authority. It is intended to address difficulties in holding corporations criminally liable under the existing "identification doctrine", which requires that the person concerned can be shown to be the organisation's "directing mind and will".

149 The test to define senior management replicates the definition of "senior management" in the Corporate Manslaughter and Corporate Homicide Act 2007 (CM&CHA 2007). This test will look at what the senior manager's roles and responsibilities are within the organisation – the level of managerial influence they might exert – rather than their job title. This will have the advantage of providing greater clarity on the parameters of the legal test and enable prosecutions to progress in more cases where senior level employees, who do exert decision-making power, are found to be involved in the offending.

150 If a corporation is successfully prosecuted under the offence, it will receive a criminal conviction and fine, in addition to any sentences imposed on individuals involved in the offending. The criminal conviction can impact on other parties, including investors, other employees, and even customers.

151 Any decision to pursue a case must be made in accordance with the Code for Crown Prosecutors which requires the prosecutor to consider whether there is enough evidence against the defendant, and whether it is in the public interest to prosecute. The CPS has published legal guidance on how this extends to corporate prosecutions through the identification.

152 The identification doctrine reform will closely mirror the Law Commission's proposals but applies the reforms to economic crimes only. However, the Government understands that the identification doctrine in law apples more widely than economic crimes so the legislation will be extended to all criminal offences when a Bill arises that enables reform for all crimes. The Government has committed to this in Economic Crime Plan 2 and the Fraud Strategy.

Legal services - the removal of the statutory cap on the Law Society's (as delegated to the SRA) power to issue financial penalties, for disciplinary matters relating to breaches of the economic crime regime

153 The Solicitors Act 1974 ("the 1974 Act") and the Administration of Justice Act 1985 ("the 1985 Act") confer a range of powers on the Law Society to regulate solicitors and law firms in England and Wales. For oversight of the regulation of legal services, the LSB was established as the oversight legal regulator by the Legal Services Act 2007, which is independent of Government and of frontline regulators.

154 Section 44D of the 1974 Act and Paragraph 14B of Schedule 2 to the 1985 Act sets out the Law Society's powers to direct a person to pay a penalty not exceeding £25,000. A financial penalty can be imposed for cases involving a failure to comply with the requirements imposed under the Acts, a failure to comply with rules made by the Law Society, or professional misconduct by a solicitor. The powers in the 1974 Act can be exercised in relation to solicitors and their employees, whereas the power in the 1985 Act can be exercised in relation to law firms and sole solicitors' practices, their employees, and managers. Should the financial penalty be disputed, both Acts have the safeguard of a right to appeal avenue to the SDT.

155 On 20 July 2022, the Lord Chancellor amended secondary legislation to increase the SRA's maximum financial penalty from £2,000 to £25,000.

156 Schedule 2 of the 1985 Act also contains provisions in paragraph 14B requiring the Law Society to make rules and to consult the SDT before doing so.

Legal services – SSDT's financial sanctions in respect of economic crime

157 Currently the SSDT may impose a maximum financial penalty of £10,000, as set out in the Solicitors (Scotland) Act 1980, section 53(2)(c).[2]

158 This maximum penalty may be amended by statutory instrument, only where such an amendment can be "justified by a change in the value of money".[3] Any such change would be restricted to a value adjusted for inflation. The value of £10,000 was inserted by the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990. As an estimate, the value adjusted for inflation may now be around £20,000. Therefore, to amend the maximum financial penalty of the SSDT, it is considered that primary legislation is required.

Legal services – regulatory objective for regulators to promote adherence to economic crime rules and legislation

159 The Legal Services Act 2007 establishes the framework for the regulation of legal services in England and Wales. It created the Legal Services Board as a single oversight board, independent of Government and of frontline regulators. The Act also designated frontline 'approved regulators' in relation to the various reserved legal activities defined by the Act.

160 Section 1 of the Legal Services Act 2007 sets out the regulatory objectives which the Legal Services Board, approved regulators and the Office of Legal Complaints have a duty to observe. The Legal Services Board also has powers under Part 4 of the Act to performance manage regulators against the regulatory objectives.

161 Existing regulatory objectives include, for example, the objective to protect and promote the public interest, to support the constitutional principle of the rule of law and to promote and maintain adherence to the professional principles.

Legal services – SRA information request powers

162 Under section 44B of the Solicitors Act 1974, the SRA, as delegated from the Law Society, has the power to require information or documents, as specified in a notice, to be provided. This power allows the SRA to request information from solicitors and their employees, and recognised bodies, their employees and managers, and persons with an interest in the body only where it is necessary to do so for the purposes of an investigation into (for example) suspected misconduct by a solicitor or a failure to comply with a relevant requirement. The SRA can seek to require a third person, for example a person who the SRA does not regulate or who is not an employee of a recognised body, to provide information or deliver documents under section 44BB.

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[2] Solicitors (Scotland) Act 1980, S53(2)(c) (legislation.gov.uk).

[3] Solicitors (Scotland) Act 1980, S53(8) (legislation.gov.uk).

163 In its role as a licensing authority, the SRA may require a person to provide information or to produce documents to ascertain whether the terms of a licensed body's licence are being complied with, under section 93 of the Legal Services Act 2007. This power may be exercised against a licensed body, any manager or employee of the licensed body or any non-authorised person who has an interest in the licensed body.

164 The SRA, as delegated from the Law Society, also has the power to request information and documents from individuals or firms it supervises in its role as a "Professional Body Supervisor" under regulation 66 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. This allows the SRA to issue a notice in writing to require a person to whom the regulations apply or applied, to provide information or documents of a specific description or to attend before an officer of the supervisory authority to answer questions in connection with the exercise of supervisory functions. The power also extends to requesting documents from third parties, where the supervisor has the power under the regulations to require a person to produce a document.

165 The MLRs enable the SRA to take a proactive approach to enforcement, enabling spot-checking of firms without the need for an active investigation to be in progress. This enables the SRA to assess both levels of exposure to risk in the regulated population and levels of compliance. However, approximately 3,200 firms are not covered by the MLRs, meaning that the SRA cannot effectively practice proactive checks, and therefore risk-based regulation, across the whole of its regulated community.

Serious Fraud Office – pre investigation powers

166 The Criminal Justice Act 1987 (CJA) created the Serious Fraud Office (SFO) and sets out its powers and the powers of the Director of the SFO. Section 1 establishes the Director's power to investigate any suspected offence which appears to them to involve serious or complex fraud.

167 Section 2 of the CJA sets out the Director of the SFO's investigation powers, which are exercisable for the purposes of an investigation under section 1. These include powers to require a person to answer questions, furnish information, or produce documents. Failure to comply with such a requirement without reasonable excuse is a summary-only offence.

168 Section 2A enables the section 2 investigation powers to be exercised at a pre-investigative stage, for the purpose of enabling the Director to determine whether to start an investigation under section 1 in cases of suspected international bribery and corruption.

169 The Government intends to remove the limitation in this section which restricts the use of pre-investigation powers under section 2A to cases of suspected international bribery and corruption. This is to allow the SFO to use these powers in the wide range of high harm cases which fall within its remit.

Sanctions enforcement: monetary penalties

170 As part of the Government's ongoing work to strengthen UK sanctions enforcement, the section will supplement the existing powers in section 17 of the Sanctions and Anti-Money Laundering Act (SAMLA) by inserting a new section 17A.

171 Section 17A will provide expressly that provision for enforcement made in sanctions regulations under section 1 of SAMLA may include powers for the imposition of civil monetary penalties (CMPs) in relation to the contravention of prohibitions or requirements imposed by sanctions regulations.

172 The section strengthens the basis for CMPs to be imposed by HM Treasury under the Policing and Crime Act 2017 (PCA) for offences that are supplemental to financial sanctions and that regulations made under section 1 SAMLA can include provision conferring power to impose

CMPs. The section also provides for the PCA 2017 to be disapplied where HM Treasury has the power under both sanctions regulations and the PCA to impose CMPs in respect of prohibitions or requirements.

173 The section will clarify the basis for wider use of CMPs as part of the Government's efforts to crack down on contraventions of sanctions.

Territorial extent and application

Companies House reform

174 See the table in Annex A for a summary of the position regarding territorial extent and application in the United Kingdom.

175 Sections 1 to 108, along with accompanying Schedules 1 to 3, of the Act apply and extend to the United Kingdom (but an amendment, repeal or revocation made by the Act has the same extent as the provision amended, repealed or revoked).

Limited partnerships

176 Sections 109 to 155, along with accompanying Schedules 4 and 5, of the Act apply and extend to the United Kingdom (but an amendment, repeal or revocation made by the Act has the same extent as the provision amended, repealed or revoked).

Register of Overseas Entities

177 Sections 156 to 178, along with accompanying Schedules 6 and 7, of the Act apply and extend to the United Kingdom.

Cryptoassets

178 The amendments to POCA to support the recovery of cryptoassets will overall apply and extend to the United Kingdom but Schedule 8 will amend provisions that extend only to England and Wales (Part 1 of the Schedule), Scotland (Part 2 of the Schedule) and Northern Ireland (Part 3 of the Schedule). The amendments in Schedule 9 to Part 5 of POCA will apply and extend to the United Kingdom and certain amendments to Chapter 2 of Part 8 of POCA will extend only to England and Wales and to Chapter 3 of Part 8 of POCA only to Scotland.

179 Amendments to ATCSA and TACT also apply and extend to the United Kingdom.

Defence Against Money Laundering (DAML)

180 These provisions will apply across the United Kingdom.

Money laundering: offences of failing to disclose

181 These provisions will apply across the United Kingdom.

Information Order (IO)

182 The intention is for the measures relating to IOs to apply and extend to the United Kingdom. The extent provisions are in section 461 POCA and section 130 TACT. The sections relating to IOs have the same extent as those they amend.

Enhanced due diligence: designation of high-risk countries

183 The High-Risk Third Countries List is enforceable against all persons within the United Kingdom and all relevant persons under the scope of the MLRs based abroad.

184 The matters to which the provisions of the Act relate are not within the legislative competence of the Scottish Parliament, Senedd Cymru, or the Northern Ireland Assembly.

Information sharing

185 These provisions will apply and extend to the United Kingdom.

SLAPPs

186 The territorial extent of these provisions is England and Wales.

FTPF

187 These provisions will apply across the United Kingdom. Governments of Scotland and Northern Ireland have concurrent powers to amend offences applicable to their jurisdictions. The Secretary of State is required to consult the Governments of Scotland and Northern Ireland before amending the company size threshold or issuing guidance.

IDD

188 This provision will apply across the United Kingdom. The provision will not have extraterritorial effect except where the underlying offence committed by the senior manager has extraterritorial effect.

Legal services – the removal of the statutory cap on the Law Society's (as delegated to the SRA) power to issue financial penalties, for disciplinary matters relating to breaches of the economic crime regime

189 The territorial extent of this measure is England and Wales. A Legislative Consent Motion (LCM) is not needed.

Legal services – SSDT's financial sanctions in relation to economic crime

190 The territorial extent of this measure is Scotland.

Legal services – regulatory objective for regulators to promote adherence to economic crime rules and legislation

191 The territorial extent of this measure is England and Wales. An LCM is not needed.

Legal services – SRA information request powers

192 The territorial extent of this measure is England and Wales. An LCM is not needed.

Serious Fraud Office – pre investigation powers

193 The intention is for this measure to extend across the UK. Whilst the Scottish Crown Office and Procurator Fiscal Service has responsibility for the investigation and prosecution of crime in Scotland (including bribery and corruption), the intention is for the measure to extend across the UK to allow the pre-investigation powers to be exercised and enforced in all UK jurisdictions as is currently the position with the existing investigation and pre-investigation powers (see sections 2/2A and 17(2) CJA 1987).

Sanctions enforcement: monetary penalties

194 These provisions will apply and extend to the United Kingdom. Sanctions measures are enforceable against all persons within the UK and all UK persons abroad. The provisions of Part 1 of the Sanctions and Anti-Money Laundering Act (SAMLA) and regulations made under it can be extended to the Crown Dependencies, with modifications, by Order in Council. Sanctions Orders extend to the Overseas Territories except for Bermuda and Gibraltar who implement the same measures or the Sanctions Order via their own local legislation.

195 The matters to which the provisions of the Act relate are not within the legislative competence of the Scottish Parliament, Senedd Cymru or the Northern Ireland Assembly. See the table in Annex A for a summary of the position regarding territorial extent and application in the United Kingdom

General provisions

196 These provisions will apply and extend to the United Kingdom (but an amendment, repeal or revocation made by the Act has the same extent as the provision amended, repealed or revoked).

Commentary on provisions of the Act

Part 1: Companies House Reform

The registrar of companies

Section 1: The registrar's objectives

197 Section 1 inserts into the Companies Act 2006 a new provision, section 1081A, obliging the Registrar, in performing her functions, to seek to promote four objectives.

198 Objective 1 is to ensure that those required to deliver documents to the Registrar do so, and that the requirements relating to proper delivery are complied with.

199 Objective 2 is to ensure that all information held by the Registrar in registers she is required to maintain under any enactment is accurate and the registers contain everything they ought to contain. In contrast to Objective 1, which concerns cases where there are legal obligations to deliver documents, Objective 2 additionally concerns cases where filings are permitted rather than obliged (for example, under section 87 of the Companies Act 2006 which allows a company to file a notice with the Registrar concerning a move to a different registered office address).

200 Objective 3 is to ensure that information kept by the Registrar does not create a false or misleading impression to members of the public.

201 Objective 4 is to prevent companies and others from (a) carrying out unlawful activities; or (b) facilitating the carrying out by others of unlawful activities.

202 The intention of these objectives is that the Registrar should seek to maintain the integrity of the registers she curates in relation to companies and other registrable entities, by seeking to promote the objectives when exercising the Registrar's functions.

Company formation

Section 2: Statement as to lawful purposes

203 Although section 7(2) of the Companies Act 2006 establishes that a company should not be formed for unlawful purpose, this section (Statement as to lawful purposes) amends section 9 of the Companies Act 2006 to introduce a requirement for those forming a company expressly to state that its purposes will be lawful. If that is proven not to be the case, the false filing offence will have been committed and the filing will not have been "properly delivered" within the meaning of section 1072, which would entitle the Registrar to reject it.

Section 3: Information about subscribers

204 This section amends section 9 of the Companies Act 2006 (registration of documents) to expand the information that an application for the formation of a company must contain about its "subscribers". It must now include:

a. a statement of the required information about each of the subscribers to the memorandum of association (see section 9A).

b. a statement that none of the proposed company's subscribers are disqualified directors. The definition of a disqualified person is provided in section 159A(2) of the Companies Act 2006. It covers persons disqualified under the Company Directors Disqualification Act 1986 and the Company Directors Disqualification (Northern Ireland) Order 2002. This definition concerns not only persons subject to disqualification orders and undertakings, but also: undischarged bankrupts, persons

subject to bankruptcy restrictions order or undertakings, debt relief restrictions orders or undertakings and moratoriums under the debt relief orders, as well as persons subject to director disqualification sanctions under the Sanctions and Anti-Money Laundering Act 2018 ("SAMLA 2018"). If a proposed subscriber is a disqualified director who has received permission of a court to act as a director in the jurisdiction in which the company is registered, or they have been granted authority to act via a licence under the SAMLA 2018, the application must contain a statement to this effect providing detail about the court permission or licence where relevant.

205 If the application does not include the information or statements required under section 9(3A), or if they are false, the Registrar will be able to reject the application to form a company.

206 This section also inserts new section 9A into the Companies Act 2006. In the Companies Act 2006 and associated regulations there is no definition of "name" for subscribers to a memorandum of association, such that an individual subscriber could state their name is J Bloggs. Section 9A defines "name" as forename and surname, and in the case of a peer or individual usually known as a title, that title may be stated instead. This has the effect of requiring Joe Bloggs instead of J Bloggs, which provides more transparency as to who an individual subscriber is.

207 There is currently no distinction made between subscribers who are individuals and subscribers who are body corporates or firms that are legal persons under the law by which they are governed. Section 9A also makes that distinction by separating the requirements, but the required information remains the same for both – name and service address.

208 A power is provided to amend the subscriber information requirements and two similar powers are removed from the Companies Act 2006.

Section 4: Proposed officers: identity verification

209 This section amends section 12 (statement of proposed officers) of the Companies Act 2006.

210 It adds a new requirement of an application to form a company, which must now include a statement confirming that the proposed company's directors have verified their identity. If an application to form a company does not include a statement under section 12(2A), or this statement is false because proposed director has not verified their identity, the Registrar will reject this application and this company will not be formed.

211 This section also allows transitional provisions to be made under the commencement section in this Act. The transitional provision may require companies incorporated before this section comes into force, to deliver their statement to the effect as under section 12(2A) at the same time as they file their annual confirmation statement.

Section 5: Proposed officers: disqualification

212 This section amends section 12 of the Companies Act 2006 (statement of proposed officers) to require that applications to register a company include a statement by the subscribers to the memorandum of association that none of the proposed directors are disqualified directors under directors' disqualification legislation, or are otherwise ineligible to be a director.

213 If a proposed director is disqualified, but has received permission of a court to act as a director in the jurisdiction in which the company is registered, or they have received a licence granting them authority to act under section 15(3A)(a) of the Sanctions and Anti-Money Laundering Act 2018 ("SAMLA 2018"), the application must contain a statement to this effect, specifying particular details of the permission or the licence. If the application does not include a statement required under section 12(4), and (5) or (7) or they are false, the Registrar will reject the application to form a company.

214 The definition of a disqualified person is provided in section 159A(2) of the Companies Act 2006. It covers persons disqualified under the Company Directors Disqualification Act 1986, and the Company Directors Disqualification (Northern Ireland) Order 2002. This definition concerns not only persons subject to disqualification orders and undertakings, but also: undischarged bankrupts, persons subject to bankruptcy restrictions order or undertakings, debt relief restrictions orders or undertakings and moratoriums under the debt relief orders, as well as persons subject to director disqualification sanctions under the SAMLA 2018.

215 This section also amends section 16(6) of the Companies Act 2006 by stating that a person ineligible for appointment by virtue of any enactment, cannot be deemed appointed as a director or as a secretary or joint secretary of a company, as a result of the registration of a company.

Section 6: Persons with initial significant control: disqualification

216 This section amends section 12A of the Companies Act 2006 (statement of initial significant control) to require that applications to register a company include a statement that none of the proposed registerable persons or registrable Relevant Legal Entities (RLE) are disqualified under directors disqualification legislation.

217 Part 21A of the Companies Act 2006 contains provisions concerning persons with significant control over companies (section 790C(2)-(4)) and relevant legal entities that have significant control over companies (section 790C(5)-(8)). Persons with initial significant control and relevant legal entities are defined in section 12A(4) as registrable persons and registrable RLEs respectively.

218 Proposed registrable persons or registrable RLEs who are disqualified under directors' disqualification legislation but have either a court's permission or the authority of a licence under section 15(3A)(a) of the Sanctions and Anti-Money Laundering Act 2018 ("SAMLA 2018") to act as director must include a statement to that effect in the application specifying particular details of the permission or licence. The Registrar will accept applications to register companies if this is the case.

219 The definition of a disqualified person is provided in section 159A(2) of the Companies Act 2006. It covers persons disqualified under the Company Directors Disqualification Act 1986 and the Company Directors Disqualification (Northern Ireland) Order 2002.. It concerns not only persons subject to disqualification orders and undertakings, but also: undischarged bankrupts, persons subject to bankruptcy restrictions order or undertakings, debt relief restrictions orders or undertakings and moratoriums under the debt relief orders, as well as persons subject to director disqualification sanctions under the SAMLA 2018.

Section 7: Persons with initial significant control: identity verification

220 This section amends section 12A of the Companies Act 2006 (statement of initial significant control) and allows the subscribers to make statements confirming that the future company's People with Significant Control have verified their identity. Subscribers can make such statements if on incorporation they become People with Significant Control.

221 Under section 12B(2) subscribers can confirm in the application for the registration of a company, that an individual, who is a future person with significant control, has verified their identity according to section 1110A.

222 If on incorporation, a legal entity becomes a Relevant Legal Entity of an incorporated company, its subscribers can include statements under section 12B(3) and (4) in the application to form this company. Under section 12B(3) subscribers can notify the Registrar about individuals who are the verified relevant officers in the future Relevant Legal Entities. If subscribers include the

statement under section 12B(3) it must be accompanied by statements of the relevant officers, confirming that they are the relevant officers as defined under section 790LK(6) in relation to the Relevant Legal Entities.

223 This statement is optional. If the statement under this section is not attached to the application to register a company, the registration will be successful. The Registrar will however subsequently direct the registrable RLE or the Person with Significant Control to provide the equivalent statements under sections 790LI or 790LK.

Company names

Section 8: Names for criminal purposes

224 This section inserts section 53A into the Companies Act 2006, which provides the Secretary of State with the ability to prevent the registration of a company where the purpose of its proposed name, in the Secretary of State's opinion, is to facilitate what would, in the UK, constitute an offence of dishonesty or deception. Subsection 53A(b) makes clear that conduct that would take place outside the territory of the UK may also be considered by the Secretary of State.

225 A consequential amendment by section 9(3) of the Act is made to section 1047(4) of the Companies Act 2006, so that section 53A applies to overseas companies.

Section 9: Names suggesting connection with foreign governments etc

226 Section 54 of the Companies Act 2006 already provides that the Secretary of State's approval must be obtained for the use of a company name which implies a connection with the UK Government, devolved administrations and local authorities in the UK and other public bodies specified by regulation. This section broadly adds to that prohibition, inserting section 56A into the Companies Act 2006. This new section gives the Secretary of State the ability to prevent the registration of a company with a proposed name, which, in the Secretary of State's opinion, suggests a connection, where none exists, with a foreign government or its offshoots or with international bodies such as the United Nations or NATO.

227 A consequential amendment in subsection 10(3) inserts subsection 1047(4)(bza) into the Companies Act 2006. This applies the new prohibition of section 56A to overseas companies.

Section 10: Names containing computer code

228 This section inserts section 57A into the Companies Act 2006. Section 57A obliges the Secretary of State not to register a company under a name which consists of, or includes, what in the Secretary of State's opinion is computer code. Computer code embedded in an IT database can maliciously infect the systems of those who access or download data to their own systems.

Section 11: Prohibition on re-registering name following direction

229 This section inserts section 57B into the Companies Act 2006. Section 57B provides that where specified Registrar powers of direction to change a name have been exercised and a company's name has been changed, the company must not subsequently re-register under the name the subject of the direction or one similar to it. Companies which receive an order from the company names adjudicator to change their name, under section 73 of the Companies Act 2006, are also prohibited from re-registering as that name. Where a new name has been determined under section 73(4), which allows the company names adjudicator to determine a new name for a company that fails to change its name in the required period following an order, the company is prohibited from being registered under the original name or a name that is similar.

230 Subsection 12(3) inserts a provision into section 1047(4) Companies Act 2006 which extends the above provisions to any overseas company required to register particulars.

Section 12: Prohibition on using name that another company has been directed to change

231 This section inserts section 57C into the Companies Act 2006. Section 57C provides that, where powers of direction to change a company's name have been exercised and a company's name has been changed, the original name or one similar to it cannot be re-used in the formation of another company where an officer or shareholder of the initial company has similar involvement in the new company.

232 Subsection 57C(2) relieves a company from this prohibition, provided they have the approval of the Secretary of State.

Section 13: Directions to change name: period for compliance

233 At present the Companies Act 2006 leaves it to the discretion of the Secretary of State to determine the time period within which a company must comply with a direction to change its name. This section inserts provisions into various sections of the Companies Act 2006, in some cases providing for substitute subsections. In total, they standardise the various direction issuing powers found in Part 5 of the Companies Act 2006 and those that are inserted by this Act.

234 This section sets the period for compliance in these direction issuing powers at 28 days from the date of the direction whilst, in certain circumstances, giving the Secretary of State discretion to extend that 28-day period. This section also makes changes which provide that, where a company has been directed to change a name which gives a misleading indication of its activities, the company has three weeks from the date of the direction to apply to the court for it be quashed and it can continue to use the name until the court has made its decision.

Section 14: Requirements to change name: removal of old name from public inspection

235 The Companies Act 2006 contains various powers of the Secretary of State to direct a company to change its name. This section inserts into various direction issuing powers of Part 5 Companies Act 2006 provisions which allow the Registrar to omit from the material that is available for public inspection references to the company's name, where the company has been given a direction to change its name. The amendments inserted by this section brings all direction issuing powers to parity, allowing the Registrar to omit material from the public register whenever necessary.

Section 15: Objections to company's registered name

236 Section 69 of the Companies Act 2006 sets out how objections to a company name are to be considered by the company names adjudicator established under section 70 of the Act. Section 16 amends section 69 in a number of ways.

237 First, Section 16(2) extends eligible objections to those where the applicant asserts that another company's ("the respondent's") use of a name in any jurisdiction is likely to mislead the public in any such jurisdiction into thinking the respondent's company has a link to the applicant's company.

238 Secondly, this section provides that those individuals who were either members or directors of the respondent company when it was registered under the name the subject of the objection can be joined with the company itself in the adjudication proceedings.

239 At present, section 69(4) provides for circumstances in which, if one or more condition is met, an objection application will not to be upheld. Section 16 removes a set of circumstances around current, planned or past operation of the respondent company. The effect is that the respondent will no longer be able to rely on those factors in defending the objection against its use of a name.

Section 16: Misleading indication of activities

240 This section modifies section 76 of the Companies Act 2006, particularly the basis upon which the Secretary of State can direct a company to change its name; where the Secretary of State is of the view that it gives a misleading indication of its activities. It extends the Secretary of State's discretion by broadening the applicable context of harm to the public and making it clear that such harm can potentially manifest outside the UK.

Section 17: Direction to change name used for criminal purposes

241 An earlier section in the Act establishes the principle of prohibiting incorporation of a company the name of which might be used for criminal purposes. This section extends the principle to company names already on the Register and gives the Secretary of State powers to take action accordingly.

242 This section inserts section 76A into the Companies Act 2006, which confers the power on the Secretary of State to direct that a company must change its name where, in the opinion of the Secretary of State, the name has been or is intended to be used to facilitate the commission of an offence of dishonesty or deception or conduct outside of the UK which, were it to have taken place in the UK, would have constituted such an offence.

243 Specifically, section 76A allows the Secretary of State to issue a written direction giving a company a (potentially extendable) period of at least 28 days to change its name. Once a direction has been issued the Registrar can remove from the public register any reference to the name which is the subject of the direction.

244 Within the first three weeks of the 28-day compliance period (however extended) the company can apply to the court for the direction to be quashed. Where the court agrees that a change of name is indeed appropriate it will be for it to decide the timescale for complying with the direction and the company will not have to comply before the court has reached its decision.

245 Failure to comply with a direction is an offence on the part of the company and all officers in default including shadow directors and it attracts, on summary conviction, a fine of up to level 3 on the standard scale as well as a daily default of up to one-tenth of that for so long as the contravention continues.

246 The section extends the above provisions to any overseas company required to register particulars under the Companies Act 2006.

Section 18: Direction to change name wrongly registered

247 This section inserts section 76B into the Companies Act 2006, which allows the Secretary of State to direct a name change where it appears to the Secretary of State that a company's name infringes any provision of Part 5 of the Companies Act 2006 , or where the Secretary of State would have had grounds to issue such a direction had the new name prohibitions introduced by this Act been in place when the name was first registered.

248 Specifically, it allows the Secretary of State in such circumstances to issue a written direction giving a company a (potentially extendable) period of at least 28 days to change its name. Once a direction has been issued the Registrar can remove from the public register any reference to the name which is the subject of the direction.

249 Within the first three weeks of the 28-day compliance period (however extended) the company can apply to the court for the direction to be quashed. Where the court agrees that a change of name is indeed appropriate it will decide the timescale for complying with the direction and the company will not have to comply before the court has reached its decision.

250 Failure to comply with a direction is an offence on the part of the company and all officers in default including shadow directors and attracts, on summary conviction, a fine of up to level 3 on the standard scale as well as a daily default of up to one-tenth of that for so long as the contravention continues.

251 Section 18(3) extends the above provisions to any overseas company required to register particulars under the Companies Act 2006 by amending section 1047.

Section 19: Registrar's power to change names containing computer code

252 Section 19 amends the heading of Chapter 5 of Part 5 of the Companies Act 2006. It also inserts section 76C into the Companies Act 2006, which gives powers to the Registrar so that she can act where companies, already on the register, have a name which contains computer code. The powers allow the Registrar to determine a new name for the company and remove from the register any reference to the company's old name. Where the Registrar has exercised the powers, the Registrar must notify the company and annotate the register accordingly.

253 While an earlier section in the Act allows for the prevention of names involving computer code being incorporated onto the register, this section allows for their removal where they are detected in relation to companies already incorporated on the register.

Section 20: Registrar's power to change company's name for breach of direction

254 Section 20 inserts section 76D into the Companies Act 2006. Where a company fails to change its name having been directed under provisions already present in the Companies Act 2006 or under the new provisions included in this Act, the Registrar is empowered by section 76D to change the company's name. The Registrar must inform the company and annotate the register accordingly.

Section 21: Sections 19 and 20: consequential amendments

255 Following on from the Act's introduction of new Registrar powers to change a company name in circumstances where it contains computer code or has been the subject of a breached name change direction, this section makes consequential amendments requiring the replacement of the old name with the new on the register. It applies the same principle in the case of overseas companies on the register.

Section 22: Company names: exceptions based on national security etc

256 This section adds new section 76E to Part 4 of the Companies Act 2006 which is concerned with company names. The purpose of section 76E is to disapply various prohibitions and restrictions on the use of certain words and expressions in a company's name provided under Part 5 and related regulations. Such exemptions will only be permitted where the Secretary of State is satisfied there is a case for them on grounds of national security or to prevent or detect serious crime. Serious crime is that which constitutes a criminal offence in the UK (or would do so if committed in the UK) either carrying a prison sentence of three years or more or involving violence, substantial financial gain or the concerted action of a substantial group of people with a common purpose.

Business names

Section 23: Use of name suggesting connection with foreign governments etc

257 Section 1193 of the Companies Act 2006 already makes it unlawful, without the Secretary of State's consent, to carry on business in the UK under a name which implies a connection with the UK Government, devolved administrations and local authorities in the UK and other public bodies specified by regulation. This section inserts section 1196A into the Companies Act 2006, which extends that principle by making it an offence to carry out business in the UK under a

name which suggests a connection, where none exists, with a foreign government or its offshoots or with international bodies, for example, the United Nations or NATO. The offence, whether committed by an individual or a body corporate carries a fine of up to level 3 on the standard scale as well as a daily default of up to one-tenth of that for so long as the contravention continues.

Section 24: Use of name giving misleading indication of activities

258 In the context of a name under which business is conducted, this section amends section 1198 of the Companies Act 2006, redefining what constitutes a misleading indication of activities. In effect, it relaxes the test by lowering the necessary risk of harm to the public and makes it clear that such harm can potentially manifest outside the UK.

Section 25: Use of name that a company has been required to change

259 This section inserts section 1198A into the Companies Act 2006, which provides that where a company has been directed to change its name or ordered to do so by the names change adjudicator it must not carry on business in the UK under that name after the period for compliance has expired. Exceptions are where approval has been granted by the Secretary of State or where the direction or order predate the coming into force of this section. Contravention of this section is an offence on the part of the company and all officers in default and attracts, on summary conviction, a fine of up to level 3 on the standard scale as well as a daily default of up to one-tenth of that for so long as the contravention continues.

Section 26: Use of a name that another company has been required to change

260 This section inserts section 1198B into the Companies Act 2006, which provides that where a company has been directed to change its name or ordered to do so by the names change adjudicator (and the period for compliance has expired) no other company should carry on business in the UK under that name if an acting or former officer or shareholder of the initial company has similar involvement in the new company. Exceptions are where the second company is registered under the Companies Act 2006 by the name or where the direction or order predate the coming into force of this section. Contravention of this section is an offence on the part of the company and all officers in default and attracts, on summary conviction, a fine of up to level 3 on the standard scale as well as a daily default of up to one-tenth of that for so long as the contravention continues.

Section 27: Use of names: exceptions based on national security etc.

261 This section adds new section 1199A to Part 41 of the Companies Act 2006. The purpose of section 1199A is to disapply various prohibitions and restrictions on the use of certain words and expressions in a business name provided under Part 41 and related regulations. Such exemptions will only be permitted where the Secretary of State is satisfied there is a case for them on grounds of national security or to prevent or detect serious crime. Serious crime is that which constitutes a criminal offence in the UK (or would do so if committed in the UK) either carrying a prison sentence of three years or more or involving violence, substantial financial gain or the concerted action of a substantial group of people with a common aim.

Registered offices

Section 28: Registered office: appropriate addresses

262 This section amends the Companies Act 2006 to introduce a requirement for a company's registered office to be at an 'appropriate address'. Subsection (2) inserts at the end of section 9(5)(a) of the Companies Act 2006, the words "which must be at an appropriate address within the meaning given by section 86(2)".

263 Section 28(3) substitutes section 86 of the Companies Act 2006. The new section 86 sets out that at all times a company must ensure that its registered office is at an appropriate address (subsection (1)). An "appropriate address" means an address where, in the ordinary course of events, a document addressed to the company, and delivered there by hand or by post, would be expected to come to the attention of a person acting on behalf of the company, and the delivery of documents is capable of being recorded by the obtaining of an acknowledgement of delivery (subsection (2)).

264 Subsection (3) of the new section 86 sets out that it is an offence if a company fails, without reasonable excuse, to comply with the requirement to have its registered office at an appropriate address. An offence is committed by (a) the company and (b) every officer of the company who is in default. Subsection (4) of the new section 86 sets out that if a person is guilty of an offence under this section, the penalty (on summary conviction) will be: (a) in England and Wales, a fine; (b) in Scotland or Northern Ireland a fine not exceeding level 5 on the daily scale, and, where there is a continued contravention, a daily default fine not exceeding one-tenth of level 5 on the standard scale.

265 Subsection (5) of the new section 86 provides that subsection (1) does not apply when the company's registered office address is the default address nominated by virtue of section 1097A(3)(b).

266 Section 28(4) amends section 87 of the Companies Act 2006 (change of registered office address) to insert that there is a new requirement, when notifying the Registrar of a change of address, to make a statement that the new address is an appropriate address within the meaning of new section 86(2).

267 Section 28(5) and (6) make changes to section 853 of the Companies Act 2006. Section 29(5) removes paragraph (a) from section 853B (duties to notify a relevant event). Paragraph (a) sets out the requirement to give notice to the Registrar of a change in registered office address.

268 Section 28(6) inserts a new section 853CA (Duty to notify a change in registered office) after section 853C of the Companies Act 2006. The new section applies where a company makes a confirmation statement, and at the time of making the statement, the registered office is not at an appropriate address as defined by new section 86(2) (subsection (1)). Subsection (2) sets out that where this is the case, the company must deliver a notice under section 87 of the Companies Act 2006 (change of registered office) at the same time as it delivers the confirmation statement.

Registered email addresses

Section 29: Registered email addresses etc

269 This section amends the Companies Act 2006 by amending section 9 (registration document), section 16 (effect of registration), the heading of Part 6, and inserting new section 88A. The effect is to stipulate that all companies must maintain an appropriate email address. An appropriate email address is one at which, in the ordinary course of events, emails sent to it by the Registrar would be expected to come to the attention of a person acting on behalf of the company. Failure to maintain an appropriate email address, without reasonable excuse, will be an offence and the company will be subject to a criminal penalty. Section 29 also inserts new section 88B which provides for how a company may change its registered email address.

270 This will allow the Registrar to communicate with the company electronically, for example, to provide updates, notices and reminders that are important for companies.

271 Section 29(6) also inserts new section 853CB, which provides that if a company's registered email address is not an appropriate email address and the company has not given a notice under section 88B, the company must give notice to the Registrar of the change in the email address at the time it delivers its confirmation statement.

272 Section 29(7) secures that the registered email address will not made available for public inspection.

273 Section 29(9) inserts a new Part 2A into Schedule 4 to the Companies Act 2006, which prescribes when a document or information is validly sent or supplied electronically to a company by the Registrar or the Secretary of State.

Section 30: Registered email addresses: transitional provision

274 This section requires existing companies on the register before section 29(2) comes into force to deliver to the Registrar a statement specifying their registered email addresses at the same time as they company delivers a confirmation statement with a confirmation date that is after the day on which section 29(2) comes into force.

Disqualification in relation to companies

Section 31: Disqualification for persistent breaches of companies legislation: GB

275 This section amends section 3 (disqualification for persistent breaches of companies legislation) of the Company Directors Disqualification Act 1986 ("CDDA 1986") to allow for the disqualification of directors in Great Britain on the grounds of "persistent breaches" of "relevant provisions of the companies legislation". A person may be disqualified if in preceding 5 years he has been adjudged guilty of three or more "defaults".

276 Section 31(4) amends section 3 of the CDDA 1986 so that the imposition of a financial penalty can also count as a "default", whether imposed under section 1132A of the Companies Act 2006 or under section 39 of the Economic Crime (Transparency and Enforcement Act) 2022.

277 The "relevant provisions of the companies legislation" relate to non-compliance with filing obligations and directors' and People with Significant Control's identity verification requirements as set out in section 31(5). Currently only the conviction of an offence can lead to disqualification.

278 The meaning of "the companies legislation" is amended by section 29(6) to include the Companies Acts, Parts A1 to 7 of the Insolvency Act 1986 (company insolvency and winding up), and Part 1 of the Economic Crime (Transparency and Enforcement) Act 2022 (registration of overseas entities). This ensures any offence committed under "the companies legislation" can count as a "default".

Section 32: Disqualification for persistent breaches of companies legislation: NI

279 This section amends article 6 (disqualification for persistent default of companies legislation) of the Company Directors Disqualification (Northern Ireland) Order 2002 ("CDDNIO 2002"), to allow for disqualification of directors in Northern Ireland on the grounds of persistent non-compliance with "relevant provisions of the companies legislation". A person may be disqualified if in preceding 5 years he has been adjudged guilty of three or more "defaults".

280 Section 29(2)(c) amends article 6 of the CDDNIO 2002 so that the imposition of a financial penalty can also count as a "default", whether imposed under section 1132A of the Companies Act 2006 or under section 39 of the Economic Crime (Transparency and Enforcement Act) 2022.

281 Section 29(2)(d) sets out "the relevant provisions of the companies legislation" relates to non-compliance with companies filing obligations and directors' and People with Significant Control's identity verification requirements.

282 The meaning of "the companies legislation" is amended by Section 29(2)(e) to include the Companies Acts, Parts A1 to 7 of the Insolvency Act 1986 (company insolvency and winding up), and Part 1 of the Economic Crime (Transparency and Enforcement) Act 2022 (registration of overseas entities). This ensures any offence committed under "the companies legislation" can count as a "default".

Section 33: Disqualification on summary conviction: GB

283 This section amends section 5 of the Company Directors Disqualification Act 1986 ("CDDA 1986") (disqualification on summary conviction), to allow for the disqualification of directors in Great Britain that have been convicted (either on indictment or summary conviction) of failing to comply with "relevant provisions of the companies legislation" as set out in section 31.

284 Section 33(3) of this section substitutes subsection (3) of section 5 of the CDDA 1986 so that for a person to be disqualified under section 5, during the 5 years ending with the date of the conviction, there must have been no fewer than 3 relevant findings of guilt in relation to the person. Section 33(3) also inserts new subsection (3A) which sets out what the relevant findings of guilt in relation to a person can be.

Section 34: Disqualification on summary conviction: NI

285 This section amends article 8 (disqualification on summary conviction of offence) of the Company Directors Disqualification (Northern Ireland) Order 2002 ("CDDNIO 2002"). This allows for disqualification of directors in Northern Ireland that have been convicted (either on indictment or summary conviction) of failing to comply with "relevant provisions of the companies legislation" as set out in section 32.

286 Section 34(3) of this section substitutes subsection (3) of article 8 of the CDDNIO 2002 so that for a person to be disqualified under article 8, during the 5 years ending with the date of the conviction, there must have been no fewer than 3 relevant findings of guilt in relation to the person. Section 34(3) also inserts new subsection (3A) which sets out what the relevant findings of guilt in relation to a person can be.

Section 35: Power to impose director disqualification sanctions

287 This section amends the Sanctions and Anti-Money Laundering Act 2018 ("SAMLA 2018") by amendments to section 1, 9 and 15 and insertion of a new section 3A of the SAMLA 2018. The provisions inserted and amended by this section allow for creation of a new type of sanctions measure by regulations under the SAMLA 2018.

288 The new section 3A of the SAMLA 2018 allows an appropriate Minister to make regulations and designate a person as subject to "director disqualification sanctions" for the purposes of section 11A of the Company Directors Disqualification Act 1986 and Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002. A designated person will always be subject to both of these provisions, which will effectively prohibit them from acting as a director of any company registered in the UK. As a result of such designation, a person acting as a director of a company or directly or indirectly taking part in or being concerned in the promotion, formation or management of a company will commit an offence.

289 Amendments to section 15 of the SAMLA 2018 allow for creation of exceptions and issuance of licences to authorise a designated person to do anything otherwise prohibited under the director disqualification sanctions. A designated person subject to a licence will not commit an offence if they acted under an authority of a licence.

Section 36: Disqualification of persons designated under sanctions legislation: GB

290 This section inserts a new section 11A into the Company Directors Disqualification Act 1986 ("CDDA 1986") and amends sections 13, 14, 15, 18 and 21 of CDDA 1986.

291 Section 11A provides that any person who is subject to director disqualification sanctions commits an offence if they act as a director or take part in or are concerned in the promotion, formation or management of a company, either directly or indirectly, unless they have been issued with a licence or unless an exception under the Sanctions and Anti-Money Laundering Act 2018 applies. This offence is committed in Great Britain by any "person who is subject to director disqualification sanctions" as defined in section 11(4) of the CDDA 1986. This applies to anyone designated in accordance with regulations made under the Sanctions and Anti-Money Laundering Act 2018 as a person subject to sanctions for the purposes of section 11A of CDDA as well as Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002. A person guilty of an offence under section 11A will be subject to the criminal penalties under section 13 CDDA 1986. An equivalent offence effective in Northern Ireland is provided in section 38.

292 Section 36 also changes section 15 of the CDDA 1986, by making (i) a designated person acting in contravention of the disqualified director sanctions, as well as (ii) persons acting on their instructions, personally liable for relevant company's debts. Changes to section 15 of the CDDA 1986 also clarify, that (i) a designated person, who did not know or could not reasonably have been expected to know they were subject to director disqualification sanctions, as well as (ii) a person who acted on instructions that they reasonably believed were authorised, is not responsible for relevant debts incurred in this period. The term "authorised" is defined in section 15(8) for the purpose of this section.

293 This section also amends section 14 of the CDDA 1986 by extending the criminal liability for offences committed by body corporates subject to director disqualification sanction to the officers of the body corporate.

294 Lastly this section amends section 18 of the CDDA 1986 by requiring the Secretary of State to publish information about persons who are subject to director disqualification sanctions, including any licences issued to them, on the register of disqualification orders and undertakings.

Section 37: Section 36: application to other bodies

295 Section 37 amends sections 22A, 22B, 22C, 22E, 22F, 22G and 22H of the Company Directors Disqualification Act 1986 ("CDDA 1986"). It disapplies the prohibition in the new section 11A of the CDDA 1986 in relation to building societies, incorporated friendly societies, NHS foundation trusts, registered societies, charitable incorporated organisations, further education bodies and protected cell companies. This has effect in England and Wales and Scotland.

296 The Secretary of State may by regulations repeal any of the preceding subsections in this section.

Section 38: Disqualification of persons designated under sanctions legislation: NI

297 This section inserts new Article 15 to the Company Directors Disqualification (Northern Ireland) Order 2002 ("CDDNIO 2002"), as well as amends Articles 18, 19 and 22 of the CDD(NI)O 2002.

298 Article 15A of the CDDNIO 2002 provides that any person subject to director disqualification sanctions commits an offence if they act as a director or take part in or be concerned in the promotion, formation or management of a company, either directly or indirectly, unless they have been issued with a licence or unless an exception applies. This offence is committed in

Northern Ireland by any "person who is subject to director disqualification sanctions" as defined in Article 15A(4) of the CDDNIO 2002. This applies to anyone designated in accordance with regulations made under the Sanctions and Anit-Money Laundering Act 2018 as a person subject to sanctions for the purposes of section 11A of the Company Directors Disqualification Act 1986 as well as Article 15A of the CDDNIO 2002. A person guilty of an offence under Article 15A will be subject to the criminal penalties under Article 18 CDD(NI)O 2002. An equivalent offence effective in Great Britain is provided in section 36.

299 Section 38 also changes Article 19 of the CDDNIO 2002, by making (i) a designated person acting in contravention of the disqualified director sanctions, as well as (ii) persons acting on their instructions, personally liable for the relevant company's debts. Changes to Article 19 of the CDDNIO 2002 also clarify, that (i) a designated person, who did not know or could not reasonably have been expected to know they were subject to director disqualification sanctions, as well as (ii) a person who acted on instructions that they reasonably believed were authorised, is not responsible for relevant debts incurred in this period. The term "authorised" is defined in section 15(8) for the purpose of this section.

300 Lastly this section amends Article 22 of the CDDNIO 2002 by requiring the Northern Ireland Department to publish information about persons who are subject to director disqualification sanctions, including any licences issued to them, on the register of disqualification orders and undertakings.

Section 39: Section 38: application to other bodies

301 Section 39 amends Articles 24D, 25, 25A, 25B and 25C of the Company Directors Disqualification (Northern Ireland) Order 2002. It disapplies the prohibition in the new Article 15A in relation to building societies, incorporated friendly societies, registered societies, credit unions and protected cell companies.

302 The Secretary of State may by regulations repeal any of the preceding subsections in this section.

Directors

Section 40: Disqualified directors

303 This section inserts sections 159A and 169A into the Companies Act 2006.

304 Section 159A(1) sets out that disqualified directors may not be appointed as directors of a company. If they are appointed in contravention of section 159A, under subsection (3) their appointment is void.

305 Section 159A(2) defines "disqualified under the directors disqualification legislation", and distinguishes it depending on whether a company is registered by, or a document is delivered to, the Registrar in Great Britain or in Northern Ireland. The grounds for disqualification relevant for this definition are listed in Part 1 and Part 2 of the table in subsection (2). The definition of a disqualified person includes persons disqualified under the Company Directors Disqualification Act 1986 and the Company Directors Disqualification (Northern Ireland) Order 2002. It concerns not only persons subject to disqualification orders and undertakings, but also: undischarged bankrupts, persons subject to bankruptcy restrictions order or undertakings, debt relief restrictions orders or undertakings and moratoriums under the debt relief orders, as well as persons subject to director disqualification sanctions under the SAMLA 2018. The table also sets out that persons are not disqualified directors under directors disqualification legislation if they have the relevant permission of a court to act or they act under the authority of a licence or an exception under the Sanctions and Anti-Money Laundering Act 2018.

306 Section 159A(4) provides that this prohibition on appointment of a disqualified director does not provide protection from criminal prosecution or civil liability, if he or she were to act as director, or if the company's directors usually act on the disqualified director's instructions. This is so third parties and anyone who has relied on the actions of an invalidly appointed director are not unfairly disadvantaged.

307 Section 169A(1) sets out that a person who becomes disqualified ceases to hold the office of a director and their directorship becomes void.

308 Section 169A(2) sets out that a person who ceases to hold the office of director under this section remains liable for his actions if he continues to act as a director. This includes acting as a de-facto director. The voiding of the directorship under section 169A (1) does not provide protection from criminal prosecution or civil liability, if the individual continues to act as director, or if the company's directors usually act on the disqualified director's instructions. This is so third parties and anyone who has relied on the actions of a disqualified director are not unfairly disadvantaged.

309 Section 169A(3) sets out that any person who became disqualified before section 169A came into force, should be treated under section 169A(1) as if they became disqualified on the day section 169A came into force.

Section 41: Section 40: amendments to clarify existing corresponding provisions

310 This section amends section 156C of the Companies Act 2006 as inserted by the Small Business, Enterprise and Employment Act 2015, a provision establishing transitional arrangements for changes introduced by section 156A and 156B around appointment of directors who are not natural persons. This amendment clarifies that the void appointment results in removal from office by virtue of this appointment, not ceasing to be a director at all. A director, whose appointment became void, cannot be treated as a *de jure* director, but normal principles as to *de facto* directors apply to such persons. Consequently both *de facto* and shadow directors remain liable for contraventions of any Companies Acts or other enactments notwithstanding that they will cease to hold office by virtue of the void appointment.

311 The section also amends section 158 in respect of circumstances where an individual has been appointed as a director pursuant to regulations exempting them from the minimum age requirement (of 16 years) for a company director and where the terms of that exemption are no longer met.

312 Finally, the section repeals section 159 of the Companies Act 2006 which no longer serves a purpose.

Section 42: Repeal of power to require additional statements

313 This section repeals section 1189 (power to require additional statements in connection with disqualified persons becoming director or secretary) of the Companies Act 2006. This power is no longer required because this Act introduces a requirement to provide statements about disqualification and permissions to act in sections 12, 12A, 167G and 790LA of the Companies Act 2006.

Section 43: Prohibition on director acting unless ID verified

314 This section inserts new section 167M into the Companies Act 2006.

315 Subsection (1) sets out that an individual must not act as a director unless they have verified their identity. In practice it means that until they verify their identity, they should not take any actions on behalf of the company in their capacity as a director. If they fail to verify their identity and continue acting as a director, they are committing an offence under subsection (3) for which they would be liable to a fine if found guilty.

316 Subsection (2) sets out that a company must ensure that its directors do not act as directors unless they are verified. To avoid liability under this subsection, a company can either appoint a verified individual or remove an unverified director from office. Subsection (4) creates an offence on the company and every officer of the company who is in default (including its shadow directors) if they fail to ensure individuals do not act as directors unless verified. A person found guilty is liable to a fine.

317 Under subsection (6) the only result of a director's breach of section 167M(1) and a company's breach of section 167M(2) is commission of offences provided respectively in subsection (3) and (4). Despite the commission of these offences, any action taken by the director is valid.

Section 44: Prohibition on acting unless directorship notified

318 This section inserts section 167N into the Companies Act 2006. Section 167N creates an offence for an individual to act as a director, unless their directorship is notified to the Registrar. The company must communicate this to the Registrar within 14 days of this individual becoming a director by delivering a notice under section 167G (Duty to notify Registrar of change in directors). The notice must include a statement that the director's identity is verified. The section 167N offence will only apply, if a notice under section 167G was not given on time. The director can legally act as long as the company notifies the Registrar of their appointment within the 14 day deadline.

319 Under subsection (5) a person found guilty of the offence under this section is subject to a fine.

320 The purpose of this obligation and offence in addition to directors having to verify their identity is to ensure that all directors are included on the companies register. Whilst the obligation to notify directors' appointments is placed under section 167G on a company, placing an additional obligation on directors not to act until notified increases the motivation of both parties to comply.

321 Subsection (4) creates a defence for directors, who can prove they reasonably believed the company had given notice of their appointment to the Registrar.

322 Under subsection (7) the only result of a director's breach of section 167N(1) is commission of offence in subsections (3) and (4). Despite the commission of these offences, any action taken by the director is valid.

Section 45: Registrar's power to change a director's service address

323 Existing section 246 of the Companies Act 2006 sets out the steps that both the Registrar and a relevant company must take when a director's residential address has been entered on the public record in substitution for an ineffective service address pursuant to a decision of the Registrar under section 245 of the Act.

324 Section 45 replaces section 246 to reflect the new circumstances that arise upon the Act's abolition of local registers of directors. It effectively preserves the existing Registrar obligations in respect of giving appropriate notice of the action that has been taken, while omitting existing obligations upon the company to reflect the change of service address in its local register. It also provides that an address other than a director's residential address may be entered onto the public register if so determined pursuant to regulations made under section 1097B of the Companies Act as introduced by section 106 of this Act.

Register of members

Section 46: Register of members: information to be included and powers to obtain it

325 Section 46 amends various provisions of Part 8 of the Companies Act 2006 ("2006 Act") to enhance member information and more closely align the provisions with those relating to the People with Significant Control of UK companies.

326 Section 46(2) amends section 112 of the 2006 Act, to provide that where an individual's name is entered in a company's register of members that is not in the form required by new section 113A, that does not affect the person becoming a member. For example, if a nickname or shortened version of their name were entered as their forename, there were a typographical error in the spelling of their name, or there were an inversion of their forename and surname. There may be cases where a company has not been able to obtain a member's forename and surname by the time of commencement – this makes it clear the person is still a member, though the company and member are non-compliant with the requirements.

327 Section 46(3) amends the relevant Chapter heading.

328 Section 46(4) restates the requirements of section 113(2-3) and (5-6) of the 2006 Act, but refers to the required information as per new sections 113A and 113B.

329 Section 46(4) also inserts new subsection (6A) to section 113 of the 2006 Act. This requires "non-traded companies" to retain old information about a member where it changes, the date the information changed and the date of entry, in their register of members. New section 113E provides a member with two months to notify a company of the change, so it is possible the date of entry and date of change may be different dates. These requirements apply from the date of commencement only – it does not require companies to obtain or retain any historic information about its members prior to commencement of the provision. This clarifies a legal uncertainty in the current drafting of section 113 when read with sections 121 and 125. The old information must be retained until its removal is authorized by either section 121, or by court order under section 125, of the 2006 Act. A power for the Secretary of State to make regulations is also provided, so that traded companies could be brought into the scope of the requirements if it were later deemed proportionate.

330 Section 46(4) also amends the offence in section 113 of the 2006 Act so that a company only commits an offence if it doesn't have a reasonable excuse for the failure to comply with the requirements. This aligns the drafting of the offence with other offences in the 2023 Act. There is no statutory definition of "reasonable excuse" and this phrase must be given its ordinary meaning. Each case will be considered on its individual facts. A company should do what it can reasonably be expected to do to maintain an up-to-date register, including by using its new power under section 113F of the Companies Act 2006.

331 In the 2006 Act and associated regulations there is no definition of "name" for a member of a company, such that an individual member could state their name is J Bloggs. There is also currently no distinction made between members who are individuals and members who are body corporates or firms that are legal persons under the law by which they are governed.

332 Section 46(5) section makes that distinction by inserting new sections 113A and 113B into the 2006 Act, which separates the requirements. The required information remains the same for both types of member – name and service address. In relation to a member who is an individual, "name" is defined as forename and surname, and in the case of a peer or individual usually known as a title, that title. This has the effect of requiring an individual to register their name as Joe Bloggs instead of J Bloggs which provides more transparency as to who an individual member is.

333 Section 46(5) also inserts new section 113C into the 2006 Act which provides a power for the Secretary of State to make regulations, including to change the required information about a member.

334 Section 46(5) also inserts new sections 113D and 113E into the 2006 Act which provide new duties for members to provide and keep their information up to date. New section 113D requires a member to provide the company with required information within two months of becoming a member, unless it has already been provided or it was contained in the application for the registration of the company. A member may need to provide information to the company for a variety of reasons, for example, if the earlier provided information was inaccurate or entered incorrectly by the company into the register of members.

335 Section 46(5) also inserts new section 113F into the 2006 Act provides a new power for companies to send a notice to require members to provide or update information within one month. This will help companies ensure the information required to be included in its register of members is included. It is a discretionary power which may be used, for example, if a company believes the information is not up to date. This section does not require a company to validate or verify the information provided in response to a notice.

336 Section 46(5) also inserts new section 113G into the 2006 Act which provides new offences for the failure by a person, without a reasonable excuse, to comply with new sections 113D-F. Where an offence is committed by a firm, it is also committed by every officer of the firm who is in default.

337 Section 46(5) also inserts new section 113I and 113J into the 2006 Act, which provide new offences for the provision of a statement that is misleading, false, or deceptive in a material particular in purported compliance with new sections 113D-113F. New section 113I provides a "basic" offence, where a person commits an offence unless they have a reasonable excuse for doing so and new section 113J provides an "aggravated" offence, where a person does so knowingly, with sanctions that are commensurate with the seriousness of the misconduct. There is no statutory definition of "reasonable excuse" and this phrase must be given its ordinary meaning. Each case will be considered on its individual facts.

338 Section 46(6-10) make consequential amendments to sections 114, 115, 121 and 123.

339 Section 46(11) amends section 771 (procedure on transfer being lodged) so that a company can refuse to transfer shares unless satisfied it has the information that is required to enter in its register of members in relation to the transferee, i.e. the new member.

Section 47: Additional ground for rectifying the register of members

340 This section replaces section 125(1) of the Companies Act 2006 (power of court to rectify the register). Without the amendment, the court may only order the rectification of the register in relation to names; Section 47 broadens the rectification power so it is available in respect of any information on the members register.

341 This means if a company's register of members a) does not include information that it is required to include, or b) includes information that it is not required to include, then the person aggrieved, or any member of the company, or the company, may apply to the court for rectification of the register.

Section 48: Register of members: protecting information

342 This section inserts new section 120A (Power to make regulations protecting material) into the Companies Act 2006. New section 120A allows the Secretary of State to make regulations:

a. To require a company to refrain from using or disclosing "individual membership information" except in specified circumstances. This could be used if new information about members were required under section 113C, which would not normally be made available for public inspection, for example an individual's usual residential address.

b. To confer power on the Registrar to make an order requiring a company to refrain from using or disclosing "individual membership information" except in specified circumstances, where an application to the Registrar is made to request this. The Registrar may receive an application if a member who is an individual was at serious risk of violence or intimidation from their information being made available for public inspection, alongside an application under new section 1088 of the 2006 Act.

343 Section 48(2) - (4) amend sections 114-116 (which are provisions that require information to be made available for public inspection) to be subject to any regulations under new section 120A (Power to make regulations protecting material).

344 Section 48(5) inserts new subsection (2A) to section 120 (rights to inspect and require copies). This states subsections (1) and (2) do not apply to an alteration that relates to information that the company is required to refrain from disclosing by virtue of regulations under new section 120A (protected material).

345 Section 48(6) inserts new section 120B (Offence of failing to comply with regulations under section 120A). This states if a company fails to comply with a restriction on the use or disclosure of information imposed by virtue of regulations under section 120A, an offence is committed by the company and every officer of the company who is in default. Subsection (2) states a person guilty of an offence on summary conviction in England and Wales is liable to a fine, and in Scotland or Northern Ireland, to a fine not exceeding level 5 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 5 on the standard scale.

346 Section 48(7) inserts new paragraph (aa) into section 1087(1) (material not available for public inspection). This means any application or other document delivered to the Registrar under regulations under new section 120A (protection of individual membership information) are not to be made available for public inspection.

Section 49: Register of members: removal of option to use central register

347 This section amends the Companies Act 2006 to remove the option for private (non-traded) companies to elect to keep information about their members on the "central register" maintained by the Registrar. The effect is to require companies to maintain their own register of members.

348 Section 49(3) inserts new section "128ZA: Transitional provision where information kept on central register". This requires private companies who previously chose to only keep information on the central register to enter in its register of members all of the information that would have been required if the election had never been made.

349 This section makes various consequential amendments to other sections of the Companies Act 2006.

Section 50: Membership information: one-off statement

350 Companies are required to file a confirmation statement at least once a year, where they update the Registrar with any changes to information, or they confirm the existing information on the register is still up to date.

351 This section requires a company to provide information to the Registrar via a one-off statement containing 'relevant membership information', alongside the company's usual confirmation statement. The "relevant membership information" means:

a. In relation a traded company: the name and address (as they appear in the company's register of members) of each person who, at the end of the confirmation date, held at least 5% of the issued shares of any class of the company and the number of shares of each class held by each such person at the time.

b. In relation to a non-traded company: the name (as it appears in the company's register of members) of every person who was a member of the company at the end of the confirmation date, and the number of shares of each class held at the end of the confirmation date by each person who was a member of the company at that time.

352 The one-off confirmation statement must be provided at the same time as the next confirmation statement that is due following the "appointed day". The appointed day will be set in regulations made by the Secretary of State and will allow enough time for companies to obtain the information needed from their members if they do not already hold it.

353 This section does not apply to a company limited by guarantee or an unlimited company, as defined by section 3 of the Companies Act 2006.

Registration of directors, secretaries and persons with significant control

Section 51: Abolition of local registers etc

354 This section amends the Companies Act 2006, with the amendments to be made being set out in Schedule 2 to the Act. The purpose of these amendments is to abolish companies' requirements to maintain locally the following registers: register of directors, register of directors' residential addresses, register of secretaries, and register of People with Significant Control (also known as the PSC Register).

Section 52: Protection of date of birth information

355 This section amends sections 1087, 1087A and 1087B of the Companies Act 2006.

356 Section 52 (2) provides that "relevant date of birth information" as defined by new section 1087A(3) is not to be made available for public inspection.

357 Section 52 (3) substitutes s1087A (Information about a person's date of birth) and s1087B (Disclosure of DOB information) with new sections 1087A (Protection of date of birth information), 1087B (Protection of date of birth information in old documents) and 1087C (Disclosure of date of birth information).

358 Section 1087A is amended because of the removal of a company's own register of directors and register of People with Significant Control, and the ability to "elect" to hold these registers exclusively on the register kept by the Registrar.

359 New section 1087B(1) limits the extent to which the new section 1087A applies in relation to documents delivered to the Registrar before that section comes into force. New section 1087B(2) – (4) details scenarios where new section 1087A does not apply.

360 New section 1087C(1) states the scenarios where the Registrar must not disclose relevant date of birth information. New section 1087C(3) states the Registrar may disclose relevant date of birth information to a credit reference agency (as defined by section 243(7)). New section 1087C(4) states section 243(3) - (8) (permitted disclosure of directors' residential addresses etc. by the Registrar) apply for the purposes of subsection (3).

Accounts and reports

Section 53: Filing obligations of micro-entities

361 This section inserts new section 443A into the Companies Act 2006, which provides for the specific filing obligations for micro-entities. The effect is that micro-entities are required to file a balance sheet, a profit and loss and may choose to file a directors' report.

Section 54: Filing obligations of small companies other than micro-entities

362 This section replaces section 444 in the Companies Act 2006 and sets out the filing requirements for small companies as the requirements for micro entities have been stripped from section 444 and are now set out at section 443A. The filing requirements for small companies that do not meet the micro-entity threshold in section 384A now require small companies to file annual accounts and a directors' report.

Section 55: Sections 53 and 54: consequential amendments

363 These amendments are consequential and ensure that new sections 53 and 54 function as intended.

364 Section 55(2) amends section 415A(2) of the Companies Act 2006, removing the exemption for small companies in relation to filing a Director's Report for sections 444 to 446.

365 Section 55(3) amends section 441(1) by including new section 443A in the list of relevant sections, removing the reference to section 444A from the same list, and changing the wording in relation to section 444 to reflect the new structure of the filing obligation sections.

366 Section 55(4) omits section 444A from the Companies Act 2006. Section 444A previously set out the filing obligations of companies entitled to small companies exemption in relation to the directors' report.

367 Section 55(5) and (6) update references in sections 445 and 446 to the relevant filing obligation sections for micro-entities and small companies other than micro-entities, by including references to section 443A and removing references to section 444A. Subsection (7) omits the reference to section 444 in section 473 of the Companies Act 2006, which relates to the parliamentary procedure applicable for regulations made.

Section 56: Use or disclosure of profit and loss accounts for certain companies

368 This section allows the Secretary of State to make regulations requiring the Registrar not to disclose profit and loss accounts for micro entities and other small companies. The regulations might cover all such accounts or only accounts relating to certain descriptions of company (see section 1292 to the Companies Act 2006).

Section 57: Statements about exemption from audit requirements

369 This section amends section 475(2) of the Companies Act 2006. It adds a requirement for directors to make a statement when claiming an audit exemption, to confirm that the company qualifies for the exemption.

Section 58: Removal of option to abridge Companies Act accounts

370 This section amends Schedule 1 to the Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 (S.I. 2008/409) (Companies Act 2006 individual accounts). It removes the option for small companies to prepare and file abridged accounts.

Confirmation statements

Section 59: Confirmation statements

371 This section restates and supplements the Companies Act 2006 provisions which prescribe a company's duties to notify certain events and provide certain pieces of information in advance of, or at the same time as, delivery of its annual confirmation statement. It adds to existing requirements new duties arising from certain provisions in the Act, namely those annually to confirm the "lawful purpose" of the company and, in the case of a company's first confirmation statement, relevant changes occurring in the period after it has submitted its application for incorporation but prior to its incorporation by the Registrar.

Section 60: Duty to confirm lawful purposes

372 This section inserts section 853BA into the Companies Act 2006. It requires the company, once formed, to reassert in its annual confirmation statement that the intended future activities of the company are lawful.

Section 61: Duty to notify a change in company's principal business activities

373 This section inserts paragraph (1A) into section 853C of the Companies Act 2006. This expands upon the existing duty of a company to notify a change in its principal business activities to provide that, if such a change takes place in the period between its application for incorporation and its actual incorporation date, it must be reported in its first confirmation statement.

Section 62: Duty to deliver information about exemption from Part 21A

374 Certain companies are exempt from Part 21A of the Companies Act 2006 (information about persons with significant control) because they are already subject to equivalent disclosure and transparency rules conforming to international standards. A company that is exempt currently has to confirm that it is exempt in each confirmation statement. This section requires it to explain why it is exempt– by specifying whether the company:

a. falls within the description specified in section 790B(1)(a) or a description specified in regulations under section 790B(1)(b), and

b. if it falls within a description specified in regulations under section 790B(1)(b), what that description is.

375 The description specified in section 790B(1)(a) is that it has voting shares admitted to trading on a UK or EU regulated market. The description in regulations made under section 790B(1)(b), (SI 2016/ 339), are that it has voting shares admitted to trading on a regulated market in an EEA state other than the UK, or on a market listed in Schedule 1 to those regulations. Those listed in Schedule 1 are certain markets in Israel, Japan, Switzerland and the USA.

Section 63: Confirmation statements: offences

376 This section amends sections 853J(4) of the Companies Act 2006 (the Act) to align, with the terminology used in analogous contexts throughout the Act, the description of those who may commit an offence for failure to comply with any duty imposed by regulations made under section 853J(1). The section makes the same amendment to section 853(L)(1) of the Act in respect of the offence of failing to submit a confirmation statement within the prescribed time period.

Identity verification

Section 64: Identity verification of persons with significant control

377 This section inserts sections 790LI, 790LJ, 790LK, 790LL, 790LM, 790LN, 790LO and 790LP into the Companies Act 2006. Sections 790LI to 790LP introduce the identity verification requirements for persons and legal entities with significant control in companies defined under section 790C and registrable under Part 21A of the Companies Act 2006. A Person with Significant Control (PSC) is an individual who meets at least one of the specified conditions in Schedule 1A of the Companies Act 2006. A company must take reasonable steps to identify its PSCs and provide information on its PSCs to the Registrar. Where a company is owned or controlled by a legal entity which meets at least one of the specified conditions in Schedule 1A of Companies Act 2006, it can be a registrable relevant legal entity (RLE) in relation to the company. It is a RLE if it is subject to UK PSC requirements, or has voting shares admitted to trading on a regulated market in the UK or EEA, or on specified markets in Switzerland, the USA, Japan or Israel. The RLE is registrable in relation to a company if it is the first RLE in the company's ownership chain. This section therefore refers to registrable persons and registrable relevant legal entities as defined by section 790C.

378 As only individuals can verify their identity, a RLE must provide information on its relevant officer as defined by section 790LK(6) whose identity is verified. The purpose of the identity verification of a relevant officer is to ensure that a verified individual is always traceable for each RLE. RLEs must therefore ensure that a verified relevant officer is notified to the Registrar and this information is updated when there are changes to the relevant officer. This section also uses the term 'registered officer' as defined by section 790LN(2) to specify the circumstances in which the duty of relevant persons to file a verification statement applies.

379 Sections 790LI to 790LP create duties, powers and offences to ensure, that (i) each PSC verifies their identity and maintains their verified status as long as they are registered with the Registrar and (ii) each RLE must verify the identity of their relevant officer and maintain the verified status of their registered officer as long as this RLE is registered with the Registrar. The duties in relation to identity verification of registrable persons (individual PSCs) are established under sections 790LI-LJ and 790LM and they do not apply to persons listed in section 790C(12)(a) to (d).

380 Sections 790LJ and 790LL set out the transitional arrangements and apply identity verification duties to PSCs and RLEs that became registrable prior to sections 12B(2)-(4) and 790LB(1)-(3) coming into force.

a. PSCs must within 14 days of the appointed day to deliver to the Registrar a statement that their identity is verified. PSCs must maintain their verified status from the expiry of this 14-day period as long as they are registered with the Registrar. The Secretary of State may, by regulations, set out the appointed day.

b. RLEs must deliver to the Registrar within 28 days of an appointed day a statement specifying the name of its verified relevant officer, together with a statement by that individual confirming that they are a relevant officer of the entity. RLEs must maintain a verified relevant officer from the expiry of this 28-day period as long as this RLE is registered with the Registrar. The Secretary of State may, by regulations, set out the appointed day.

381 Under section 12A subscribers must deliver a statement of initial significant control to the Registrar. This statement may be accompanied by a statement which identifies a registrable person or a relevant officer on behalf of a RLE who has verified their identity. This subscribers' statement on identity verification is however voluntary, and if it is not provided, the Registrar will issue a direction under section 790LI or 790LK.

382 Section 790LI gives the Registrar a power to direct a PSC to deliver to the Registrar a statement confirming that the PSC's identity is verified. To comply with this direction and properly deliver this statement, the PSC must verify their identity beforehand. The Registrar will make such direction in two cases. First is where a person becomes a PSC on incorporation of a company, but the subscribers did not confirm under section 12B(2) that this PSC's identity is verified. The second is where a person becomes a PSC after incorporation of a company, but the company did not confirm under section 790LB(1) that identity of this PSC was verified. The Registrar will also make a direction if in both cases the subscribers' or company's statements were false.

383 The Registrar will not make a direction and any direction made will lapse, if the Registrar receives a notification under section 790LD(1). Such notification must confirm that although a person was named in an application to form a company as a future PSC, they did not so become. A company should file such notification for example, when a future PSC died before the Registrar issued a certificate of incorporation. Registrable persons have 14 days in which to provide the verification statement when directed to do so by the Registrar.

384 Section 790LM creates a duty on the registrable person to maintain their verified status as long as they are registered with the Registrar. The relevant period for compliance is defined under section 790LM(2). When this compliance period starts depends on when the statement confirming that the PSC has verified their identity was delivered, or should have been delivered with the Registrar. If this PSC ceased to be verified under regulations made under section 1110A(3), they should reverify their identity. If they fail to do so they will be exposed to criminal liability under section 790LP. New duties and powers in relation to identity verification of registrable RLEs are established under sections 790LK, 790LN and 790LO.

385 Section 790LK gives the Registrar a power to direct an RLE to deliver to the Registrar certain statements. For the RLE to comply with this direction and properly deliver all the statements, an RLE's relevant officer must verify their identity beforehand. The purpose of this provision is to verify the identity of individuals managing RLEs and through that ensure the transparency of who is controlling companies.

386 A person can only be a relevant officer of an RLE, if they are an individual (section 790LK(2)(i)) and they fall under the definition in section 790LK(6). Only persons who are directors, members, or in a role equivalent to a director should be notified and verified as relevant officers of an RLE. A relevant officer cannot be a body corporate.

387 The RLE must deliver a statement made by itself (referred to as "this entity"), confirming the name of its relevant officer and confirming that this relevant officer's identity is verified according to section 1110A. Additionally, the RLE must deliver a statement on behalf of the relevant officer confirming that their relationship with RLE makes them the RLE's relevant officer.

388 The two cases in which the Registrar will make such direction are similar to those under section 790LI. First is where an entity becomes an RLE on incorporation of a company, but the subscribers did not make statements under section 12B(3). The second is where an entity becomes an RLE after incorporation of a company, but the company did not make statements under section 790LB (2) or (3). The Registrar will also make a direction if in both cases the subscribers' or company's statements were false.

389 The Registrar will not make a direction and any direction made will lapse, if the Registrar received a notification under section 790LD(1). Such notification must confirm that although an entity was named in an application to form a company as a future RLE, it did not so become. A company should file such a notification for example, when a future RLE was dissolved before the Registrar issued a certificate of incorporation.

390 Section 790LN obliges the RLE to ensure that the individual notified to the Registrar of Companies as the relevant officer of an RLE meets the criteria of a relevant officer and has their identity verified with the Registrar as long as the RLE is registered with the Registrar. The purpose of this section is twofold. First, to ensure, that whoever is notified by the RLE as a relevant officer meets the criteria under section 790LK(6). It means that this individual must be in a senior managing position, like a director, a member or other officer with functions like a director of a company. If an individual notified to the Registrar as a relevant officer dies or resigns from being a director of the RLE, they will not meet the criteria under section 790LK(6) anymore. To avoid a breach of section 790LN, the RLE should notify the Registrar about its new director (relevant officer) under section 790LO. The second purpose is to ensure that the registered relevant officer always has their identity verified with the Registrar of Companies. As a consequence, if this person ceases to be verified under regulations made under section 1110A(3), they should reverify their identity. If they fail to do so they may be exposed to criminal liability under section 790LP.

391 In general terms, as long as an entity is notified to the Registrar as an RLE of a company, it must have a verified, relevant officer registered. The relevant period for compliance with the duty under section 790LN is defined in subsection (3). When this compliance period starts depends on when statements about the relevant officer were filed, or should have been filed with the Registrar. Section 790LN(4) provides for a 28 days grace period after a registered officer ceased to be a relevant officer. During this compliance period the RLE should notify the Registrar about any new relevant officer under section 790LO to avoid breaching section 790LN.

392 Section 790LO allows an RLE to change its registered officer by giving notice to the Registrar. An RLE will file such notice, for example, when the individual notified to the Registrar as a relevant officer dies, stops meeting the relevant officer criteria (for example resigned from the position of a director, or their appointment was terminated), or the RLE merely decides to notify another person as a relevant officer. When notifying the change of registered relevant officer, the RLE must make equivalent statements as under section 790LK(2).

393 Section 790LP creates offences for failure, without reasonable excuse, to comply with duties under sections 790LI to 790LN. If the offence is committed by a RLE, its officers in default also commit an offence.

Section 65: Procedure etc for verifying identity

394 This section inserts sections 1110A and 1110B into the Companies Act 2006. Section 1110A introduces the meaning of "identity is verified".

395 Section 1110A(1) provides, that an individual's identity is verified if the person has verified their identity with the Registrar directly or a verification statement in respect of the person has been delivered to the Registrar by an authorised corporate service provider. Irrespective of whether the individual's identity becomes verified by verification with the Registrar directly or via an authorised corporate service provider, both verification methods must comply with the requirements under regulations made by the Secretary of State under section 1110B. Compliance with the section 1110B regulations will have to be confirmed by the authorised corporate service provider in the verification statement.

396 Section 1110A(2) defines a verification statement for the purpose of section 1110A, as a statement made by an authorised corporate service provider (defined under the new 1098A of Companies Act 2006) confirming that an individual's identity has been verified in accordance with the verification requirements in section 1110B.

397 Section 1110A(3) provides that a verification statement must also specify the authorised corporate service provider's supervisory authority or authorities for the purposes of the Money Laundering Regulations. The Registrar will be required to make verification statements

available for public inspection. Including an authorised corporate service provider's supervisor(s) on the verification statement will mean that the public can see this information, thereby increasing the register's transparency.

398 Section 1110A(4)provides that the Secretary of State may, by regulations, make further provision about the contents of a verification statement, including a provision to amend this section.

399 Verification statements in the meaning of section 1110A(2) must be distinguished from statements solely confirming that an individual's identity is already verified. They are required for example under sections 12(2A), 12B, 167G(3)(c), 790LB(1)-(2), and 1067A, they do not count for the purpose of section 1110A(1)(b) and do not fall under the definition in subsection (2). Verification statements under section 1110A(2) can only be delivered by authorised corporate service providers and their delivery has the legal effect of changing individual's verification from unverified to verified. By contrast, other statements solely confirming that individual's identity is verified have only declaratory effect. The effect of section 1110A(5) is to allow both types of statements to be delivered at the same time.

400 Section 1110A(6) provides that the Secretary of State may by regulations, set out the circumstances in which someone ceases to be an individual whose identity is verified.

401 Section 1110A(7) provides, that those regulations can confer discretion on the Registrar, and that someone ceases to be an individual whose identity is verified unless within a specified period of time their identity is reverified. Reverification will require individuals to verify their identity either directly with the Registrar or by an authorised corporate service provider delivering a statement to the Registrar.

402 Section 1110B(1) gives the Secretary of State the power to make regulations in connection with identity verification and reverification, both by the Registrar directly, as well as by an authorised corporate service provider.

403 Section 1110B(2)(a) provides that the regulations may make provisions about the procedure for verifying or reverifying of individual's identity (including evidence required). Subsection (2)(b) also provides that the regulations can also make provision about the records a person who is or has been an authorised corporate service provider has to keep in connection with verifying or reverifying an individual's identity. Subsection (3) allows offences to be created for authorised corporate service provider failing to keep these records. This will ensure that, if ever required, there is some record in which to check that the standard of identity verification complies with those set out under section 1110B. Subsection (4) sets out the maximum available sentences which can be made in the regulations made under section 1110B.

404 Provisions under these regulations can confer discretion on the Registrar, including provisions to impose requirements by Registrar's rules. Procedure could include specifying different methods of identity verification in line with best practice which is likely to evolve over time. Regulations under section 1110B will be subject to an affirmative resolution procedure.

Section 66: Authorisation of corporate service providers

405 This section inserts sections 1098A to 1098H (authorised corporate service providers) into the Companies Act 2006. These provisions set out the definition of an authorised corporate service provider and how they will interact with the Registrar.

406 There is currently no legal requirement for individuals supplying documents to the Registrar to confirm who they are and that they have been authorised to act on behalf of their clients. This section introduces new requirements for those corporate service providers wishing to file documents on behalf of corporate clients with the Registrar to be authorised to do so.

407 This section also amends section 1087 to clarify that documents delivered to the Registrar under sections 1098B, 1098D, 1098E and regulations made under section 1098G are not available for public inspection. This ensures that authorised corporate service provider applications remain private between the applicant and the Registrar and that personal data is suitably protected.

408 Section 1098A defines an "authorised corporate service provider" and section 1098B provides for who can apply to become one and the information the application must contain. Crucially under s1098B(5), the Registrar must refuse the application if it appears to the Registrar that the application it not a fit and proper person to carry out the functions of an authorised corporate service provider. Section 1098C prescribes the required information about an applicant and section 1098D prescribes who can make an application on behalf of a firm.

409 To obtain authorised corporate service provider status, an applicant must (in the case of an individual) have their identity verified and must be a "relevant person" for anti-money laundering purposes. The applicant must also meet any other requirements imposed by regulations made by the Secretary of State. If the application is made by a firm rather than an individual, the application must be delivered to the Registrar on the firm's behalf by a "relevant officer" and must include a statement by the individual confirming their status as the firm's relevant officer. Section 1098D sets out who the relevant officer is depending on the type of firm.

410 Section 1098E makes it an offence for an authorised corporate service provider without reasonable excuse to fail to update the Registrar of changes to their supervisory authority under the Money Laundering Regulations within 14 days beginning with the date when the change occurred. This is so that they cannot act as an authorised corporate service provider when they do not have a supervisory authority.

411 Section 1098F states that a person ceases to be an authorised corporate service provider if they cease to be a relevant person as defined in the Money Laundering Regulations. The Secretary of State may also by regulations made under section 1098F(2) provide other circumstances in which an authorised corporate service provider's authorisation ceases or is suspended, including conferring a discretion on the Registrar. These regulations can further include provisions about procedure, the period of suspension and the revocation of a suspension and confer.

412 Section 1098G confers a power on the Secretary of State to make regulations which impose duties on authorised corporate service providers to provide information to the Registrar in accordance with regulations. These regulations may include requiring information on request, on the occurrence of an event or at regular intervals. Section 1098G(3) states that the circumstances in regulations made under section 1098F(2) to cease or suspend an authorised corporate service provider's status can include not complying with these information provision duties. Section 1098G(4) states that the information provision regulations made under section 1098G(4) can also create offences in relation to compliance with these regulations and section 1098G(5) sets out the maximum available sentences.

413 Section 1098H contains a power for the Secretary of State to make regulations which would enable a person subject to money laundering regimes abroad to become authorised corporate service providers.

Section 67: Exemption from identity verification: national security grounds

414 This section inserts new section 1110C into the Companies Act 2006, which provides that the Secretary of State may by written notice exempt a person from identity verification requirements if it is necessary to do so: (a) in the interests of national security, or (b) for the purposes or preventing or detecting serious crime (subsection (1)).

415 Section 1110C(2E) sets out the effects of the exemption for individuals subject to a written notice. This includes not requiring a statement of identity verification for a proposed officer who is named as a director in an application to form a company, not having to notify the Registrar if a person is made director, exempted people being able to act as a director without having their identity verified and without being notified to the Registrar, not requiring a statement of identity verification on delivery of document to the Registrar. This exemption also means that a company is not required to ensure that an unverified individual does not act as a director.

416 Subsection (3F) defines the meaning of 'crime' and explains that it is means conduct that is either a criminal offence, or would be a criminal offence if it took place in any one part of the United Kingdom. It is 'serious crime' if it would lead, on conviction, to a maximum prison sentence of 3 years or more, or if the conduct involves the use of violence, results in substantial financial gain or is conduct by a large number of persons in pursuit of a common purpose.

Section 68: Allocation of unique identifiers

417 This section amends section 1082 and 1087 of the Companies Act 2006.

418 Amendments to section 1082 expand the Secretary of State's power to allocate unique identifiers.

419 Amendment to section 1082(1) allows the Registrar to issue a unique identifier in connection with the register or any dealings with the Registrar. This means that the unique identifiers can be issued in relation to any interaction with the Registrar, not only in relation to the register as defined in section 1080(2).

420 Subsections 1082(1)(ba) and (bb) provide that the Secretary of State may make provisions in regulations for the use of the unique identifiers to identify an authorised corporate service provider and an individual whose identity is verified (see section 1110A(1)). Introduction of unique identifiers for these categories of persons, will allow the Registrar to identify individuals delivering documents to the Registrar and those registered as directors or People with Significant Control, in the database of verified individuals.

421 Subsection 1082(2)(d)(i)-(ii) also expands the Secretary of State's permitted scope to make regulations about unique identifiers by allowing the Registrar to cancel or replace a unique identifier. This may be required for example, where an individual's unique identifier has been compromised or shared with a third party who should not have access to it anymore.

422 This section further amends section 1087 of the Companies Act 2006, 'Material unavailable for public inspection'. This amendment ensures that unique identifiers and all statements relating to them are not available for public inspection, thereby helping to protect personal information and against the fraudulent use of unique identifiers.

Section 69: Identity verification: material unavailable for public inspection

423 This section amends section 1087 of the Companies Act 2006 'Material unavailable for public inspection', by inserting new section 1087(1)(gd). The amendment extends the list of materials unavailable for public inspection to any statements delivered to the Registrar of Companies, and forming part of the register of companies, under the provisions listed. This is to ensure that detailed information contained in certain statements relating to identity verification remains private between the individual submitting them and the Registrar of Companies. Crucially, this includes statements informing the Registrar of Companies that an individual falls into an identity verification exemption as specified in regulations. This provision helps to protect personal and sensitive information.

Striking off and restoration to the register

Section 70: Registrar's power to strike off company registered on false basis

424 This section amends the Companies Act 2006 to provide the Registrar with an additional power, to expedite the strike-off of a company if she has reasonable grounds to believe the application for incorporation (or administrative restoration) contained false or misleading information or was based on a false statement.

Section 71: Requirements for administrative restoration

425 This section amends section 1025 of the Companies Act 2006. Section 1025 sets out the requirements for an administrative restoration of a company, following the company being struck off from the register under section 1000 or 1001 (power of registrar to strike off defunct company) of the Companies Act 2006.

426 The amendment to section 1025 will mean that, as a precondition for making any application for administrative restoration, penalties under section 453 or corresponding earlier provisions (civil penalty for failure to deliver accounts) will need to have been paid, as will outstanding fines or civil penalties payable in respect of the company for any offence under the Companies Acts by the applicant or any persons who were directors immediately pre-dissolution or pre-strike off who will also be directors upon restoration.

Who may deliver documents

Section 72: Delivery of documents: identity verification etc

427 This section inserts section 1067A into the Companies Act 2006. Section 1067A sets out who is permitted to deliver documents to the Registrar, including restricting permission to those who have their identity verified, or are registered as an authorised corporate service provider.

428 Section 1067A(1) provides the requirements of delivery of documents on a person's own behalf. Subsection (1)(a) provides that an individual who delivers a document to the Registrar on their own behalf must have their identity verified, and under subsection (1)(b) the document must be accompanied by a statement confirming their verified status. Subsection (2) provides the requirements of delivery of documents on behalf of another. An individual (A) cannot deliver a document to the Registrar on behalf of another person (B) unless A satisfies the relevant descriptions set out in column 2 in the table in subsection (2), and provides an accompanying statement specified in the corresponding entry in column 3 confirming their description and that they have B's authority to file.

429 Where B is a firm, A must fall into one of the following categories to be permitted to deliver documents on behalf of B:

a. An individual who is an officer or employee of the firm and whose identity is verified,

b. An individual who is an officer or employee of a corporate officer of the firm and whose identity is verified,

c. An individual who is an authorised corporate service provider as defined by section 1098A (this includes that individual authorised corporate service providers must have their identity verified), or

d. An individual who is an officer or employee of an authorised corporate service provider.

430 Where B is an individual, A must fall into one of the following categories to be permitted to deliver documents on behalf of B:

a. An individual whose identity is verified,

b. An individual who is an authorised corporate service provider as defined by section 1098A (this includes that individual authorised corporate service providers must have their identity verified), or

c. An individual who is an officer or employee of an authorised corporate service provider.

431 The purpose of this provision is to serve as a deterrent to unauthorised individuals delivering documents to the Registrar. An individual who makes a false statement required by column 3 of section 1067A(2) whilst delivering a document to the Registrar will be committing a general false statement offence under section 1112 or section 1112A of the Companies Act 2006. This can happen for example when an individual (A) was not verified.

432 Section 1067(2) also requires that individuals who file on behalf of firms are either an officer or employee of the firm, or an authorised corporate service provider (or their employee). Under section 1173, in Companies Act 2006, a "firm" means any entity, whether or not a legal person, that is not an individual and includes a body corporate, a corporation sole and a partnership or other unincorporated association. Section 1173 defines the term "officer" in relation to a body corporate with a non-exclusive list of roles that includes a director, manager or secretary. The interpretation of the term officer for the purpose of section 1067A should include any individual in a position akin to director, such as for example a member of a limited liability partnership. The purpose of these filing restrictions is to ensure that individuals or firms who provide corporate services to other firms *must* register as an authorised corporate service provider in order to file documents with the Registrar.

433 Section 1067A(3) clarifies who meets the criteria under row 2 of the table of being one of a firm's officer in relation to a corporate officer that has only corporate officers. Corporate officer is defined in section 1067A(8).

434 Under section 1067A(4), the Secretary of State may by regulations change the restrictions on individuals who are able to deliver documents on their own behalf or on behalf of another person. The regulations under section 1067(4)(a) may create exceptions to any requirements provided in subsections (1) and (2), including for example from the requirement that certain individuals must have their identity verified. The regulations made under subsection (4)(b) may amend section 1067A for the purpose of changing the effect of the table in subsection (2).

435 Under section 1067A(5) the regulations creating exceptions under section 1067A(4)(a) may also (i) require any document delivered to the Registrar in reliance on an exception to be accompanied by a statement and (ii) amend section 1067A. Under section 1067A(6) the regulations may also require any document delivered to the Registrar in reliance of an exception to be accompanied by additional statement or additional information in connection with the subject matter of the statement.

436 Regulations under section 1067A are subject to affirmative resolution procedure.

Section 73: Disqualification from delivering documents

437 This section inserts section 1067B into the Companies Act 2006.

438 Subsection (1) provides that a document cannot be delivered to the Registrar by a disqualified person either on their own or another's behalf. According to section 1072(1)(aa) inserted by section 72 of ECCT Act, such a document is not properly delivered, as it would breach the provisions on who may deliver a document to the Registrar.

439 Under subsection (2) a document can be delivered to the Registrar on behalf of a disqualified person only through an authorised corporate provider as defined by section 1098A, or through an officer or employee of an authorised corporate provider.

440 Filing via an authorised corporate provider allows disqualified individuals to continue to file certain documents with the Registrar. This includes where they are under a legal obligation to do so (discrepancy reporting under the Money Laundering Regulations) or making applications made under regulations under section 1088 of the Companies Act 2006. It also means that a disqualified corporate director can continue to file in its capacity as a company (including complying with its legal filing obligations) even though it cannot file on behalf of another entity for which it is a corporate director. Filing via an authorised corporate provider should ensure that the disqualified are only involved in activities permitted to by law and are not for example breaching disqualification orders.

441 Subsections (3)-(5) specify statements that a person delivering a document to the Registrar must make. First is a statement confirming that a person is not a disqualified person. Second is a statement that specifies whether this person delivers the document on their own or another's behalf. If a person is delivering a document on behalf of another they must specify if the person on whose behalf they act is disqualified.

442 The definition of a disqualified person is provided in section 159A(2). It covers persons disqualified under the Companies Directors Disqualification Act 1986, including sections 11 and 11A, which concern: undischarged bankrupts, persons subject to bankruptcy restrictions order or undertakings, debt relief restrictions orders or undertakings and moratoriums under the debt relief orders as well as persons subject to director disqualification sanctions under the Sanctions and Anti-Money Laundering Act 2018.

443 Subsection (7) allows the Secretary of State to make regulations to amend this section for the purpose of changing who may deliver a document to the Registrar on behalf of a disqualified person.

Section 74: Proper delivery: requirements about who may deliver documents

444 This section supplements existing provisions for proper delivery of documents under section 1072 of the Companies Act 2006 by amending the section to add the condition that relevant requirements as to who is permitted to deliver the document must also be met. This includes sections 1067A and 1067B.

Facilitating electronic delivery

Section 75: Delivery of documents by electronic means

445 This section amends section 1068 of the Companies Act 2006. These changes allow the Registrar, by means of Registrar's rules, to mandate the manner of delivery of documents, removing limitations on the Registrar's ability to mandate electronic delivery. The section also repeals section 1069 of the Companies Act 2006 which currently places the power to mandate electronic delivery in the hands of the Secretary of State, by means of a power to make regulations specifying that. This is no longer needed in view of the freedom the Registrar has to prescribe this by way of rules. Finally, the section makes a consequential amendment to section 1072 by repealing the reference to section 1069.

Section 76: Delivery of order confirming reduction of share capital

446 This section amends section 649 of the Companies Act 2006: registration of court order confirming reduction of share capital and statement of capital.

447 Subsection (1) is amended to remove the requirement to produce an original court order. The production of a copy of the court order will continue to be required.

448 This amendment makes section 649(1) consistent with other sections of the Companies Act 2006, where only a copy of the order is required for example section 1031(2).

Section 77: Delivery of statutory declaration of solvency

449 This section amends section 89 of the Insolvency Act 1986: statutory declaration of solvency; and article 75 of the Insolvency (Northern Ireland) Order 1989.

450 Paragraphs (3) and (6) of both provisions are amended to replace the requirement to produce an original declaration of solvency with the requirement to produce a copy of the declaration of solvency.

Section 78: Registrar's rules requiring documents to be delivered together

451 This section inserts section 1068A into the Companies Act 2006. It confers a general power on the Registrar to make rules that for filings that consist of more than one document, that all component parts must be filed together.

Promoting the integrity of the register

Section 79: Power to reject documents for inconsistencies

452 This section inserts section 1073A into the Companies Act 2006. This gives the Registrar the power to reject documents which are not consistent with information held by the Registrar or available to the Registrar and where that gives the Registrar reasonable grounds to doubt whether the document complies with any requirements as to its contents. A document that is refused under this power is treated as not having been delivered.

Section 80: Informal correction of document

453 This section omits section 1075 (informal correction of document) of the Companies Act 2006 and amends sections 1081 and 1087. The effect is to remove the Registrar's existing ability, to correct documents, pre-registration, which appear internally inconsistent or incomplete, with a company's consent.

Section 81: Preservation of original documents

454 This section amends section 1083 of the Companies Act 2006 to reduce the period for which the Registrar must retain hard copy documents the contents of which have been recorded from three years to two years.

Section 82: Records relating to dissolved companies etc

455 This section amends section 1084 of the Companies Act 2006 (records relating to companies that have been dissolved etc.) and extends the provision to also apply in Scotland.

456 Section 82(2) amends section 1084 to:

a. Insert in subsection (1) a definition of "relevant date" as the date on which the company was dissolved, the overseas company ceased to have that connection with the United Kingdom, or the institution ceased to be within section 1050.

b. After subsection (1) insert subsection (1A), which will allow the Registrar to refrain from making information contained in records relating to the company or institution available for public inspection after 20 years of the relevant date.

c. Substitute subsections (2) and (3), with new subsections (2), (2A) and (3). These allow the Registrar for England and Wales (and the Registrar for Northern Ireland) to remove records to the Public Records Office (of Northern Ireland) at any time after two years of the relevant date. Records disposed of under new subsection (2) and (2A) are to be disposed of under enactments relating to the Public Records Office (of Northern Ireland).

457 Section 82(3) omits section 1087ZA (required particulars available for public inspection for limited period). Section 1087ZA required that dissolved records relating to People with Significant Control (PSC) were made available for public inspection for 10 years, rather than 20 years like all other records. The effect of this omission is that dissolved PSC records will now be kept for 20 years before being removed.

Section 83: Power to require additional information

458 This section inserts sections 1092A, 1092B and 1092C into the Companies Act 2006. These provisions introduce a new power to require information to be provided to enable the Registrar to determine i) whether a person has satisfied a statutory requirement to deliver a document, and ii) whether information contained in a document that has been delivered constitutes information required to be maintained by the Registrar in the records she curates under her duty in section 1080(1)(a) of the 2006 Act. That duty is engaged in relation to documents delivered under an enactment which meet the proper delivery requirements in section 1072 of the 2006 Act.

459 Under section 1092B, failure, without reasonable excuse, to comply with an information requirement is an offence on the part of an individual and, where committed by a firm, by every officer in default. Conviction on indictment attracts a custodial sentence of up to two years, a fine or both. On summary conviction in England and Wales the guilty party is liable to imprisonment for a term up to the general limit in the magistrates' court or a fine, or both. On summary conviction in Scotland and Northern Ireland, offences carry custodial sentences of up to 12 and 6 months respectively and, in both cases (alternatively or in addition), a fine up to the statutory maximum and a daily default fine of up one-fifth of the statutory maximum for continued contravention.

460 Subject to certain exceptions, section 1092C protects persons against self-incrimination in criminal proceedings by rendering inadmissible in that context statements they make in response to a requirement for information under section 1092A. The exceptions to this protection are in respect of offences committed under sections 1112 and 1112A of the Companies Act 2006, section 5 of the Perjury Act 1911, section 44(2) of the Criminal Law (Consolidation)(Scotland) Act 1995, Article 10 of the Perjury (Northern Ireland) Order 1979 (S.I. 1979/1714 (N.I. 19)), section 32 of the Economic Crime (Transparency and Enforcement) Act 2022, section 30 or 31 of the Limited Partnerships Act 1907 and any other offences which involve making a misleading, deceptive or false statement to the Registrar. No material provided to the Registrar pursuant to a requirement to provide additional information under section 1092A shall be available for public inspection on either the companies register or the Register of Overseas Entities.

Section 84: Registrar's notice to resolve inconsistencies

461 This section amends section 1093 of the Companies Act 2006 by expanding the scope of the information the Registrar can consider when determining whether it is appropriate to issue a notice requiring a company to resolve an inconsistency. That will now include all information in the Registrar's possession as a consequence of a requirement of section 1080 of the Companies Act 2006 rather than just information concerning companies. Any notice must state the nature of the inconsistency and give the company 14 days from the date it bears to take all reasonable steps to resolve the inconsistency.

Section 85: Administrative removal of material from the register

462 This section amends and enhances the Registrar's powers to remove material from the register by substituting section 1094 into the Companies Act 2006, along with inserting new sections 1094A and 1094B. The categories of material which may be removed are those which have been accepted despite not meeting proper delivery requirements, and those defined by the Companies Act 2006 as unnecessary material. The Registrar may take a unilateral decision to remove material or do so upon application.

463 New section 1094A requires the Secretary of State to make regulations establishing the notice requirements that should apply where the Registrar has unilaterally exercised the power to remove material. The Secretary of State may also make regulations regarding the process to be followed for applications for removal and how such applications are to be determined. Regulations can confer a discretion on the Registrar and, in both cases, will be subject to the negative procedure.

464 New section 1094B provides that a party with sufficient interest can apply to the court to make such consequential orders as the court thinks fit as to the legal effects of the inclusion of the material on the register or its removal. The circumstance in which such an order could be sought include where the Registrar has determined that anything purported to be delivered to the Registrar under any enactment was not in fact delivered under an enactment and therefore not form part of the register.

465 Finally, the section provides that any removal application or related material shall not be available for public inspection, and it repeals sections 1095 and 1095A of the Companies Act 2006, both of which are rendered obsolete by the substitution of section 1094.

Section 86: Rectification of the register under court order

466 The section amends the existing provision relating to the removal from the register of material which has legal consequence in section 1096 of the Companies Act 2006 so that the court may now take into consideration whether the interests of an applicant for removal (as well as the company concerned) should outweigh the interests of other parties with an interest in its retention.

467 The section also introduces a provision affirming that the court's jurisdiction to make a rectification order does not extend to material delivered to the Registrar under Part 15 of the Companies Act 2006 relating to *Accounts and reports*.

Section 87: Power to require businesses to report discrepancies

468 This section inserts new section 1110D into the Companies Act 2006 which gives the Secretary of State the power to make regulations in relation to discrepancy reporting.

469 These regulations may require businesses to obtain specified information on their customers, or prospective customers, and report to the Registrar any discrepancies between the information obtained and that which the Registrar holds. The method of identifying and reporting these discrepancies may be set out in secondary legislation.

470 Regulations under this section may also specify that reports on discrepancies made by businesses are to be withheld from public inspection.

471 The regulations may also create offences for those who do not comply with reporting requirements. The penalty for this offence can be set in regulations to a maximum of 2 years imprisonment for conviction on indictment and 6 months for summary conviction.

Inspection etc of the register

Section 88: Inspection of the register: general

472 This section makes consequential amendments to section 1085 (inspection of the register) of the Companies Act 2006. This takes account of amendments under section 81 to omit section 1087ZA from s1085(3) and to add new section 1087ZB: Exclusion of material from public inspection pending verification, inserted into the Companies Act 2006 by section 82(5).

473 The effect of this is that material provided under new section 1087ZB may not be inspected by any person and that dissolved PSC records that are between 10 and 20 years old may now be inspected by any person.

474 Subsections 64(6A), 67(1A), 73(7), 75(4A), 76(5A), 76A(9) and 76B(9) are also excluded from the requirement on the Registrar to make material available for public inspection. These sections all deal with circumstances where the Registrar is empowered to suppress a company's name where it has been directed or ordered to change it. Once identified, the Registrar need not make these company names available for public inspection.

Section 89: Copies of material on the register

475 This section amends sections of the Companies Act 2006 relating to copies of material on the register.

476 Section 89(2) amends section 1086: right to copy of material on the register, by clarifying that the right to copy of material on the register only applies to those that are available for public inspection and omits section 1086(3).

477 Section 89(3) amends section 1089: form of application for inspection or copy, by omitting subsection (2). The effect of this is to remove the option that an applicant has for submitting in paper form or electronically an application to inspect the register or obtain a copy of register material.

478 Section 89(4) substitutes a new section 1090: form and manner in which copies to be provided, to allow the Registrar to determine the form and manner in which copies of register material are to be provided under section 1086.

479 Section 89(5) amends section 1091: certification of copies as accurate, by:

a. Substituting subsections (1)-(2) to require the Registrar to certify true copies if the applicant expressly requests this;

b. Allowing the Registrar to certify copies with the Registrar's official seal rather in writing in all cases.

Section 90: Material not available for public inspection

480 This section amends section 1087 of the Companies Act 2006 (material not available for public inspection). This section extends the circumstances where material must not be made available for public inspection to any record of the information contained in a document (or part of a document) mentioned in any of the previous paragraphs of section 1087(1).

Section 91: Protecting information on the register

481 This section amends sections 790ZF and 1087 of the Companies Act 2006, and substitutes section 1088, which is a power to make secondary legislation providing for the protection of registered material.

482 This section extends the instances where individuals can apply to have their personal information on the register "suppressed" or "protected" from the public register, i.e. so that the information is no longer displayed publicly, or disclosed by the Registrar except in specified circumstances. This doesn't exempt them from providing the information to the Registrar, where that is still required by legislation, but means that once delivered the information will not longer be displayed on the public register.

483 This section makes amendments to the sections of the Companies Act 2006 which allow applications for personal information to be "suppressed" or "protected" and which require this information to made unavailable for public inspection – section 1087, section 1088, section 790ZF and section 790ZG.

484 Section 91(2) omits subsection (3) from section 790ZF (protection of information as to usual residential address of PSCs). Subsection (3) of section 790ZF states that subsection (1) of section 790ZF does not apply to information relating to a person if an application under regulations made under section 790ZG has been granted with respect to that information and not been revoked. This is omitted so that provisions which restrict the use and disclosure of information under sections 240-244 can apply to information protected under section 790ZG.

485 Section 91(3) makes amendments to section 1087 (material not available for public inspection):

a. In subsection (1) of section 1087, paragraph (e) is substituted, so that any application or other document delivered to the Registrar under regulations under new section 1088 is not made available for public inspection, other than "replacement" information (see new section 1088(5)). New paragraph (e) also requires that any information which regulations made under new section 1088 require not to be made available for public inspection, are not. An example of "replacement" information is where someone has changed name, and wants their new name to appear on the public register in place of their old name, for example, in cases of domestic abuse.

b. Subsection (2) of section 1087 is substituted with a new subsection (2) which is more prescriptive. New subsection (2) states that where subsection (1), or a provision referred to in subsection (1), imposes a restriction by reference to material deriving from a particular description of document (or part of document), that doesn't affect the availability for public inspection of the same information in material derived from another description (or part of a document) in relation to which no restriction applies. This means that if an address is protected in one document, such that it is not made available for public inspection, it doesn't mean it cannot be made available for public inspection if contained in a different document.

486 Section 91(4) substitutes section 1088 (Application to Registrar to make address unavailable for public inspection) for new section 1088 (Power to make regulations protecting material). Section 1088 allowed only for addresses to be suppressed from the public register, whereas the substituted section 1088 allows the Secretary of State to make regulations making provision to protect addresses, as well as additional categories of personal information, such as business occupations, signatures, the day of dates of birth, addresses and names. The substituted section 1088 is modelled on existing section 1088 and existing section 790ZG.

487 Regulations under substituted section 1088 may make provision requiring the Registrar to protect information with or without an application. Regulations may require the Registrar to protect information in all cases – i.e., without an application – if new information were later required which would not normally be made available for public inspection, such as an individual's email address. Regulations may also confer a discretion on the Registrar.

488 Subsections (6), (8) and (7) of new section 1088 relate to the disclosure of information protected under new section 1088. Subsection (6) states that one of the circumstances the regulations will specify, which allow the Registrar to disclose protected information, will include where the court has made an order. Subsection (7) states that regulations will not prevent disclosure under sections 243 or 244 (residential address information), new section 1087C(1)(date of birth information), any provisions under section 1046 which relates to these two sections, or new section 1110F (general powers of disclosure by the Registrar), as inserted by section 94.

Registrar's functions and fees

Section 92: Analysis of information for the purposes of crime prevention or detection

489 This section inserts section 1062A into the Companies Act 2006. This introduces a new function for the Registrar whereby the Registrar may carry out analysis of information for the purposes of crime prevention or detection. This includes information that is on the register, and other information available to the Registrar, including that obtained from external sources.

490 Subsection (1) provides that the Registrar would only be expected to carry out this analysis where the Registrar considers it appropriate. This would include taking account of the resources available to the Registrar alongside other factors such as risk and threat assessments.

491 The section will work alongside other sections in the Act, such as section 94, which, amongst other matters, permits the Registrar to share data for the purposes of the Registrar's functions and contains the section 1110F that has been referred to in subsection (2) of this section. This means that the Registrar will be able to proactively share data so that it can be analysed, either by herself or the bodies that the Registrar shares with, for the purposes of crime prevention or detection.

Section 93: Fees: costs that may be taken into account

492 This section amends section 1063 of the Companies Act 2006, which enables regulations to be used to require fees to be paid to the Registrar.

493 Subsection 93(2) inserts subsection (3A). This will expand the functions which the Secretary of State may take into consideration when determining the level of fees to be paid to the Registrar. It will allow the costs of investigation and enforcement activities that contribute to the maintenance of a healthy business environment to be included. Subsection (3A)(a-g) set out the specific functions which may be taken into account.

494 Subsection 93(3) amends the wording of subsection (4), so that regulations to determine the level of fee made under subsection (3) continue to be subject to the negative resolution procedure.

495 Subsection 93(4) inserts subsections (6A) and (6B). Subsection (6A) enables the Secretary of State to use regulations to amend the reference to the functions carried out by the Insolvency Service on behalf of the Secretary of State, and to amend the reference to the functions carried out by the Insolvency Service in Northern Ireland on behalf of a Northern Ireland department. This will enable continuity should an alternative agency provide these or similar functions in future. Subsection (6B) requires that any such amendment of subsection (6A) must be by means of the affirmative resolution procedure.

Information sharing and use

Section 94: Disclosure of information

496 This section amends sections 243 and 1059A and inserts sections 1110E, 1110F and 1110G into the Companies Act 2006.

497 Section 243 includes a provision that enables the Secretary of State to make regulations to establish a mechanism through which applications can be made to the Registrar to refrain from divulging protected information to a credit reference agency. This amendment will enable any regulations made under this power to confer a discretion on the Registrar when dealing with such an application, and will enable the regulations to provide for a question to be referred to a person other than the Registrar in determining an application.

498 Section 1110E (Disclosure to the registrar), enables any person to disclose information to the Registrar for the purposes of the exercise of any of the Registrar's functions. This will facilitate information sharing for those bodies who currently face barriers disclosing information.

499 Section 1110F (Disclosure by the registrar), enables the Registrar to disclose information to any person for purposes connected with the exercise of the Registrar's functions, and to any public authority for purposes connected with the exercise of its functions. At present there are provisions in place that enable disclosure of the full date of birth and the usual residential address to specific bodies when requested. This section will effectively widen the current disclosure provisions, allowing the Registrar to disclose any information held, and to do so proactively where that disclosure enables the exercise of the Registrar's functions, or the functions of a public authority.

500 There is also a power in section 1110F to enable the Secretary of State to make regulation specifying any other person that the Registrar can share information with and under what circumstance.

501 Section 1110G (Disclosure: supplementary) sets out that the disclosure powers do not authorise any disclosure if it would contravene data protection legislation, but any disclosures made under them do not breach any obligation of confidence owed by the person making the disclosure, or any other restriction that may be placed on the information. It also outlines how HMRC information may be handled, creating an offence where HMRC information is disclosed without authorisation from HMRC. This will facilitate disclosures from HMRC without risk of compromising HMRC who have strict provisions with respect to disclosures of HMRC information. It also states that information received under section 1110E or any other enactment enabling disclosure to the Registrar is not subject to the requirements regarding the delivery of documents as per the meaning provided at section 1114. Consequently, section 1114 has been amended to reflect this.

Section 95: Use or disclosure of director's address information by companies

502 This section inserts subsection (2) into section 241 of the Companies Act 2006, which makes it an offence if a company uses or discloses information in breach of subsection (1). An offence can be committed by the company and every officer in default. A person guilty on summary conviction in England and Wales is liable to a fine, and in Scotland or Northern Ireland, to a fine not exceeding level 5 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 5 on the standard scale.

Section 96: Use or disclosure of PSC information by companies

503 This section substitutes existing section 790ZG of the Companies Act 2006 (Power to make regulations protecting material) of the Companies Act 2006 for new section 790ZG. The existing section 790ZG confers a power to make regulations requiring the Registrar and the company, on application, to refrain from using or disclosing PSC particulars.

504 The new section is modelled on the existing section but makes some amendments. The new section allows the Secretary of State to make regulations which:

a. Require a company to refrain from using, or refrain from disclosing, relevant PSC particulars except in circumstances specified in the regulations (this would be used if new information were later required about a PSC which would not normally be made available for public inspection, such as an individual's email address);

b. Confer a power on the Registrar, on application, to make an order requiring a company not to use or disclose relevant PSC particulars except in circumstances specified in the regulations.

505 This section also requires the Registrar to protect any application or other document delivered to the Registrar under section 790ZG. Section 96 also creates inserts section 790ZH (offence of failing to comply with regulations under section 790ZG). Subsection (1) states that if a company fails to comply with a restriction on the use or disclosure of information imposed by virtue of regulations under subsection 790ZG, an offence is committed by the company, and every officer of the company who is in default. Subsection (2) states a person guilty of an offence on summary conviction in England and Wales is liable to a fine, and in Scotland or Northern Ireland, to a fine not exceeding level 5 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 5 on the standard scale.

506 Section 96(3) substitutes section 1087(1)(bc) (material not available for public inspection). This no longer refers to section 1046, because regulations under that section do not make material unavailable for public inspection.

Section 97: Use of directors' address information by registrar

507 This section amends sections 242 and 243 of the Companies Act 2006. These amended sections remove the provision that restricts the Registrar from using directors' residential addresses for anything other than communicating with the director.

Overseas companies

Section 98: Change of addresses of officers of overseas companies by registrar

508 This section inserts subsection (6A) to section 1046 of the Companies Act 2006 providing that, where an overseas company is required to provide a service address or principal office address of a director or secretary, regulations may be made with provisions corresponding to section 1097B or 1097C empowering the Registrar to rectify the register relating to these addresses if it does not meet the statutory requirements or is inaccurate.

Section 99: Overseas companies: availability of material for public inspection etc

509 This section amends section 1046 of the Companies Act 2006, which confers a regulation-making power to require overseas companies to register information. The section inserts new subsections (6B) and (6C) which make it clear that the regulations made under that power can provide for the information to be withheld from public inspection and that they can confer a discretion on the Registrar.

Section 100: Registered addresses of an overseas company

510 This section inserts new section 1048A to the Companies Act 2006 and amends subsections (2) and (3) in section 1139.

511 Section 1048A will provide the ability to make regulations which can require an overseas company to provide and maintain an appropriate address and appropriate email address. Appropriate address is defined in section 86(2) of Companies Act - broadly speaking, an address is appropriate if documents sent there will reach the company. Under subsection

1048A(3) Regulations made under section 1048A may include provisions allowing for withholding of certain information from public inspection as well as corresponding or similar to section 1097A. Regulations under section 1048A are subject to negative procedure.

512 As a result of the amendments to subsections (2) and (3) of section 1139 the service of documents to an overseas company, whose particulars are registered under section 1046, will be effective at the company's registered address (section 1048A(1)(a)) or registered address of any person residing in UK authorised to accept service on the company's behalf.

Section 101: Overseas companies: identity verification of directors

513 This section inserts new section 1048B into the Companies Act 2006.

514 This section applies identity verification requirements to directors of overseas companies that are required to register particulars under section 1046. These companies are governed by the laws of other jurisdictions and operate in the UK.

515 The new section 1048B creates powers for the Secretary of State to make provisions by regulations (under the negative procedure) requiring that each overseas company director is verified and that relevant statements (such as statements confirming that the director is verified) are delivered to the Registrar.

516 The regulations may also include the provision for such statements to be withheld from the public register, provision for the application of the prohibition on acting as a director unless ID verified (section 167M) and provision for applying the exemption from identity verification on national security grounds (section 1110C).

General offences and enforcement

Section 102: General false statement offences

517 This section substitutes section 1112 into the Companies Act 2006 and inserts a new section 1112A.

518 The new section 1112 differs from the old provision by removing the need for a person to have "knowingly or recklessly" delivered, or caused to be delivered to the Registrar a document or statement which is false, deceptive or misleading in a material particular for an offence to occur. The emphasis is changed so that a false statement offence occurs where a person delivers a false, deceptive or misleading filing "without a reasonable excuse". The wording of this section mirrors the wording in the false filing offence in section 32 of the Economic Crime (Transparency and Enforcement) Act 2022.

519 The reasonable excuse component ensures that the offence is not engaged in, for example, cases where a company reasonably relies on information provided by others which turns out to be untrue, or to prevent UK professionals assisting companies being prosecuted from having made an honest mistake.

520 Subsection (4) of the substituted section 1112 sets the penalty for the basic offence; on summary conviction, unlimited fine in England and Wales, and level 5 on the standard scale in Scotland and Northern Ireland.

521 New section 1112A adds an aggravated offence which is committed by a person who knows that the document or statement provided is misleading, false or deceptive in a material fact.

522 Subsection (4) of new section 1112A sets the penalty for the aggravated offence; on indictment, to imprisonment for not more than 2 years or a fine (or both). For summary conviction, in England and Wales to imprisonment for a term not exceeding the general limit in a magistrates' court or a fine (or both) and in Scotland or Northern Ireland, to imprisonment for a term not exceeding 12 months or a fine not exceeding the statutory maximum (or both).

Section 103: False statement offences: national security, etc defence

523 This section amends the Companies Act 2006, by amending section 1059A(2) and inserting new section 1112B.

524 New section 1112B provides a defence to the commission of an act that would otherwise be an offence, relating to the delivery of false, misleading or deceptive information to the Registrar.

525 Subsection (1) provides that the Secretary of State may issue a certificate to a person, the effect of which is that the person is not liable for the commission of any offence relating to the delivery to the Registrar of a document that is false, misleading or deceptive or making a statement to the Registrar that is false, misleading or deceptive.

526 Subsection (2) provides that the Secretary of State may only issue such a certificate if satisfied that the conduct amounting to such offence as described in subsection (1) is necessary in the interests of national security or for the prevention or detection of serious crime. Subsection (3) provides that the Secretary of State may revoke a certificate at any time.

527 Subsection (4) defines the meaning of "serious crime" for the purposes of subsection (2). It explains that "crime" means conduct that is a criminal offence, or would be a criminal offence if it took place in any one part of the United Kingdom. It is "serious crime" if it would lead, on conviction, to a maximum prison sentence of three years or more, or if the conduct involves the use of violence, results in substantial financial gain, or is conduct by a large number of persons in pursuit of a common purpose.

528 This section also makes a consequential amendment to section 1059A by inserting a reference to new section 1112B.

Section 104: Financial penalties

529 At present, obligations in the Companies Act 2006 relating to the functions of the Registrar are enforced primarily through the criminal justice system. The exception to this is the accounts late filing civil financial penalty.

530 This Act reforms the role and powers of Companies House. As part of these reforms the associated sanctions are improved by amending existing criminal offences, creating new criminal offences, and taking a power to create a new civil penalties regime. This allows the Registrar to impose a civil penalty directly, rather than pursuing criminal prosecution through the courts, where that is a more appropriate use of resources.

531 This section inserts a new section 1132A (Power to make provision for financial penalties) into the Companies Act 2006. This new section confers a power on the Registrar to impose a civil financial penalty on a person if satisfied, beyond reasonable doubt, that they have engaged in conduct amounting to a "relevant offence" under this Act.

532 Subsection (2) of section 1132A states that a "relevant offence under this Act" means any offence under the Companies Act 2006 (and regulations made under that Act) other than an offence under a provision contained in: part 12 (company secretaries), part 13 (resolutions and meetings) and part 16 (audit).

533 Subsection (3) of section 1132A states the regulations may include provision about the procedure to be followed in imposing penalties, the amount of penalties, for the imposition of interest or additional penalties for late payment, conferring rights of appeal against penalties and about the enforcement of penalties.

534 Subsection (4) of section 1132A states the maximum penalty is £10,000.

535 Subsection (5) of section 1132A states a person cannot have a financial penalty imposed in respect of conduct amounting to an offence if:

a. proceedings have been brought against the person for that offence in respect of that conduct and the proceedings are ongoing, or

b. they have already been convicted of an offence for that conduct.

536 Subsection (5) of section 1132A also states no proceedings may be brought or continued against a person in respect of conduct amounting to an offence if they have been given a financial penalty for that conduct. This means a person can only be given a financial penalty or be convicted of an offence for the same conduct, not both. To preserve the ability of prosecutors to prosecute egregious cases, a financial penalty can't be given if criminal proceedings have been brought for the same conduct and are ongoing.

537 Subsection (6) of section 1132A provides that amounts recovered by the Registrar under the regulations are to be paid into the Consolidated Fund, and subsection (7) provides that the regulations under section 1132A are subject to the affirmative resolution procedure.

Section 105: Registered office: rectification of register

538 This section amends section 1097A of the Companies Act 2006 (rectification of register relating to a company's registered office). This section contains a regulation-making power which allows the secondary legislation to be made permitting the Registrar to change a company's registered office on application. Section 105(2) amends subsection (1) of section 1097A to expand the regulation-making power, allowing provision to be made which permits the Registrar to change the address of a company's registered office, both on application and on her own motion, if not satisfied that it is an appropriate address within the meaning of new section 86(2).

539 Section 105(4) makes a number of changes to subsection (3) of section 1097A, which sets out what may be provided for in regulations made under the new subsection (1).

540 A new paragraph (ba) is inserted after section 1097A(3)(b). The new paragraph provides that the Registrar may require the company or an applicant to provide information for the purposes of the Registrar making a decision about anything under the regulations.

541 Paragraph (c) of section 1097A(3) is amended to provide that the words "and of its outcome" are substituted by "or that the Registrar is considering the exercise of powers under the regulations".

542 A new paragraph (ca) is inserted into section 1097A(3) to provide that regulations made under section 1097A (1) may include "the notice to be given of any decision under the regulations".

543 Section 1097A(3)(e) is substituted. This new paragraph sets out that regulations may provide for how the Registrar is to determine whether a company's registered office is at an appropriate address within the meaning of new section 86(2), including in particular the evidence, or descriptions of evidence, which the Registrar may rely on without making further enquiries, to be satisfied that an address is an appropriate address.

544 Paragraph (f) of section 1097A(3) is substituted to set out that the regulations made under new section (1) may include provision for the referral by the Registrar of any question for determination by the court.

545 Paragraph (h) of section 1097A(3) is amended to provide that, where the Registrar nominates a default address to be the company's registered office, the default address need not be an appropriate address within the meaning of new section 86(2).

546 A new paragraph (ha) is inserted after paragraph (h) and provides that regulations may include the period of time for which a company is permitted to have its address at a default address.

547 Finally, section 1097A(3)(i) is substituted. The new paragraph (i) now sets out that regulations may specify when the change of address takes effect, and the consequences of registration of the change, including provision similar to section 87(2) of the Companies Act 2006, which sets out that documents may continue to be served to a previously registered address for a period of up to 14 days after the change of address has taken effect.

548 Section 105(5) removes subsection (4) from section 1097A. Section 105(6) inserts a new subsection (4A) into section 1097A. New subsection (4A) sets out that provision made by virtue of new subsection (3)(ha) may include provision to create summary offences punishable with a fine (paragraph (a)); provision for the Registrar to strike a company's name off the register if the company does not change its address from the default address (paragraph (b)(i)); and provision for the restoration of a company, in prescribed circumstances, on application made to the Registrar or as a result of a court order.

549 Section 105(6) also inserts a new subsection (4B) into section 1097A. This provides that the provision that may be made by virtue of subsection (4A) includes provision applying, or writing out, with or without modifications, any provision made by section 1000 or Chapter 3 of Part 31 of the Companies Act 2006. The effect of this would be that any strike off of a company's name under new subsection (4A)(b)(i) would be consistent (aside from any necessary modifications) with strike-off in other circumstances. Finally, section 105(6) inserts new subsection (4C) which provides that section 1097A regulations may confer discretion on the Registrar.

550 Section 105(7) substitutes subsection (6) of section 1097A. The new subsection (6) sets out that provisions made by regulations under new section 1097A(1) must include a right of appeal to the court against any decision to change the address of a company's registered office.

551 New subsection (6A) is inserted into section 1097A and sets out that if regulations enable a person to apply for a company's registered office to be changed, they must also include a right for the applicant to appeal to the court if the application is refused.

Section 106: Rectification of register: service addresses

552 This section inserts new section 1097B into the Companies Act 2006, which confers upon the Secretary of State a regulation-making power to enable the Registrar to change a relevant person's registered service address where there is evidence to suggest that the address is not valid. The Registrar may act of their own motion or on the basis of an application by a third party. It is based on section 1097A, which makes similar provision in relation to company's registered office. For the purposes of section 1097B, a 'relevant person' is a director, secretary, joint secretary, registrable person or registrable legal entity in all cases of a company that is not an overseas company.

553 This section also makes consequential amendments to section 1087 by including a reference to section 1097B and service addresses.

Section 107: Rectification of register: principal office addresses

554 This section inserts new section 1097C into the Companies Act 2006, which confers upon the Secretary of State a regulation-making power to enable the Registrar to change a relevant person's principal office address where there is evidence to suggest that the address is not in fact their principal office. The Registrar may act on her own motion or on the basis of an application by a third party. It is based on section 1097A of the Companies Act 2006, which makes similar provision in relation to a company's registered office. For the purposes of section 1097B, a "relevant person" is a director, secretary, joint secretary, registrable person or registrable legal entity in all cases of a company that is not an overseas company.

555 This section also makes amendments to section 1087 by including a reference to section 1097C and principal office addresses, ensuring that any application or other document delivered under regulations made under new section 1097C are not made available by the Registrar for public inspection.

Section 108: Service of documents on people with significant control

556 This section amends section 1140 of the Companies Act 2006 by allowing documents to be served on those with significant control over a company at the registered address that appears for the person on the register.

Part 2 – Limited partnerships etc

Meaning of 'limited partnership'

Section 109: Meaning of 'limited partnership'

557 This section omits section 5 of Limited Partnerships Act 1907 which states that 'every limited partnership must be registered as such in accordance with the provisions of this Act' and inserts a definition of limited partnership into the Act (which is consistent with the definition in section 1099 of the Companies Act 2006). It also clarifies that deregistration under new section 26 is the only way a limited partnership can cease to be a limited partnership without also ceasing to be a partnership at all.

558 This section also amends section 1099 of the Companies Act 2006 to make clear that the Registrar is obliged to maintain only those limited partnerships that are registered as such under the 1907 Act within the Registrar's index of names, thereby ensuring that the Registrar is not under any obligation to maintain names of defunct limited partnerships within that index.

Required information about limited partnerships

Section 110: Required information about partners

559 This section amends section 3 of the Limited Partnerships Act 1907 to insert new definitions of 'body corporate', 'managing officer', 'legal entity' and 'service address', and inserts a new schedule into the Limited Partnerships Act 1907 which sets out the required information about partners, and legal entity partners' "registered officers", that the section obliges them to provide to the Registrar.

560 This section also refers to Schedule 4 of the Act which inserts a Schedule into the Limited Partnerships Act 1907 setting out the required information about partners.

Section 111: Required information about partners: transitional provision

561 This section is a transitional provision that requires general partners of limited partnerships which was registered under the Limited Partnerships Act 1907 before section 110 comes into force to deliver a statement to the Registrar with the required information about each partner of the limited partnership within a six-month transitional period. Failure to do so is to be treated, in the absence of any evidence to the contrary, as a reasonable cause for the Registrar to believe that the limited partnership is dissolved for the purposes of the power to confirm dissolution of the partnership (as a prelude to removing it from the index of names).

Section 112: Details about general nature of partnership business

562 Section 8A(2) of the Limited Partnership Act 1907 already requires that the general nature of the partnership business be provided to the Registrar at the registration stage. This section amends section 8A to specify that limited partnerships must use a standard system of classification (as

prescribed in regulations) to specify the nature of their business. This will facilitate interrogation of the register to determine the purpose or purposes for which limited partnerships are being used.

563 It is intended that the UK Standard Industrial Classification of Economic Activities 2007 will be used, aligning with pre-existing requirements on companies. This may be amended, and there will be an option for partnerships who cannot find an appropriate category to provide a description.

Registered offices

Section 113: A limited partnership's registered office

564 This section inserts new section 8E into the Limited Partnerships Act 1907 which places a duty on general partners of limited partnerships to ensure that the firm's registered office is at all times at an "appropriate address" at which to receive correspondence and that is in their jurisdiction of registration of the limited partnership. The general partner(s) is(are) responsible for keeping this address up to date and new section 8F provides the mechanism by which the general partners can change the address of their registered office.

565 Under new section 8G, the Secretary of State may by regulations give the Registrar a power to change a limited partnership's registered office address should it not meet the requirements set out in section 8E. This power mirrors that in section 1097A of the Companies Act 2006, as amended by section 103.

566 Current legislation requires a limited partnership to propose a principal place of business in the part of the United Kingdom that they register. The legislation is silent on whether the principal place of business can move abroad, though many limited partnerships do so, and without notifying the Registrar of changes to the partnership. This, and the fact that the existing legislation does not require partners to provide another address, means that there are many instances where the Registrar has no address to use for communicating with a limited partnership. This also means that United Kingdom limited partnerships can be set up with no other connection to the United Kingdom.

567 Under the new provisions, the registered office must be at an appropriate address and must always be in the original jurisdiction of registration. It must be one of (a) the principal place of business (if this does not move outside the relevant jurisdiction); (b) the usual residential address of a general partner who is an individual; (c) the address of the registered office of a general partner which is a legal entity; or (d) an address provided by an authorised corporate service provider.

568 Failure by the general partners to maintain the firm's registered office at an appropriate address within new section 8E will mean that those general partners will be guilty of an offence and may face penalties.

569 This section also amends section 3 of the Limited Partnerships Act 1907 to provide for the meaning of 'authorised corporate service provider', and amends section 8A to specify that the registered office address must be specified as part of the application for registration of a limited partnership.

Section 114: A limited partnership's registered office: transitional provision

570 This section provides for a six-month transitional period during which the general partners of existing limited partnerships must submit a statement specifying the firm's registered office. The duty to maintain a registered office at an appropriate address, and its associated criminal sanction for failure, do not apply to general partners of existing firms until the end of the

transition period or, if earlier, the delivery of the statement. Failure to do so is to be treated, in the absence of any evidence to the contrary, as a reasonable cause for the Registrar to believe that the limited partnership is dissolved.

Section 115: A limited partnership's registered office: consequential amendments

571 This section amends Regulation 2 of the Alternative Investment Fund Managers Regulations 2013 (S.I. 2013/1773) by specifying that a reference to 'registered office' under the definition of a UK Alternative Investment Fund (AIF), Gibraltar AIF and EEA AIF in relation to a limited partnership is to be read as a reference to its principal place of business. The effect of this amendment is that it is a limited partnership's principal place of business, not a registered office, which determines what type of alternative investment fund it is.

572 This is because a UK limited partnership will, under the new provisions of this Act, be required to have a registered office in their jurisdiction of registration. The effect of this new requirement is that limited partnerships which were non-UK AIFs (including Gibraltar and EEA AIFs) would have been reclassified as UK AIFs, which would have made them subject to new regulatory and governance requirements. This amendment ensures that the status quo of UK limited partnerships in the AIF legislative framework is maintained.

Registered email addresses

Section 116: A limited partnership's registered email address

573 This section amends section 8A of the Limited Partnerships Act 1907 and inserts new sections 8H and 8I. These amendments stipulate that applications for registration must contain a registered email address and places a duty on all general partners to maintain an appropriate email address. An email address is appropriate if, in the ordinary course of events, emails sent to it by the Registrar would be expected to come to the attention of a person acting on behalf of the limited partnership. Failure to comply with the duty will be an offence and the general partner(s) could be liable to a fine. New section 8I contains a mechanism by which a limited partnership's registered email address may be changed.

574 This will allow the Registrar to communicate with the general partners of a limited partnership, for example to provide updates, notices and reminders that are of importance to limited partnerships.

Section 117: A limited partnership's registered email address: transitional provision

575 Given that general partners do not now provide the Registrar with an email address, this section gives the general partners a six-month transition period in which to submit their email address to the Registrar and comply with provisions in sections 8H and 8I.

576 If the general partner does not provide a registered email address within the specified period, in the absence of evidence to the contrary, the failure is to be treated by the Registrar as reasonable cause to believe that the limited partnership has been dissolved.

The general partners

Section 118: Restrictions on general partners

577 Currently, any person may be a general partner of a UK limited partnership.

578 This section amends section 8A of the Limited Partnerships Act 1907 by inserting a requirement on registration for confirmation that a limited partnership's proposed general partners are not disqualified under the director's disqualification legislation. New section 8J inserts a duty on the general partners to take any steps necessary to remove a general partner who is disqualified.

579 New section 8J also sets out the meaning of disqualified general partners. It is intended to apply the new disqualification provisions in the Companies Act 2006 (as set out in sections 36 to 39 of the Act) to general partners of limited partnerships. Section 8J(3) clarifies, which elements of the definition of a "disqualified under the directors disqualification legislation" under section 159A of the Companies Act 2006 apply to general partners in a limited partnership.

580 If the general partners fail to comply with the duty imposed upon them by this section, they will be liable to an offence. For those general partners that are legal entities, the offence will only fall on them if their managing officers are default. A general partner who is guilty of this offence may be liable on conviction to a fine.

Section 119: Officers of general partners

581 This section amends sections 3 and 8A and inserts new sections 8K to 8Q into the Limited Partnerships Act 1907. These provisions set out that, on application for registration of a limited partnership, general partners that are legal entities must specify the name or names of a proposed registered officer and that the registered officer must have their identity verified. This will make it possible to contact an individual person in general partners that are legal entities and increase transparency of these general partners.

582 New section 8K sets out the duty to maintain a registered officer and named contacts. The managing officer must not be a disqualified under the directors disqualification legislation in the meaning of section 8J(3) and must have their identity verified. The general partner must at all times have a valid registered officer and named contact.

583 New section 8L sets out that a general partner may change its registered officer and named contacts by giving notice to the Registrar and new section 8M sets out the general partner's duty to notify the Registrar of changes to the registered officer. New section 8N places a duty on general partner which has one or more corporate managing officers to notify the Registrar of a named contact, and new section 8O requires general partners to notify the Registrar of any changes in relation to the named contact. New section 8P makes it an offence for failing to comply with sections 8K, 8M, 8N or 8O. New section 8Q provides that regulations may authorise the Registrar to change a registered service address of a registered officer in specified circumstances.

Section 120: Officers of general partners: transitional provision

584 This section is a transitional provision. It gives general partners of existing limited partnerships which are legal entities a six-month period to comply with the new requirements about registered officers and named contacts that are being introduced by section 119 of this Act.

585 By "existing", this means limited partnerships that are registered in pursuance of an application for registration delivered to the Registrar before the Limited Partnership Act 1907 is amended by section 119.

586 Section 120(2) provides that, general partners which are legal entities and which became general partners on registration must deliver within the six month transitional period a statement that contains information about their registered officer. They must also either confirm that they do not have any managing officers that are legal entities or, if they have more than one managing officer that is a legal entity, the must provide a proposed contact for each managing officer.

Removal of option to authenticate application by signature

Section 121: Removal of option to authenticate application by signature

587 This section amends sections 8A and 8D of the Limited Partnerships Act 1907 by removing the need for a signature, or otherwise, when applying for registration of a limited partnership or designation as a private fund limited partnership.

588 The Government does not think this is a necessary requirement and it aligns with new provisions that impose obligations on general partners to deliver statements, or other documents, and which do not require a signature.

Changes in partnerships

Section 122: Notification of information about partners

589 This section inserts new sections 8R to 8W into the Limited Partnership Act 1907. New section 8R requires general partners to notify the Registrar of changes to a limited partnership's partners. New section 8S requires general partners to notify the register of changes to required information about partners (including confirmation that general partners which are legal entities have a registered officer who is compliant with identity verification requirements). New section 8T concerns notifying the Registrar about changes occurring in the period between application for the limited partnership's registration and its registration.

590 New section 8U provides that if the general partners fail to comply with sections 8R, 8S or 8T, then they will have committed an offence and are liable on conviction to a fine. New section 8V prohibits new general partners from managing the limited partnership until a notice is given under section 8R. If this prohibition is not complied with, then that general partner commits an offence and is liable on conviction to a fine.

591 New section 8W gives a power to the Secretary of State to authorise or require the Registrar to change the service address or principal office of a general partner if they do not meet the necessary requirements. This supports the Registrar in maintaining an accurate record of information on general partners.

Section 123: New partners: transitional provision about required information

592 This section is a transitional provision. It gives general partners in limited partnerships a six-month period in which to deliver a statement to the Registrar specifying the required information about partners that joined the partnership after registration but before section 122 comes fully into force.

593 The required information has the meaning given by the provisions in Schedule 4 of this Act. The six-month period begins when section 122 comes into force.

594 If the general partners do not submit the required statement as set out in section 123(2), and there is no evidence to the contrary, the Registrar will have reason to believe that the limited partnership has been dissolved.

Section 124: New general partners: transitional provision about officers

595 Similarly to section 120, this section is a transitional provision that requires existing limited partnerships to comply with the requirements that are being introduced by section 122 (Notification of information about partners) of this Act within a six-month period.

596 By existing, this means limited partnerships that are registered before the Limited Partnership Act 1907 is amended by section 122.

597 Information must be provided in a statement, as per section 124(2), on general partners who are legal entities and became a general partner before section 122 came into force but after registration of their limited partnership.

598 The statement should contain information about their corporate managing officer. They must also either confirm that they do not have any corporate managing officers that are legal entities or, if they have more than one corporate managing officer that is a legal entity, the must provide a named contact for each managing officer.

Section 125: Notification of other changes

599 This section amends section 8A of the Limited Partnerships Act 1907 by substituting text concerning the intended nature of the limited partnership's business. It also omits section 9 and inserts new sections 10A to 10C, which require a limited partnership to notify the Registrar of changes to the firm name, principal place of business, or other changes including where these occur before registration, and the offences associated with failing to do so.

600 If a limited partnership changes its principal place of business after application but before it is registered, the Registrar will not know where the partnership is operating from or what the nature of its business is if this changes too. This is because there is currently no requirement to update the Registrar of changes to its name, place of business, and the nature of the business.

601 New section 10A places a duty on general partners to notify the Registrar of such changes. New section 10B places a duty on general partners to notify the Registrar if the address of the principal place of business has changed since the application for registration. New section 10C provides that general partners who fail to comply with the duties in sections 10A and 10B commit an offence and are liable on conviction to a fine.

602 These amendments will provide the Registrar with greater transparency which could, for example, help support law enforcement agencies by providing them with up-to-date information on the limited partnership.

Section 126: Confirmation statements

603 This section inserts new sections 10D to 10F into the Limited Partnerships Act 1907. The purpose of these amendments is to assist in keeping the register up to date. New section 10D places a duty on general partners to deliver statements to the Registrar within 14 days after each review period specifying what, if any, changes have been made to the limited partnership, as well as confirming the address of the registered office. A review period is every twelve months from the date the limited partnership registered or last submitted a statement. Limited partnerships may shorten the review period by submitting a confirmation statement or by notifying the Registrar of their intent and submitting it within 14 days after the date of that review period. Limited partnerships who are already registered will have a six-month period after this section comes into force to make their first submission.

604 New section 10E allows for the Secretary of State to make regulations to amend the matters which need to be confirmed in a confirmation statement. New section 10F provides that general partners who fail to comply with the duty in section 10D commit an offence and are liable on conviction to a fine.

605 These changes will help to maintain the accuracy of the register by ensuring that key information relating to limited partnerships are kept up to date on a consistent basis.

Section 127: Confirmation statements: Scottish partnerships

606 This section amends the Scottish Partnerships (Register of People with Significant Control) Regulations 2017 (S.I. 2017.694) by substituting paragraphs (4) and (5) in regulation 37, which relate to the proper delivery of confirmation statements. These are replaced with a new paragraph stating that a Scottish partnership should assume a confirmation statement has been properly delivered unless notified otherwise by the Registrar, aligning these regulations with the policy for the rest of the United Kingdom.

Accounts

Section 128: Power for HMRC to obtain accounts

607 This section inserts section 10G to the Limited Partnership 1907. This amendment creates a power for the Secretary of State to make regulations that require the general partners to prepare accounts and, on request, make available accounting information to the HMRC.

608 An example of these regulations in use would be to request information if there is reason to believe that the limited partnership may have undertaken fraudulent activity or HMRC receives a request from law enforcement bodies on specific limited partnerships. It also brings limited partnership law into greater alignment with that of companies who are already required to submit accounting information.

Dissolution, winding up and sequestration

Section 129: Dissolution and winding up: modifications of general law

609 This section amends sections 4 and 6 of the Limited Partnerships Act 1907. Section 4 defines a limited partnership and section 6 modifies the general law in the case of limited partnerships. The amendments to section 4 provide clarity around the status and a liability of a limited partner following dissolution or deregistration of a limited partnership and the amendments to section 6 provide for the dissolution and winding up of a limited partnership. The amendments generally have the effect of changing section 6's modifications to the general law so those modifications apply to all kinds of limited partnerships, not just private fund limited partnerships.

610 The amendment to section 4 clarifies that limited partners are not liable for any new debts and obligations of the limited partnership after its dissolution under section 38 of the Partnership Act 1890.

611 New section 6(2A) makes it clear that a limited partnership is not dissolved under the Partnership Act 1890 by the bankruptcy of a partner.

612 New section 6(2B) makes it clear that a limited partnership is dissolved if it ceases to have any general partners, if it ceases to have any limited partners, or if each and every general partner is disqualified.

613 New section 6(3A) provides for what happens in the event that the limited partnership is dissolved at a time when the firm has at least one general partner who is solvent and not disqualified: those general partners must wind up the partnerships affairs or take all reasonable steps to ensure that its affairs are wound up.

614 New section 6(3B) provides for what happens in the event that a firm is dissolved at a time when it does not have a general partner who is solvent and not disqualified: the limited partners must take all reasonable steps to ensure that affairs of the partnership must be wound up by a person who is not a limited partner. Currently, if a limited partner engages in management activity they will lose their limited liability protections (though the limited partners of a limited partnership that is designated as a Private Fund Limited Partnership may engage in a prescribed "whitelist" of actions without compromising their status). The amendments within this section allow a limited partner to appoint a person to wind up the limited partnership without this being classed as management activity which means that the limited partner will not lose their limited liability status.

Section 130: Dissolution by the court when a partner has a mental disorder

615 This section substitutes section 35(a) of the Partnership Act 1890 (dissolution by the court) which made provision for the dissolution of a Scottish or Northern Irish partnership on the grounds of a partner's "lunacy". The effect of this section is to include appropriate references to "mental disorder" within the meaning of modern Scottish and Northern Irish legislation. It also makes amendments to the circumstances under which a limited partnership can be dissolved by the court. If a limited partner has a mental disorder or becomes incapable of performing the partnership contract, the court cannot dissolve the limited partnership unless the limited partner cannot otherwise access their share.

Section 131: Winding up limited partnerships on grounds of public interest

616 This section inserts new section 28 into the Limited Partnerships Act 1907 which makes provision for the Secretary of State to petition the courts for the winding up of limited partnerships in the United Kingdom where it is in the public interest to do so. New section 28 also allows Scottish Ministers to petition the court to wind up a Scottish limited partnership in the public interest and the Department for the Economy in Northern Ireland to petition the courts to wind up a Northern Irish limited partnership.

617 Further, new section 28 requires that the Secretary of State must consult Scottish Ministers before presenting a petition in respect of a Scottish Limited Partnership, and the Department for the Economy in Northern Ireland before presenting a petition in respect of a Northern Irish limited partnership. The court may order the winding up of the limited partnership if the court believes that it is just and equitable for the limited partnership to be wound up. It also provides that this power does not limit any other power the court has in the same circumstances.

Section 132: Winding up dissolved limited partnerships

618 This section inserts new section 29 into the Limited Partnership Act 1907 which provides that where a limited partnership has been dissolved but not wound up properly, a court may make any order it considers appropriate in relation to winding up the limited partnership.

619 The court can make these orders where an application has been made by the Secretary of State, Scottish Ministers in relation to a Scottish limited partnership, the Department for the Economy in Northern Ireland in relation to a Northern Irish limited partnership, or any other person appearing to the court with a sufficient interest.

620 Further, new section 29 requires that the Secretary of State must consult Scottish Ministers before making an application in respect of a Scottish Limited Partnership, and the Department for the Economy in Northern Ireland before making an application in respect of a Northern Irish limited partnership.

621 These amendments ensure that the affairs of the limited partnership are wound up and it can then subsequently be deregistered, which helps keep the register of limited partnerships up to date.

Section 133: Power to make provision about winding up

622 This section enables the Secretary of State to make provision corresponding or similar to any provision of the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 to govern the winding up of limited partnerships under new section 28 or 29 to the Limited Partnerships Act 1907.

Section 134: Winding up of limited partnerships: concurrent proceedings

623 This section means that if a petition has been presented under new section 28, or a person has made an application under new section 29, a general partner or person who made the application under new section 29 must notify the relevant court about other concurrent proceedings.

Section 135: Sequestration of limited partnerships: concurrent winding up proceedings

624 This section means that, if a limited partnership is in the course of sequestration proceedings, the petitioner, debtor or creditor must notify the sheriff court or AiB if they become aware of winding up proceedings under new section 28 or 29 to the Limited Partnerships Act 1907 in relation to the limited partnership.

The register of limited partnerships

Section 136: The register of limited partnerships

625 This section amends the Limited Partnership Act 1907 by inserting a definition of "the register of limited partnerships" in section 3 and by omitting sections 13 and 14 as they are superseded by the new definition which aligns with the Companies Act 2006.

626 The section substitutes section 16 of the Act with new provisions on who may inspect the register, material they may request, giving provision for the Registrar to specify the form and manner in which a request for inspection or copy of the register is made.

Section 137: Material not available for public inspection

627 This section inserts new section 16A into the Limited Partnerships Act 1907. This section states that the Registrar must not disclose or make available certain information for public inspection that is on the register of limited partnerships. This information is listed in the section and includes the limited partnership's registered email address, a partner or general partner's date of birth or a partner, a general partner's or a named contact for a general partner's managing officer's residential address information. It also includes information or statements relating to the identity verification of an individual.

628 Even if an individual ceases to be a partner or managing officer, the Registrar must continue to keep the specified information unavailable for public inspection, considering the potential risk to individuals if it were to be made public.

629 Section 137 also amends section 1083 of the Companies Act 2006 (preservation of original documents) by making reference to the provisions in the Companies Act 2006, the Limited Partnerships Act 1907 and the Economic Crime (Transparency and Enforcement) Act 2022 which relate to the extent of obligation to retain material not available for public inspection.

Section 138: Records relating to dissolved or deregistered limited partnerships

630 This section inserts section 16B into the Limited Partnerships Act 1907. Section 16B lays out the how information on dissolved and deregistered limited partnerships should be handled, specifying that information should not be made available for public inspection after 20 years of dissolution or deregistration and that the Registrar can instruct that information held by the Registrar is removed to the appropriate Public Record Offices (for England and Wales and Scotland) after two years of dissolution or deregistration and disposed of.

Disclosure of information

Section 139: Disclosure of information about partners

631 This section inserts new sections 16C to 16E into the Limited Partnerships Act 1907 and amends section 3(1). Section 16C restricts the Registrar from disclosing certain protected date of birth or residential address information on the Registrar unless specific circumstances apply.

632 These circumstances are:

a. The same information is already publicly available;

b. The date of birth or residential address information can be shared with a credit reference agency (although the Secretary of State may by regulations place conditions on the disclosure of information, or prevent the Registrar from disclosing date of birth information or residential address information to a credit reference agency);

c. The court orders the disclosure of the residential address;

d. The disclosure is permitted under the section 1110G of the Companies Act 2006.

633 Section 16D places restrictions on the disclosure of protected date of birth or residential address information by partners of a limited partnership. In particular, it provides that limited partners may not use or disclose date of birth information and may only use residential address information to communicate with the individual concerned. General partners may disclose protected information in order to communicate with the individual concerned, comply with the Limited Partnerships Act 1907 or in accordance with a court order.

634 Contravention of this section constitutes an offence on the partner (limited or general) who discloses protected information and they are liable on conviction to a fine.

635 Section 16E sets out the powers of the court to make an order for the disclosure of protected residential address information in particular circumstances and when the court is satisfied that it is appropriate to make the order.

636 The limitations on disclosure protect individuals who have provided their personal information, whilst enabling the Registrar to carry out the Registrar's functions, and partners of a limited partnership to carry on business. For example, if a limited partnership is not responding to correspondence at their registered office address, the residential address can be used, or there may be a situation where the Registrar needs to pass information to a law enforcement agency.

The registrar's role relating to dissolution, revival and deregistration

Section 140: Duty to notify registrar of dissolution

637 This section inserts new section 18 into the Limited Partnerships Act 1907, which requires general partners and limited partners (where the limited partnership does not have a general partner) to notify the Registrar of the dissolution of a limited partnership within 14 days from when the partner in question becomes aware of the limited partnership's dissolution. This requirement applies whether or not the partners are solvent or disqualified.

638 New section 18 also provides that no notice is required to the Registrar where the limited partnership is dissolved by a dissolution notice (under new section 19 or inserted by section 146 of the Act), if another person has already notified the Registrar of dissolution.

639 Failure to comply with the requirement to notify the Registrar of dissolution constitutes an offence, and the relevant partners will be liable on conviction to a fine.

640 The intention behind this section is that the Registrar is made aware when a limited partnership is dissolved, as there may be instances where dissolution happens without the Registrar's knowledge (for example, upon the death of a general or limited partner). This is so that they can maintain an up to date and accurate register which can be relied upon by the public.

Section 141: Registrar's power to confirm dissolution of limited partnership

641 This section inserts new sections 19 to 25 into the Limited Partnerships Act 1907 and amends sections 3 and 10. The new section 19 sets out a process for the Registrar to confirm the dissolution of a limited partnership which the Registrar has reasonable cause to believe has been dissolved.

642 The Registrar will be required to publish a warning notice for a period of two months stating that she believes the limited partnership is dissolved and invite anyone to make representations on the proposal. A copy of this notice must also be sent to the limited partnership. After two months, the Registrar can then publish a dissolution notice which dissolves the limited partnership if it was not already dissolved earlier. The Registrar's obligation to keep the firm on the index of names of limited partnerships in section 1099 of the Companies Act 2006 will cease.

643 The new section within this section will enable the register to be kept up to date; there are currently thousands of limited partnerships on the register which the Registrar either knows or suspects are inactive. This section will also allow the Registrar to deregister dissolved limited partnerships in the future.

644 New sections 20 to 22 concern the administrative revival of a limited partnership which was dissolved under section 19. A general partner of a dissolved limited partnership may apply to the Registrar to revive the limited partnership if they provide specified documents to the Registrar and pay any outstanding fines or penalties (as the case may be). Upon accepting an application for revival, the Registrar must publish a notice of the revival in The Gazette[4] and reenter the limited partnership onto the register. The limited partnership is then treated as if it had never been dissolved.

645 Sections 23 to 25 relates to applications to the court for revival of a limited partnership dissolved by a dissolution notice. An application may be made to the court for revival by the Secretary of State, a partner in the dissolved limited partnership, or by any person having an interest in the matter (for example, a creditor).

646 If a court orders the revival of a dissolved limited partnership, the Registrar must publish a notice of the revival in The Gazette and reenter the limited partnership onto the register. The limited partnership is then treated as if it had never been dissolved. The court can also give any orders as it deems just relating to placing the limited partnership in the same position as it was pre-dissolution.

Section 142: Registrar's power to confirm dissolution: transitional provision

647 This is a transitional section that states that if the Registrar exercises the power in section 18(1) during the period of six months after section 116(2) of the Act comes into force, the Registrar can publish a notice stating that the Registrar has reasonable cause to believe the limited partnership has been dissolved without having to comply with the warning notice or

[4] The Gazette | Official Public Record

notification provisions. The Registrar can treat the firm as dissolved and remove it from the index of names. This mechanism is intended to streamline the removal of dissolved firms during the transitional period so that the register is kept up to date upon the end of the transitional period.

Section 143: Voluntary deregistration of limited partnership

648 This section inserts new section 26 into the Limited Partnerships Act 1907 which allows a limited partnership that wants to be deregistered to make an application to the register to be removed, if all of the partners agree to deregister the limited partnership. Upon receiving the application for deregistration, the Registrar publishes a deregistration notice and the limited partnership ceases to be registered as such from the publication date.

Section 144: Removal of limited partnership from index of names

649 This section inserts new section 27 into the Limited Partnerships Act 1907 which requires the Registrar to remove a limited partnership from the index of names (kept under section 1099 of the Companies Act 2006) as soon as practicable once she becomes aware that the limited partnership is dissolved or deregistered, whether that is by a notice that she receives or that she publishes.

650 When she carries out this removal, she must include a note on the Registrar to say whether it is as a result of dissolution or deregistration. The note can be removed if not serving a useful purpose. The section also clarifies that this note forms part of the register.

651 The Registrar must also publish a notice in the Gazette if a limited partnership is removed other than following a dissolution under section 19 or deregistration under section 26 (both of which already require a Gazette notice to be published).

Delivery of documents

Section 145: Delivery of documents relating to limited partnerships

652 This section inserts new section 30 into the Limited Partnerships Act 1907. Section 145 provides that certain documents relating to a limited partnership can only be delivered to the Registrar by an Authorised Corporate Service Provider or an individual who is an officer or employee of an Authorised Corporate Service Provider.

653 Subsection (3) of the new section 30 lists what these documents are, for example, the application to become a limited partnership, notices of changes to partnerships and confirmation statements. Subsection (4) of new section 30 provides for a power for the Secretary of State to make regulations to add documents to this list.

654 The Secretary of State may also make regulations to amend this section for the purpose of changing who may deliver a document to the Registrar on behalf of another person. This requirement will add in an extra layer of checking and accountability, as Authorised Corporate Service Providers will need to carry out customer due diligence on their clients to file on their behalf. This will provide the Registrar and the public with confidence that documents being filed by limited partnerships are legitimate.

Section 146: General false statement offences

655 This section inserts new sections 31 and 32 into the Limited Partnerships Act 1907 which relate to two offences to deliver documents to the Registrar that are misleading, false or deceptive in a material particular, or to make a statement to the Registrar that is misleading, false or deceptive in a material particular. It is intended to mirror new section 1112A of the Companies Act 2006 and new sections 15A, 15B and 32 of the Economic Crime (Transparency and Enforcement) Act 2022.

656 The first offence in new section 31 is a basic offence, where the delivery of the document or making of a statement is made without reasonable excuse. It provides that where the offence is committed by a legal entity, every managing officer of that legal entity also commits the offence. A person guilty of an offence under section 31 is liable to a fine in England and Wales, or to a fine not exceeding level 5 on the standard scale in Scotland or Northern Ireland.

657 A managing officer will be in default if they authorise or permit, participate in, or fail to take all reasonable steps to prevent the contravention. A corporate managing officer does not commit the offence unless one of its managing officers is in default. Where a corporate managing officer does commit the offence every managing officer in question also commits the offence.

658 New section 32 introduces an aggravated offence, where the delivery of a document or making of a statement that is misleading, false or deceptive is done so knowingly. It provides that where the offence is committed by a legal entity, every managing officer of that legal entity also commits the offence. A person guilty of an offence under section 31 is liable on indictment to imprisonment for a term not exceeding the general limit in the Magistrate's court, or a fine, or both in England and Wales; to imprisonment for a term not exceeding 12 months, or a fine not exceeding the statutory maximum, or both in Scotland, and to imprisonment for a term not exceeding 6 months or a fine not exceeding the statutory maximum, or both in Northern Ireland.

659 A managing officer will be in default if they authorise or permit, participate in, or fail to take all reasonable steps to prevent the contravention. A corporate managing officer does not commit the offence unless one of its managing officers is in default. Where a corporate managing officer does commit the offence every managing officer in question also commits the offence.

National security exemption from identity verification

Section 147: National security exemption from identity verification

660 This section inserts new section 36 to the Limited Partnerships Act 1907. Section 36 sets out that the Secretary of State may by written notice exempt a person from identity verification requirements if it is necessary to do so: (a) in the interests of national security, or (b) for the purposes or preventing or detecting serious crime (subsection (1)). This provision corresponds to new section 1110C introduced to Companies Act 2006 by section 67.

661 Subsection (2) sets out the effects of the exemption for individuals subject to a written notice. This includes allowing to name an unverified person as (proposed) registered officer of a (proposed) general partner and not requiring any verification statements from them in various applications (to form a limited partnership, to notify a new general partner who is a legal entity, to change such partner's registered officer). Subsection (2)(b) allows also to exempt a general partner from the duty to maintain register officer's verified status or and subsection (2)(e) to exempt a person from the duty to deliver certain documents by an authorized corporate service provider.

662 Subsection (3) defines the meaning of 'crime' and explains that it is means conduct that is either a criminal offence, or would be a criminal offence if it took place in any one part of the United Kingdom. It is 'serious crime' if it would lead, on conviction, to a maximum prison sentence of 3 years or more, or if the conduct involves the use of violence, results in substantial financial gain or is conduct by a large number of persons in pursuit of a common purpose.

Service on a limited partnership

Section 148: Service on a limited partnership

663 This section inserts new section 34 into the Limited Partnerships Act 1907, which states that documents may be served on a limited partnership by leaving them at or sending them by post to their registered office.

Application of other laws

Section 149: Application of company law

664 This section inserts new section 7A into the Limited Partnerships Act 1907. Under this new section, regulations can be made which makes provision in relation to limited partnerships which corresponds or is similar to provisions which apply to companies or other corporations under any Act. The regulations can also be used when making consequential, supplementary, incidental, transitional or saving provision, to amend, repeal or revoke provisions related to limited partnerships made under any Act, whenever passed or made.

665 This section is intended to allow limited partnerships law to stay up to change and aligned with changes to companies' legislation without the need to pass primary legislation to amend the Limited Partnerships Act 1907.

Section 150: Application of Partnership Act 1890 (meaning of firm)

666 The Partnership Act 1890 sets out that persons who have entered into partnership are called collectively a firm, and that in Scotland firms are legal persons distinct from the partners of whom it is composed.

667 This section amends section 4 of the Partnership Act 1890 by inserting a new subsection (3). This new subsection has been included to make it clear that a limited partnership registered in part of the UK other than Scotland does not have independent legal personality even if it has its principal place of business in Scotland. The location of registration is the determinative factor.

668 Various legal consequences flow from a firm not having independent legal personality, including that it is the partners of firm A, rather than firm A itself, that enter into contracts and own property, and that if firm A is to become a partner in another firm, B, in legal terms it is the partners of firm A who all become partners of firm B.

Regulations

Section 151: Limited partnerships: regulations

669 This section inserts section 35 into the Limited Partnerships Act 1907. New section 35 sets out general provisions for regulations that can be made under the Limited Partnerships Act 1907. A power to make regulations will be exercisable by statutory instrument, have the power to make consequential, supplementary, incidental transitional or savings provisions, and regulations may make different provisions for different purposes.

670 Section 35 also defines what is meant by affirmative and negative resolution procedures, and clarifies that provisions made by regulations under the Act that are subject to the negative resolution procedure may also be made by regulations subject to the affirmative resolution procedure.

Further amendments

Section 152: Limited partnerships: further amendments

671 This section omits section 17 of the Limited Partnerships Act 1907, as a need is not foreseen for this rule-making power (the Registrar's power in section 1068 of the Companies Act 2006 is sufficient); and inserts Schedule 5 which makes consequential amendments relating to Part 2 of the Act.

Chapter 2 - Miscellaneous provisions about partnerships

Section 153: Registration of qualifying Scottish partnerships

672 This section gives the Secretary of State the power to make regulations in connection with a qualifying Scottish partnership. A qualifying Scottish partnership for the purpose of this section is defined in subsection (6). It is a partnership other than limited partnership formed under the law of Scotland that meets the definition in regulation 3 of the Partnership (Accounts) Regulations 2008. Qualifying Scottish partnerships are regulated under the Scottish Partnerships (Register of People with Significant Control) Regulations 2017, made under now repealed section 2(2) of the European Communities Act 1972.

673 Section 153(1) allows for making of provisions (i) requiring delivery of information to the Registrar, (ii) requiring identity verification from the managing officers of qualifying Scottish partnerships and (iii) corresponding or similar to any provision relating to companies or limited partnerships.

674 Under section 153(2) regulations may create summary offences punishable with a fine.

675 Section 153(3) and (4) clarify the relationship between the elements of section 153(1).

676 Section 153(6) defines certain terms used in this section, such as managing officer, qualifying Scottish partnership and the Registrar.

Section 154: Power to amend disqualification legislation in relation to relevant entities: GB

677 This section inserts new section 22I into the Company Directors Disqualification Act 1986 (CDDA1986). This new section allows the Secretary of State to make regulations which extends the application of the CDDA1986 so that the general partners of a limited partnership can be disqualified from acting as general partners of limited partnerships or from otherwise acting in management roles in other sorts of business association.

678 The regulation-making power also allows for similar extensions of disqualification legislation to limited liability partnerships and qualifying Scottish partnerships.

679 It is anticipated that, amongst other things, the power in this new section will be used to make a number of consequential amendments to the Limited Partnership Act 1907, including:

a. amend the definition of "disqualified under the directors disqualification legislation" to take account of courts being able to give permissions to act as general partners and to be registered officers; and

b. introduce requirements for statements to be given when general partners or registered officers would be disqualified but for the permission of the court to act or licences granted under SAMLA 2018.

Section 155: Power to amend disqualification legislation in relation to relevant entities: NI

680 This section inserts new Article 25D into the Company Directors Disqualification (Northern Ireland) Order 2002 by inserting a power for the Secretary of State to make regulations that would provide that the general partners of a limited partnership can be disqualified from acting as general partners of limited partnerships or from otherwise acting in management roles in other sorts of business association.

681 The regulation-making power also allows for similar extensions of disqualification legislation to limited liability partnerships.

682 It is anticipated that, amongst other things, the power in this new Article will be used to make a number of consequential amendments to the Limited Partnership Act 1907, including:

a. amend the definition of "disqualified under the directors disqualification legislation" to take account of courts being able to give permissions to act as general partners and to be registered officers; and

b. introduce requirements for statements to be given when general partners or registered officers would be disqualified but for the permission of the court to act or licences granted under SAMLA 2018.

Part 3 – Register of Overseas Entities

Register of overseas entities

Section 156: Register of overseas entities

683 This section amends section 3(2)(b) of the Economic Crime (Transparency and Enforcement) Act 2022, to clarify what the register of overseas entities consists of. The amendment will mean that in addition to information delivered under Part 1 of the Economic Crime (Transparency and Enforcement) Act 2022 or regulations made under Part 1, the register will consist of documents delivered to the Registrar under Part 35 of the Companies Act 2006 in connection with the register or other documents that will, on registration by the Registrar, form part of the register (new subsection (ba)).

Section 157: Required information about overseas entities: address information

684 This section amends the address requirements for overseas entities, corporate registrable beneficial owners and managing officers. In all cases, they must now provide their principal office address rather than having the option to provide either a registered office or principal office address.

685 This clarifies which address has been provided, and maintains alignment with legislative requirements for other types of legal entities.

Section 158: Registration of information about land

686 This section amends Schedule 1 to the Economic Crime (Transparency and Enforcement) Act 2022(required information), so that an overseas entity is required to provide further details about the land it owns. This information is required as part of an application for registration or removal and as part of its updating duty under section 7. This information will not be displayed on the public register. The further details required to be provided as part of this amendment is as follows:

a. For land in England and Wales, this is the title number of each “qualifying estate” where the overseas entity is the registered proprietor.

b. For land in Northern Ireland, this is the folio number of each “qualifying estate” where the overseas entity is the registered owner.

c. For land in Scotland, this is the title number of each title sheet in which the overseas entity is:

i. entered as the proprietor in the proprietorship section for one or more plots of land registered in the Land Registers of Scotland;

ii. the tenant under one or more leases registered in the Land Registers of Scotland.

687 This change is intended to capture the full range of land titles held by overseas entities so that the Registrar and the UK land registries have a clearer picture of the holdings of overseas entities for enforcement and monitoring purposes.

Section 159: Registration of information about trusts

688 This section extends the information that must be provided in connection with the registration of overseas entities where a person is a beneficial owner by virtue of being a trustee. It amends paragraph 8 of Schedule 1 to the Economic Crime (Transparency and Enforcement) Act 2022, which sets out the information required to be provided about trusts. The purpose of the new section is to require more information about the persons associated with a trust who may previously not have been required to be identified to Companies House.

689 The change has been made to capture changes in the persons associated with the trust before the overseas entity registered with Companies House, which will provide a fuller record about the trust, as well as changes that might have been made to the trust before the registration of the overseas entity, in an attempt to avoid information being disclosed to Companies House.

690 The new section introduces the concept of "specified details" which must be provided about those connected with the trust, and the "specified details" to be provided mirror the previous required details about both individuals and legal entities.

691 The "specified details" are set out in new sub-paragraph (1A) of paragraph 8 of Schedule 1, and must be provided in relation to each beneficiary under the trust, each settlor or grantor, and, where the settlor or grantor is a legal entity, information about the persons associated with that entity who are or would be registrable beneficial owners of the legal entity if it were an overseas entity. "Specified details" must also be provided about any interested persons under the trust, as must the date on which they became an interested person.

Section 160: Registration of information about managing officers: age limits

692 This section amends Schedule 1 to the Economic Crime (Transparency and Enforcement) Act. 2022 (applications: required information), so that where an overseas entity is required to provide details of a managing officer, this must include the name of an individual who is at least 16 years old and is willing to be contacted about the officer (unless the officer is an individual of at least that age).

693 There is no specified age limit for a managing officer of an overseas entity. This amendment ensures that the name and contact details of an individual who is at least 16 years old and is willing to be contacted about the officer are provided to the Registrar for monitoring and enforcement purposes, for example, if there a problem with the information provided about the overseas entity.

Section 161: Registrable beneficial owners: cases involving trusts

694 This section amends Schedule 2 of the Economic Crime (Transparency and Enforcement) Act 2022 (registrable beneficial owners). It has the effect of expanding the definition of registrable beneficial owner, so that when a beneficial owner is a legal entity (corporate) trustee, they are regarded as a registrable beneficial owner (section 161(2)). This means that they must be registered as a beneficial owner and must provide information about the associated trust, wherever the trust appears in the chain of ownership.

695 A new power is also inserted by section 161(5) that allows the Secretary of State to expand the meaning of "registrable beneficial owner" when the overseas entity is part of a chain of entities that includes a trustee. Any regulations made under this power must be made using the affirmative procedure.

696 Section 161 (6) revokes Regulation 14 of the Register of Overseas Entities (Delivery, Protection and Trust Services) Regulations 2022 (SI 2022/870). Regulation 14 (description of legal entity subject to its own disclosure requirements) brought some legal entity trustees into scope of the definition of registrable beneficial owner. This amendment brings all legal entity trustees into scope and therefore Regulation 14 is no longer required.

Section 162: Registrable beneficial owners: nominees

697 This section means that where an overseas entity holds certain interests in land as a nominee for another person that person is treated as a registrable beneficial owner for the purposes of the register of overseas entities. It also deals with less direct relationships.

698 This section amends Schedules 1 and 2 to the Economic Crime (Transparency and Enforcement) Act 2022 (the ECTE Act 2022) to ensure that an identified gap in coverage of the requirements is filled. The ECTE Act 2022 already requires most nominee relationships to be "looked through", with information about the person behind the nominee being provided. These changes mean that, where an overseas corporate nominee (which will itself be an overseas entity for the purposes of the ECTE Act 2022) holds land on behalf of someone else, it must provide information about the persons on whose behalf the land is held, for example, information about a linked trust. Without these amendments, the corporate trustee is required only to provide information about its own beneficial owners, who are not the people benefitting from the land.

699 Subsection (2a) of this section amends Schedule 1, paragraph 3(1) (required information about individuals who are registrable beneficial owners) so that the overseas entity must also report whether the individual is a registrable beneficial owner by virtue of new paragraph 2(1) or 2(2) of Schedule 2. Where the individual is a registrable beneficial owner by virtue of paragraph 2(1) of Schedule 2, the overseas entity must provide information about why the individual is a registrable beneficial owner, and a statement about whether the condition that is met is met by virtue of the individual being a trustee of a trust. If the individual is a registrable beneficial owner by virtue of paragraph 2(2) of Schedule 2, a statement about which of the conditions listed in new paragraph 6A applies, and why, must be provided.

700 Subsection 2(b) amends paragraph 4 of Schedule 1 to the ECTE Act 2022, to ensure that nominee relationships are captured where they relate to registrable beneficial owners that are governments and public authorities. Sub-section 2(c) similarly amends paragraph 5 of Schedule 1 (required information about other legal entities) so that where a registrable beneficial owner is a legal entity and is part of a nominee arrangement, the persons for whom the nominee is acting must be identified. As with the requirements for registrable beneficial owners who are individuals, information about which of the conditions in new paragraph 6A of Schedule 2 is met must be provided.

701 Amendments are also made to Schedule 2 of the ECTE Act 2022. Subsection (3) amends the meaning of "registrable beneficial owner" in relation to individuals (sub-section 3(a)), legal entities (sub-section 3(b)) and governments and public authorities (sub-section 3(c)). In each case, the meaning is extended to include persons treated as beneficial owners where the entity owns land as a nominee.

702 Subsection 3(d) inserts a new paragraph 6A into Schedule 2. This paragraph explains the conditions under which a person (X) should be treated as a beneficial owner of an overseas entity (Y) that holds land as a nominee. These conditions are outlined for, in turn, England and Wales, Scotland and Northern Ireland. One of more of the conditions must be met.

703 For England and Wales, Condition 1 sets out that to meet the condition, Y must be the registered proprietor of a qualifying estate within the meaning of Schedule 4A to the Land registration Act 2002, became so registered on or after 1 January 1999, and holds the qualifying

estate as a nominee for X, or an entity of which X is the beneficial owner by virtue of paragraph 6 of Schedule 2. Paragraph 6 defines the meaning of "beneficial owner" for the purposes of the ECTE Act 2022.

704 Condition 2 applies to land held in Scotland. Y must be the registered proprietor of a plot of land registered in the Land Register of Scotland, becoming the proprietor on or after 14 December 2014. Where Y is a tenant under a lease that begun before this date, the lease must have been subject to an assignation registered in the Land Register of Scotland on or after 8 December 2014, or be a lease first registered on or after that date. Y must also hold the interest in land as a nominee for X, or an entity of which X is a beneficial owner by virtue of paragraph 6 of Schedule 2, which defines the meaning of "beneficial owner" for the purposes of the ECTE Act 2022.

705 Condition 3 applies to land held in Northern Ireland. Y must be registered in the register held by the Northern Ireland Land Registry as the owner of a qualifying estate within the meaning of Schedule 8A to the Land Registration Act (Northern Ireland) 1970 (c. 18 (N.I.)), becomes so registered on or after the date on which that Schedule came into force (5 September 2022) and hold the qualifying estate as a nominee for X, or an entity of which X is the beneficial owner by virtue of paragraph 6 of Schedule 2, which defines the meaning of "beneficial owner" for the purposes of the ECTE Act 2022.

Section 163: Information about changes in beneficiaries under trusts

706 This section introduces the new Schedule to which it refers (Duty to deliver information about changes in beneficiaries) (Schedule 6) and makes transitional provision. The new requirements set out in paragraph 2 of new Schedule 6 do not apply to statements or information delivered to the Registrar under section 7 (updating requirements) of the Economic Crime (Transparency and Enforcement) Act 2022 during the first 3 months after the paragraph comes fully into force. This is to ensure that registered overseas entities are given sufficient time to gather the new information that will be required to be provided.

Section 164: Application for removal

707 This section requires the Registrar to refuse an application from an overseas entity for removal from the Register of Overseas Entities if it has not yet filed an annual update that is due, or is required to deliver other information under new Schedule 6 but has not yet done so.

Section 165: Verification of registrable beneficial owners and managing officers

708 This section amends section 16 of the Economic Crime (Transparency and Enforcement) Act 2022 (Verification of registrable beneficial owners and managing officers) to make it clear that regulations about verification can make provision about how it is carried out and the standard to which it is carried out. Regulations made under section 16 may also include provision about the information to be provided to the Registrar to enable them to monitor compliance with requirements imposed by the regulations. This section also allows requirements imposed about the retention of records to be enforced by the creation of a summary-only offence and sets out the maximum penalties for any offence created.

Inspection of the register and protection of information

Section 166: Material unavailable for public inspection: verification information

709 This section amends section 16 of the Economic Crime (Transparency and Enforcement) Act 2022, which is a power for the Secretary of State to make regulations about the verification of information submitted to the register of overseas entities. The amendment inserts a provision that states that the regulations made under the section 16 power may require the Registrar to protect certain information that is delivered under the regulations.

710 The purpose of the amendment to section 16 is to ensure that certain personal information submitted to the Registrar, such as email addresses, can be withheld from public inspection.

Section 167: Material unavailable for public inspection

711 This section substitutes sections 22 to 24 of the Economic Crime (Transparency and Enforcement) Act 2022 in order to mirror amendments to equivalent provisions in the Companies Act 2006 which have been amended by Part 1 of this Act.

712 The new section 22 expands the list of information that the Registrar is required to protect from public disclosure. This is to ensure that certain personal information is not publicly available on the register. It includes information that will be collected under new Schedule 6, and applications or other documents delivered under new subsection 23(1A) (disclosure of protected trusts information)

713 New section 23 replaces sections 23 and 24 of the Economic Crime (Transparency and Enforcement) Act 2022 and provides that the Registrar may only disclose protected information about dates of birth, protected information about residential addresses or protected information about trusts if the disclosure is permitted by section 1110G of the Companies Act 2006 (general powers of disclosure by the Registrar), the information is required to be made available for public inspection, or the disclosure is permitted by regulations made under new subsection (1A). It may be required to be made available for public inspection if it is not protected by section 22.

714 New subsection (1A) provides a power for the Secretary of State to make regulations requiring the Registrar, on application, to disclose relevant trusts information to a person, unless required to refrain from doing so by regulations made under section 25. Subsection (1B) sets out that information about the day of the month (but not the month or the year) on which an individual was born, and the usual residential address of an individual, must not be disclosed.

715 Subsection (1C) provides that regulations made under the power in subsection (1A) may make provision about (a) who may make an application; (b) the grounds on which an application may be made); (c) the information to be included in and the documents to accompany an application; (d) the notice to be given of an application and its outcome; and (e) how an application is to be determined.

716 Under subsection (1D) provision may be made in the regulations allowing for a question to be referred to someone other than the Registrar for the purposes of determining the application. The regulations may also include provision authorizing or requiring the Registrar to impose conditions how on material that is disclosed may be used, including restrictions on use and further disclosure (subsection (1E)), and may create offences in relation to a failure to comply with any conditions set in subsection (1E) (subsection (1F)). Subsection (1G) sets out the penalties for any offence created under subsection (1G).

717 Subsection (1H) sets out that regulations may confer a discretion on the Registrar.

718 Regulations made under this section are subject to the affirmative resolution procedure (subsection (1I).

719 New section 24 sets out requirements to consult with the Scottish Ministers and the Northern Ireland Department of Finance if regulations made under section 23 contain provision that would be within the legislative competence of the Scottish Parliament or Northern Ireland Assembly, if contained in Acts of that Parliament or Assembly respectively, and, for Northern Ireland, would not, if contained in a Bill for an Act of the Northern Ireland Assembly, result in the Bill requiring the consent of the Secretary of State under section 8 of the Northern Ireland Act 1998.

720 Section 167(2) explains that the meaning of protected date of birth information, residential address and trust information can be found in section 22(2).

Section 168: Protection of information

721 This section substitutes section 25 of the Economic Crime (Transparency and Enforcement) Act 2022 with a new section that aligns with new section 1088 of the Companies Act 2006 (see section 90 of the Act). The purpose of the provision is to allow individuals to apply to the Registrar to have some or all of their information made unavailable for public inspection, where it would otherwise be required to be publicly available.

722 Regulations may be made by the Secretary of State setting out the application process for the protection of information, including who may make an application, the grounds under which an application may be made, information to be included in the application and how an application will be determined. The regulations may also set out how and under what circumstances the protection of information may be revoked.

723 Section 25 also provides that the regulations may confer a discretion on the Registrar with regard to how an application is to be determined, and revocation procedures. The regulations may further allow the Registrar to refer a question to someone other than the Registrar for the purpose of determining the application or revoking the restrictions on public disclosure of the information.

724 The regulations made under section 25 may not require the Registrar to refrain from disclosing information under section 1110G (general powers of disclosure by the registrar) (subsection (6)).

725 Subsection (7) sets out that the regulations made under the section 25 power may also require the Registrar to publish details of how many applications to protect information have been made and how many have been allowed; they may also require the publication of other information relating to applications made under the regulations.

726 Regulations made under this section may confer a discretion on the Registrar.

727 Regulations made under section 25 are subject to the affirmative procedure.

Section 169: Resolving inconsistencies on the register

728 This section amends section 27 of the Economic Crime (Transparency and Enforcement) Act 2022. It expands the circumstances in which the Registrar can issue a notice to an overseas entity requiring them to resolve an inconsistency. Currently, section 27 allows the Registrar to issue a notice to resolve an inconsistency where information in a document delivered to them was inconsistent with other information held on the register of overseas entities.

729 The Registrar can now consider, when determining whether to issue such a notice, all information in their possession.

730 A notice issued by the Registrar will state how the information appears to be inconsistent with other information held in records kept by the Registrar under section 1080 of the Companies Act 2006, and require the overseas entity to respond within 14 days by taking reasonable steps to resolve the inconsistency by delivering replacement or additional documents (or in any other way).

731 The notice issued by the Registrar must state the date on which it was issued.

Section 170: Administrative removal of material from register

732 This section substitutes section 28 of the Economic Crime (Transparency and Enforcement) Act 2022 with two new sections, 28 and 28A, which enhance the Registrar's powers to remove material from the register of overseas entities. It maintains consistency between this Act and changes made to the corresponding provisions in the Companies Act 2006.

733 Section 28 gives the Registrar the power to remove material from the register where it was accepted onto the register but has not met proper delivery requirements under section 1073 of the Companies Act 2006. It also provides the power for the Registrar to remove unnecessary material as defined by section 1074 of the Companies Act 2006.

734 The Registrar may exercise these powers both on their own motion or when an application is received that has been made under the regulations made under section 28A(2).

735 Section 28A requires the Secretary of State to make regulations about the notice requirements where material is removed from the register under section 28 on the Registrar's own motion.

736 It also requires the Secretary of State to make regulations about the making and determination of applications to remove material under section 28. The regulations may include provision about who may make an application, what must be provided to the Registrar, how to object to an application, and how an application is to be determined, including what evidence may be relied upon by the Registrar to satisfy the test in section 28(1) (material that does not meet the proper delivery requirements). Regulations made under this section may confer a discretion on the Registrar.

737 Section 28 also makes provision to revoke sections 29 and 29A of the Economic Crime (Transparency and Enforcement) Act 2022 (application to rectify register and resolution of discrepancies). This is because the powers provided in sections 28 and 28A are sufficient for the purposes of sections 29 and 29A.

Offences

Section 171: False statement offences in connection with information notices

738 This section substitutes section 15 of the Economic Crime (Transparency and Enforcement) Act 2022 (the Act) and adds section 15A and section 15B. New section 15 creates an offence related to section 12 and section 13 of the Act, in circumstances where a person fails to respond to a notice sent to them by an overseas entity without reasonable excuse. New section 15A provides that an offence is also committed if a person responds to a notice given by an overseas entity under section 12 or section 13 of the Act, but makes a statement that is false in a material particular.

739 Section 15 as drafted within the Act currently restricts the false statement offence to being committed when a person knowingly or recklessly makes a false statement in responds to a notice. The new section 15A and section 15B amend this offence to change the threshold to be met for commission of the offence, by splitting it into two separate offences.

740 Section 15A introduces the first new offence, called the "basic offence" which is committed when a person, without reasonable excuse, a person makes a statement that they know to be false, misleading or deceptive in a material particular. Subsection (2) states that if the offence is committed by a legal entity, the offence is also committed by every officer of the entity who is in default. A person found guilty of this offence will be subject to a fine (subsection (3)).

741 Section 15B introduces an "aggravated offence" of knowingly making a statement that is false, misleading or deceptive in a material particular in response to a notice sent by an overseas entity under section 12 or section 13 of the Act. If the offence is committed by a legal entity, it is also committed by every officer of the entity who is in default (subsection (2)). Subsection (3) outlines the penalty for a person guilty of the offence; this can be a prison sentence and/or a fine.

742 The effect of the new sections is that:

(a) the "basic offence" requires a person charged with it to provide evidence of any "reasonable excuse" they may have for committing the offence (for example, they may have relied on information that they did not, at the time, have cause to believe was false, misleading or deceptive);

(b) the "aggravated offence" carries a more severe sentence when the person has deliberately made a statement that is false, misleading or deceptive; and

(c) the offence is consistent with that at section 32 of the Act ("General false statement offence").

Section 172: General false statement offences

743 This section substitutes section 32 of the Economic Crime (Transparency and Enforcement) Act 2022 and adds new section 32A. The effect of the amendment is that the false statement offence is now split into the "basic" and "aggravated" offence (to maintain consistency with section 1112 of the Companies Act 2006), and both offences are expanded to include that a false statement offence can be committed by a legal entity, and, where this is the case, by every officer of the entity in default.

744 The penalty for committing the "aggravated offence" is amended in line with the Judicial Review and Courts Act 2022. If a person is convicted on indictment, the penalty is a prison sentence of up to two years, or a fine, or both. This has not changed. The penalties for a summary conviction under new section 32A are set out in subsection (3) of new section 32A. In England and Wales, the penalty for conviction of a summary offence is amended to imprisonment for a term not exceeding the general limit in a magistrate's court or a fine (or both). The penalties on conviction in Scotland or Northern Ireland have not changed.

Section 173: Enforcement of requirement to register: updated language about penalties etc

745 This section updates the language used to describe the penalty contained in section 34 of the Economic Crime (Transparency and Enforcement) Act 2022.

746 It reflects changes made by the Judicial Review and Courts Act 2022 and ensures consistency with the wording used in other sections in this Act.

Miscellaneous

Section 174: Overseas entities: further information for transitional cases

747 This section introduces new Schedule 5A (Overseas entities: further information for transitional cases). This amends the Economic Crime (Transparency and Enforcement) Act 2022 to impose further duties on overseas entities to deliver information to the Registrar.

Section 175: Financial penalties: interaction with offences

748 This section provides that regulations must provide that no financial penalty may be imposed on a person in respect of whom criminal proceedings are ongoing; at the moment it is the other way around so that criminal proceedings cannot be continued once a penalty is imposed.

749 The purpose of this amendment to section 39 of the Economic Crime (Transparency and Enforcement) Act 2022 (ECTE Act 2022) is to make clear that once criminal proceedings are underway in a case brought under the ECTE Act 2022, no financial penalty may be imposed. This ensures that criminal proceedings are not inadvertently compromised by the imposition of a financial penalty.

Section 176: Meaning of "service address"

750 This section amends section 44 of the Economic Crime (Transparency and Enforcement) Act 2022 (interpretation), at the appropriate places, to define "service address" as having the same meaning as in the Companies Acts (see section 2(1) of the Companies Act 2006).

Section 177: Meaning of "registered overseas entity" in land registration legislation

751 This section amends the Land Registration Act 2002, the Land Registration etc (Scotland) Act 2012 and the Land Registration Act (Northern Ireland) 1970 to include further circumstances that lead to an overseas entity failing to remain a "registered overseas entity" and therefore subject to restrictions in dealing with its land. An overseas entity must be a "registered overseas entity" at the time of any relevant disposition in land. If it is not a "registered overseas entity" at the time of a relevant disposition in land, the third party dealing with the overseas entity will be unable to register its new interest with any of the UK's land registries. Currently, an overseas entity is not to be considered a "registered overseas entity" if it has failed to comply with the duty to provide an annual update to the Registrar under section 7 of the Act.

752 The new circumstances arise when an overseas entity has failed to respond to a notice from the Registrar that has been issued under section 1092A of the Companies Act 2006 (power of registrar to require information). If an overseas entity has not complied with the duty to provide the Registrar with information under a notice issued under section 1092A of the Companies Act 2006, it will not be regarded as a "registered overseas entity" until it has remedied the failure by providing the required information to the Registrar. The provision of the information does not retrospectively reinstate the overseas entity to being considered as a "registered overseas entity". Any relevant dispositions made in the period during which the overseas entity is non-compliant with its duties under section 1092A must not be accepted for registration by the land registries. This applies in the same way as it does to any period of non-compliance with the section 7 updating duty.

753 Section 177(1) inserts this change into Schedule 4A of the Land Registration Act 2002 by substituting the current paragraph 8 for subsection (1).

754 Section 177 (1A) renumbers subsection 5 (as inserted by the Economic Crime (Transparency and Enforcement) Act 2022) of section 21 of the Land Registration (Scotland) Act 2012 (LR(S)A 2012). This subsection becomes subsection (4A). The reason for this change is that two pieces of legislation being passed around the same time in 2022 each inserted a new subsection (5) into the LR(S)A 2012. This amendment corrects the inadvertent duplication.

755 Section 177(2) inserts this change into the Land Registration (Scotland) Act 2012 (asp 5) by substituting the current Schedule 1A, paragraph 9, sub-paragraphs (2) and (3) for subsection (2).

756 Section 177(3) inserts this change into the Land Registration Act (Northern Ireland) 1970 by substituting the current Schedule 8A (overseas entities) paragraph 7 for subsection (3).

Section 178: Power to apply Part 1 amendments to register of overseas entities

757 This section provides a power for the Secretary of State, by regulations, to amend the Economic Crime (Transparency and Enforcement) Act 2022 to ensure that changes made to the Companies Act 2006 by this Act can be replicated in the 2022 Act where the provisions of the 2022 Act correspond to the 2006 Act. These regulations are subject to the affirmative resolution procedure.

758 Before making regulations under this power, the Secretary of State must obtain the consent of Scottish Ministers if the regulations contain provision that would be within the legislative competence of the Scottish Parliament if contained in an Act of the Scottish Parliament.

759 The Secretary of State must also obtain the consent of the Northern Ireland Department of Finance before making regulations under this power that might contain provision that would be within the legislative competence of the Northern Ireland Assembly (if contained in an Act of that Assembly), and would not, if contained in a Bill in the Northern Ireland Assembly, result in the Bill requiring consent from the Secretary of State under section 8 of the Northern Ireland Act 1998.

Part 4 – Cryptoassets

Section 179: Cryptoassets: confiscation orders

760 This section introduces Schedule 8, which amends POCA to make provision in connection with cryptoassets and confiscation orders.

Section 180: Cryptoassets: civil recovery

761 This section introduces Schedule 9, which amends POCA to make provision for a civil recovery scheme in relation to cryptoassets.

Section 181: Cryptoassets: terrorism

762 This section introduces Schedule 10, which amends ATCSA and TACT to make provision for a civil recovery scheme in relation to cryptoassets, mirroring that being inserted into Part 5 of POCA by Schedule 9 of this Act.

Part 5 – Miscellaneous

Money laundering and terrorist financing

Section 182: Money laundering: exiting and paying away exemptions

763 Section 182(2), (3) and (4) inserts exemptions from the specified principal money laundering offences in POCA sections 327 and 328. They enable a person carrying on business in the regulated sector to transfer or hand over money or other property owed to a customer or client, in order to end their business relationship, without requiring submission of a DAML.

764 The value of the criminal property transferred or handed over must be less than the threshold amount specified in section 339A. The threshold amount can be amended by order made by the Secretary of State.

765 Before transferring or handing over the money or other property, the business must have complied with their existing customer due diligence duties under the Money Laundering Regulations 2017. The subsections insert the definition of "customer due diligence duties". For the purposes of sections 327(2D)(d), 328(6)(d) and s329(2D)(d), compliance with customer due diligence duties in practice refers to the business applying due diligence measures to the customer or client as required by regulation 27(1)(a) of the Money Laundering Regulations 2017 and nothing in sections 327(2E)(c), 328(7)(c) and 329(2E)(c) sets any expectations as to the nature, level, standard, or completeness of any due diligence undertaken."

766 The exemptions cannot be used by any type of business that has been excluded by regulations made by the Secretary of State.

767 Section 182(5) amends section 339A (threshold amounts) to specify that the value below which property can be transferred or handed over is £1,000.

768 Section 182(6) inserts the definition of "business relationship" into section 340.

Section 183: Money laundering: exemptions for mixed-property transactions

769 Section 183(2), (3) and (4) inserts exemptions from the specified principal money laundering offences in POCA sections 327 and 328. The exemption enables a person carrying on business in the regulated sector to act on behalf of a customer or client in operating an account or accounts held, when the business knows or suspects that part, but not all, of the money or property held for the customer or client is criminal property. This may include for example allowing a customer or client access to money or other property.

770 The exemption applies where the person holds funds or other property for the customer or client and cannot identify the specific elements of the funds or other property that are criminal in origin.

771 Where the value of funds or other property would fall below the value known or suspected to be criminal as a result of an action, the exemption would not apply. In this case the person would submit an authorised disclosure for the value of criminal funds or property.

772 For example, an individual may receive a legitimate monthly salary from their employer and have £2,000 from this salary in their bank account. The individual then makes what the bank suspects to be a fraudulent loan application and receives a further £3,000. The account now contains £5,000. Using the exemption, the bank can allow the customer access to up to £2,000 of their funds without submitting a DAML, as long as a minimum of £3,000 (the value of the suspected criminal funds) is maintained by the bank. If the customer wanted to withdraw £2,500, taking the balance to £2,500, an authorised disclosure would be required on the £500 that would take the balance below £3,000.

773 There is no threshold value limit on the use of the exemptions.

774 The exemptions cannot be used by any type of business that has been excluded by regulations made by the Secretary of State.

Section 184: Money laundering: offences of failing to disclose

775 This section creates a defence for people who fail to report money laundering if their knowledge or suspicion is based on information supplied under a status check or immigration check required by the Immigration Act 2014.

776 The defence applies where, but for that information, the person would not have reasonable grounds to know or suspect money laundering.

Section 185: Money laundering: information orders

777 This section amends section 339ZH of POCA, which allow the relevant court to make an IO.

778 Section 185(7) inserts new subsections (6A), (6B) and (6C). Subsections (6A) and (6B) set out 3 new conditions for application for an IO which do not require the information required to be given under the order to relate to a matter arising from either a disclosure under Part 7 of POCA or from a corresponding disclosure requirement where the information to which the order relates has been requested by a foreign authority. The information sought must be to assist the NCA or a foreign FIU to conduct its operational or strategic analysis functions relevant to money laundering. Operational analysis enables FIUs to identify specific targets to follow the trail of particular activities of transactions to determine links between those targets and possible proceeds of crime. Strategic analysis enables FIUs to identify money laundering trends and patterns, this information will be used to determine money laundering related threats and vulnerabilities. Subsection (6B) stipulates that the information provided by the National Crime Agency to the foreign FIU must be for the purposes of the criminal intelligence function of the National Crime Agency, so far as it relates to money laundering. Subsection (6C) sets out the meaning of "money laundering" in subsections (6A) and (6B).

779 Section 185(10) amends subsection 12 of section 339ZH, inserting the definition of an "authorised NCA officer", "the criminal intelligence function" and "foreign FIU".

780 Section 185(12) inserts section 339ZL into POCA. It creates a duty on the Secretary of State to make a code of practice in relation to conditions 3 and 4. The code of practice must provide guidance to assist authorised NCA officers (and the Director General of the NCA) in connection with the making of applications for an IO in reliance on those conditions. In the case of applications made to the sheriff, the guidance must assist those officers with the making of requests for such to a procurator fiscal. A court may only make an IO if it is satisfied that the relevant NCA officer has had regard to the code of practice before he or she has made the application (or, in Scotland, before he or she has made a request for such to a procurator fiscal). Subsections (3) to (9) of section 339ZL set out various procedural requirements for the making and bringing into force of the code of practice, as well as supplementary provision in relation to failures to comply with the code, admissibility of the code as evidence in other proceedings and definitions.

Section 186: Terrorist financing: information orders

781 This section amends section 22B of TACT, which allows the relevant court to make an IO.

782 Section 173(8) inserts 2 new conditions for application of an order which do not require the information required to be given under the order to relate to a matter arising from either a disclosure under section 21A of TACT or from a corresponding disclosure requirement where an external request has been made by a foreign authority. The information sought must be to assist the NCA or a foreign FIU to conduct its operational or strategic analysis functions relevant to terrorist financing. Operational analysis enables FIUs to identify specific targets to follow the trail of particular activities or transactions to determine links between those targets and possible terrorist financing. Strategic analysis enables FIUs to identify terrorist financing trends and patterns, this information will be used to determine any terrorist financing related threats and vulnerabilities. The provision of the information by the National Crime Agency to the foreign FIU must be for the purposes of the criminal intelligence function of the National Crime Agency, so far as it relates to terrorist financing.

783 Section 186(12) inserts the definition of an "authorised NCA officer", "criminal intelligence function", "foreign FIU" and "terrorist financing".

784 Section 186(13) inserts section 22F into TACT. It creates a duty on the Secretary of State to make a code of practice in relation to conditions 3 and 4. The code of practice must provide guidance to assist authorised NCA officers (and the Director General of the NCA) in connection with the making of applications for an IO in relation to those conditions. In the case of applications made to the sheriff, the guidance must assist those officers with the making of requests for such to a procurator fiscal. A court may only make an IO if it is satisfied that the relevant NCA officer has had regard to the code of practice before he or she has made the application (or, in Scotland, before he or she has made a request for such to a procurator fiscal). Subsections (3) to (9) of section 22F set out various procedural requirements for the making and bringing into force of the code of practice, as well as supplementary provisions in relation to failures to comply with the code, admissibility of the code as evidence in other proceedings and definitions.

Section 187: Enhanced due diligence: designation of high-risk countries

785 This section amends Schedule 2 (money laundering and terrorist financing etc) and section 55 (parliamentary procedure for regulations) of the Sanctions and Anti-Money Laundering Act 2018 so as to provide for the Treasury to publish and amend the list of high-risk countries from time to time.

Disclosures to prevent, detect, or investigate economic crime etc

Section 188: Direct disclosures of information: restrictions on civil liability

786 This section disapplies any duty of confidence owed by a business to its customer, or any civil liability relating to a disclosure about that customer, where the business making the disclosure knows the identity of the recipient (a "direct disclosure") and certain conditions are satisfied. An example is where a bank identifies a transaction that it is part of as irregular and wants further information from the other party involved in the transaction on, for instance, the identity of the payer or the source of funds.

787 Section 188(1) sets out the conditions where a person 'A' making a direct disclosure to another person 'B' does not breach confidentiality obligations A may owe and is protected from civil liability. These conditions are:

a. That A is carrying on a business of a kind set out in section 188(3).

b. That B is also a business to which section 188(3) applies.

c. That the person whose data is being shared is a customer or former customer of A.

d. That either the "request condition" or "warning condition" is met (these are defined by section 188(4) and (5)).

e. That A is satisfied that the disclosure will or may assist B in carrying out relevant actions of B. "Relevant action" is defined at section 191 and includes:

i. determining whether it is appropriate to carry out customer due diligence (CDD) or other similar measures;

ii. identity verification; and

iii. determining whether it is appropriate to decline or restrict services to a customer for the purposes of preventing or detecting economic crime.

f. That the disclosure is not a privileged disclosure as defined by section 190.

788 Section 188(2) sets out the protections that are applied by the sections: that the disclosure does not— (a) give rise to a breach of any obligation of confidence owed by A, or (b) give rise to any civil liability, on the part of A, to the person to whom the disclosed information relates

789 Section 188(3) sets out the sectors that this section applies to. This covers businesses in the AML regulated sector (as defined in Part 1 of Schedule 9 to POCA) or those prescribed in regulations made by the Secretary of State.

790 Section 188(4) sets out one of the conditions that must be met in order to satisfy limb (d) of the test above. This, the request condition, is designed to facilitate sharing where B has made a request to A for disclosure of information.

791 Section 188(5) creates the alternative condition that may be relied on to satisfy limb (d) as referenced above. This, the warning condition, is designed to facilitate sharing in cases where A wishes, due to concerns about risks of economic crime, to warn B about a customer. The condition for A providing such a warning is that A must have taken safeguarding action against their customer or would have taken such action in the case of a former customer.

792 Section 188(6) defines what a safeguarding action consists of.

793 Section 188(7) ensures that should B, upon receipt of a disclosure under subsection (1), use the disclosed information for the purposes of any of B's relevant actions (as defined in section 191), B does not breach any obligation of confidence B may owe.

794 Section 188(8) ensures that a person carrying on a business to which section 188(2) applies does not breach any duty of confidentiality owed or make themselves civilly liable when disclosing information to another person for the purpose of making a disclosure request, provided it is reasonably believed that the person to whom the disclosure is made is carrying on business to which section 188(2) applies and has information that may assist the requestor in conducting their relevant actions.

795 Section 188(9) sets out the protections that apply to section 188(8).

796 Section 188(11) makes clear that the disclosure of information must still be compliant with data protection legislation, the UK GDPR, and the Data Protection Act 2018, and that the protection from civil liability offered by these sections do not include those that arise under these acts.

Section 189: Indirect disclosure of information: no breach of obligation of confidence

797 This section disapplies duties of confidentiality and civil liabilities where information is shared via a third-party intermediary (TPI) who may hold information on, for instance, a database or platform, such as one akin to the National Fraud Database. This type of information sharing will occur where, for instance, Bank 'A' has information about a customer that is relevant to other banks for preventing, detecting, or investigating economic crime, but it does not know specifically which banks would benefit from the information. An example would be where a bank has terminated a relationship with a customer due to economic crime concerns and wants to inform other banks of its decision to inform their own risk-assessments about the customer.

798 Section 189(1) creates the conditions that must be met in order for a disclosure made by a person A to another (TPI) not to breach any obligation of confidence A may owe. These include:

a. That A is a business to which Section 189(3) applies, namely a business in the regulated sector as: a deposit taking body; electronic money institution; a payment institution; a cryptoasset exchange provider; a custodian wallet provider; a legal, accountancy, audit, tax or insolvency practitioner whose revenues exceed the amount specified in subsection (11); or a business prescribed by regulations made by the Secretary of State;

b. That the person whose data is being shared is a customer or former customer of A;

c. That A has taken specified safeguarding action against the customer;

d. That A is satisfied that the information disclosed, if disclosed by B to another C who is carrying on a business to which subsection (3) applies will or may assist the eventual recipient C in carrying out its relevant actions;

e. That the UK GDPR applies to the disclosure; and

f. That A and the TPI are parties to an agreement that ensures that to the extent the information is personal data any processing or disclosure by the TPI will only take place in circumstances where the UK GDPR applies to that processing or disclosure.

799 That the disclosure is not a privileged disclosure as defined in Section 190.

800 Section 189(2) sets out the protections that are applied by the sections: that the disclosure does not— (a) give rise to a breach of any obligation of confidence owed by A, or (b) give rise to any civil liability, on the part of A, to the person to whom the disclosed information relates.

801 Section 189(4) is designed to ensure the TPI qualifies for the protections where the TPI discloses information to another business C and the condition of section 189(5) is met, covered by the provisions for the purposes of preventing, investigating, or detecting economic crime.

802 Section 189(6) is designed to ensure that the use of the disclosed information by the eventual recipient C, for their relevant actions does not breach any obligation of confidence owed by C.

803 Section 189(7) ensures that a person, carrying on a business to which subsection (3) applies, who makes a disclosure of information to another for the purposes of making a request for disclosure does not breach any duty of confidentiality owed or give rise to civil liability when doing so in specified circumstances.

804 Section 189(10) makes clear that the disclosure of information must still be compliant with data protection legislation, the UK GDPR, and the Data Protection Act 2018, and that the protection from civil liability offered by these sections do not include those that arise under these acts.

805 Section 189(11) provides the definition of relevant financial year, and the revenue threshold to qualify as a large firm under section 189(3).

Section 190: Meaning of "privileged disclosure"

806 This section defines the meaning of "privileged disclosure" for the purpose of the information sharing Sections 188 and 189. Section 190(1) defines a privileged disclosure i.e., a disclosure of information made by a professional legal adviser or relevant professional adviser in circumstances where the information disclosed came to the adviser in privileged circumstances.

807 Section 190(2) defines "privileged circumstances".

808 Section 190(3) defines a "relevant professional adviser" for the purposes of this provision.

Section 191: Meaning of "relevant actions"

809 This section defines the term "relevant actions" referred to in Sections 188 and 189.

Section 192: Meaning of "business relationship"

810 This section defines the term "business relationship" referred to in Sections 188 and 189.

Section 193: Other defined terms in sections 188 to 191

811 This section defines the other terms used in sections 188 and 191, including the definitions of "economic crime" which refers to acts which constitute offences listed in Schedule 11. Whilst the list does not expressly include aiding, abetting, counselling, or procuring commission of one of those listed offences, this is because such acts are considered to be covered by a reference to the primary offence and a person found guilty of aiding, abetting, counselling or procuring would be convicted of that primary offence.

812 Express provision is made for the offences of encouraging or assisting the commission of one of those listed offences in England and Wales, and incitement to commit a listed offence in Scotland.

813 Section 193(3) enables the Secretary of State, via secondary legislation, to add or remove offences to or from the list in Schedule 11.

Power to strike out certain claims

Section 194: Strategic litigation against public participation: requirement to make rules of court

814 This section sets out the mandatory requirement for Civil Procedure Rules to tackle SLAPPs.

815 Subsection (1) contains the dismissal test to be applied by courts in determining whether to strike out SLAPP claims, being whether the claimant can show they are more likely than not to succeed at trial and the requirement that the claimant must satisfy the court of the likelihood of success for the claim to proceed.

816 Subsections (2), (3) and (4) contain the duty on the Civil Procedure Rule Committee to make the corresponding rules, including rules that provide the costs protection for the defendants.

817 Subsection (5) contains the power for the Lord Chancellor by regulations to require corresponding provisions in other rules of court which, when exercised, will entail amendment to the Act specifying those rules of court.

Section 195: Meaning of "SLAPP" claim

818 This section contains the definition of a SLAPP claim that applies to Section 194. That definition, set out in subsection (1), requires that the claim is with respect to the exercise by the defendant of their right to freedom of speech on a matter related to economic crime and with the purpose of combating it and that the claimant has sought to misuse the justice system.

819 Subsection 1(d) defines the misuse of the justice system as behaviour intended to cause harassment, alarm, distress, expense, or any other harm or inconvenience, beyond that which would ordinarily be encountered in properly conducted litigation. Subsections (4) and (5) set out matters relevant to the consideration of such behaviour.

820 Subsection (2) excludes limitations of law with respect to the exercise of freedom of speech in consideration of the matters in subsections (1)(a) and (c) so as to avoid inadvertently frustrating the operation of the early dismissal procedure in Section 193

821 Subsection (3) defines where the defendant's exercise of their right to freedom of speech will have to do with economic crime for the purpose of subsection (1).

822 Subsection (6) defines the meaning of economic crime for the purpose of Section 194.

Attributing criminal liability for economic crimes to certain bodies

Section 196: Attributing criminal liability for economic crimes to certain bodies

823 Sections 196 to 198 enable a corporate body or partnership to be held criminally liable where a senior manager commits a relevant offence while acting within the actual or apparent authority granted by the organisation.

824 At present, for most offences, whether a corporate body will be criminally liable relies on the application of the "identification doctrine", under which the offence must be carried out by a person representing the "directing mind and will" of the corporate body. This amendment does not replace or amend the common law identification doctrine but provides a new statutory route to corporate liability for offences listed in Schedule 12.

825 Section 196(1) provides that the corporate body or partnership will be guilty of an offence if the offence is carried out by a "senior manager". A senior manager is an individual who plays a significant role in the making of decisions about how the whole or a substantial part of the activities of the body are to be managed or organised, or the actual managing or organising of the whole or a substantial part of those activities. This covers both those in the direct chain of management as well as those in, for example, strategic or regulatory compliance roles. "Substantial part of the business" relates to the importance of the activity over the operations of a business as a whole.

826 "Senior management" would normally include a company's directors and other senior officers such as a Chief Financial Officer or Chief Operating Officer, whether or not they are members of the Board. This would include organisations such as charities where, because of restrictions on trustees receiving benefits from the charity, the organisation's salaried chief officers are not usually members of the Board. Other individuals who have significant roles in relation to a substantial part of the organisation's activity, such as its human resources function, would also be included. However, "senior management" is not limited to individuals who perform an executive function or are board members, it covers any person who falls within the definition irrespective of their title, remuneration, qualifications or employment status.

827 The senior manager must be acting within the actual or apparent scope of their authority. This does not mean that the senior manager must have been authorised to carry out a criminal offence. It would be enough that the act was of a type that the senior manager was authorised to undertake or which would ordinarily be undertaken by a person in that position. For instance, if a Chief Financial Officer commits fraud by deliberately making false statements about a company's financial position, the company would be liable since the act of making statements about the company's financial position is within the scope of that person's authority.

828 Subsection (2) and Schedule 12 define which offences the new rule will apply to. An offence in Schedule 12 is a "listed offence". The rule will also apply to attempts and conspiracies to commit a listed offence; to aiding, abetting, counselling or procuring the commission of a listed offence; in England, Wales and Northern Ireland, to offences of encouraging or assisting a listed offence; and in Scotland to inciting the commission of a listed offence.

829 Subsection (3) ensures criminal liability will not attach to an organisation based and operating overseas for conduct carried out wholly overseas, simply because the senior manager concerned was subject to the UK's extraterritorial jurisdiction: for instance, because that manager is a British citizen. Domestic law does not generally apply to conduct carried out wholly overseas unless the offence has some connection with the UK. This is an important matter of international legal comity. However, certain offences, regardless of where they are committed, can be prosecuted against individuals or organisations who have certain close connections to the UK. Subsection (3) makes sure that any such test will still apply to organisations when the new rule applies.

Section 197: Power to amend list of economic crimes

830 Section 197 provides a power to amend the list of offences in Schedule 12. The power is generally exercisable by the Secretary of State. Where it would be within the legislative competence of the Scottish Parliament or the Northern Ireland Assembly to make the amendment by primary legislation, the power is exercisable by the Scottish Ministers or the Northern Ireland Department of Justice (and not by the Secretary of State).

Section 198: Offences under section 196 committed by partnerships

831 Section 198 makes procedural provision for prosecutions of partnerships under the new rule and applies laws applying to the prosecution of companies to such cases. It requires any fine imposed for an offence committed by the partnership to be paid from partnership assets.

Failure to prevent fraud

Section 199: Failure to prevent fraud

832 Sections 199 to 206 create a new offence of failure to prevent fraud. The offence will be committed by a large organisation when a relevant fraud offence is committed by an associated person such as an employee or agent, acting to benefit the organisation. It will also be possible to prosecute a parent company where the offence is committed by an associated person of a subsidiary, with the intention of benefitting the parent company and where the group headed by the parent company exceeds the thresholds for a large organisation.

833 Section 199 deals with the substantive elements of the offence.

834 Subsection (1) provides that a relevant large organisation is guilty of an offence where an associated person commits a relevant fraud offence with intent to benefit either the body itself, or a person to whom the associate provides services on behalf of the relevant body. Thus, the offence would be committed where, for example, an employee of a company engages in fraud with intent to benefit the company, or engages in fraud with intent to benefit a client for whom the employee provides services on behalf of the company. Benefit is not defined, but is not restricted to financial benefit.

835 The requirement for an intent to benefit the organisation, or a person to whom the associated person provides services on behalf of the organisation, is broader than the requirement in the offence of failure to prevent bribery in the Bribery Act 2010, section 7, that the associated person intends thereby to "obtain or retain business" or to "obtain or retain a business advantage" for the body.

836 It is only necessary that the associate "commits" the offence. There is no need for the associate to be prosecuted for or convicted of the offence. Where the associate has been convicted of a fraud offence, that would be proof of the fact that they had committed the offence in later proceedings against the body, unless the body could prove otherwise (Police and Criminal Evidence Act 1984, s 75). Otherwise, the prosecution would need to be able to prove to the criminal standard that the fraud offence had been committed, and that it had been committed by an associate.

837 The offence must take place during a financial year of the relevant body in which it (or the groups of which it is a part) meets the definition of a large organisation.

838 Subsection (2) provides that a relevant body will be in scope of the offence, even if it is not itself a large organisation, provided that it is a subsidiary of a large organisation.

839 Subsection (3) provides that the relevant body is not guilty of an offence if it was an intended victim of the fraud offence. Where the relevant body is an intended victim of the offence it is unlikely that the condition in section 199(1)(a) (that the fraud is intended to benefit the body) will be made out, so this condition is likely only to apply to prosecutions under section 199(1)(b), where the offence is intended to benefit a person to whom the associate provides services on behalf of a body – for instance, where an employee conspires with a client of a company to defraud their employer.

840 An organisation would be the intended victim of the fraud offence if it would have suffered the intended loss that the fraud offence would result in. However, the term "intended victim" is not defined. An organisation could be the intended victim if the purpose of the offence was to cause some other harm to the organisation.

841 Subsections (4) and (5) provide a defence where the organisation had put in place procedures to prevent associated persons from committing fraud with intent to benefit it or a client. The section is broadly the same as in the offence of failure to prevent facilitation of tax evasion. The burden of proof is on the defendant to show that it had put in place such procedures as it was reasonable in the circumstances to have put in place, or that it was reasonable in all the circumstances not to have any prevention procedures in place. This would have to be proved on the balance of probabilities.

842 Subsection (5) defines a fraud offence as an offence in Schedule 13, or an offence of aiding, abetting, counselling or procuring the commission of an offence in Schedule 13. Offences of conspiring to commit an offence, and offences of encouraging or assisting crime in the Serious Crime Act 2007, sections 44-46 are not covered, since these offences can be committed even if the substantive fraud is never carried out.

843 However, if the associate conspires to carry out a fraud, and it is carried out, then they would be guilty of the substantive offence of fraud, whether as a primary offender or as an accessory, and therefore the condition in (1) would be made out, even if they were prosecuted for, and convicted of, conspiracy.

844 Likewise, if the associate encourages or assists someone to carry out a fraud offence and that person does carry out the fraud offence, then – even if the associate were prosecuted under the Serious Crime Act 2007 – they would, in fact, have also committed a substantive offence and therefore the company could be prosecuted for failure to prevent fraud.

845 Subsection (7) defines who is to be considered an associated person of a relevant body, and are broadly similar in effect to those in the offences of failure to prevent bribery and facilitation of tax evasion.

846 Subsection (8) provides that a person is also associated with a body if they are an employee of a subsidiary of that body. This would enable proceedings to be brought against a parent company where the parent company is a large organisation and a fraud offence is committed by an employee of a subsidiary, and is intended to benefit the parent company.

847 Subsection (9) provides that whether a person performs services for or on behalf of a relevant body is a question to be determined by reference to all the circumstances and not merely the legal relationship between the person and the body.

848 Subsection (10) allows proceedings to take place in any part of the UK. This would, for instance, enable a company to be prosecuted in Scotland because that is where the company is based, even though some of the fraudulent activity took place in Northern Ireland. It is envisaged that the prosecuting authorities in the three jurisdictions will develop working arrangements as to which body should prosecute offences with a cross-border element. Subsection (11) makes provision for prosecutions in Scotland in such circumstances are not subject to the normal jurisdictional restrictions on the sheriff court where proceedings are brought.

849 Subsection (12) sets the maximum penalty for the offence as an unlimited fine following conviction on indictment or in summary proceedings in England and Wales; and as the statutory maximum for summary proceedings in Scotland and Northern Ireland. Subsection (12) provides for the relevant body to be fined. In England and Wales, unlimited fines are available upon summary conviction. In Scotland and Northern Ireland, a fine upon summary conviction is limited to the statutory maximum.

850 Subsections (13) and (14) are interpretative provisions.

Section 200: Fraud offences: supplementary

851 Section 200 allows the Secretary of State to amend the list of fraud offences to which the new offence applies. The power is exercisable by the Scottish Ministers or the Northern Ireland Department of Justice if the amendment could be made by primary legislation in the Scottish Parliament or Northern Ireland Assembly.

852 Subsection (4) requires that any offence added must be one of dishonesty or otherwise of a similar character to those already in the Schedule. The intention of this section is to allow cognate offences to be added if, for instance, new or replacement offences are created, or to remedy a gap in the law.

853 Subsection (4), with subsection (7), also allows a money laundering offence under sections 327-329 of the Proceeds of Crime Act 2002 to be added.

854 Subsection (6) makes provision for situations where the fraud offence takes place over a period of time crossing more than one financial year of the body: the offence is treated as having been committed on the last day that it was committed.

Section 201: Section 199: large organisations

855 Section 201 defines "large organisation". The test is modelled on tests in section 465 of the Companies Act, with provision for it to apply in the same way, subject to any necessary changes, to large organisations which are not subject to section 465. An organisation will be a large organisation if two of its (i) turnover, (ii) balance sheet total or (iii) employee numbers exceed the relevant threshold in section 201. Where the body is a "parent undertaking", section 202 applies.

Section 202: Large organisations: parent undertakings

856 Under Section 202, where the organisation is a "parent undertaking" of one or more companies, the thresholds will apply to the aggregate turnover, balance sheet total or employee numbers aggregated across the group. This is relevant both for the liability of the parent undertaking for fraud committed by its own associated persons (including employees of a subsidiary, under section 199(8) and application of the offence under section 199(2) to a subsidiary which is part of a group which passes the "large organisation" threshold.

Section 203: Offences under section 198 committed by partnerships

857 Section 203 makes provision where proceedings are brought against a partnership, ensuring that the proceedings are brought against the partnership collectively, and not against individual partners; provides for rules of court applying to bodies corporate to apply in a similar way to partnerships; and provides for any fine to be imposed against partnership assets.

Section 204: Guidance about preventing fraud offences

858 Section 204 requires the Secretary of State to publish guidance on the procedures bodies can put in place to prevent associated persons from committing relevant fraud offences. Before issuing the guidance, the Secretary of State must consult the Scottish Ministers and the Northern Ireland Department of Justice. This section reflects similar requirement in the failure to prevent bribery and failure to prevent facilitation of tax evasion offences.

Section 205: Failure to prevent fraud: minor definitions

859 Section 205 defines certain terms used in the foregoing provisions.

Section 206: Failure to prevent fraud: miscellaneous

860 Section 206 contains consequential amendments to existing legislation to include the new failure to prevent fraud offence in the groups of offence to which certain powers apply.

Regulatory and investigatory powers

Section 207: Law Society: powers to fine in cases relating to economic crime

861 This section amends the Solicitors Act 1974 and the Administration of Justice Act 1985 to remove the existing statutory cap on the Law Society's, as delegated to the SRA, power to direct a person to pay a penalty in relation to disciplinary matters relating to economic crime offences, for 'recognised bodies' (traditional law firms and sole solicitor's' practices) and regulated individuals.

862 This section removes the statutory fining limit to allow the SRA to set its own limits on financial penalties imposed for economic crime disciplinary matters. The LSB is still required to consider any changes to the regulatory arrangements "Economic crime" is defined with reference to section 193 of this Act. It includes offences listed in Schedule 11, ancillary offences and equivalent offences overseas. The offences include fraud, money laundering and terrorist financing and an offence under regulations made under section 1 of the Sanctions and Anti-Money Laundering Act 2018.

Section 208: Scottish Solicitors' Discipline Tribunal: powers to fine in cases relating to economic crime

863 This section amends section 53 of the Solicitors (Scotland) Act 1980, to remove the SSDT's financial penalty limit for disciplinary matters relating to economic crime.

864 "Economic crime" is defined with reference to Section 193 of the Act. It includes offences listed in Schedule 11, ancillary offences and equivalent offences overseas. The offences include fraud, money laundering and terrorist financing and an offence under regulations made under section 1 of the Sanctions and Anti-Money Laundering Act 2018.

Section 209: Regulators of legal services: objective relating to economic crime

865 This section inserts a new regulatory objective into section 1(1) of the Legal Services Act 2007 ("the 2007 Act") focusing on promoting the prevention and detection of economic crime.

866 This new objective does not affect the right to access legal advice and representation.

867 The Legal Services Board (LSB), the approved regulators and the Office for Legal Complaints are under a duty to act in a way which is compatible and most appropriate to meet this additional regulatory objective when exercising their functions.

868 The section also enables the LSB to take into account regulatory action related to meeting this objective in their performance management of frontline regulators.

869 "Economic crime" is defined with reference to section 193 of this Act. It includes offences listed in Schedule 11, ancillary offences, and equivalent offences overseas.

870 As with the other regulatory objectives, as set out in sections 3(3)a, 28(2) and 28(3) of the 2007 Act, the LSB and approved regulators should act in a proportionate and targeted manner when discharging their functions.

871 The offences that are most relevant in the context of legal sector compliance with economic crime rules include fraud, money laundering and terrorist financing and an offence under regulations made under section 1 of the Sanctions and Anti-Money Laundering Act 2018.

872 To act in a way which is compatible with the objective, the LSB and the approved regulators will need to give consideration to which of these offences their regulated communities may be exposed to, on the basis of available evidence, when exercising their functions.

Section 210: SRA Information request power

873 This section inserts new sections 111A to 111E into the Legal Services Act 2007, which is a power that will allow the SRA to request information and documents from both recognised bodies (as defined by section 9 of the Administration of Justice Act 1985) and licensed bodies (as defined by section 72 of the 2007 Act) for the purpose of monitoring compliance with and detecting breaches of the rules and legislation related to economic crime, which for example includes offences relating to money laundering, terrorist financing and sanctions.

874 The power includes safeguards and limits on how it can be exercised by the SRA. For instance, information cannot be requested from third parties unless the SRA obtains a High Court order. Also, importantly, any information requested must be for the purpose of the fulfilment of the SRA's regulatory function and duty to ensure that its regulated community upholds the economic crime regime.

875 The exercise of this power is subject to the oversight of the Legal Services Board. The LSB will ensure that necessary regulatory action is effective, but also proportionate to the size, nature, and exposure to risk of the regulated communities, and as such not disproportionately burdensome to businesses.

876 The power will create a delegated power so that it is possible to designate other regulators, in addition to the SRA, to exercise the information request power. The delegated power would be exercisable by the Lord Chancellor making an order, which as per section 204(1) of the 2007 Act must be made by statutory instrument.

877 "Economic crime" is defined with reference to section 193 of this Act. It includes offences listed in Schedule 11, ancillary offences, and equivalent offences overseas.

878 The SRA will need to give consideration to which of these offences its regulated community may be exposed to and should act in a proportionate and targeted manner when discharging its functions.

879 The offences that are most relevant in the context of legal sector compliance with economic crime rules include fraud, money laundering and terrorist financing, and an offence under regulations made under section 1 of the Sanctions and Anti-Money Laundering Act 2018.

Section 211: Serious Fraud Office: pre-investigation powers

880 This section amends section 2A of the Criminal Justice Act 1987 ("CJA") to allow the Director of the Serious Fraud Office ("SFO") to exercise their investigation powers in order to determine whether to start an investigation. This will enable the SFO to require a person to answer questions, furnish information, or produce documents at a pre-investigation stage of any of its cases, whether they relate to suspected fraud, bribery, or corruption.

881 Subsections (2) to (4) remove references in section 2A of the CJA to international bribery and corruption, which currently restrict the use of the Director's powers at a pre-investigation stage to cases involving such conduct.

882 Subsection (5) is a consequential amendment to omit paragraph 2 of Schedule 1 to the Bribery Act 2010, which amended section 2A of the CJA to insert those references.

Reports on payments to governments

Section 212: Reports on payments to governments regulations: false statement offence

883 The Reports on Payments to Governments Regulations (SI 2014/3209) require large businesses in the UK extractive industries to make annual reports on payments they make to overseas governments related to these activities. Section 212 amends these Regulations to update and bring their structure of false statement offences into line with the Section 102 amendments to section 1112 of the Companies Act 2006. The objective is to provide consistency and clarity to businesses. Accordingly, Section 212 substitutes Regulation 16 of the Reports on Payments to Governments Regulations with new regulations 16 and 16A, which amend the false statement offence to change the threshold to be met for its commission, by splitting it into two separate offences.

884 The new regulation 16, "False Statements: basic offence" of the Reports on Payments to Governments Regulations introduces a new offence, called the "basic offence" which is committed when a person, without reasonable excuse, makes a materially false, misleading or deceptive statement in the course of reporting for the purposes of these regulations. The new regulation 16A, "False Statements Aggravated Offence" introduces a second new offence, called the "aggravated offence", which is committed when a person knowingly makes a materially false statement in the course of reporting.

885 The new regulations 16 and 16A paragraphs (2) – (4) confirm that, where these are committed by a firm, every officer of the firm which is in default be liable; that the definition of "firm" matches Companies Act 2006 Section 1173(1); and that this provision is operated according to the Companies Act 2006 Sections 1121 to 1123 (liability of officers default: interpretation etc.).

886 The new regulations 16 and 16A of the Reports on Payments to Governments Regulations set new graduated penalties across the "basic" and "aggravated offences". The penalties are more severe for the latter offence and reflect the level of offences introduced in amended section 1112 and 1112A.

887 The new regulation 16 paragraph (5) and 16A paragraph (5) set out the level of penalties for each of the offences, which are stiffer for persons guilty of the "aggravated offence" in regulation 16A.

888 The Reports on Payments to Governments Regulations, as they are drafted, provide that that no prosecutions should be brought for an offence under these regulations in England and Wales except with the consent of the Secretary of State or the Director of Public Prosecution, or in

Northern Ireland except with the consent of the Secretary of State or the Director of Public Prosecutions for Northern Ireland. These arrangements are to ensure that any prosecutions mounted are in the public interest. The new regulations 16 and 16A (paragraph (6) in both cases) confirm that this arrangement is unchanged in relation to any proceedings mounted either in relation to either of the new offences.

Reports on implementation

Section 213: Reports on the implementation and operation of Parts 1 to 3

889 Section 213(1) requires the Secretary of State to prepare a report on the implementation and operation of Parts 1-3 of this Act, and to lay the report in Parliament.

890 Section 213(2) requires that the first report be laid within six months of the passing of the Act.

891 Section 213(3) requires that subsequent reports be laid within twelve months of laying the previous one.

892 Section 213(4) ends the duty to report following the laying of the first report on or after 1 January 2030.

Sanctions enforcement: monetary penalties

Section 214: Sanctions enforcement: monetary penalties

893 The section will amend the Sanctions and Anti-Money Laundering Act 2018 (SAMLA) to provide expressly that provision for enforcement made in sanctions regulations made under section 1 of SAMLA may include the imposition of civil monetary penalties (CMPs) in relation to the contravention of prohibitions or requirements imposed by sanctions regulations. The new section 17A of SAMLA clarifies and reinforces the broad enforcement powers.

894 The section also strengthens the basis for CMPs to be imposed by HM Treasury under the Policing and Crime Act 2017 (PCA) for offences that are supplemental to financial sanctions and that regulations made under section 1 of SAMLA can include provision conferring power to impose CMPs. The section also provides for the PCA 2017 to be disapplied where HM Treasury has the power under both sanctions regulations and the PCA to impose CMPs in respect of prohibitions or requirements.

Report on costs orders for proceedings for civil recovery

Section 215: Report on costs orders for proceedings for civil recovery

895 This section provides a statutory commitment for the Secretary of State to review the payment of costs in civil recovery cases in England and Wales by enforcement authorities, and to publish a report on its findings before Parliament within 12 months.

Part 6 – General

General

Section 216: Power to make consequential provision

896 This section confers on the Secretary of State a regulation making power to make consequential amendments which arise from this Act.

Section 217: Regulations

897 This section sets out the scope and process for regulations, which must be made under this Act by statutory instrument. Section 217(5) establishes those regulations which follow the affirmative procedure, all other regulations follow the negative procedure.

Section 218: Extent

898 This section sets out that the legislation extends to England and Wales, Scotland, and Northern Ireland (see also Annex A for detailed breakdown).

Section 219: Commencement

899 This section explains when the provisions of the Act will come into force.

Section 220: Transitional Provision

900 This section contains powers to make transitional provision.

Section 221: Short Title

901 This section establishes the short title of the Act as the Economic Crime and Corporate Transparency Act.

Schedules

Schedule 1 – Register of members: consequential amendments

902 Paragraph 1 states the Companies Act 2006 is amended as per the below.

903 Paragraph 2 states subsection (3) of section 112 (members of a company) is omitted, because a company will no longer be able to "elect" to keep information about its members on the "central register", kept by the Registrar.

904 Paragraph 3 states section 127 (register to be evidence) is amended to clarify that whilst information about the members was held on the "central register", the "central register" is to be considered prima facie' evidence about the members of the company. : When the "central register" is abolished by this Act, then the prima facie evidence about the members can be found in the company's own register held under s113 of the Companies Act 2006.

905 Paragraphs 4-25 are consequential amendments to omit existing references in the Companies Act 2006 to the "central register". The "central register" regime is being abolished by this Act. The references contained in these paragraphs repeal the relevant provisions about the "central register".

Schedule 2 – Abolition of certain local registers

Part 1 – Register of directors

906 The following are amendments to the Companies Act 2006. Sections 161A to 167F are repealed by paragraph 2. Paragraph 3 inserts the following provisions:

167G: Duty to notify registrar of change in directors

907 This section states that a company must inform the Registrar if person becomes or has ceased to be a Director of the company.

908 The company must do this by way of notice within 14 days beginning with the day on which the person becomes or ceases to be a director.

909 The company must specify the date on which the change occurred, and deliver the required information about the person.

910 This section introduces a requirement that a notification of director appointment is accompanied by a statement that their identity is verified.

911 A statement must also be made that the appointed director is not disqualified or otherwise ineligible to be a director. If a proposed director is disqualified, but has received a permission of a court to act as a director, the application for registration must contain a statement to this effect, specifying the court that gave the permission. If the proposed director is disqualified as a result of being designated under new section 3A of the Sanctions and Anti-Money Laundering Act 2018, but has been issued with a licence providing them with authority to act as director, the application for registration must contain a statement to that effect, specifying the date on which the licence was issued, and by whom it was issued.

912 This section also allows transitional provisions to be made under by regulations. The transitional provision may require companies to deliver statements as under section 167G(3)(i) or (ii) of the Companies Act, in relation to any individual who became a director of the company after the company's incorporation, at the same time as they their file the company's annual confirmation statement.

167H: Duty to notify registrar of changes in information

913 This section states that a company must inform the Registrar if there has been any change in a Director's required information

914 The company must do this by way of notice within 14 days starting with the day the company the change occurred.

915 The company must specify the date on which the change occurred.

916 A statement must be provided should there be a change in a director's service address but not their residential address to confirm the residential address is unchanged.

167I: Notification of changes occurring before company's incorporation

917 This section states that should there be a change about the proposed directors that occurs after the application for incorporation is delivered to the Registrar, but before the company is incorporated, then the company must inform the Registrar of the change.

918 The company must do this by way of notice within 14 days starting with the day the company was incorporated.

919 If a person did not become a director, then the company must inform the Registrar.

920 If the required information of any of the directors has changed, then the notice to the Registrar must specify the date on which the change occurred.

167J: Required information about a director: individuals

921 This section sets the requirements for the information that must be provided to the Registrar about a director, be it an active or proposed director, that is an individual.

922 This section includes a power for the Secretary of State that by regulations can change the required information about a director be it an active or proposed director who is an individual.

167K: Required information about a director: corporate directors and firms

923 This section sets the requirements for the information that must be provided to the Registrar about a director, be it an active or proposed director, where the director is either a body corporate or a firm that is a legal person under the law by which it is governed.

924 This section includes a power for the Secretary of State that by regulations can change the required information about a director be it an active or proposed director where the director is either a body corporate or a firm that is a legal person under the law by which it is governed.

167L: Directors: offence of failure to notify of changes

925 This section outlines the penalty, should the company fail, without reasonable excuse, to comply with the requirements in sections 167G, 167H or 167L.

Part 2 – Register of secretaries

926 Paragraph 5 repeals sections 274A to 279F of the Companies Act 2006. The following is inserted before section 280 by paragraph 6:

279G: Duty to notify registrar of change in secretary or joint secretary

927 This section states that a company must inform the Registrar if a person becomes or has ceased to be a Secretary or Joint Secretary.

928 The company must do this by way of notice within 14 days beginning with the day on which the person becomes or ceased to be a Secretary or Joint Secretary.

929 The notice must specify the date on which the change occurred.

930 This notice must include a statement of required information about the secretary or joint secretary and a separate statement of consent that the individual has agreed to the act as secretary or joint secretary.

931 This section states that, if a person has been named as a proposed secretary or joint secretary, on the application for incorporation, then there is no further required in s279G to inform the Registrar about that.

279H: Duty to notify registrar of changes of information

932 This section states that a company must inform the Registrar if the required information about the secretary or a joint secretary has changed.

933 The company must do this by way of notice within 14 days beginning with the day on which the change occurred.

934 The notice must specify the date on which the change occurred.

279I: Notification of changes occurring before company's incorporation

935 This section states that should there be a change about the proposed secretary or joint secretary that occurs after the application for incorporation is delivered to the Registrar, but before the company is incorporated, then the company must inform the Registrar of the change. The company must do this by way of notice within 14 days starting with the day the company was incorporated.

936 If a person did not become a secretary or joint secretary, then the company must inform the Registrar.

937 If the required information of any secretary or joint secretary has changed, then the notice to the Registrar must specify the date on which the change occurred.

279J: Required information about a secretary etc: individuals

938 This section sets the requirements for the information that must be provided to the Registrar about a secretary or joint secretary, be it an active or proposed secretary, that is an individual.

939 This section includes a power for the Secretary of State that by regulations can change the required information about a secretary or joint secretary, be it an active or proposed secretary or joint secretary who is an individual.

279K: Required information about a secretary etc: corporate secretaries and firms

940 This section sets the requirements for the information that must be provided to the Registrar about a secretary or joint secretary, be it an active or proposed secretary or joint secretary, where the secretary or joint secretary is either a body corporate or a firm that is a legal person under the law by which it is governed.

941 This section includes a power for the Secretary of State that by regulations can change the required information about a secretary or joint secretary be it an active or secretary or joint secretary where the secretary or joint secretary is either a body corporate or a firm that is a legal person under the law by which it is governed.

279L: Firms all of whose partners are joint secretaries

942 This section applies where all the members of a firm are joint secretaries (or proposed joint secretaries) and the firm is not a legal person under its governing law.

943 This section states that, should that be the case, then the required information about the members of the firm as joint secretaries (or proposed joint secretaries) may be satisfied as if that firm was a legal person.

279M: Secretary or joint secretary: offence of failure to notify of changes

944 This section outlines the penalty, should the company fail, without reasonable excuse, to comply with the requirements in sections 279G, 279H or 279L.

Part 3 – Register of people with significant control

945 Paragraph 8 makes consequential amendments to section 790A (overview of Part) of the Companies Act 2006 to reflect the abolition of local registers.

946 Paragraph 9 amends section 790C (key terms) of the Companies Act 2006 by omitting subsection 10, as companies are no longer required to keep their own PSC register.

947 Paragraph 9A inserts new section 790CA (references to "confirmation" etc. of information) into the Companies At 2006. This defines what is meant by "a company obtaining confirmation of information", which is important, as a company which knows of a PSC is only under a duty to notify the Registrar about them under section 790LA if it has had "confirmation" from the person. A company has had confirmation if the person has supplied the following information:

a. Their status as a PSC,

b. Their required particulars, e.g. for an individual, their date of birth and usual residential address - see section 790K,

c. Any other information about them.

948 Paragraph 10 omits section 790D (company's duty to investigate and obtain information) and section 790E (company's duty to keep information up to date) of the Companies Act 2006 and inserts section 790CB (duty to find about persons with significant control), section 790D (company's duty to give notices to persons with significant control), section 790DA (obtaining information from third parties), section 790E (company's duty to find out about changes in PSC information), section 790EA (company's duty to find out about persons ceasing to be PSCs), section 790EB (company's duty to notify failure to comply with notices) and section 790EC (company's duty to notify of late compliance with notices).

949 The substituted and new sections contain similar provisions to those in existing sections 790D and 790E, as well as regulations 14 and 15 of the 2016 PSC regulations (S.I. 2016/339). Provisions in existing section 790D are split into new section 790D and 790DA and those in existing section 790E are split into new section 790E and 790EA. Powers to make further provision about the giving of notices, including provision about their form and content and the manner in which they must be given are provided under each section.

950 The existing provisions are refashioned to reflect the fact that a company's duty will be to update a register held centrally by the Registrar rather than a register it holds locally.

951 New section 790CB states a company in scope of the PSC regime must take reasonable steps to find out if there is anyone who is a PSC in relation to the company and, if so, to identify them. This is a refashioning of existing section 790D(1).

952 New section 790D sets out when a company is under a duty to give a notice to its PSCs. This is a refashioning of existing section 790D(2)-(4) and (8)-(9), but a company now has a deadline to send a notice, which aligns with the deadline in existing section 790E:

a. as soon as reasonably practicable after the company becomes subject to the duty to give a notice under this section, and

b. in any event before the end of the period of 14 days beginning with the day on which the company becomes so subject.

953 New section 790DA partly refashions existing section 790D(5)-(9) which set out when a company may give notice to a third party to obtain information about its PSCs. It also sets out a new requirement that a company must send the same notice to a third party, if it:

a. knows or has cause to believe that a person is a suspected PSC,

b. is under a duty to give the suspected PSC a notice under section 790D but does not have the information that it needs in order to contact them,

c. knows or has cause to believe that the third party—

i. knows the identity of the suspected PSC, or

ii. knows the identity of someone likely to have that knowledge.

954 New sections 790E and 790EA refashion existing section 790E and require companies to find out about changes in PSC information and persons ceasing to be PSCs respectively. Companies are then required to then notify the Registrar of those changes:

a. as soon as reasonably practicable after the company becomes subject to the duty to give a notice under this section, and

b. in any event before the end of the period of 14 days beginning with the day on which the company becomes so subject.

955 New sections s790EB and 790EC refashion regulations 14 and 15 of the 2016 PSC regs. Companies mut report failure to comply with notices and late compliance with notices, within 14 days.

956 Paragraph 11 amends section 790F(1) (failure by company to comply with information duties) of the Companies Act 2006 so that an offence is committed for the failure to comply with the duties contained in the new section numbers as per paragraph 10.

957 Paragraph 12 substitutes section 790G (duty to supply information) and section 790H (duty to update information) of the Companies Act 2006 for new section 790G (duty to notify company on becoming PSC), new section 790H (duty to notify company of changes in PSC information) and new section 790HA (duty to notify company of ceasing to be a PSC). These changes are made to reflect the fact that a person's duties will be to supply and update information where it is absent from the register held centrally by the Registrar rather than from a register a company holds locally.

958 Paragraph 12A updates the references to various section numbers in section 790L (enforcement of disclosure requirements), in line with the amendments made by paragraphs 10 and 12.

959 Paragraph 12B inserts new section 790IA (power to impose further duties involving nominee shareholders) into the Companies Act 2006. New section 790IA allows the Secretary of State to make further provision for the purpose of enabling a company to find out about anyone who has become or ceased to be a PSC, where shares are held by a nominee. A nominee is a person who holds shares on behalf of another.

960 To reflect the abolition of local PSC registers, paragraph 13 deletes reference to them from section 790J (power to make exemptions) of the Companies Act 2006 and replaces it with reference to provisions in the ECCT Act which facilitate the central register to be held by the Registrar. Paragraph 13 also updates the references to various section numbers in section 790J, in line with the amendments made by paragraphs 10 and 12.

961 Paragraph 14 amends section 790K (required particulars) of the Companies Act 2006 to:

a. remove the requirement to state if, in relation to that company, restrictions on using or disclosing any of the individual's PSC particulars are in force under regulations under section 790ZG,

b. Substitute subsection (4) for a new subsection (4) and (4A), to align name requirements with amendments to name requirements, so that "name" in relation to an individual means the individual's forename and surname. An individual usually known as a title will be able to provide that title rather than that individual's forename and surname.

962 Paragraph 15 amends section 790L of the Companies Act 2006 to replace the existing Secretary of State regulation making power with a new formulation which clarifies the range of persons and entities from whom additional or modified information may be required.

963 Paragraph 16 inserts the following provisions after section 790L of the Companies Act 2006.

790LA Duty to notify registrar of confirmed persons with significant control

964 This section states that a company must inform the Registrar if it has had confirmation of a person's status as a registrable person or a registrable relevant legal entity, and the required particulars of the person.

965 The company must do this by way of notice within 14 days starting with the day the company had confirmation. The notice must include a statement of the required particulars.

966 The company does not have to do this if the person was included in the statement of initial significant control, as a person who would, on the company's incorporation, become a PSC in relation to the company, and the company has no cause to believe that at any time since its incorporation the person has ceased to be a PSC in relation to the company.

790LB Option to provide ID verification information in notice of change

967 This section permits a notice under section 790LA(1)(a) to the Registrar about changes in the company's People with Significant Control to be accompanied by an identity verification statement as defined in section 1110A.

968 In the case of a registrable person, the notice states that their identity has been verified. In the case of a registrable relevant legal entity, it must specify the name of one of its relevant officers as defined by section 790LJ(6) and must confirm that their identity is verified. The notice must also be accompanied by a statement from the relevant officer confirming that they are the relevant officer of the registrable relevant legal entity. This is to help avoid registrable relevant legal entities taking the names of identity verified individuals who have nothing to do with them and naming them as their relevant officer.

790LBA Duty to notify registrar of unconfirmed persons with significant control

969 This section states that a company must inform the Registrar if it knows or has cause to believe that a person has become a PSC, but it has not yet had confirmation as per new section s790LA. The notice must state that fact.

970 The company must do this by way of notice within 14 days starting with the day the company first knows or has cause to believe a person has become a PSC.

971 A company does not need to give notice in relation to a person listed in the statement of initial significant control under section 12A.

972 This ensures the Registrar is notified where there is an unconfirmed PSC, but the person's particulars do not appear publicly until they have been confirmed. This caters for the scenarios currently catered for by regulations 11 and 12 of the 2016 PSC regulations (SI 2016/339).

790LC Duties to notify of changes in required particulars

973 This section states that a company must inform the Registrar if it has had confirmation:

a. that there has been a change in the required particulars of a PSC in relation to the company, and

b. of how the required particulars have changed and the date on which they changed.

974 The company must do this by way of notice within 14 days beginning with the day on which the company had confirmation. The notice to the Registrar must contain the required particulars and specify the date on which the change occurred.

790LCA Duty to notify of pre-incorporation changes in required particulars

975 This section states that a company must inform the Registrar if it has had confirmation:

a. that there was a pre-incorporation change in the required particulars of a "proposed PSC" – a person named in the statement of initial significant influence or control as a person who would become a PSC upon incorporation, and

b. of how the required particulars have changed and the date on which they changed.

976 The company must do this by way of notice within 14 days beginning with the day on which the company had confirmation.

977 The notice to the Registrar must contain the required particulars and specify the date on which the change occurred.

978 The company does not need to inform the Registrar about such a person if it has given a notice under section 790LD in respect of the person.

979 In this section, pre-incorporation change means a change occurring after the application for incorporation was delivered to the Registrar, but before the company was incorporated. This could occur if there were a delay in incorporating a company, for example, if the Registrar had queries about the application.

790LCB Duty to notify registrar when person ceases to have significant control

980 This section states that a company must inform the Registrar if it has had confirmation:

a. that a person has ceased to be a PSC, and

b. of the date on which the person so ceased.

981 The company must do this by way of notice within 14 days beginning with the day on which the company had confirmation.

982 The notice to the Registrar must contain the person's name and service address, and the date on which they so ceased.

790LD Notification of someone not becoming person with significant control on incorporation

983 This section states that should a PSC named in the application for incorporation not become such a person, then the company is required to inform the Registrar.

984 The section also states that should there be a change in particulars of a PSC after the application for incorporation is delivered to the Registrar, but before the company is incorporated, then the company must inform the Registrar of the change.

985 The company must do this by way of notice within 14 days starting with the day on which the company becomes aware of the change. For a change in a person's particulars, the company must deliver a notice to the Registrar within 14 days of becoming aware of the change and having all the required particulars.

790LDA Duty to notify registrar if company cease to have persons with significant control

986 This section states that a company must inform the Registrar if it knows or has cause to believe that confirmation:

a. that there has at some time been a person who is a PSC, and

b. there has ceased to be anyone who is a PSC.

987 The company must do this by way of notice within 14 days beginning with the day on which the company first had that knowledge or cause to believe.

988 The notice to the Registrar must contain the date on which the company first had that knowledge or cause to believe.

790LE Power to create further duties to notify information

989 This section provides a power for the Secretary of State to make Regulations to impose further requirements on a company to deliver information in relation to PSCs, including whether or not it has any, and compliance by the company or any person with the requirements.

790LF Persons with significant control: offence of failure to notify

990 This section outlines the sanction should a company, without reasonable excuse, fail to comply with the notification requirements about PSCs in sections 790LA, 790LBA, 790LC, 790LCA, 790LCB, 790LD or 790LDA or in Regulations under section 790LE.

790LG Power of court to order company to remedy defaults or delay

991 When a company is in default of its notification requirements, 790LG provides that a person aggrieved, member of the company or any other person who is a PSC may apply to the court. The court may make an order requiring the company to make the necessary notifications to the Registrar.

992 Subsections (3) and (4) set out the actions the court may take in response to such an application. Subsection (5) provides that nothing in 790LG affects a person's rights under sections 1094 & 1096 of the Companies Act 2006.

790LH Information as to whether information has been delivered

993 Section 790LH is based on section 120 of the Companies Act 2006 ('Information as to state of register and index') and provides that a company must inform a person that all of the information required to be delivered to the Registrar has been delivered.

994 A company has 14 days, from the date of receiving the request, to comply and failure to do so is a summary offence committed by the company and every officer of the company in default, punishable by a fine.

995 Paragraph 17 removes Chapters 3 and 4 of Part 21A of the Companies Act 2006 which will be rendered redundant following the abolition of locally held PSC registers.

996 Paragraph 17A amends Schedule 1B (enforcement of disclosure requirements in relation to persons with significant control) to the Companies Act 2006. Paragraphs 13 and 14 of Schedule 1B are substituted for new paragraphs 13, 14, 14A and 14B, each of which contain an offence. The offences in new paragraphs 13 and 14 relate to the failure to provide information, each with a reasonable excuse defence. The offences in new paragraphs 14A and 14B relate to the provision of a statement that is misleading, false or deceptive in a material particular. New paragraph 14A provides a reasonable excuse defence against committing a "basic" offence, whereas new paragraph 14B provides an "aggravated" offence, where a person provides a false statement knowingly.

Part 4 – Consequential amendments

997 Paragraph 18 states that the Companies Act 2006 is amended as below.

998 For the purposes of consistency throughout the Companies Act 2006, paragraph 19 replaces references to "particulars of" in s.12 of the Act with the term "information about".

999 Paragraph 20 amends sections 12A (Statement of initial significant control) of the Companies Act 2006 to provide that the requirements of a statement delivered to the Registrar will no longer be dependent upon information held or appropriately contained within companies' locally held PSC registers (which are to be abolished).

1000 For the purposes of consistency throughout the Companies Act 2006, paragraph 21 amends section 95 (Statement of proposed secretary) to replace references to "particulars of" with the term "information about" (and "particulars" with "information").

1001 Paragraph 22 amends section 156 of the Companies Act 2006 to replace its references to s.167 (which will be repealed with the abolition of local registers of directors) with references to new s.167G.

1002 Paragraph 23 amends section 156B of the Companies Act 2006 (yet to be brought into force) by deleting subsection (5) which will fall redundant upon the abolition of local registers of directors.

1003 Paragraph 24 removes from section 156C of the Companies Act 2006 (yet to be brought into force) by deleting provisions which will be rendered redundant upon the abolition of local registers of directors. It replaces them with a similar power for the Registrar to annotate the central register of directors which she will hold and maintain.

1004 Paragraph 25 introduces a range of amendments to section 835B of the Companies Act 2006 to reflect the manner in which duties to notify relevant events will apply upon the abolition of local registers of directors, secretaries and PSCs.

1005 Paragraph 26 amends section 1079B (duty to notify directors) of the Companies Act 2006 to replace its references to section 167 and 167D (which will be repealed with the abolition of local registers of directors) with references to new section 167G.

1006 Paragraph 27 deletes from section 1136 of the Companies Act 2006 provisions relevant to the place where a local register may be expected. These will be redundant upon the abolition of local company registers.

1007 Paragraph 28 amends paragraph 4 of Schedule 5 (communications by a company) of the Companies Act 2006 to delete references to companies' local registers of directors which will become redundant upon the abolition of those registers.

1008 Paragraph 29 amends Schedule 8 of the Companies Act 2006 to delete defined expression definitions which will cease to be relevant following abolition of local registers.

Schedule 3 – Disclosure of information: consequential amendments

1009 This schedule makes amendments to the Companies Act 2006, adding a subsection at section 242 to enable the Registrar to disclose usual residential addresses using the new disclosure power created at section 1110E. Consequently, section 243 and section 1087B are also amended so that they cater for disclosures made by the Registrar to credit reference agencies only.

1010 It also makes amendments to the Economic Crime (Transparency and Enforcement) Act 2022 ("the ECTE Act"). Paragraph 5 omits the words "or the registrar" from section 40 (sharing of information by HMRC) of the ECTE Act, so that HMRC can only share information with the Secretary of State. Paragraph 6 amends section 44 of the ECTE Act to provide that references to delivering a document are to be read in accordance with section 1114(1)(b) of the Companies Act 2006. This means that references to delivering a document include forwarding, lodging, registering, sending, producing or submitting it or (in the case of a notice) giving it.

Schedule 4 – Required information

1011 This schedule inserts a schedule into the Limited Partnerships Act 1907 which sets the requirements for the information that must be provided on partners who are individuals and bodies corporate or firms. There is currently limited information collected on partners so this schedule will increase the information that the Registrar holds and provide greater transparency on who exactly is in charge of a limited partnership and how they can be contacted.

Schedule 5 – Limited partnerships: consequential amendments

1012 This schedule amends the Limited Partnership Act 1907 by inserting new headings which reflect the amended legislation, and which clarify the meaning of the existing legislation.

Schedule 6 – Duty to deliver information about changes in beneficiaries

1013 This schedule requires an overseas entity that has a beneficial owner who is a trustee to provide information about changes in beneficiaries under the trust that take place during an update or other period (rather than just providing a snapshot of the beneficiaries at the end of the period).

1014 This Schedule amends the Economic Crime (Transparency and Enforcement) Act 2022 (ECTE Act 2022).

1015 Paragraph 2 amends Section 7 of the ECTE Act 2022 by first making consequential changes to section 7, subsection 3 and subsection 4, and by inserting a new subsection 4A into section 7. Subsection 4A sets out the information that is to be provided by an overseas entity when it submits its annual update and is required to provide information about a trust. The overseas entity must provide a statement about trust beneficiaries, and where a change has occurred during the update period, the overseas entity must provide the required information (as set out in paragraph 8(1)(d) of Schedule 1 to the ECTE Act 2022) about each change. Information must be provided about anyone who has become, or ceased to be, a beneficiary under the trust during the update period.

1016 Sub-paragraph (6) substitutes subsections (6) and (7) of section 7 of the ECTE Act 2022. New subsection (6) sets out that any statements required by subsection (1)(a) or (b) must relate to the state of affairs as at the end of the update period. New subsection (7)(a) provides that any information required by subsection (1)(a) or (b) as a result of a person having become, or ceasing to be, a beneficiary under a trust or (b) required by subsection 1(b) as a result of a person having become, or ceasing to be, a registrable beneficial owner of an overseas entity must relate to the time when the person attained that status, or ceased to hold that status.

1017 New subsection (7A) to section 7 sets out that any other information required to be provided by subsection (1)(a) must relate to the state of affairs at the end of the update period.

1018 Paragraph 3 amends section 9 (application for removal) of the ECTE Act 2022. Sub-paragraphs (2) and (3) make consequential changes to subsections (1)(b) and (c) and to subsection (3) of section 9.

1019 Sub-paragraph (4) amends subsection (4) of section 9 to provide that where the information provided under subsection 1(c0 includes information that a person who ceased to be a registrable beneficial owner was a trustee, a statement, or statement and information, as the case may be, must be provided as set out in new subsection (4A) to section 9.

1020 Sub-paragraph (5) inserts new subsection (4A) into section 9. The table in new subsection (4A) sets out what is required to be provided where a person who has ceased to be a registrable beneficial owner was a trustee.

1021 Sub-paragraph (6) amends subsection (6) of section 9, substituting the words "subsection (2)" for the words "this section".

1022 Sub-paragraph (7) substitutes subsections (7) and (8) of section 9. New subsection (7) sets out that any statements required by subsection (1)(b) or (c) must relate to the state of affairs at the time of the application for removal.

1023 New subsection (8) provides that any information (a) required by subsection (1)(b) or (c) as a result of a person having become or ceasing to be a beneficiary under a trust, or (b) required by subsection (1)(c) as a result of a person having become or ceasing to be a registrable beneficial owner of an overseas entity, must relate to the time when the person attained, or ceased to hold, that status.

1024 New subsection (8A) to section 9, inserted by sub-paragraph (7), sets out that any other information required to be provided by subsection (1)(b) must relate to the state of affairs at the time of the application for removal.

1025 Paragraph 4 substitutes section 12 (duty to take steps to obtain information) of the ECTE Act 2022. New section 12 sets out that before making an application for registration under section 4(1), overseas entities must take reasonable steps to obtain all of the information it is required to submit to the Registrar under that section, if it is able to obtain it (subsection 1). Subsections (2) and (3) provide for the same duty on overseas entities before they comply with section 7 of the ECTE Act 2022, and before they make an application for removal under section 9.

1026 Subsection (4) sets out the steps that an overseas entity is required to take by virtue of subsections (1), (2) or (3). These steps must include the provision of a notice to any person that the overseas entity knows, or has reason to believe, is a registrable beneficial owner in relation to the entity. The notice requires the person receiving it to (a) state whether or not they are a registrable beneficial owner in relation to the entity, and (b) if they are, to provide or confirm the information mentioned in subsections (1), (2) or (3) so far as they relate to the person, or a trust of which they are, or were, a trustee.

1027 Subsection (5) provides that the steps that the overseas entity must take by virtue of subsections (2) or (3) also include giving notice to any person that it knows, or has reasonable cause to believe, has ceased to be a registrable beneficial owner in relation to the entity during the update period (within the meaning of section 7) or relevant period (within the meaning of section 9). The person must (a) state whether or not they are a person that has ceased to be a registrable beneficial owner of the entity, and (b) if they are, provide or confirm the information mentioned in subsection (2) or (3) as far as relating to that person, or a trust of which they are or were a trustee.

1028 Subsection (6) sets out that any notice given under subsections (4) or (5) must require the person to whom it is given to comply with it within a period of one month beginning with the day on which the notice is given.

1029 Subsection (7) provides that a person given a notice under subsection (4) or (5) is not required to disclose any information in respect of which a successful claim to legal professional privilege (or, in Scotland, confidentiality of communications) could be made.

1030 Paragraph 5 inserts new subsection (6) into section 13 of the ECTE Act 2022. New subsection (6) sets out that a reference to a person who is a registrable beneficial owner in relation to the overseas entity includes, in relation to obtaining information required by section 7(1)(b), 9(1)(c) or 42(1)(c)(i), a reference to a person who has ceased to be a registrable beneficial owner.

1031 Paragraph 6 inserts new section 17A into the ECTE Act 2022: Exceptions to duty to provide change of beneficiary information. This section provides a power for the Secretary of State to make regulations providing for exceptions to the requirement to deliver information by virtue of section 7(3)(c), 4(c), 9(3)(c) or 4(c)(subsection (1)). Before making regulations, the Secretary of State must consult the Scottish Ministers if the regulations contain provision that would be within the legislative competence of the Scottish Parliament if contained in an Act of that Parliament (subsection (2)). Subsection (3) provides that the Secretary of State must consult with the Northern Ireland Department of Finance before making regulations under the power in subsection 1, if the regulations contain provision that (a) would be within the legislative competence of the Northern Ireland Assembly if contained with an Act of that Assembly, and (b) would not, if contained in a Bill for an Act of the Northern Ireland Assembly, result in the Bill requiring the consent of the Secretary of State under section 8 of the Northern Ireland Act 1998.

1032 Regulations made under the power in subsection (1) are subject to the negative procedure.

1033 Paragraph 7 inserts a new subsection (1A) into section 43 (transitional information) of the ECTE Act 2022. New subsection (1A) provides that in subsection (1) of section 43, the reference to section 12 is to that section as it had effect before the amendments made by Schedule (Duty to deliver information about changes to beneficiaries) to the Economic Crime and Corporate Transparency Act 2023 (duty to deliver information about changes in beneficiaries).

1034 Paragraph 8 amends section 44 (interpretation) of the ECTE Act 2022 by omitting subsection (2).

Schedule 7 – Overseas entities: further information for transitional cases

1035 This schedule inserts a new Schedule 6 into the Economic Crime (Transparency and Enforcement Act) 2002 (ECTE Act 2002) which requires overseas entities to deliver to the Registrar further information about events occurring during the period beginning on 28 February 2022 and ending with 31 January 2023.

1036 Paragraph 2 amends section 16 of the ECTE Act 2022 (verification of registrable beneficial owners and managing officers) to provide that information provided to the Registrar under this Schedule must be verified.

1037 Paragraph 3 inserts a new section 43A (duty to deliver further information for transitional cases) into the ECTE Act 2022. The new section sets out that new Schedule 6 imposes further duties on overseas entities to deliver information.

1038 Paragraph 4 inserts Schedule 6 into the ECTE Act 2022, after Schedule 5.

1039 Sub-paragraph (1) of Paragraph 1 of new Schedule 6 sets out the application of Schedule 6. It applies in relation to an overseas entity if (a) the entity is (i) registered as an overseas entity when new Schedule 6 comes into force, or has been registered as an overseas entity at any earlier time, and (ii) was registered as the proprietor of a relevant interest in land in England and Wales or Scotland at any time during the relevant period; or (b) has committed an offence under paragraph 5 of Schedule 3 or paragraph 10 of Schedule 4 (duty to register as overseas entity in certain transitional cases) to the ECTE Act 2022.

1040 Sub-paragraph (2) sets out the meanings of the terms used in sub-paragraph (1). For the purposes of sub-paragraph (1), an overseas entity is registered as the proprietor of a relevant interest I land in England and Wales if they are registered in the register of title kept by HM Land Registry under the Land Registration Act 2002 as the proprietor of a qualifying estate as

defined in Schedule 4A of that Act. An overseas entity is registered as the proprietor of a relevant interest in land in Scotland if the entity (a) is entered (on or after 8 December 2014) as proprietor of a plot of land registered in the Land Register of Scotland; in relation to a lease that was recorded in the General Register of Sasines, or registered in the Land Register of Scotland before that date is the tenant under the lease by virtue of an assignation of the lease recorded in the Land Register of Scotland on or after 8 December 2014; or is the tenant under a lease that was registered in the Land Register of Scotland on or after that date.

1041 Sub-paragraph (3) sets out that expressions used in sub-paragraph (2)(b) are to be construed in accordance with section 9(11) and 9(12) of the ECTE Act 2022.

1042 Sub-paragraph (4) defines the meaning of "the relevant period" for the purposes of new Schedule 6. It means the period beginning with 28 February 2022 and ending with 31 January 2023.

1043 Paragraph 2 of new Schedule 6 imposes a new duty to deliver statements and information. Sub-paragraph (1) sets out what must be delivered by the overseas entity to the Registrar. The overseas entity must deliver (a) any statements or information required by paragraph 3 (changes in beneficial ownership of overseas entity, paragraph 4 (information about trusts and changes in beneficiaries under trusts, and paragraph 5 (information about changes in trusts in which beneficial owners are trustees); (b) a statement that the entity has complied with paragraph 8 of new Schedule 6, which is a duty to take steps to obtain information; (c) anything required under section 16 of the ECTE Act 2022 (verification) to be delivered to the Registrar; and (d) the name and contact details of an individual who can be contacted about the statements and information provided.

1044 Sub-paragraph (2) sets out when the information required under new Schedule 6 must be delivered if an overseas entity is registered as an overseas entity when new Schedule 6 comes into force. This is (a) at the same time as it delivers the statements and information required by section 7 (updates) the first time that it is required to deliver such information after the end of the period of three months beginning with the day new Schedule 6 comes into force or (b) if it applies under section 9 for removal before then, at the same time as it delivers the statements and information required by section 9.

1045 Sub-paragraph (3) provides that if an overseas entity is not registered as an overseas entity when new Schedule 6 comes into force, it must deliver the statements and information required under new Schedule 6 within the period of three months beginning when new Schedule 6 comes into force.

1046 Paragraph 3 of new Schedule 6 concerns information about changes in beneficial ownership. Sub-paragraph (1) includes a table detailing the statement and information that must be provided. This consists of either a statement that the entity has no reasonable cause to believe that anyone became or ceased to be a registrable beneficial owner during the relevant period (as defined in Paragraph 1(4) of new Schedule 6), or a statement that the entity has reasonable cause to believe that at least one person became or ceased to be a registrable beneficial owner during the relevant period. Where this is the case, the overseas entity must provide the required information (as set out in Schedule 1 of the ECTE Act 2022) about each person who became or ceased to be a registrable beneficial owner during the relevant period (or so much of that information as the entity has been able to obtain), and the date on which each person became or ceased to be a registrable beneficial owner, if the entity has been able to obtain that information.

1047 Sub-paragraph (2) sets out that where the information provided under sub-paragraph (1) includes information that a registrable beneficial owner by virtue of being a trustee, further information is required to be delivered to the Registrar. The information that must be delivered

is (a) the required information about the trust (or so much of that information as the entity has been able to obtain), and a statement as to whether the entity has reasonable cause to believe that there is any information about the trust that it has not been able to obtain.

1048 Sub-paragraph (3) provides that the statements required to be delivered under Paragraph 2 must relate to the time when they are delivered. The information required under Paragraph 2 as a result of a person having become or ceasing to be a registrable beneficial owner must relate to the state of affairs when the person became or ceased to be a registrable beneficial owner (sub-paragraph (4)).

1049 The required information is that detailed in Schedule 1 to the ECTE Act 2022 (sub-paragraph (5)).

1050 Paragraph 4 of new Schedule 6 relates to information about trusts and changes in beneficiaries. Sub-paragraph (1) provides that the overseas entity must deliver to the Registrar either (a) a statement that the entity has no reasonable cause to believe that there is any person who, at the end of the relevant period (as defined in Paragraph 1(4)), was a registrable beneficial owner of the entity by virtue of being a trustee, or (b) a statement that the entity has reasonable cause to believe there is at least one person who was a registrable beneficial owner of the entity by virtue of being a trustee.

1051 A statement delivered under sub-paragraph (1)(b) must be accompanied by (a) the required information about each trust ("a relevant trust") that led to a trustee being a registrable beneficial owner of the entity at the end of the relevant period, (b) in relation to each relevant trust, a statement stating whether the entity has reasonable cause to believe there is required information about the trust that it has not been able to contain, and (c) in relation to each relevant trust, either the statement described in row 1 of the table in sub-paragraph (3) , or the statement and information described in row 2 of the table in sub-paragraph (3).

1052 Sub-paragraph (3) contains the table referred to in sub-paragraph (2)(c). The statement in row 1 is a statement that the entity has no reasonable cause to believe that anyone became or ceased to be a beneficiary under the trust during the relevant period. The statement in row 2 is a statement that the entity has reasonable cause to believe that at least one person became or ceased to be a beneficiary under the trust during the relevant period. Where this statement is provided to the Registrar, it must be accompanied by the information set out in row 2. The required information is (1) the information specified in paragraph 8(1)(d) of schedule 1 about each person who became or ceased to be a beneficiary under the trust during the relevant period (or so much of the information as the entity has been able to obtain), and (2) the date on which each person for whom information is provided became or ceased to be a beneficiary under the trust (if the entity has been able to obtain the information).

1053 Sub-paragraph (4) explains that statements required by paragraph 4 must relate to the time at which they are delivered. Information required by sub-paragraph 2(a) must relate to the state of affairs at the end of the relevant period (sub-paragraph (5)).

1054 Sub-paragraph (6) provides that information required by sub-paragraph 2(c), required because a person has become or ceased to be a beneficiary under a trust, must relate to the time at which the person became or ceased to be a beneficiary.

1055 Sub-paragraph (7) clarifies that the required information referred to in paragraph 4 is set out in Schedule 1 to the ECTE Act 2022.

1056 Paragraph 5 relates to information about changes in trusts of which registrable beneficial owners are (or were) trustees and sets out the information requirements in relation to events in the relevant period (see paragraph 1(4)). Under sub-paragraph (1)(a), the overseas entity must deliver a statement stating that it has no reasonable cause to believe that there is any

person who (i) at the end of the relevant period, was a registrable beneficial owner of the entity by virtue of being a trustee of a trust; (ii) at any time during the relevant period was a registrable beneficial owner of the entity by virtue of being a trustee of a different trust; and (iii) at the end of the relevant period was not a registrable beneficial owner of the entity by virtue of being a trustee of the trust mentioned in sub-paragraph (ii), or (b) a statement that the overseas entity has reasonable cause to believe that there is at least one such person.

1057 Sub-paragraph (2) sets out that where a statement is delivered under sub-paragraph (1)(b), the overseas entity must also deliver further information. This information is (a) the required information about each trust which caused a trustee to be a registrable beneficial owner of the entity at any time during the relevant period, or as much of that information as the entity has been able to obtain, and (b) in relation to each such trust, a statement stating whether the entity has reasonable cause to believe there is required information about the trust that it has not been able to obtain.

1058 Statements required by paragraph 5 must relate to the time when they were delivered. Information required by sub-paragraph (2)(a) must relate to the state of affairs (a) at the beginning of the relevant period, if the registrable beneficial owner was a trustee of the trust at that time, and (b) otherwise, at the time at which the registrable beneficial owner became a trustee of the trust. (sub-paragraphs (3) and (4)).

1059 The required information is set out in Schedule 1 (sub-paragraph (5)).

1060 Paragraph 6 of new Schedule 6 provides that a requirement imposed by paragraphs 2 to 5 of new Schedule 6 may be met (in whole or in part) by confirming information already provided.

1061 Paragraph 7 of new Schedule 6 applies section 8 of the ECTE Act 2022 (failure to comply with updating duty) to a failure to comply with a duty imposed by paragraphs 2 to 5 of new Schedule 6 as it applies to a failure to comply with section 7 of the ECTE Act 2022.

1062 Paragraph 8 of new Schedule 6 imposes a duty on the overseas entity to take reasonable steps to obtain the information required to be delivered by Schedule 6 before it complies with paragraphs 2 to 5. The entity must take reasonable steps (a0 to identify anyone who became or ceased to be a registrable beneficial owner during the relevant period, and (b) if it identifies any such person, to obtain (i) the information mentioned in row 2 of column 2 of the table in paragraph 3(1) of Schedule 6, and (ii) in the case of anyone mentioned in paragraph 3(2), the information mentioned there (sub-paragraphs 1 and 2).

1063 Sub-paragraph (3) imposes a further duty on the entity to take reasonable steps (a) to identify any person who, at the end of the relevant period, was a registrable beneficial owner by virtue of being a trustee of a trust, and (b) if it identifies any such person, to obtain (i) the information set out in paragraph 4(2)(a) about the relevant trust, (ii) information as to whether anyone became or ceased to be a beneficiary under the relevant trust during the relevant period (a "relevant beneficiary"), and (iii) the information mentioned in row 2 of column 2 of the table in paragraph 4(3) of new Schedule 6 in relation to any relevant beneficiary.

1064 Under sub-paragraph (4), the entity must also take reasonable steps (a) to identify any person falling within paragraph 5(1)(a)(i) to (iii), and (b) if it identifies any such person, to obtain the information set out in paragraph 5(2)(a).

1065 The steps that the entity must take include giving an information notice under this paragraph to any person that it knows, or has reasonable cause to believe, falls within sub-paragraph (2)(a), (3)(a) or (4)(a). (sub-paragraph (5)). Sub-paragraph (6) provides that an information notice under this paragraph (Paragraph 8) is a notice requiring the recipient to provide the information set out in sub-paragraph (2)(b), (3)(b) or (4)(b).

1066 Sub-paragraph (7) applies sections 15 to 15B of the ECTE ACT 2022 (offences) in relation to information notices as they apply to information notices under section 12 of the Act.

1067 Paragraph 9 of new Schedule 6 includes a power to make regulations exempting certain registrable beneficial owners from the requirements of the Schedule. This power cannot be used after the end of the period of two years beginning with the day on which the Act received Royal Assent (sub-paragraphs (1) and (2).

1068 The Secretary of State must also consult the Scottish Ministers before making regulations under paragraph 9 of Schedule 6 that contain provision that would be within the legislative competence of the Scottish Parliament (sub-paragraph (3).

1069 Sub-paragraph (4) sets out that regulations made under the power in sub-paragraph (1) are subject to the negative resolution procedure.

Schedule 8 – Cryptoassets: confiscation orders

Part 1 – England and Wales

1070 Paragraph 1 provides that Part 1 of Schedule 8 to the Act amends Part 2 of the Proceeds of Crime Act 2002 (POCA) (confiscation: England and Wales).

1071 Paragraph 2 removes sections 47B(2)(b) and 47B(3)(b) from POCA. This removes the requirement in the first and second conditions of section 47B for a person to have been arrested for an offence before property may be seized under the power conferred by section 47C of POCA.

1072 Paragraph 3 amends section 47C of POCA (power to seize property) in order to support the seizure of "cryptoassets" by appropriate officers. "Cryptoasset" is given the meaning provided in new section 84A(1) of POCA. Sub-paragraph (3) inserts subsections (5A) to (5F) into section 47C and sub-paragraph (2) amends subsection (2) of that section.

1073 Subsections (5A) and (5B) of section 47C introduce the concept of a "cryptoasset-related item" as a new class of seizable property. Such items are described in subsection (5B) as property that is, or that contains or gives access to any information that is, likely to assist in the seizure of any cryptoassets under the power in this section. That definition would cover a number of different types of property. For example, it could include pieces of paper that have a cryptoasset recovery seed phrase written on them, an electronic hardware wallet (these tend to be similar in appearance and operation to a USB pen-drive), or a piece of electronic hardware such as a mobile phone, tablet computer, laptop computer or desktop computer that has relevant information on it, or which has an application which gives the user control over a software cryptoasset wallet. Subsection (5A) allows an appropriate officer to seize any free property if he or she has reasonable grounds to suspect that such property is a cryptoasset-related item. Paragraph 3(2) amends section 47C(2) so that the restriction in that subsection preventing officers seizing cash or exempt property only applies to seizures under to subsection (1), and does not apply to the seizure of cryptoasset-related items under subsection (5A).

1074 Subsection (5C) clarifies that the act of seizing a cryptoasset includes transferring it into a "crypto wallet" controlled by an appropriate officer. "Crypto wallet" has the meaning given in new section 84A(2) of POCA.

1075 Subsection (5D) provides officers with the power to require a person to provide information which is stored in electronic form. The information in question must be accessible from the premises. Officers can make such a requirement for the purposes of either determining whether an item is a "cryptoasset-related item" or for enabling or facilitating the seizure of a

cryptoasset. The person must provide the required information in a form in which it can be taken away and in which it is visible and legible (or from which it can readily be produced in a visible and legible form). If a person fails to comply with a requirement, then they may have committed an obstruction offence. The relevant offence will depend on which type of officer has made the requirement. Those offences are set out in POCA and other enactments, where relevant.

1076 Subsection (5E) limits the power in subsection (5D). It provides that the power in subsection (5D) does not authorise an officer to require a person to provide information that is subject to legal professional privilege.

1077 Subsection (5F) provides that any information obtained from a cryptoasset-related item, seized using the powers conferred under section 47C(5A), may be used to identify or gain access to a crypto wallet and by doing so enable or facilitate the seizure of cryptoassets (including their transfer to a crypto wallet controlled by an appropriate officer).

1078 Paragraph 4 amends section 47R(3)(b) so that the detention condition in section 47R(2) can also be met where there are reasonable grounds to suspect that the property is a cryptoasset-related item (and so long as any of the conditions in section 47B are met).

1079 Paragraphs 5 and 6 amend the detention of property provisions in sections 47K and 47L of POCA. Paragraph 5 inserts subsections (5) and (6) into section 47K. Paragraph 6 inserts subsections (4) and (5) into section 47L. They provide for the further detention of cryptoasset-related items which are exempt property, pending the making or variation of a restraint order. Here, "exempt property" is that which is necessary either: for the holder of the property's employment, business, or vocation; or for satisfying the basic domestic needs of them or their family. Further detention in these circumstances must be authorised by a "senior officer", which has the meaning given in section 47G(3).

1080 Paragraph 7 amends section 47M of POCA. It inserts provision for the magistrates' court to make an order authorising the further detention of cryptoasset-related items. Such orders may be sought by officers in situations where seized property is not subject to a restraint order, and no application has been made for a restraint order authorising its detention. Sub-paragraph (3) inserts new subsections (2A) to (2D).

1081 New subsection (2A) sets out the conditions which a magistrates' court must (in most circumstances) be satisfied of before making a further detention in respect of cryptoasset-related items.

1082 Subsection (2B) sets out an extra condition where the cryptoasset-related item is "exempt property". In those cases, the magistrates' court must also be satisfied that the officer applying for the order for further detention is working diligently and expeditiously to determine whether the property in question is a cryptoasset-related item. Or, if it has already been established that it is such an item, the court must be satisfied that the officer is working diligently and expeditiously to seize any related cryptoassets using it.

1083 Subsection (2C) sets the maximum period for which a magistrates' court can order the further detention of cryptoasset-related items. Cryptoasset-related items which are not exempt property may be further detained for up to a period of six months, whereas cryptoasset related items which are exempt property may only be further detained for a period of up to 14 days. Both periods of detention can be renewed by a further order where the relevant conditions continue to be met.

1084 Paragraph 8 inserts subsections (6) to (9) into section 47R of POCA. It makes provision to deal with property which has been released, but where there is no intention on the part of the owner to collect it. Property which is seized under Part 2 of POCA with a view to realising it

will always be seized on the basis of officers perceiving it to have a monetary value. Hence, if investigations or proceedings cease and property is released back to the owner, then they have an incentive to collect it. With the introduction of powers to seize cryptoasset-related items, property may be seized which might have no value, or may only have a nominal value. It is therefore foreseeable that a defendant may not want to collect such items. Subsection (6) makes provision for officers to retain, dispose of or destroy such property if it is not collected within a year of its release. But under subsection (7) officers may only do so where they have approval from a senior officer and have taken reasonable steps to notify people with an interest in the property of its release.

1085 Paragraphs 9 to 17 make provision about the powers of the court to enforce confiscation orders. Principally, the provisions address powers of the court to order the realisation and payment into court (or destruction of) of cryptoassets. They also make connected provision in relation to enforcement receiverships, and enforcement in respect of money held in accounts maintained with electronic money institutions and payment institutions.

1086 Paragraph 9 amends section 10A of POCA, which confers on the Crown Court a power to make a determination as to the extent of the defendant's interest in particular property. Paragraph 9 ensures that any determination as to the extent of the defendant's interest in a particular cryptoasset is binding on a court which later authorises the destruction of the cryptoasset, using the powers in section 67AA which are inserted by paragraph 13.

1087 Paragraph 10 expands the powers which the Crown Court may confer on enforcement receivers in section 51 of POCA. It includes provision for the destruction of cryptoassets which are subject to an enforcement receivership. The court may only confer such a power on an enforcement receiver where it is either not reasonably practicable for the enforcement receiver to arrange for the realisation the cryptoassets in question, or where there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest (having regard in particular to how likely it is that the re-entry of the cryptoassets into circulation would facilitate criminal conduct by any person). The realisation of a particular cryptoasset may be contrary to the public interest in cases where it is (or is part of a class of cryptoassets which are) used predominantly or exclusively for criminal purposes such as money laundering. Subsection (9B) provides that detained cryptoassets may only be destroyed up to the amount outstanding under the confiscation order. Subsection (9C) provides that the market value of any destroyed cryptoassets, as assessed by the court, will be treated as having been paid towards satisfaction of the confiscation order.

1088 Paragraph 11 amends section 67 of POCA, to enable a magistrates' court to order a "relevant financial institution" to pay a sum over to the court on account of money which is payable by a defendant under a confiscation order. A relevant financial institution means a bank, building society, electronic money institution or a payment institution. Previously the powers were only available in relation to bank and building society accounts.

1089 Paragraph 12 inserts new section 67ZA into POCA. Section 67ZA is inserted to make similar provision in relation to cryptoassets held with "cryptoasset service provider" as is already made in section 67 for money held with banks and building societies (now "relevant financial institutions" as a result of paragraph 11). A cryptoasset service provider is a businesses that administer so-called "crypto wallets" which provide access to cryptoassets for their customers and is defined in new section 67ZB(3). The definition is amendable by regulations made under section 67ZB(5). "Crypto wallet" is defined in new section 84A(2). The court can only make an order under section 67ZA where such a provider has a UK connection. The conditions setting out the relevant connections are set out in new section 67ZB(1) and (2). Section 67ZA will enable a magistrates' court to order said businesses to realise cryptoassets

and pay the resulting sum over to the court. Subsection (5) makes provision for circumstances where a crypto wallet may be held in the name of a person other than the person against whom the confiscation order is made (for example a spouse or company), but where the person against whom the confiscation order is made nonetheless holds an interest in some or all of those cryptoassets. In those circumstances, subsection (5) requires the court to have regard to a section 10A determination of interests before making an order. Subsection (6) contains equivalent provision to existing section 67 to enable the magistrates' court to fine non-complying businesses up to £5,000, and for the Secretary of State to amend that sum by order in order to take account of changes in the value of money. Subsection (8) absolves a business captured by the provisions from liability for realising a sum different to that specified in an order provided that it took reasonable steps to obtain proceeds equal to the values specified.

1090 Paragraph 13 inserts new section 67AA into POCA. It enables the magistrates' court, as part of the confiscation order enforcement process, to order that seized cryptoassets may be destroyed. This is to cater for the scenario whereby those assets would ordinarily be realised, but in the circumstances it is either not reasonably practicable to do so (for example where no legitimate cryptoasset service provider offers the option of realising that particular type of cryptoasset on their platforms), or where there are reasonable grounds to believe that the realization of the cryptoassets would be contrary to the public interest (similarly to the situations described in the note on paragraph 10). Subsection (3)(b) provides that seized cryptoassets should only be destroyed up to the amount outstanding under the confiscation order. New subsection (4) affords third parties who have, or may have, an interest in the property the right to make representations before an order is made. Subsection (5) provides that the market value of any destroyed cryptoassets, as assessed by the court, will be treated as having been paid towards satisfaction of the confiscation order.

1091 Paragraph 14 amends section 67C, which provides a right of appeal to the Crown Court against a magistrates' court's order authorising the sale of the property, to take account of new sections 67ZA and 67AA. The right of appeal is available to third parties affected by the order but not to the person against whom the confiscation order is made. There is also a right of appeal for an appropriate officer to appeal against a magistrates' court's decision not to authorise the sale of the property. In addition, the officer may appeal against a decision by the magistrates' court not to award costs or against the amount of costs awarded under new section 67B. Sub-paragraph (4) also ensures that a person against whom the confiscation order is made, is not afforded the right to appeal a section 67A order in relation property held by them.

1092 Paragraph 15 amends section 67D – which specifies how sums from the sale of the property authorised under section 67A are to be disposed of by the appropriate officer – so that it similarly applies in relation to the proceeds of cryptoassets realised under new section 67AA. Accordingly, any sums from the sale of cryptoassets must first meet the expenses of an insolvency practitioner that are payable under section 432 of POCA. They must then be used to meet any payments directed by the court and the remainder must be remitted to the designated officer of the magistrates' court responsible for enforcing the confiscation order. Where the confiscation order has been fully paid and the officer has any sums remaining, section 67D(3) requires the appropriate officer to distribute that money as directed by the court.

1093 Paragraph 17 amends section 69 of POCA. Section 69 sets out a number of general steers to the court and receivers in the exercise of various powers under Part 2. Specifically, subsection (2)(a) provides that the court must exercise its powers with a view to preserving the value of assets with a view to their ultimate realisation to satisfy any confiscation order made against the defendant. New subsection (2A) disapplies the steer in subsection (2)(a) in relation to the new powers for the courts to authorise the destruction of cryptoassets, in appropriate cases.

1094 Paragraph 18 inserts new section 84A into POCA which defines terms introduced by the preceding paragraphs.

Part 2 – Scotland

1095 Paragraph 19 provides that Part 2 of Schedule 8 to the Act amends Part 3 of the Proceeds of Crime Act 2002 (POCA)(confiscation: Scotland).

1096 Paragraph 20 removes sections 127B(2)(b) and 127B(3)(b) from POCA. This removes the requirement in the first and second conditions of section 127B for a person to have been arrested for an offence before property may be seized under the power conferred by section 127C of POCA.

1097 Paragraph 21 amends section 127C of POCA (power to seize property) in order to support the seizure of "cryptoassets" by appropriate officers. "Cryptoasset" is given the meaning provided in new section 150A(1) of POCA. Sub-paragraph (3) inserts subsections (5A) to (5E) into section 127C and sub-paragraph (2) amends subsection (2) of that section.

1098 Subsections (5A) and (5B) of section 127C introduce the concept of a "cryptoasset-related item" as a new class of seizeable property. Such items are described in subsection (5B) as property that is or that contains or gives access to any information that is, likely to assist in the seizure of any cryptoassets under the power in this section. That definition would cover a number of different types of property. For example it could include pieces of paper that have a cryptoasset recovery seed phrase written on them, an electronic hardware wallet (these tend to be similar in appearance and operation to a USB pen-drive), or a piece of electronic hardware such as a mobile phone, tablet computer, laptop computer or desktop computer that has relevant information on it, or which has an application which gives the user control over a software cryptoasset wallet. Subsection (5A) allows an appropriate officer to seize any free property if he or she has reasonable grounds to suspect that such property is a cryptoasset-related item. Paragraph 21(2) amends section 127C(2) so that the restriction in that subsection preventing officers seizing cash or exempt property only applies to seizures under subsection (1), and does not apply to the seizure of cryptoasset-related items under subsection (5A).

1099 Subsection (5C) clarifies that the act of seizing a cryptoasset includes transferring it into a "crypto wallet" controlled by an appropriate officer. "Crypto wallet" has the meaning given in new section 150A(2) of POCA.

1100 Subsection (5D) provides officers with the power to require a person to provide information which is stored in electronic form. The information in question must be accessible from the premises. Officers can make such a requirement for the purposes of either determining whether an item is a "cryptoasset-related item" or for enabling or facilitating the seizure of a cryptoasset. The person must provide the required information in a form in which it can be taken away and in which it is visible and legible (or from which it can readily be produced in a visible and legible form). If a person fails to comply with a requirement, then they may have committed an obstruction offence. The relevant offence will depend on which type of officer has made the requirement. Those offences are set out in POCA and other enactments, where relevant.

1101 Subsection (5E) limits the power in subsection (5D). It provides that the power in subsection (5D) does not authorise an officer to require a person to provide information that is subject to legal professional privilege.

1102 Subsection (5F) provides that any information obtained from a cryptoasset-related item, seized using the powers conferred under section 127C(5A), may be used to identify or gain access to a crypto wallet and by doing so enable or facilitate the seizure of any cryptoassets, to a crypto wallet controlled by an appropriate officer (including their transfer to a crypto wallet controlled by an appropriate officer).

1103 Paragraph 22 amends section 127Q(3)(b) so that the detention condition in section 127Q(2) can also be met where there are reasonable grounds to suspect that the property is a cryptoasset-related item (and so long as any of the conditions in section 127B are met).

1104 Paragraphs 23 and 24 amend the detention of property provisions in sections 127K and 127L of POCA. Paragraph 23 inserts subsections (5) and (6) into section 1277K. Paragraph 6 inserts subsections (4) and (5) into section 127L. They provide for the further detention of cryptoasset-related items which are exempt property, pending the making or variation of a restraint order. Here, "exempt property" is that which is necessary either: for the holder of the property's employment, business, or vocation; or for satisfying the basic domestic needs of them or their family. Further detention in these circumstances must be authorised by a "senior officer", which has the meaning given in section 127G(3).

1105 Paragraph 25 amends section 127M of POCA. It inserts provision for the sheriff to make an order authorising the further detention of cryptoasset-related items. Such orders may be sought by officers in situations where seized property is not subject to a restraint order, and no application has been made for a restraint order authorising its detention. Sub-paragraph (3) inserts new subsections (2A) to (2D).

1106 New subsection (2A) sets out the conditions which a sheriff must (in most circumstances) be satisfied of before making a further detention in respect of cryptoasset-related items.

1107 Subsection (2B) sets out an extra condition where the cryptoasset-related item is "exempt property". In those cases, the sheriff must also be satisfied that the officer applying for the order for further detention is working diligently and expeditiously to determine whether the property in question is a cryptoasset-related item. Or, if it has already been established that it is such an item, the court must be satisfied that the officer is working diligently and expeditiously to seize any related cryptoassets using it.

1108 Subsection (2C) sets the maximum period for which a sheriff can order the further detention of cryptoasset-related items. Cryptoasset-related items which are not exempt property may be further detained for up to a period of six months, whereas cryptoasset related items which are exempt property may only be further detained for a period of up to 14 days. Both periods of detention can be renewed by a further order where the relevant conditions continue to be met.

1109 Paragraph 26 inserts subsections (6) to (9) into section 127Q of POCA. It makes provision to deal with cryptoasset-related items which have been released, but where there is no intention on the part of the owner to collect them. Currently, property which is seized under Part 3 of POCA with a view to realising it will always be seized on the basis of officers perceiving it to have a monetary value. Hence, if investigations or proceedings cease and property is released back to the owner, then they have an incentive to collect it. With the introduction of powers to seize cryptoasset-related items, property may be seized which might have no value, or may only have a nominal value. It is therefore foreseeable that an accused may not want to collect such items. Subsection (6) makes provision for officers to retain, dispose of or destroy such property if it is not collected within a year of its release. But under subsection (7) officers may only do so where they have approval from a senior officer and have taken reasonable steps to notify people with an interest in the property of its release.

1110 Paragraphs 27 to 35 make provision about the powers of the court to enforce confiscation orders. Principally, the provisions address powers of the court to order the realisation and payment into court (or destruction) of cryptoassets. They also make connected provision in relation to enforcement administrators, and enforcement in respect of money held in accounts maintained with electronic money institutions and payment institutions.

1111 Paragraph 27 expands the powers which the court may confer on enforcement administrators in section 128 of POCA. It includes provision for the destruction of cryptoassets by enforcement administrators. The court may only confer such a power on an enforcement administrator where it is either not reasonably practicable for the enforcement administrator to arrange for the realisation of the cryptoassets in question, or where there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest (having regard in particular to how likely it is that the re-entry of the cryptoassets into circulation would facilitate criminal conduct by any person). The realisation of a particular cryptoasset may be contrary to the public interest in cases where it is (or is part of a class of cryptoassets which are) used predominantly or exclusively for criminal purposes such as money laundering. Subsection (13B) provides that detained cryptoassets may only be destroyed up to the amount outstanding under the confiscation order. Subsection (13C) provides that the market value of any destroyed cryptoassets, as assessed by the court, will be treated as having been paid towards satisfaction of the confiscation order.

1112 Paragraph 28 amends section 131ZA of POCA, to enable a relevant court to order a "relevant financial institution" to pay a sum over to the court on account of money which is payable by an accused under a confiscation order. A relevant financial institution means a bank, building society, electronic money institution or a payment institution. Previously the powers were only available in relation to bank and building society accounts.

1113 Paragraph 29 inserts new section 131ZB into POCA. Section 131ZB is inserted to make similar provision in relation to cryptoassets held with "cryptoasset service provides" as is already made in section 131ZA for money held with banks and building societies (now "relevant financial institutions" as a result of paragraph 28). A cryptoasset service provider is a business that administer so-called "crypto wallets" which provide access to cryptoassets for their customers and is defined in new section 131ZC(3). The definitions is amendable by regulations made under sections 131ZC(5). "Crypto wallet" is defined in new section 150A(2). The court can only make an order under section 131ZB where such a provider has a UK connection. The conditions setting out the relevant connections are set out in new section 131ZC(1) and (2). Section 131ZB will enable a sheriff to order said businesses to realise cryptoassets and pay the resulting sum over to the court. Subsection (5) makes provision for circumstances where a crypto wallet may be held in the name of a person other than the person against whom the confiscation order is made (for example a spouse or company), but where the person against whom the confiscation order is made nonetheless holds an interest in some or all of those cryptoassets. Subsection (6) absolves a business captured by the provisions from liability for realising a sum different to that specified in an order provided that it took reasonable steps to obtain proceeds equal to the values specified.

1114 Paragraph 30 inserts new section 131AA into POCA. It enables the sheriff, as part of the confiscation order enforcement process, to order that seized cryptoassets may be destroyed. This is to cater for the scenario whereby those assets would ordinarily be realised, but in the circumstances it is either not reasonably practicable to do so (for example where no legitimate cryptoasset service provider offers the option of realising that particular type of cryptoasset on their platforms), or where there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest (similarly to the situations described in the note on paragraph 27). Subsection (4)(b) provides that seized cryptoassets should only be destroyed up to the amount outstanding under the confiscation order. New subsection (5) affords third parties who have, or may have, an interest in the property the right to make representations before an order is made. Subsection (6) provides that the market value of any destroyed cryptoassets, as assessed by the court, will be treated as having been paid towards satisfaction of the confiscation order.

1115 Paragraph 31 amends section 131C, which provides a right of appeal to the Court of Session against a sheriff's order authorising the sale of the property, to take account of new sections 131ZB and 131ZB. The right of appeal is available to third parties affected by the order but not to the person against whom the confiscation order is made. There is also a right of appeal for an appropriate officer to appeal against a sheriff's decision not to authorise the sale of the property. In addition, the officer may appeal against a decision by the sheriff not to award costs or against the amount of costs awarded under new section 131ZB.

1116 Paragraph 32 amends section 131D – which specifies how sums from the sale of the property authorised under section 131A are to be disposed of by the appropriate officer – so that it similarly applies in relation to the proceeds of cryptoassets realised under new section 131ZB that exceed the amount payable under the confiscation order. Such sums are first paid over to an appropriate officer identified in the order. The officer must first distribute such sums to meet the expenses of an insolvency practitioner that are payable under section 432 of POCA. They must then be used to meet any payments directed by the court and the remainder will be distributed to those with an interest in the money, as directed by the court.

1117 Paragraph 35 amends section 132 of POCA. Section 132 sets out a number of general steers to the court and administrators in the exercise of various powers under Part 3. Specifically, subsection (2)(a) provides that the court must exercise its powers with a view to preserving the value of assets with a view to their ultimate realisation to satisfy any confiscation order made against the accused. New subsection (2A) disapplies the steer in subsection (2)(a) in relation to the new powers for the courts to authorise the destruction of cryptoassets, in appropriate cases.

1118 Paragraph 36 inserts new section 150A into POCA which defines terms introduced by the preceding paragraphs.

Part 3 – Northern Ireland

1119 Paragraph 37 provides that Part 3 of Schedule 8 to the Act amends Part 4 of the Proceeds of Crime Act 2002 (POCA) (confiscation: Northern Ireland).

1120 Paragraph 38 removes sections 195B(2)(b) and 195B(3)(b) from POCA. This removes the requirement in the first and second conditions of section 195B for a person to have been arrested for an offence before property may be seized under the power conferred by section 195C of POCA.

1121 Paragraph 39 amends section 195C of POCA (power to seize property) in order to support the seizure of "cryptoassets" by appropriate officers. "Cryptoasset" is given the meaning provided in new section 232A(1) of POCA. Sub-paragraph (3) inserts subsections (5A) to (5F) into section 195C and sub-paragraph (2) amends subsection (2) of that section.

1122 Subsections (5A) and (5B) of section 195C introduce the concept of a "cryptoasset-related item" as a new class of seizeable property. Such items are described in subsection (5B) as property that is or that contains or gives access to any information that is, likely to assist in the seizure of any cryptoassets under the power in this section. That definition would cover a number of different types of property. For example it could include pieces of paper that have a cryptoasset recovery seed phrase written on them, an electronic hardware wallet (these tend to be similar in appearance and operation to a USB pen-drive), or a piece of electronic hardware such as a mobile phone, tablet computer, laptop computer or desktop computer that has relevant information on it, or which has an application which gives the user control over a software cryptoasset wallet. Subsection (5A) allows an appropriate officer to seize any free property if he or she has reasonable grounds to suspect that such property is a cryptoasset-related item. Paragraph 39(2) amends section 195C(2) so that the restriction in that

subsection preventing officers seizing cash or exempt property only applies to seizures under subsection (1), and does not apply to the seizure of cryptoasset-related items under subsection (5A).

1123 Subsection (5C) clarifies that the act of seizing a cryptoasset includes transferring it into a "crypto wallet" controlled by an appropriate officer. "Crypto wallet" has the meaning given in new section 232A(2) of POCA.

1124 Subsection (5D) provides officers with the power to require a person to provide information which is stored in electronic form. The information in question must be accessible from the premises. Officers can make such a requirement for the purposes of either determining whether an item is a "cryptoasset-related item" or for enabling or facilitating the seizure of a cryptoasset. The person must provide the required information in a form in which it can be taken away and in which it is visible and legible (or from which it can readily be produced in a visible and legible form). If a person fails to comply with a requirement, then they may have committed an obstruction offence. The relevant offence will depend on which type of officer has made the requirement. Those offences are set out in POCA and other enactments, where relevant.

1125 Subsection (5E) limits the power in subsection (5D). It provides that the power in subsection (5D) does not authorise an officer to require a person to provide information that is subject to legal professional privilege.

1126 Subsection (5F) provides that any information obtained from a cryptoasset-related item, seized using the powers conferred under section 195C(5A), may be used to identify or gain access to a crypto wallet and by doing so enable or facilitate the seizure any cryptoassets (including their transfer to a crypto wallet controlled by an appropriate officer).

1127 Paragraph 40 amends section 195R(3)(b) so that the detention condition in section 195R(2) can also be met where there are reasonable grounds to suspect that the property is a cryptoasset-related item (and so long as any of the conditions in section 195B are met).

1128 Paragraphs 41 and 42 amend the detention of property provisions in sections 195K and 195L of POCA. Paragraph 41 inserts subsections (5) and (6) into section 195K. Paragraph 42 inserts subsections (4) and (5) into section 195L. They provide for the further detention of cryptoasset-related items which are exempt property, pending the making or variation of a restraint order. Here, "exempt property" is that which is necessary either: for the holder of the property's employment, business, or vocation; or for satisfying the basic domestic needs of them or their family. Further detention in these circumstances must be authorised by a "senior officer", which has the meaning given in section 195G(3).

1129 Paragraph 43 amends section 195M of POCA. It inserts provision for the magistrates' court to make an order authorising the further detention of cryptoasset-related items. Such orders may be sought by officers in situations where seized property is not subject to a restraint order, and no application has been made for a restraint order authorising its detention. Sub-paragraph (3) inserts new subsections (2A) to (2D).

1130 New subsection (2A) sets out the conditions which a magistrates' court must (in most circumstances) be satisfied of before making a further detention in respect of cryptoasset-related items.

1131 Subsection (2B) sets out an extra condition where the cryptoasset-related item is "exempt property". In those cases, the magistrates' court must also be satisfied that the officer applying for the order for further detention is working diligently and expeditiously to determine whether the property in question is a cryptoasset-related item. Or, if it has already been established that it is such an item, the court must be satisfied that the officer is working diligently and expeditiously to seize any related cryptoassets using it.

1132 Subsection (2C) sets the maximum period for which a magistrates' court can order the further detention of cryptoasset-related items. Cryptoasset-related items which are not exempt property may be further detained for up to a period of six months, whereas cryptoasset related items which are exempt property may only be further detained for a period of up to 14 days. Both periods of detention can be renewed by a further order where the relevant conditions continue to be met.

1133 Paragraph 44 inserts subsections (6) to (9) into section 195R of POCA. It makes provision to deal with cryptoasset-related items which have been released, but where there is no intention on the part of the owner to collect them. Currently, property which is seized under Part 4 of POCA with a view to realising it will always be seized on the basis of officers perceiving it to have a monetary value. Hence, if investigations or proceedings cease and property is released back to the owner, then they have an incentive to collect it. With the introduction of powers to seize cryptoasset-related items, property may be seized which might have no value, or may only have a nominal value. It is therefore foreseeable that a defendant may not want to collect such items. Subsection (6) makes provision for officers to retain, dispose of or destroy such property if it is not collected within a year of its release. But under subsection (7) officers may only do so where they have approval from a senior officer and have taken reasonable steps to notify people with an interest in the property of its release.

1134 Paragraphs 45 to 53 make provision about the powers of the court to enforce confiscation orders. Principally, the provisions address powers of the court to order the realisation and payment into court (or destruction) of cryptoassets. They also make connected provision in relation to enforcement receiverships, and enforcement in respect of money held in accounts maintained with electronic money institutions and payment institutions.

1135 Paragraph 45 amends section 160A of POCA, which confers on the Crown Court a power to make a determination as to the extent of the defendant's interest in particular property. Paragraph 45 ensures that any determination as to the extent of the defendant's interest in a particular cryptoasset is binding on a court which later authorises the destruction of the cryptoasset, using the powers in section 215AA which are inserted by paragraph 49.

1136 Paragraph 46 expands the powers which the Crown Court may confer on enforcement receivers in section 199 of POCA. It includes provision for the destruction of cryptoassets which are subject to an enforcement receivership. The court may only confer such a power on an enforcement receiver where it is either not reasonably practicable for the enforcement receiver to arrange for the realisation the cryptoassets in question, or where there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest (having regard in particular to how likely it is that the re-entry of the cryptoassets into circulation would facilitate criminal conduct by any person). The realisation of a particular cryptoasset may be contrary to the public interest in cases where it is (or is part of a class of cryptoassets which are) used predominantly or exclusively for criminal purposes such as money laundering. Subsection (9B) provides that detained cryptoassets may only be destroyed up to the amount outstanding under the confiscation order. Subsection (9C) provides that the market value of any destroyed cryptoassets, as assessed by the court, will be treated as having been paid towards satisfaction of the confiscation order.

1137 Paragraph 47 amends section 215 of POCA, to enable a magistrates' court to order a "relevant financial institution" to pay a sum over to the court on account of money which is payable by a defendant under a confiscation order. A relevant financial institution means a bank, building society, electronic money institution or a payment institution. Previously the powers were only available in relation to bank and building society accounts.

1138 Paragraph 48 inserts new section 215ZA into POCA. Section 215ZA is inserted to make similar provision in relation to cryptoassets held with "cryptoasset service provides" as is already made in section 215 for money held with banks and building societies (now "relevant financial institutions" as a result of paragraph 47). A cryptoasset service provider is a business that administer so-called "crypto wallets" which provide access to cryptoassets for their customers and is defined in new section 215ZB(3). The definition is amendable by regulations made under section 215ZB(5). "Crypto wallet" is defined in new section 232A(2). The court can only make an order under section 215ZA where such a provider has a UK connection. The conditions setting out the relevant connections are set out in new section 215ZB(1) and (2). Section 215ZA will enable a magistrates' court to order said businesses to realise cryptoassets and pay the resulting sum over to the court. Subsection (5) makes provision for circumstances where a crypto wallet may be held in the name of a person other than the person against whom the confiscation order is made (for example a spouse or company), but where the person against whom the confiscation order is made nonetheless holds an interest in some or all of those cryptoassets. In those circumstances, subsection (5) requires the court to have regard to a section 160A determination of interests before making an order. Subsection (6) contains equivalent provision to existing section 215 to enable the magistrates' court to fine non-complying businesses up to £5,000, and for the Secretary of State to amend that sum by order in order to take account of changes in the value of money. Subsection (8) absolves a business captured by the provisions from liability for realising a sum different to that specified in an order provided that it took reasonable steps to obtain proceeds equal to the values specified.

1139 Paragraph 49 inserts new section 215AA into POCA. It enables the magistrates' court, as part of the confiscation order enforcement process, to order that seized cryptoassets may be destroyed. This is to cater for the scenario whereby those assets would ordinarily be realised, but in the circumstances it is either not reasonably practicable to do so (for example where no legitimate cryptoasset service provider offers the option of realising that particular type of cryptoasset on their platforms), or where there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest (similarly to the situations described in the note on paragraph 46). Subsection (3)(b) provides that seized cryptoassets should only be destroyed up to the amount outstanding under the confiscation order. New subsection (4) affords third parties who have, or may have, an interest in the property the right to make representations before an order is made. Subsection (5) provides that the market value of any destroyed cryptoassets, as assessed by the court, will be treated as having been paid towards satisfaction of the confiscation order.

1140 Paragraph 50 amends section 215C, which provides a right of appeal to the Crown Court against a magistrates' court's order authorising the sale of the property, to take account of new sections 215ZA and 215AA. The right of appeal is available to third parties affected by the order but not to the person against whom the confiscation order is made. There is also a right of appeal for an appropriate officer to appeal against a magistrates' court's decision not to authorise the sale of the property. In addition, the officer may appeal against a decision by the magistrates' court not to award costs or against the amount of costs awarded under new section 215B.

1141 Paragraph 51 amends section 215D – which specifies how sums from the sale of the property authorised under section 125A are to be disposed of by the appropriate officer – so that it similarly applies in relation to the proceeds of cryptoassets realised under new section 215ZA that exceed the amount payable under the confiscation order. Such sums are first paid over to an appropriate officer identified in the order. The officer must distribute such sums first to meet the expenses of an insolvency practitioner that are payable under section 432 of POCA. They must then be used to meet any payments directed by the court and the remainder will be distributed to those with an interest in the money, as directed by the court.

1142 Paragraph 53 amends section 217 of POCA. Section 217 sets out a number of general steers to the court and receivers in the exercise of various powers under Part 2. Specifically, subsection (2)(a) provides that the court must exercise its powers with a view to preserving the value of assets with a view to their ultimate realisation to satisfy any confiscation order made against the defendant. New subsection (2A) disapplies the steer in subsection (2)(a) in relation to the new powers for the courts to authorise the destruction of cryptoassets, in appropriate cases.

1143 Paragraph 54 inserts new section 232A into POCA which defines terms introduced by the preceding paragraphs.

Part 4 – Regulations

1144 Paragraph 55 provides that Part 4 of Schedule 8 to the Act amends section 459 of the Proceeds of Crime Act 2002 (POCA). It makes for provision for the new regulation making powers inserted by Parts 1, 2 and 3 of this Schedule to be subject to the affirmative parliamentary procedure.

Schedule 9 – Cryptoassets: civil recovery

Part 1 – Amendments of Part 5 of the Proceeds of Crime Act 2002

1145 This schedule inserts, into Part 5 of POCA, new Chapter 3C (recovery of cryptoassets: searches, seizure and detention), which makes provision for the seizure of cryptoassets (and cryptoasset-related items) and the recovery of cryptoassets where they are recoverable property or are intended for use in unlawful conduct ("unlawful conduct") is defined in section 241 of POCA. The provisions build on existing powers in Chapters 3, 3A and 3B of POCA, to seize and recover cash, listed assets and funds in accounts that are the proceeds of unlawful conduct or intended for use in such conduct.

1146 "Cryptoassets" are defined in new section 303Z20, as are "crypto wallets"—devices used for storing cryptoassets (and which sometimes function a little like a bank account). This section also provides that the Secretary of State, following consultation with Scottish Minister and the Department of Justice Northern Ireland, may by regulations amend the definition of "cryptoasset" or "crypto wallet".

1147 Section 303Z21 provides that powers to search for a "cryptoasset-related item" are only exercisable on the proviso that an enforcement officer has lawful authority to be on the premises and has reasonable grounds to suspect that there is an item of property there that is, or that contains or gives access to information that is, likely to assist in the seizure of cryptoassets under Part 5 of POCA. Subsection (3) provides that constables, HMRC officers, SFO officers and AFIs are enforcement officers for the purpose of these provisions. Subsections (7) and (8) include the power to search vehicles and persons. Subsection (11) provides that SFO officers and AFIs cannot use these provisions to search for cryptoasset related items in Scotland.

1148 Section 303Z22 sets out further detail as to the conditions under which the powers of search may be used.

1149 Section 303Z23 provides that the search powers may only be used where prior judicial authority has been obtained or, if that is not practicable, with the approval of a senior officer. "Senior officer" is defined in subsection (4) for all of the agencies permitted to use these powers. Section 303Z23(6) provides that, where the search powers are not approved by a judicial authority prior to the search and either no cryptoasset-related items are seized, or any seized items are not then detained under a court order for more than 48 hours, the officer exercising the power must prepare a written report and submit it to an independent person. This means that a report is needed whenever search powers are exercised without any judicial oversight

before or after the search. The independent person is appointed by the Secretary of State, in relation to England and Wales, by the Scottish Ministers in relation to Scotland, or by the Department of Justice in relation to Northern Ireland. Subsection (7) provides that a written report to the appointed person is not necessary if cash or listed assets were seized as a result of the search and the cash or listed assets are detained for more than 48 hours, under an order of the relevant court.

1150 Section 303Z24 provides that the appointed person must provide a report after the end of each financial year, to be laid before Parliament, the Scottish Parliament, and the Northern Ireland Assembly as appropriate. This report must give the appointed person's opinion as to the circumstances in which the search powers were exercised in cases where the relevant officer was required to make a report under section 303Z23(6). The appointed person must submit their own report as soon as possible at the end of each financial year, giving their opinion as to the way in which search powers under these provisions are being exercised, and making recommendations where appropriate.

1151 Section 303Z25 provides that the exercise of powers of search are subject to guidance issued in Codes of Practice. The requirements for making a Code of Practice are the same as those set out in sections 303G, 303H and 303I of POCA, namely:

a. A Code of Practice must be made by the Secretary of State in connection with the exercise of the search powers in section 303Z21 and the Secretary of State must also consult the Attorney General about the code draft in its application in relation to the use of the powers by the SFO and the Director.

b. A Code of Practice must be made by the Scottish Ministers in connection with the exercise of the search powers in section 303Z21 in Scotland.

c. A Code of Practice must be made by the Department of Justice in connection with the exercise of the search powers in section 303Z21 in Northern Ireland.

1152 Section 303Z26 provides that enforcement officers may seize any item found, if they have reasonable grounds for suspecting that it is a cryptoasset related item: namely, an item that is, or that contains or gives access to information that is, likely to assist in the seizure of cryptoassets under Part 5 of POCA. Subsection (2) provides officers with the power to require a person to provide information which is stored in electronic form. The information in question must be accessible from the premises. Officers can make such a requirement for the purposes of either determining whether an item is a "cryptoasset-related item" or for enabling or facilitating the seizure of a cryptoasset. The person must provide the required information in a form in which it can be taken away and in which it is visible and legible (or from which it can readily be produced in a visible and legible form). If a person fails to comply with a requirement, then they may have committed an obstruction offence. The relevant offence will depend on which type of officer has made the requirement. Those offences are set out in POCA and other enactments, where relevant.

1153 Subsection (3) limits the power in subsection (2). It provides that the power in subsection (2) does not authorise an officer to require a person to provide information that is subject to legal professional privilege (as defined in subsection (4)).

1154 Subsection (5) provides that any information obtained from a cryptoasset-related item may be used to identify or gain access to a crypto wallet and by doing so enable or facilitate the seizure of cryptoassets (including their transfer to a crypto wallet controlled by an enforcement officer).

1155 Subsection (6) provides that SFO officers and AFIs cannot use these provisions to seize items found in Scotland.

1156 Section 303Z27 provides that any cryptoasset-related item seized by a enforcement officer may only be detained for an initial period of 48 hours. Subsection (1) authorises the detention of property only for so long as an enforcement officer continues to have reasonable grounds for suspicion.

1157 Section 303Z28 provides that the detention of any cryptoasset-related item may be extended by a judicial authority for up to six months at a time. Subsection (2) authorises the detention of a cryptoasset-related item up to a maximum of two years (from the date of the first order), except that under subsection (4) detention may be extended up to a maximum of three years if the court is satisfied that a request has been made for evidence to be obtained from overseas (often referred to as "mutual legal assistance"), in connection with the cryptoasset-related item, and that request is outstanding.

1158 Section 303Z29 provides that an enforcement officer may seize "cryptoassets" (defined in section 303Z20) where there are reasonable grounds for suspecting that those assets are proceeds of unlawful conduct or intended for use in such conduct. Subsection (2) clarifies that the act of seizing a cryptoasset includes transferring it into a "crypto wallet" controlled by an enforcement officer. "Crypto wallet" has the meaning given in new section 303Z20 of POCA. Subsection (3) provides that SFO officers and AFIs cannot use these provisions to seize cryptoassets using information obtained from an item found in Scotland.

1159 Section 303Z30 provides that, where an order is made under section 303Z28 for the detention of any cryptoasset-related item, a judicial authority may, at the same time, authorise the detention of any cryptoassets seized as a result of information obtained from the cryptoasset-related item. This means that the detention of the cryptoassets can be authorized in advance of their seizure. Section 303Z31 will not then apply to those cryptoassets.

1160 Section 303Z31(1) provides that any cryptoasset seized by a relevant officer may only be detained for an initial period of 48 hours, except where detention has been authorized in advance under section 303Z30. Subsection (1) authorises the detention of property only for so long as an enforcement officer continues to have reasonable grounds for suspicion.

1161 Section 303Z32 provides that the detention of any cryptoasset may be extended by a judicial authority for up to six months at a time. Subsection (2) authorises the detention of a cryptoasset up to a maximum of two years (from date of the first order), except that under subsection (4) detention may be extended up to a maximum of three years if the court is satisfied that a request has been made for evidence to be obtained from overseas (often referred to as "mutual legal assistance"), in connection with the cryptoassets, and that request is outstanding.

1162 Section 303Z33 provides that an enforcement officer must safely store detained cryptoassets and cryptoasset-related items.

1163 Section 303Z34 provides for the release of cryptoassets and cryptoasset related items from the person from whom they were seized where a judicial authority is satisfied, on application by the person from whom the property was seized, that they are not recoverable property or are not intended for use in unlawful conduct. Where a cryptoasset-related item is not claimed within a year from the date of its release and reasonable steps have been taken to notify any interested parties, an enforcement officer may decide to: retain the property; dispose of; or destroy the property, with the approval of a senior officer. Subsection (8) provides that where property is disposed of, any proceeds are to be paid into the Consolidated Fund or the Sottish Consolidated Fund.

Chapter 3D: Recovery of cryptoassets: freezing orders

1164 Sections 303Z35 to 303Z40 insert, into Part 5 of POCA, new Chapter 3D, which makes provision for the freezing and forfeiture of cryptoassets, held by a third party, in crypto wallets, where the assets are recoverable property, or are intended for use in unlawful conduct ("unlawful conduct" is defined in section 241 of POCA and "crypto wallet" is defined in new section 303Z20 of POCA).

1165 Section 303Z35(1) defines "cryptoasset exchange provider"; "custodian wallet provider"; "cryptoasset service provider". Subsection (3) provides that the definition of a "cryptoasset exchange provider" includes firms or sole practitioners who provide exchange services involving cryptoassets, or rights to or interests in cryptoassets, in the course of their business. This section also provides that the Secretary of State, following consultation with Scottish Minister and the Department of Justice Northern Ireland, may by regulations amend the definitions in this section.

1166 Section 303Z36 provides that the powers to seek a "crypto wallet freezing order" are exercisable by an enforcement officer (defined in section 303Z20) if there are reasonable grounds to suspect that the crypto wallet administered by a "UK-connected cryptoasset service provider" contains recoverable property, or property that is intended for use in unlawful conduct. Subsection (3) provides that an enforcement officer may not apply for a crypto wallet freezing order unless authorised to do so by a senior officer (defined in section 303Z20). Subsection (7) restricts SFO officers' and AFIs' use of the powers in relation to Scotland. A crypto wallet freezing order can be made without notice, if notice of the application would prejudice the taking of any steps to later forfeit cryptoassets under Part 5 of POCA.

1167 Section 303Z36(6) provides that an application for an order to freeze a crypto wallet may be combined with an application for an account freezing order where a single entity is both a relevant financial institution (within the meaning of 303Z1 of POCA) and maintains for the same person both cryptoassets and money (above the minimum amount specified in 303Z8—currently set at £1000). The definition of a "UK-connected cryptoasset service provider" is found in subsection (8) and (9) and includes entities which:

a. Have a registered or head office in the United Kingdom and their day-to-day affairs are carried out by that office or another establishment in the United Kingdom.

b. Have terms and conditions with the persons to whom they provide services which provide for a legal dispute to be litigated in the United Kingdom courts.

c. Hold data in the United Kingdom relating to the persons to whom they provide services.

1168 Section 303Z37 specifies that a judicial authority may make a crypto wallet freezing order if satisfied that the crypto wallet contains recoverable property, or property that is intended for use in unlawful conduct. A crypto wallet freezing order prohibits each person by or for whom the wallet is operated from making withdrawals or payments or using the wallet in any other way, unless permitted under the exclusions authorised by the court (in accordance with section 303Z39). Any cryptoassets frozen in a wallet remain in the custody of the cryptoasset service provider while an order remains in place. Subsection (3) specifies the circumstances in which a crypto wallet freezing order ceases to have effect.

1169 Subsections (4) to (7) provide the maximum period permitted for a judicial authority to freeze a crypto wallet. Subsection (4) authorises the freezing of the crypto wallet for up to a maximum of two years from date of the freezing order, except that under subsection (5) the freezing order may be extended up to a maximum of three years if the court is satisfied that a request has been made for evidence to be obtained from overseas (often referred to as "mutual legal assistance"), in connection with the cryptoassets, and that request is outstanding.

1170 Section 303Z37(8) provides that a crypto wallet freezing order must make provision for persons affected by the freezing (that will include persons by or for whom the wallet is administered, similar to an account holder at a bank) to be notified of the order.

1171 Section 303Z38 confers the powers on a judicial authority to vary, set aside, or recall a crypto wallet freezing order at any time, including upon application by any person affected by such an order. The power to apply for an order may not be exercised by an enforcement officer unless authorised to do so by a senior officer (defined by 303Z20). Subsection (3) provides that any party likely to be impacted by a decision to vary or set aside a crypto wallet freezing order must have an opportunity to consider the implications of such order and be able to make representations, if so desired.

1172 Section 303Z39 confers a general power on a judicial authority to make exclusions from the restriction on activity on the wallet. Subsection (2) specifies that exclusions may be granted, in particular, for the purpose of meeting reasonable living expenses or to allow a person to carry on a business, trade, or occupation. For example, this would allow a court to make a freezing order that applies to a proportion of the cryptoassets in a wallet – those which are regarded as recoverable property - while allowing the business to continue to use the remainder of the cryptoassets. Subsection (5) also permits exclusions for legal expenses, except in Scotland (as detailed in subsection (7)).

1173 Section 303Z40 provides the powers for a judicial authority to stay proceedings (or, in Scotland, sist), at any stage, once a crypto wallet freezing order is made. The court may also order that the proceedings can continue on any terms it thinks are appropriate.

Chapter 3E: Forfeiture of cryptoassets following detention or freezing order

1174 Section 303Z41 provides that a judicial authority may order the forfeiture of some or all of the cryptoassets detained in pursuance of an order under Chapter 3C, or frozen in a wallet under an order made under Chapter 3D, if satisfied that the cryptoassets are recoverable property or intended for use in unlawful conduct. Subsection (5) provides for the payment of reasonable legal expenses that a person has (or may reasonably incur in), except in Scotland. Subsection (8) provides that a judicial authority may not order the forfeiture of cryptoassets pursuant to subsection (4) if section 303Z45(1) applies. That section deals with joint and associated property. In those circumstances, where no agreement can be reached regarding the interests of associated or joint property holders of the relevant cryptoassets and the case must be transferred to the High Court, or Court of Session, the powers conferred on a magistrates' court or sheriff cease to apply.

1175 Section 303Z42 sets out further detail about the forfeiture of cryptoassets. Subsection (4) specifies that an order for the forfeiture of cryptoassets held in a wallet administered by a cryptoasset service provider requires the provider to transfer those assets into a crypto wallet nominated by an enforcement officer. Once the transfer is executed the freezing order will cease to apply and the prohibition on making withdrawals or payments, or using the crypto wallet in any other way, will no longer apply. Subsections (7) to (10) provide for consequential amendments, in order to provide for an alternative means by which cryptoassets can be forfeited when held by a cryptoasset service provider. The powers would provide a contingency to overcome future technical barriers around the forfeiture of cryptoassets administered by a third party. Subsections (10) to (12) provide for certain consultation requirements to apply prior to the Secretary of State making regulations under subsection (7) regarding cryptoasset forfeiture orders.

1176 Sections 303Z43 to 303Z46 set out how associated and joint property is to be dealt with when forfeiture is applied for.

1177 Section 303Z43 sets out the circumstances in which the provisions on associated property and joint property in sections 303Z44 and 303Z45 apply. The term "associated property" is defined in subsection (3) and subsection (2) specifies how property is jointly owned in England and Wales and Northern Ireland.

1178 Section 303Z44 provides that a judicial authority may order that a person who holds associated property or who is an excepted joint owner may retain the property but must pay the law enforcement agency a sum equivalent to the value of the recoverable share. This section applies where there is agreement amongst the parties as to the extent of the recoverable portion of the cryptoassets. Subsection (6) also permits exclusions for legal expenses, except in Scotland.

1179 Section 303Z45 describes how a judicial authority can deal with a person who holds associated property or who is an excepted joint owner but where there is no agreement under section 303Z44. If an order for forfeiture of part of the cryptoasset (including the associated property) is made, and the court considers it is "just and equitable" to do so, it may also order that the excepted joint owner's interest will be extinguished, or that the excepted joint owner's interest will be severed, and it may order that a payment be made to that individual.

1180 Section 303Z46 provides that, where a judicial authority makes an order for the forfeiture of only some of the cryptoassets or decides not to make a forfeiture order at all, and the law enforcement agency appeals, it may also apply to the judicial authority which made that decision for an extension of the account freezing order pending the appeal. The application continues the wallet freezing order may be made without notice.

1181 Section 303Z47 provides for a right of appeal against a forfeiture decision made under sections 303Z41 to 303Z45. The time-period for the lodging of an appeal is 30 days from the day that the court makes the order. If the appeal is upheld, it may order the release of the whole or part of the funds. If a forfeiture order is successfully appealed, and the cryptoassets are released, any interest which accrued during the time that the assets were held by the enforcement officer must also be returned to the person from whom they were seized, or the person by or for whom the crypto wallet was administered immediately before the freezing order was made.

1182 Section 303Z48 makes provision for the realisation or destruction of cryptoassets. Subsections (2) to (4) provide that the enforcement officer must realise the cryptoassets or make arrangements for their realisation, subject to any appeal rights against the forfeiture being exhausted. Subsection (6) provides that, where it is either not reasonably practicable for the enforcement officer to arrange for the realisation of the cryptoassets in question, or where there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest (having regard in particular to how likely it is that the re-entry of the cryptoassets into circulation would facilitate criminal conduct by any person), the cryptoassets may be destroyed. The realisation of a particular cryptoasset may be contrary to the public interest in cases where it is (or is part of a class of cryptoassets which are) used predominantly or exclusively for criminal purposes such as money laundering.

1183 Section 303Z49 provides for the order in which the proceeds should be realised.

1184 Section 303Z50 makes provision for the release of detained cryptoassets to their true owner. Two cases are provided for. Subsection (4) relates to a person who claims that some or all of the cryptoassets rightfully belong to them, and they were deprived of them through unlawful conduct. An example of this would be a person who claims that the cryptoassets were stolen from them. If the court is satisfied, it may order the applicant's cryptoassets to be released to that individual.

1185 Subsection (6) relates to the case of any other true owner who is not the person from whom the cryptoassets was seized. Here, if the court is satisfied, the cryptoassets may be released – but only if the person from whom they were seized does not object. That proviso is intended to prevent the court from becoming involved in a complicated ownership dispute between the person from whom the cryptoassets were seized and the rightful owner of those assets. Unlike subsection (4) the court will have to be satisfied that the cash is not recoverable property or intended for use in unlawful conduct before it can release to a claimed owner.

1186 Section 303Z51 makes provision for the release of cryptoassets held in a crypto wallet to their true owner. As with section 303Z50, two cases are provided for.

1187 Section 303Z52 provides that where no forfeiture is made, following seizure, or from the date upon a prohibition was imposed on the use of cryptoassets held in a crypto wallet, the person from whom the cryptoassets were seized, or the person by or for whom the crypto wallet was administered immediately before the freezing order was made, may apply to the court for compensation, where the circumstances are exceptional.

1188 Section 303Z53 provides that the Director of Public Prosecutions or the Director for Public Prosecution in Northern Ireland may appear in proceedings on behalf of a constable or an accredited financial investigator, if asked to do so and if it is considered appropriate for them to do so.

Chapter 3F: Conversion of cryptoassets

1189 Section 303Z54 provides for detained cryptoassets to be converted into money, on application to a relevant court. Provision is made for two distinct applicants: an enforcement officer; or the person from whom the assets were seized. In deciding whether to make an order under this section, the court must have regard to whether the cryptoassets (as a whole) are likely to suffer a significant loss in value during the period before they are released or forfeited (including the period during which an appeal against an order for forfeiture may be made). Subsections (5) and (11) provide that any anyone likely to be impacted by a decision to convert cryptoassets into money must have the opportunity to consider the implications of such order and be able to make representations, if so desired, and the order must provide for affected people to be notified. Where the court authorises the conversion of cryptoassets, an enforcement officer is responsible for arranging for the proceeds to be paid into an interest-bearing account for safekeeping, until the conclusion of proceedings. Subsection (10) provides that if cryptoassets are converted into money after a forfeiture application under section 303Z41 has been made, but not yet decided, then the application is treated as having been made under section 303Z60. This means that the forfeiture application process does not have to re-start as a result of the conversion to money. Subsection (12) prohibits appeals against an order made for the conversion of cryptoassets.

1190 Section 303Z55 makes similar provision for the conversion of cryptoassets subject to a crypto wallet freezing order into money, on application to the relevant court. Provision is made for two distinct applicants: an enforcement officer; or the person by or for whom the crypto wallet is administered. Subsections (5) to (8) outline the process for conversion, if authorized by the court. The obligation to convert the assets, or arrange for their conversion, rests with the cryptoasset service provider that administers the wallet in question. Upon conversion, the cryptoasset service provider must then transfer the proceeds into an interest-bearing account chosen by the enforcement officer. The money will remain in the interest-bearing account until the conclusion of proceedings. Subsection (9) permits a cryptoasset service provider to deduct any costs it incurs in compliance with subsections (5) to (8).

1191 Subsections (1) and (2) of section 303Z56 makes provision for how forfeited cryptoassets are to be applied, if conversion takes place after forfeiture but before they are realised or destroyed. In those cases, the converted forfeited cryptoassets are to be applied in

accordance with subsections (1) and (2) of section 303Z62. Subsections (3) and (4) ensure that the right of appeal in relation to a forfeiture order over cryptoassets is continued after a conversion and that a party may appeal instead under section 303Z61.

1192 Section 303Z57 provides the maximum period permitted for a judicial authority to detain the proceeds of converted cryptoassets. Subsection (4) authorises the freezing of the crypto wallet for up to a maximum of two years from date the cryptoassets were originally detained under Chapter 3C, except that under subsection (5) the freezing order may be extended up to a maximum of three years if the court is satisfied that a request has been made for evidence to be obtained from overseas (often referred to as "mutual legal assistance"), in connection with the cryptoassets, and that request is outstanding.

1193 Section 303Z58 makes provision equivalent to section 303Z57 for the detention of the proceeds of converted cryptoassets converted under section 303Z55.

1194 Section 303Z59 makes provision for the release of converted cryptoassets where a relevant court is satisfied that the test for detention can no longer be met.

1195 Sections 303Z60 to 303Z62 make provision for the forfeiture of converted cryptoassets.

1196 Section 303Z60 provides that a judicial authority may order the forfeiture of some or all of the proceeds of converted cryptoassets, if satisfied that the funds are recoverable property or intended for use in unlawful conduct.

1197 Section 303Z61 provides for a right of appeal against a forfeiture decision made under section 303Z60. The time-period for the lodging of an appeal is 30 days from the day that the court makes the order.

1198 Section 303Z62 provides for the order in which the proceeds should be realised.

1199 Section 303Z63 makes provision for the release of converted cryptoassets to their true owner.

1200 Section 303Z64 makes provision for a relevant court to award compensation in respect of assets detained under Chapter 3F. Where no forfeiture is made, the person from whom the cryptoassets were seized, or the person by or for whom the crypto wallet was administered immediately before the freezing order was made, may apply to the court for compensation, where the circumstances are exceptional.

1201 Section 303Z65 provides that the Director of Public Prosecutions or the Director for Public Prosecution in Northern Ireland may appear in proceedings on behalf of a constable or an accredited financial investigator, if asked to do so and if it is considered appropriate for them to do so.

1202 Section 303Z66 provides interpretation of the terms used in this Schedule.

Part 2 – Consequential and other amendments of the Proceeds of Crime Act 2002

1203 Paragraph 6 of Schedule 9 to the Act amends Part 5 of POCA to make various consequential amendments to reflect the insertion of new Chapter 3C to 3F into POCA.

1204 Sub-paragraph (5) of Paragraph62 inserts new section 303Z17A into Part 5 of POCA, to make provision for the release of money frozen under Chapter 3B to its true owner. Two cases are provided for. New subsection (4) relates to a person who claims that some or all of the funds rightfully belong to them, and they were deprived of them through unlawful conduct. An example of this would be a person who claims that the funds were stolen from them. If the court is satisfied, it may order the release of the funds to that individual.

1205 New subsection (6) relates to the case of any other true owner who is not the person from whom the money was seized. Here, if the court is satisfied, the funds may be released – but only if the person from whom they were seized does not object. That proviso is intended to prevent the court from becoming involved in a complicated ownership dispute between the person from whom the money was seized and the rightful owner of those funds. Unlike subsection (4) the court will have to be satisfied that the funds are not recoverable property or intended for use in unlawful conduct before it can release to a claimed owner.

1206 Paragraph 8 amends Part 8 of POCA to make various consequential amendments to reflect the insertion of new Chapter 3C to 3F into POCA. These amendments introduce the concept of a "cryptoassets investigation" – defined in new subsection (3D) of section 341 - as the basis for making production orders; search and seizure warrants; and account monitoring orders available to support the new proceedings.

Schedule 10 – Cryptoassets: Terrorism

Part 1 – Amendments to Schedule 1 to the Anti-Terrorism, Crime and Security Act 2001

1207 Schedule 10 to the Act inserts new Parts 4BA-4BD (covering paragraphs 10Z7A to 10Z7DL) into Schedule 1 to the Anti-Terrorism, Crime and Security Act (ATCSA) 2001. They make provision for the seizure and detention of cryptoassets and cryptoasset-related items, and for the freezing of cryptoassets, where the cryptoassets are suspected of being intended to be used for the purposes of terrorism, consisting of resources of an organisation which is a proscribed organisation, or being, or representing, property obtained through terrorism. They also make provision for the forfeiture of cryptoassets which are shown to meet one of those tests.

1208 The new provisions build on the existing powers in Schedule 1, Parts 1-4B of ATCSA, to seize and detain or freeze, and forfeit, terrorist cash, terrorist assets, and terrorist funds in bank accounts.

Part 4BA: Seizure and Detention of Terrorist Cryptoassets

1209 "Cryptoassets", "crypto wallet" devices (which are used for storing cryptoassets and can function similarly to a bank account), "terrorist cryptoassets", "cryptoasset-related item" and "senior officer", are all defined in new paragraph 10Z7A. This paragraph also provides that the Secretary of State may, by regulations, amend the definitions for these terms.

1210 Paragraphs 10Z7AA to 10Z7AD provides for an authorised officer to seize any cryptoasset-related item found when executing a search warrant, when there are reasonable grounds for suspecting that the cryptoassets, which the items will assist them in seizing, are terrorist cryptoassets. When seizing the cryptoassets, the authorised officer can transfer the cryptoassets into a crypto wallet controlled by the authorised officer.

1211 Paragraph 10Z7AA provides an obligation for a person to provide electronically stored information to an authorised officer to assist in determining whether an item is likely to assist in the seizure of terrorist cryptoassets, or in enabling or facilitating their seizure. This information must be produced in a visible and legible form and is not required to be provided if it is privileged information.

1212 Paragraph 10Z7AE provides that where an order is made in respect of a cryptoasset-related item, the court may also make an order to detain any suspected terrorist cryptoassets that may be found as a result of information obtained from the cryptoasset-related item. This means that the detention of the cryptoassets can be authorised in advance of their seizure.

1213 Paragraphs 10Z7AB, 10Z7AC, 10Z7AF, and 10Z7AG provide the timelines for the initial detention of cryptoassets and/or cryptoasset-related items as 48 hours, which can be extended by a court for a period of up to six months and up to two years, provided there are reasonable grounds for suspecting that the cryptoassets are terrorist cryptoassets, and therefore continued detention is justified. A maximum of three years detention can be approved if the court is satisfied that a related international request for assistance in obtaining evidence is outstanding.

1214 Paragraph 10Z7AH provides that an authorised officer must arrange for any detained cryptoassets and cryptoasset-related items to be safely stored throughout the period they are detained. This includes the storage of cryptoassets in a law enforcement controlled crypto wallet.

1215 Paragraph 10Z7AI provides for the release of cryptoassets and cryptoasset-related items where the court is satisfied, and following an application made by the person from whom they were seized, that the detention of the property is no longer justified.

1216 Paragraph 10Z7AI (6) provides that where a cryptoasset-related item is not claimed within a year from the date of its release, and reasonable steps have been taken to notify any interested parties, an authorised officer may decide to retain, dispose of, or destroy the property, with the approval of a senior officer. Where the property is disposed of, any proceeds are to be paid into the Consolidated Fund or, for Scotland, the Scottish Consolidated Fund.

Part 4BB: Terrorist Cryptoassets: Crypto Wallet Freezing Orders

1217 "Cryptoasset exchange provider", "custodian wallet provider", "cryptoasset service provider", "enforcement officer", "relevant court" and "UK-connected cryptoasset service provider", are all defined in new paragraph 10Z7B. This paragraph also provides that the Secretary of State may, by regulations, amend the definitions for these terms.

1218 Paragraphs 10Z7BA to 10Z7BE provide the powers to seek a "crypto wallet freezing order" which is exercisable by an enforcement officer (with a senior officer's authorisation – and the senior officer must consult with the Treasury before making the application), if there are reasonable grounds to suspect that some or all of the cryptoassets held in the crypto wallet administered by a "UK-connected cryptoasset service provider" are intended for the purposes of terrorism. A crypto wallet freezing order can be made without notice if the circumstances of the case are such that any notice given of the application would prejudice the later forfeiting of terrorist cryptoassets.

1219 Paragraph 10Z7BA provides that an application for a crypto wallet freezing order can be combined with an application for an account freezing order, in circumstances where a single entity is both a relevant financial institution (within the meaning of 10Q of ATCSA) and maintains both cryptoassets and money for the same person.

1220 Paragraph 10Z7BB provides that a court may make a crypto wallet freezing order if satisfied that all or part of the assets contained in the crypto wallet constitute terrorist cryptoassets. A crypto wallet freezing order prohibits the person by, or for whom the wallet is operated, from making withdrawals or payments, and using the crypto wallet in any other way, unless permitted to do so under court-authorised exclusions. Any cryptoassets frozen in a crypto wallet will remain in the custody of the cryptoasset service provider unless the crypto wallet freezing order ceases to have effect. This paragraph also provides for a court to permit the freezing of a crypto wallet for up to two years from the date of the freezing order. It can authorise the freezing order to be further extended up to a maximum of three years if the court is satisfied that a related international request for assistance in obtaining evidence is outstanding. Any crypto wallet freezing order must provide notice to any persons affected by the freezing order, including prohibitions on withdrawals etc., as well as exceptions to the

order. Some reasons for these exceptions might be, for example, for the purpose of meeting reasonable living expenses or to allow a person to carry on any trade, business, profession, or occupation.

1221 Paragraph 10Z7BC provides that a court may vary or set aside a crypto wallet freezing order at any time. In addition, any person affected by the decision to vary or set aside the crypto wallet freezing order, must have an opportunity to consider the implications of such an order and can make representations, if desired.

1222 Paragraph 10Z7BE provides that a court may stay proceedings (or in Scotland, "sist"), at any stage, once a crypto wallet freezing order is made. The court may order that the proceedings can continue on any terms it thinks appropriate.

Part 4BC: Forfeiture of Terrorist Cryptoassets

1223 This Part makes provision about "associated property" which is defined in new paragraph 10Z7CC, the "appropriate court" defined in new paragraph 10Z7CE, and a "deproscription order" defined in new paragraph 10Z7CH. Part 4BC also includes a delegated power which will allow updates to the means by which a cryptoasset service provider will be required to forfeit cryptoassets. This provides that the Secretary of State may, by regulations, amend the provisions to overcome any future technical barriers around the forfeiture of cryptoassets administered by a third party.

1224 Paragraphs 10Z7C to 10Z7CM provide that a court may order the forfeiture of some, or all, of the cryptoassets detained or frozen by a crypto wallet freezing order, if satisfied on the balance of probability that the cryptoassets are terrorist cryptoassets.

1225 Paragraph 10Z7CB provides that an order for the forfeiture of cryptoassets held in a crypto wallet and administered by a cryptoasset service provider requires the provider to transfer those assets into a law enforcement crypto wallet nominated by an authorised officer.

1226 Paragraph 10Z7CD provides that a court may, instead of making a forfeiture order, order that a person who holds associated property or who is an excepted joint owner may retain the property but must pay the law enforcement agency an amount equivalent to the value of the forfeitable property, less the value of the excepted joint owner's share, and where there is agreement amongst the parties as to the extent of the forfeitable portion of the cryptoassets.

1227 Paragraph 10Z7CE provides that in circumstances where no agreement can be reached regarding the interests in the associated or joint property holders of the cryptoassets, the case must be transferred to an appropriate court (either the High Court or, in Scotland, the Court of Session). This paragraph also provides that if an order for forfeiture of part of the cryptoasset (including the associated property) is made, and the court considers it is "just and equitable" to do so, it may also order that the excepted joint owner's interest will be extinguished or severed and that a payment be made to that individual.

1228 Paragraph 10Z7CF provides that where a court makes a forfeiture order for some, but not all, of the cryptoassets in a crypto wallet, law enforcement officers may apply for an extension of the crypto wallet freezing order pending the appeal outcome.

1229 Paragraph 10Z7CG provides that any appeal against a forfeiture decision, by law enforcement or a person aggrieved by the order, must be lodged within 30 days except in deproscription cases (see paragraph 10Z7CH). If the forfeiture appeal is upheld, the court may order the release of the whole, or part, of the property. If a forfeiture order is successfully appealed, and the cryptoassets are released, any interest which accrued during the time that the assets were held by the enforcement officer must also be returned to the person from whom they were seized, or the person for whom the crypto wallet was administered for immediately before the freezing order was made.

1230 Paragraph 10Z7CI provides for an authorised officer to destroy cryptoassets, subject to any forfeiture appeal being exhausted and where it is either not reasonably practicable to arrange for the realisation of the cryptoassets, or where there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest (e.g., if they would facilitate criminal conduct by any person).

1231 Paragraphs 10Z7CK and 10Z7CL provides that any or all detained cryptoassets or, those cryptoassets held in a crypto wallet and subject to a crypto wallet freezing order, may be released to any victim by application if it appears to the court that they were deprived of the cryptoassets to which the application relates; deprived by criminal conduct of the property which the cryptoassets represent; if the cryptoassets were not obtained by or in return for criminal conduct; or the cryptoassets belong to the applicant.

1232 Paragraph 10Z7CM provides that in respect of cryptoassets either detained or subject to a crypto wallet freezing order, an affected person may apply to the court for compensation in exceptional circumstances.

Part 4BD: Conversion of Cryptoassets

1233 This Part provides for "converted cryptoassets" defined under new paragraphs 10Z7DC and 10Z7DD, and for "relevant financial institutions" to have the same meaning as in Part 4B (paragraph 10Q) of Schedule 1 to ATCSA.

1234 Paragraphs 10Z7D to 10Z7DL provide for detained or frozen cryptoassets to be converted into money (cash or money held in an account maintained by a relevant financial institution), on application to a relevant court. Provision can be made by two distinct applicants: an authorised officer or the person from whom the cryptoassets were seized.

1235 Paragraph 10Z7DA provides that the court must consider whether the cryptoassets (as a whole) are likely to suffer a significant loss in value while they are frozen or detained. Anyone who may be affected by a decision to convert cryptoassets into conventional currency must be able to make representations, if so desired, and the order must provide for affected persons to be notified. Where the court authorises the conversion of cryptoassets, an authorised officer is responsible for arranging for the proceeds to be paid into an interest-bearing account for safekeeping, until the conclusion of the proceedings.

1236 Paragraph 10Z7DB provides that if the cryptoassets are subject to a crypto wallet freezing order, the obligation to convert the cryptoassets, or arrange their conversion, rests with the UK-connected cryptoasset service provider that administers the crypto wallet in question. Upon conversion, the UK-connected cryptoasset service provider must then transfer the proceeds into an interest-bearing account chosen by an authorised officer, where it will remain until the conclusion of proceedings. The UK-connected cryptoasset service provider can deduct any reasonable expenses it incurs in compliance with these provisions.

1237 Paragraph 10Z7DC provides that if cryptoassets are converted into conventional money, the cryptoassets themselves should no longer be treated as being detained under Part 4BA. The converted assets will be treated as detained instead, and any application in relation to the cryptoassets which has not yet been determined or otherwise disposed of, is to be treated as if the application was made in relation to the converted cryptoassets. This means that the forfeiture application process does not have to re-start as a result of the conversion to money.

1238 Paragraph 10Z7DD provides that a request to convert cryptoassets into conventional money can be made at any stage of the forfeiture proceedings, and before the cryptoassets are realised or destroyed. The right of appeal in relation to a cryptoasset forfeiture order would continue after the cryptoassets have been converted. This paragraph also provides for a court to permit the detention of the proceeds of the converted cryptoassets for up to two years from the

date the cryptoassets were originally detained under Part 4BA. It can authorise the detention to be further extended up to a maximum of three years if the court is satisfied that a related international request for assistance in obtaining evidence is outstanding.

1239 Paragraph 10Z7DF provides that if a relevant court is no longer satisfied that there are reasonable grounds for suspecting that the converted cryptoassets are terrorist cryptoassets it may order the release of the converted cryptoassets.

1240 Paragraph 10Z7DH provides that any appeal against a forfeiture decision, by law enforcement or a person aggrieved by the order, must be lodged within 30 days except in de-proscription cases (made under paragraph 10Z7DI). An appeal against a forfeiture decision must be made before the end of a 30-day period, starting with the day on which the court makes the order.

1241 Paragraph 10Z7DJ provides that reasonable expenses incurred by an authorised officer should be covered by any converted cryptoassets that have been detained and forfeited, and by any accrued interest on them. Reasonable expenses constitute the safe storage, conversion, or detention of the assets. The remainder should be paid into the Consolidated Fund or, in Scotland, the Scottish Consolidated Fund. Any converted cryptoassets should not be released before the end of the period within which an appeal may be made (30 days) and not before the outcome of the appeal has been determined, should an appeal be made.

1242 Paragraph 10Z7DK provides that any or all converted cryptoassets may be released to any victim by application if it appears to the court that they were deprived of the cryptoassets to which the application relates; deprived by criminal conduct of the property which the cryptoassets represent; if the cryptoassets were not obtained by or in return for criminal conduct; or the cryptoassets belong to the applicant immediately before they were seized or the crypto wallet freezing order was made in relation to the crypto wallet in which the relevant cryptoassets were held.

1243 Paragraph 10Z7DL provides that, in respect of converted cryptoassets detained under this Part, an affected person may apply to the court for compensation in exceptional circumstances.

Part 4B: Victims etc.

1244 Paragraph 4 amends Schedule 1, Part 4B (bank and building society accounts) of the ATCSA with respect to victims.

1245 New paragraph 10Z6A provides that a person who claims that money which is held under an account freezing order belongs to them may apply to the relevant court for the money to be released if it appears to the court that the applicant was deprived of the money, or of property which it represents, by criminal conduct; the money the applicant was deprived of was not, immediately before they were deprived of it, property obtained by or in return for criminal conduct and nor did it then represent such property, and the money belongs to the applicant.

Part 2 – Amendments to the Terrorism Act 2000

1246 Schedule 6 (financial information) of the Terrorism Act 2000 is amended to insert new categories of firm into the definition of "financial institution", from whom certain information may be obtained by law enforcement.

1247 "Cryptoasset exchange provider", "custodian wallet provider" and "cryptoasset service provider" are defined in new paragraph 10Z7B, sub-paragraphs 1(a), 1(b), and 1(c), and have the same meanings as in Schedule 9, section 303Z35(1). Schedule 10 also provides that the Secretary of State may, by regulations, amend the definitions.

Schedule 11 – Economic crime offences

1248 Schedule 11 sets out the offences included in the definition of "economic crime", as defined by section 193 for the purposes of sections 188 to 191 and sections 207 to 210.

Schedule 12 – Criminal Liability of Bodies: Economic Crimes

1249 Schedule 12 to the Act sets out the list of offences in relation to which liability may be attributed to the body in accordance with the new section introduced by section 196.

Schedule 13 – Failure to prevent fraud: fraud offences

1250 Schedule 13 sets out the list of "fraud offences" for the purpose of the new section introduced by section 199.

Commencement

1251 Section 219 makes provision about when the provisions of this Act will come into force. Along with this Part, the following provisions come into force on the day it is passed:

- powers in Parts 1 to 5 to make regulations;
- duties to issue codes of practice relating to cryptoassets (under new section 303Z25 of POCA) and to information orders (under new section 339ZL of POCA and new section 22F of TACT);
- amendments to POCA made by sections 182 and 184 relating to exiting and paying away and offences of failure to disclose.

1252 The following provisions come into force 2 months after Royal Assent: sections 196, 197 and 198 and Schedule 12 (relating to attributing criminal liability to certain bodies); and section 213 (about reports on implementation and operation of Parts 1 to 3).

1253 Part 2 of Schedule 8 (relating to confiscation orders in Scotland) comes into force on a day to be appointed by Scottish Ministers, after consulting the Secretary of State, and Part 3 of Schedule 8 (confiscation in Northern Ireland) comes into force on a day to be appointed by the Department of Justice in Northern Ireland, after consulting the Secretary of State.

1254 Other provisions come into force on a day to be appointed by the Secretary of State, who must:

- consult the Scottish Ministers and the Department of Justice in Northern Ireland before commencing certain provisions of Schedule 9 (relating to civil recovery of cryptoassets under POCA) so far as they extend to Scotland or to Northern Ireland respectively;
- publish guidance under section 204(3) before commencing section 199 (relating to failure to prevent fraud).

Related documents

1255 The following documents are relevant to the Act and can be read at the stated locations:

- Economic Crime (Transparency and Enforcement) Act 2022: https://www.legislation.gov.uk/ukpga/2022/10/contents/enacted
- Corporate transparency and register reform white paper: https://www.gov.uk/government/publications/corporate-transparency-and-register-reform
- The Queen's Speech 2022: Background briefing notes: https://www.gov.uk/government/publications/queens-speech-2022-background-briefing-notes
- The cost of complacency: illicit finance and the war in Ukraine, Foreign Affairs Select Committee Report, June 2022:

  https://publications.parliament.uk/pa/cm5803/cmselect/cmfaff/168/report.html
- Economic Crime Report, Treasury Committee, January 2022:

  https://publications.parliament.uk/pa/cm5802/cmselect/cmtreasy/145/summary.html

Annex A - Territorial extent and application in the United Kingdom

Provisions	England	Wales	Scotland	Northern Ireland
	Extends to E & W and applies to England?	Extends to E & W and applies to Wales?	Extends and applies to Scotland?	Extends and applies to Northern Ireland?
Part 1				
Section 1	Yes	Yes	Yes	Yes
Section 2	Yes	Yes	Yes	Yes
Section 3	Yes	Yes	Yes	Yes
Section 4	Yes	Yes	Yes	Yes
Section 5	Yes	Yes	Yes	Yes
Section 6	Yes	Yes	Yes	Yes
Section 7	Yes	Yes	Yes	Yes
Section 8	Yes	Yes	Yes	Yes
Section 9	Yes	Yes	Yes	Yes
Section 10	Yes	Yes	Yes	Yes
Section 11	Yes	Yes	Yes	Yes
Section 12	Yes	Yes	Yes	Yes
Section 13	Yes	Yes	Yes	Yes
Section 14	Yes	Yes	Yes	Yes
Section 15	Yes	Yes	Yes	Yes
Section 16	Yes	Yes	Yes	Yes
Section 17	Yes	Yes	Yes	Yes
Section 18	Yes	Yes	Yes	Yes
Section 19	Yes	Yes	Yes	Yes
Section 20	Yes	Yes	Yes	Yes
Section 21	Yes	Yes	Yes	Yes
Section 22	Yes	Yes	Yes	Yes
Section 23	Yes	Yes	Yes	Yes
Section 24	Yes	Yes	Yes	Yes
Section 25	Yes	Yes	Yes	Yes
Section 26	Yes	Yes	Yes	Yes
Section 27	Yes	Yes	Yes	Yes
Section 28	Yes	Yes	Yes	Yes
Section 29	Yes	Yes	Yes	Yes

Provisions	England	Wales	Scotland	Northern Ireland
	Extends to E & W and applies to England?	Extends to E & W and applies to Wales?	Extends and applies to Scotland?	Extends and applies to Northern Ireland?
Section 30	Yes	Yes	Yes	Yes
Section 31	Yes	Yes	Yes	No
Section 32	No	No	No	Yes
Section 33	Yes	Yes	Yes	No
Section 34	No	No	No	Yes
Section 35	Yes	Yes	Yes	Yes
Section 36	Yes	Yes	Yes	No
Section 37	Yes	Yes	Yes	No
Section 38	No	No	No	Yes
Section 39	No	No	No	Yes
Section 40	Yes	Yes	Yes	Yes
Section 41	Yes	Yes	Yes	Yes
Section 42	Yes	Yes	Yes	Yes
Section 43	Yes	Yes	Yes	Yes
Section 44	Yes	Yes	Yes	Yes
Section 45	Yes	Yes	Yes	Yes
Section 46	Yes	Yes	Yes	Yes
Section 47	Yes	Yes	Yes	Yes
Section 48	Yes	Yes	Yes	Yes
Section 49	Yes	Yes	Yes	Yes
Section 50	Yes	Yes	Yes	Yes
Section 51	Yes	Yes	Yes	Yes
Section 52	Yes	Yes	Yes	Yes
Section 53	Yes	Yes	Yes	Yes
Section 54	Yes	Yes	Yes	Yes
Section 55	Yes	Yes	Yes	Yes
Section 56	Yes	Yes	Yes	Yes
Section 57	Yes	Yes	Yes	Yes
Section 58	Yes	Yes	Yes	Yes
Section 59	Yes	Yes	Yes	Yes
Section 60	Yes	Yes	Yes	Yes
Section 61	Yes	Yes	Yes	Yes
Section 62	Yes	Yes	Yes	Yes
Section 63	Yes	Yes	Yes	Yes

Provisions	England	Wales	Scotland	Northern Ireland
	Extends to E & W and applies to England?	Extends to E & W and applies to Wales?	Extends and applies to Scotland?	Extends and applies to Northern Ireland?
Section 64	Yes	Yes	Yes	Yes
Section 65	Yes	Yes	Yes	Yes
Section 66	Yes	Yes	Yes	Yes
Section 67	Yes	Yes	Yes	Yes
Section 68	Yes	Yes	Yes	Yes
Section 69	Yes	Yes	Yes	Yes
Section 70	Yes	Yes	Yes	Yes
Section 71	Yes	Yes	Yes	Yes
Section 72	Yes	Yes	Yes	Yes
Section 73	Yes	Yes	Yes	Yes
Section 74	Yes	Yes	Yes	Yes
Section 75	Yes	Yes	Yes	Yes
Section 76	Yes	Yes	Yes	Yes
Section 77	Yes	Yes	Yes	Yes
Section 78	Yes	Yes	Yes	Yes
Section 79	Yes	Yes	Yes	Yes
Section 80	Yes	Yes	Yes	Yes
Section 81	Yes	Yes	Yes	Yes
Section 82	Yes	Yes	Yes	Yes
Section 83	Yes	Yes	Yes	Yes
Section 84	Yes	Yes	Yes	Yes
Section 85	Yes	Yes	Yes	Yes
Section 86	Yes	Yes	Yes	Yes
Section 87	Yes	Yes	Yes	Yes
Section 88	Yes	Yes	Yes	Yes
Section 89	Yes	Yes	Yes	Yes
Section 90	Yes	Yes	Yes	Yes
Section 91	Yes	Yes	Yes	Yes
Section 92	Yes	Yes	Yes	Yes
Section 93	Yes	Yes	Yes	Yes
Section 94	Yes	Yes	Yes	Yes
Section 95	Yes	Yes	Yes	Yes
Section 96	Yes	Yes	Yes	Yes
Section 97	Yes	Yes	Yes	Yes

Provisions	England	Wales	Scotland	Northern Ireland
	Extends to E & W and applies to England?	**Extends to E & W and applies to Wales?**	**Extends and applies to Scotland?**	**Extends and applies to Northern Ireland?**
Section 98	Yes	Yes	Yes	Yes
Section 99	Yes	Yes	Yes	Yes
Section 100	Yes	Yes	Yes	Yes
Section 101	Yes	Yes	Yes	Yes
Section 102	Yes	Yes	Yes	Yes
Section 103	Yes	Yes	Yes	Yes
Section 104	Yes	Yes	Yes	Yes
Section 105	Yes	Yes	Yes	Yes
Section 106	Yes	Yes	Yes	Yes
Section 107	Yes	Yes	Yes	Yes
Section 108	Yes	Yes	Yes	Yes
Schedule 1	Yes	Yes	Yes	Yes
Schedule 2	Yes	Yes	Yes	Yes
Schedule 3	Yes	Yes	Yes	Yes
Part 2				
Section 109	Yes	Yes	Yes	Yes
Section 101	Yes	Yes	Yes	Yes
Section 111	Yes	Yes	Yes	Yes
Section 112	Yes	Yes	Yes	Yes
Section 113	Yes	Yes	Yes	Yes
Section 114	Yes	Yes	Yes	Yes
Section 115	Yes	Yes	Yes	Yes
Section 116	Yes	Yes	Yes	Yes
Section 117	Yes	Yes	Yes	Yes
Section 118	Yes	Yes	Yes	Yes
Section 119	Yes	Yes	Yes	Yes
Section 120	Yes	Yes	Yes	Yes
Section 121	Yes	Yes	Yes	Yes
Section 122	Yes	Yes	Yes	Yes
Section 123	Yes	Yes	Yes	Yes
Section 124	Yes	Yes	Yes	Yes
Section 125	Yes	Yes	Yes	Yes
Section 126	Yes	Yes	Yes	Yes
Section 127	No	No	Yes	No

Provisions	England	Wales	Scotland	Northern Ireland
	Extends to E & W and applies to England?	Extends to E & W and applies to Wales?	Extends and applies to Scotland?	Extends and applies to Northern Ireland?
Section 128	Yes	Yes	Yes	Yes
Section 129	Yes	Yes	Yes	Yes
Section 130	Yes	Yes	Yes	Yes
Section 131	Yes	Yes	Yes	Yes
Section 132	Yes	Yes	Yes	Yes
Section 133	Yes	Yes	Yes	Yes
Section 134	Yes	Yes	Yes	Yes
Section 135	Yes	Yes	Yes	Yes
Section 136	Yes	Yes	Yes	Yes
Section 137	Yes	Yes	Yes	Yes
Section 138	Yes	Yes	Yes	Yes
Section 139	Yes	Yes	Yes	Yes
Section 140	Yes	Yes	Yes	Yes
Section 141	Yes	Yes	Yes	Yes
Section 142	Yes	Yes	Yes	Yes
Section 143	Yes	Yes	Yes	Yes
Section 144	Yes	Yes	Yes	Yes
Section 145	Yes	Yes	Yes	Yes
Section 146	Yes	Yes	Yes	Yes
Section 147	Yes	Yes	Yes	Yes
Section 148	Yes	Yes	Yes	Yes
Section 149	Yes	Yes	Yes	Yes
Section 150	Yes	Yes	Yes	Yes
Section 151	Yes	Yes	Yes	Yes
Section 152	Yes	Yes	Yes	Yes
Section 153	Yes	Yes	Yes	Yes
Section 154	Yes	Yes	Yes	Yes
Section 155	Yes	Yes	Yes	Yes
Schedule 4	Yes	Yes	Yes	Yes
Schedule 5	Yes	Yes	Yes	Yes
Part 3				
Section 156	Yes	Yes	Yes	Yes
Section 157	Yes	Yes	Yes	Yes
Section 158	Yes	Yes	Yes	Yes

Provisions	England	Wales	Scotland	Northern Ireland
	Extends to E & W and applies to England?	**Extends to E & W and applies to Wales?**	**Extends and applies to Scotland?**	**Extends and applies to Northern Ireland?**
Section 159	Yes	Yes	Yes	Yes
Section 160	Yes	Yes	Yes	Yes
Section 161	Yes	Yes	Yes	Yes
Section 162	Yes	Yes	Yes	Yes
Section 163	Yes	Yes	Yes	Yes
Section 164	Yes	Yes	Yes	Yes
Section 165	Yes	Yes	Yes	Yes
Section 166	Yes	Yes	Yes	Yes
Section 167	Yes	Yes	Yes	Yes
Section 168	Yes	Yes	Yes	Yes
Section 169	Yes	Yes	Yes	Yes
Section 170	Yes	Yes	Yes	Yes
Section 171	Yes	Yes	Yes	Yes
Section 172	Yes	Yes	Yes	Yes
Section 173	Yes	Yes	Yes	Yes
Section 174	Yes	Yes	Yes	Yes
Section 175	Yes	Yes	Yes	Yes
Section 166	Yes	Yes	Yes	Yes
Section 167	Yes	Yes	Yes	Yes
Section 168	Yes	Yes	Yes	Yes
Schedule 6	Yes	Yes	Yes	Yes
Schedule 7	Yes	Yes	Yes	Yes
Part 4				
Section 179	Yes	Yes	Yes	Yes
Section 180	Yes	Yes	Yes	Yes
Section 181	Yes	Yes	Yes	Yes
Schedule 8	Yes	Yes	Yes	Yes
Schedule 9	Yes	Yes	Yes	Yes
Schedule 10	Yes	Yes	Yes	Yes
Part 5				
Section 182	Yes	Yes	Yes	Yes
Section 183	Yes	Yes	Yes	Yes
Section 184	Yes	Yes	Yes	Yes
Section 185	Yes	Yes	Yes	Yes

Provisions	England	Wales	Scotland	Northern Ireland
	Extends to E & W and applies to England?	Extends to E & W and applies to Wales?	Extends and applies to Scotland?	Extends and applies to Northern Ireland?
Section 186	Yes	Yes	Yes	Yes
Section 187	Yes	Yes	Yes	Yes
Section 188	Yes	Yes	Yes	Yes
Section 189	Yes	Yes	Yes	Yes
Section 190	Yes	Yes	Yes	Yes
Section 191	Yes	Yes	Yes	Yes
Section 192	Yes	Yes	Yes	Yes
Section 193	Yes	Yes	Yes	Yes
Section 194	Yes	Yes	No	No
Section 195	Yes	Yes	No	No
Section 196	Yes	Yes	Yes	Yes
Section 197	Yes	Yes	Yes	Yes
Section 198	Yes	Yes	Yes	Yes
Section 199	Yes	Yes	Yes	Yes
Section 200	Yes	Yes	Yes	Yes
Section 201	Yes	Yes	Yes	Yes
Section 202	Yes	Yes	Yes	Yes
Section 203	Yes	Yes	Yes	Yes
Section 204	Yes	Yes	Yes	Yes
Section 205	Yes	Yes	Yes	Yes
Section 206	Yes	Yes	Yes	Yes
Section 207	Yes	Yes	No	No
Section 208	No	No	Yes	No
Section 209	Yes	Yes	No	No
Section 210	Yes	Yes	No	No
Section 211	Yes	Yes	Yes	Yes
Section 212	Yes	Yes	Yes	Yes
Section 213	Yes	Yes	Yes	Yes
Section 214	Yes	Yes	Yes	Yes
Section 215	Yes	Yes	No	No
Schedule 11	Yes	Yes	Yes	Yes
Schedule 12	Yes	Yes	Yes	Yes
Schedule 13	Yes	Yes	Yes	Yes

Provisions	England	Wales	Scotland	Northern Ireland
	Extends to E & W and applies to England?	**Extends to E & W and applies to Wales?**	**Extends and applies to Scotland?**	**Extends and applies to Northern Ireland?**
Part 6				
Section 216	Yes	Yes	Yes	Yes
Section 217	Yes	Yes	Yes	Yes
Section 218	Yes	Yes	Yes	Yes
Section 219	Yes	Yes	Yes	Yes
Section 220	Yes	Yes	Yes	Yes
Section 221	Yes	Yes	Yes	Yes

Annex B - Hansard References

1256 The following table sets out the dates and Hansard references for each stage of the Act's passage through Parliament.

Stage	Date	Hansard Reference
House of Commons		
Introduction	22 September 2022	Vol. 719 Col. 46WS
Second Reading	13 October 2022	Vol. 720 Col. 281
Public Bill Committee	25 October 2022	Col.1 Col 37
	27 October 2022	Col. 87 Col. 115
	1 November 2022	Col. 145 Col. 177
	3 November 2022	Col. 211 Col. 237
	8 November 2022	Col. 287 Col. 321
	15 November 2022	Col. 357 Col. 393
	17 November 2022	Col. 425 Col. 451
	22 November 2022	Col. 461 Col. 501
	24 November 2022	Col. 529 Col. 559
	29 November 2022	Col. 597
Report	24 January 2023	Vol. 726 Col. 901
	25 January 2023	Vol. 726 Col. 1042
Third Reading	25 January 2023	Vol. 726 Col. 1042
House of Lords		
Introduction	30 January 2023	Vol. 827 Col. 426
Second Reading	8 February 2023	Vol. 827 Col. 1250
Grand Committee	27 March 2023	Vol. 829 Col. 2GC
	18 April 2023	Vol. 829 Col. 204GC
	20 April 2023	Vol. 829 Col. 304GC
	25 April 2023	Vol. 829 Col. 380GC
	27 April 2023	Vol. 829 Col. 476GC
	9 May 2023	Vol. 829 Col. 628GC

Stage	Date	Hansard Reference
	11 May 2023	Vol. 829 Col. 690GC
Report	20 June 2023	Vol. 831 Col. 126
	27 June 2023	Vol. 831 Col. 616
Third Reading	4 July 2023	Vol. 831 Col. 1151
First Commons Consideration of Lords Amendments	4 September 2023	Vol. 737 Col. 83
First Lords Consideration of Commons Amendments	11 September 2023	Vol. 832 Col. 685
Second Commons Consideration of Lords Amendments	13 September 2023	Vol. 737 Col. 937
Second Lords Consideration of Commons Amendments	18 October 2023	Vol. 833 Col. 211
Third Commons Consideration of Lords Amendments	25 October 2023	Vol. 738 Col. 838
Third Lords Consideration of Commons Amendments	25 October 2023	Vol. 833 Col. 666
Royal Assent	26 October 2023	House of Lords Vol. 833 Col. 695

Annex C - Progress of Bill Table

1257 This Annex shows how each section and Schedule of the Act was numbered during the passage of the Bill through Parliament.

Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
Section 1	Clause 1	Clause 1	Clause 1	Clause 1	Clause 1
	Clause 2	Clause 2	Clause 2		
Section 2	Clause 3	Clause 3	Clause 3	Clause 2	Clause 2
	Clause 4	Clause 4	Clause 4		
Section 3				Clause 3	Clause 3
Section 4	Clause 5	Clause 5	Clause 5	Clause 4	Clause 4
Section 5	Clause 6	Clause 6	Clause 6	Clause 5	Clause 5
Section 6	Clause 7	Clause 7	Clause 7	Clause 6	Clause 6
Section 7	Clause 8	Clause 8	Clause 8	Clause 7	Clause 7
Section 8	Clause 9	Clause 9	Clause 9	Clause 8	Clause 8
Section 9	Clause 10	Clause 10	Clause 10	Clause 9	Clause 9
Section 10	Clause 11	Clause 11	Clause 11	Clause 10	Clause 10
Section 11	Clause 12	Clause 12	Clause 12	Clause 11	Clause 11
Section 12	Clause 13	Clause 13	Clause 13	Clause 12	Clause 12
Section 13	Clause 14	Clause 14	Clause 14	Clause 13	Clause 13
Section 14		Clause 15	Clause 15	Clause 14	Clause 14
Section 15	Clause 15	Clause 16	Clause 16	Clause 15	Clause 15
Section 16	Clause 16	Clause 17	Clause 17	Clause 16	Clause 16
Section 17	Clause 17	Clause 18	Clause 18	Clause 17	Clause 17
Section 18	Clause 18	Clause 19	Clause 19	Clause 18	Clause 18
Section 19	Clause 19	Clause 20	Clause 20	Clause 19	Clause 19
Section 20	Clause 20	Clause 21	Clause 21	Clause 20	Clause 20
Section 21	Clause 21	Clause 22	Clause 22	Clause 21	Clause 21
Section 22	Clause 22	Clause 23	Clause 23	Clause 22	Clause 22
Section 23	Clause 23	Clause 24	Clause 24	Clause 23	Clause 23
Section 24	Clause 24	Clause 25	Clause 25	Clause 24	Clause 24
Section 25	Clause 25	Clause 26	Clause 26	Clause 25	Clause 25
Section 26	Clause 26	Clause 27	Clause 27	Clause 26	Clause 26
Section 27	Clause 27	Clause 28	Clause 28	Clause 27	Clause 27
Section 28	Clause 28	Clause 29	Clause 29	Clause 28	Clause 28
Section 29	Clause 30	Clause 30	Clause 30	Clause 29	Clause 29
Section 30	Clause 31	Clause 31	Clause 31	Clause 30	Clause 30

Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
Section 31			Clause 32	Clause 31	Clause 31
Section 32			Clause 33	Clause 32	Clause 32
Section 33			Clause 34	Clause 33	Clause 33
Section 34			Clause 35	Clause 34	Clause 34
Section 35				Clause 35	Clause 35
Section 36	Clause 32	Clause 32	Clause 36	Clause 36	Clause 36
Section 37	Clause 33	Clause 33	Clause 37	Clause 37	Clause 37
Section 38	Clause 34	Clause 34	Clause 38	Clause 38	Clause 38
Section 39	Clause 35	Clause 35	Clause 39	Clause 39	Clause 39
Section 40	Clause 36	Clause 36	Clause 40	Clause 40	Clause 40
Section 41	Clause 37	Clause 37	Clause 41	Clause 41	Clause 41
Section 42	Clause 38	Clause 38	Clause 42	Clause 42	Clause 42
Section 43	Clause 39	Clause 39	Clause 43	Clause 43	Clause 43
Section 44	Clause 40	Clause 40	Clause 44	Clause 44	Clause 44
	Clause 41	Clause 41			
	Clause 42	Clause 42			
Section 45	Clause 43	Clause 43	Clause 45	Clause 45	Clause 45
	Clause 44	Clause 44	Clause 46		
	Clause 45	Clause 45	Clause 47		
Section 46				Clause 46	Clause 46
Section 47	Clause 46	Clause 46	Clause 48	Clause 47	Clause 47
Section 48	Clause 47	Clause 47	Clause 49	Clause 48	Clause 48
Section 49	Clause 48	Clause 48	Clause 50	Clause 49	Clause 49
Section 50	Clause 49	Clause 49	Clause 51	Clause 50	Clause 50
Section 51	Clause 50	Clause 50	Clause 52	Clause 51	Clause 51
Section 52	Clause 51	Clause 51	Clause 53	Clause 52	Clause 52
Section 53	Clause 52	Clause 52	Clause 54	Clause 53	Clause 53
Section 54	Clause 53	Clause 53	Clause 55	Clause 54	Clause 54
Section 55	Clause 54	Clause 54	Clause 56	Clause 55	Clause 55
Section 56					Clause 56
Section 57	Clause 55	Clause 55	Clause 57	Clause 56	Clause 57
Section 58	Clause 56	Clause 56	Clause 58	Clause 57	Clause 58
Section 59	Clause 57	Clause 57	Clause 59	Clause 58	Clause 59
Section 60	Clause 58	Clause 58	Clause 60	Clause 59	Clause 60
Section 61	Clause 59	Clause 59	Clause 61	Clause 60	Clause 61
Section 62					
Section 63	Clause 60	Clause 60	Clause 62	Clause 61	Clause 62

Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
Section 64	Clause 61	Clause 61	Clause 63	Clause 62	Clause 63
Section 65	Clause 62	Clause 62	Clause 64	Clause 63	Clause 64
Section 66	Clause 63	Clause 63	Clause 65	Clause 64	Clause 65
	Clause 64	Clause 64			
Section 67	Clause 65	Clause 65	Clause 66	Clause 65	Clause 66
Section 68	Clause 66	Clause 66	Clause 67	Clause 66	Clause 67
Section 69	Clause 67	Clause 67	Clause 68	Clause 67	Clause 68
Section 70					Clause 69
Section 71	Clause 68	Clause 68	Clause 69	Clause 68	Clause 70
Section 72	Clause 69	Clause 69	Clause 70	Clause 69	Clause 71
Section 73	Clause 70	Clause 70	Clause 71	Clause 70	Clause 72
Section 74	Clause 71	Clause 71	Clause 72	Clause 71	Clause 73
Section 75	Clause 72	Clause 72	Clause 73	Clause 72	Clause 74
Section 76	Clause 73	Clause 73	Clause 74	Clause 73	Clause 75
Section 77	Clause 74	Clause 74	Clause 75	Clause 74	Clause 76
Section 78	Clause 75	Clause 75	Clause 76	Clause 75	Clause 77
Section 79	Clause 76	Clause 76	Clause 77	Clause 76	Clause 78
Section 80	Clause 77	Clause 77	Clause 78	Clause 77	Clause 79
Section 81	Clause 78	Clause 78	Clause 79	Clause 78	Clause 80
Section 82	Clause 79	Clause 79	Clause 80	Clause 79	Clause 81
Section 83	Clause 80	Clause 80	Clause 81	Clause 80	Clause 82
Section 84	Clause 81	Clause 81	Clause 82	Clause 81	Clause 83
Section 85	Clause 82	Clause 82	Clause 83	Clause 82	Clause 84
Section 86	Clause 83	Clause 83	Clause 84	Clause 83	Clause 85
Section 87		Clause 84	Clause 85	Clause 84	Clause 86
Section 88	Clause 84	Clause 85	Clause 86	Clause 85	Clause 87
Section 89	Clause 85	Clause 86	Clause 87	Clause 86	Clause 88
Section 90	Clause 86	Clause 87	Clause 88	Clause 87	Clause 89
Section 91	Clause 87	Clause 88	Clause 89	Clause 88	Clause 90
Section 92	Clause 88	Clause 89	Clause 90	Clause 89	Clause 91
Section 93	Clause 89	Clause 90	Clause 91	Clause 90	Clause 92
Section 94	Clause 90	Clause 91	Clause 92	Clause 91	Clause 93
Section 95	Clause 91	Clause 92	Clause 93	Clause 92	Clause 94
Section 96	Clause 92	Clause 93	Clause 94	Clause 93	Clause 95
Section 97	Clause 93	Clause 94	Clause 95	Clause 94	Clause 96
Section 98		Clause 95	Clause 96	Clause 95	Clause 97
Section 99		Clause 96	Clause 97	Clause 96	Clause 98

Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
Section 100		Clause 97	Clause 98	Clause 97	Clause 99
Section 101		Clause 98	Clause 99	Clause 98	Clause 100
Section 102	Clause 94	Clause 99	Clause 100	Clause 99	Clause 101
Section 103	Clause 95	Clause 100	Clause 101	Clause 100	Clause 102
Section 104	Clause 96	Clause 101	Clause 102	Clause 101	Clause 103
	Clause 97	Clause 102			
	Clause 98	Clause 103			
Section 105	Clause 29	Clause 104	Clause 103	Clause 102	Clause 104
Section 106		Clause 105	Clause 104	Clause 103	Clause 105
Section 107		Clause 106	Clause 105	Clause 104	Clause 106
Section 108		Clause 107	Clause 106	Clause 105	Clause 107
Section 109	Clause 99	Clause 108	Clause 107	Clause 106	Clause 108
Section 110	Clause 100	Clause 109	Clause 108	Clause 107	Clause 109
Section 111	Clause 101	Clause 110	Clause 109	Clause 108	Clause 110
Section 112	Clause 102	Clause 111	Clause 110	Clause 109	Clause 111
Section 113	Clause 103	Clause 112	Clause 111	Clause 110	Clause 112
Section 114	Clause 104	Clause 113	Clause 112	Clause 111	Clause 113
Section 115			Clause 113	Clause 112	Clause 114
Section 116	Clause 105	Clause 114	Clause 114	Clause 113	Clause 115
Section 117	Clause 106	Clause 115	Clause 115	Clause 114	Clause 116
Section 118	Clause 107	Clause 116	Clause 116	Clause 115	Clause 117
Section 119	Clause 108	Clause 117	Clause 117	Clause 116	Clause 118
Section 120	Clause 109	Clause 118	Clause 118	Clause 117	Clause 119
Section 121	Clause 110	Clause 119	Clause 119	Clause 118	Clause 120
Section 122	Clause 111	Clause 120	Clause 120	Clause 119	Clause 121
Section 123	Clause 112	Clause 121	Clause 121	Clause 120	Clause 122
Section 124	Clause 113	Clause 122	Clause 122	Clause 121	Clause 123
	Clause 114				
Section 125	Clause 115	Clause 123	Clause 123	Clause 122	Clause 124
Section 126	Clause 116	Clause 124	Clause 124	Clause 123	Clause 125
Section 127	Clause 117	Clause 125	Clause 125	Clause 124	Clause 126
Section 128	Clause 118	Clause 126	Clause 126	Clause 125	Clause 127
	Clause 119				
Section 129		Clause 127	Clause 127	Clause 126	Clause 128
Section 130	Clause 120	Clause 128	Clause 128	Clause 127	Clause 129
Section 131		Clause 129	Clause 129	Clause 128	Clause 130
Section 132		Clause 130	Clause 130	Clause 129	Clause 131

Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
Section 133				Clause 130	Clause 132
Section 134				Clause 131	Clause 133
Section 135				Clause 132	Clause 134
Section 136	Clause 121	Clause 131	Clause 131	Clause 133	Clause 135
Section 137	Clause 122	Clause 132	Clause 132	Clause 134	Clause 136
Section 138	Clause 123	Clause 133	Clause 133	Clause 135	Clause 137
Section 139	Clause 124	Clause 134	Clause 134	Clause 136	Clause 138
Section 140		Clause 135	Clause 135	Clause 137	Clause 139
Section 141	Clause 125	Clause 136	Clause 136	Clause 138	Clause 140
Section 142	Clause 126	Clause 137	Clause 137	Clause 139	Clause 141
Section 143	Clause 127	Clause 138	Clause 138	Clause 140	Clause 142
Section 144			Clause 139	Clause 141	Clause 143
Section 145	Clause 128	Clause 139	Clause 140	Clause 142	Clause 144
Section 146	Clause 129	Clause 140	Clause 141	Clause 143	Clause 145
Section 147		Clause 141	Clause 142	Clause 144	Clause 146
Section 148	Clause 130	Clause 142	Clause 143	Clause 145	Clause 147
Section 149	Clause 131	Clause 143	Clause 144	Clause 146	Clause 148
Section 150	Clause 132	Clause 144	Clause 145	Clause 147	Clause 149
Section 151	Clause 133	Clause 145	Clause 146	Clause 148	Clause 150
Section 152	Clause 134	Clause 146	Clause 147	Clause 149	Clause 151
Section 153		Clause 147	Clause 148	Clause 150	Clause 152
Section 154		Clause 148	Clause 149	Clause 151	Clause 153
Section 155		Clause 149	Clause 150	Clause 152	Clause 154
Section 156	Clause 135	Clause 150	Clause 151	Clause 153	Clause 155
Section 157		Clause 151	Clause 152	Clause 154	Clause 156
Section 158		Clause 152	Clause 153	Clause 155	Clause 157
Section 159				Clause 156	Clause 158
Section 160		Clause 153	Clause 154	Clause 157	Clause 159
Section 161		Clause 154	Clause 155	Clause 158	Clause 160
Section 162					
Section 163					Clause 161
Section 164				Clause 159	Clause 162
Section 165				Clause 160	Clause 163
					Clause 164
Section 166		Clause 155	Clause 156	Clause 161	Clause 165
Section 167		Clause 156	Clause 157	Clause 162	Clause 166
Section 168		Clause 157	Clause 158	Clause 163	Clause 167

Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
Section 169		Clause 158	Clause 159	Clause 164	Clause 168
Section 170		Clause 159	Clause 160	Clause 165	Clause 169
Section 171	Clause 136	Clause 160	Clause 161	Clause 166	Clause 170
Section 172	Clause 137	Clause 161	Clause 162	Clause 167	Clause 171
Section 173		Clause 162	Clause 163	Clause 168	Clause 172
Section 174				Clause 169	Clause 173
Section 175					Clause 174
Section 176	Clause 138	Clause 163	Clause 164	Clause 170	Clause 175
Section 177	Clause 139	Clause 164	Clause 165	Clause 171	Clause 176
Section 178	Clause 140	Clause 165	Clause 166	Clause 172	Clause 177
Section 179	Clause 141	Clause 166	Clause 167	Clause 173	Clause 178
Section 180	Clause 142	Clause 167	Clause 168	Clause 174	Clause 179
Section 181		Clause 168	Clause 169	Clause 175	Clause 180
Section 182	Clause 143	Clause 169	Clause 170	Clause 176	Clause 181
Section 183	Clause 144	Clause 170	Clause 171	Clause 177	Clause 182
Section 184				Clause 178	Clause 183
Section 185	Clause 145	Clause 171	Clause 172	Clause 179	Clause 184
Section 186	Clause 146	Clause 172	Clause 173	Clause 180	Clause 185
Section 187	Clause 147	Clause 173	Clause 174	Clause 181	Clause 186
Section 188	Clause 148	Clause 174	Clause 175	Clause 182	Clause 187
Section 189	Clause 149	Clause 175	Clause 176	Clause 183	Clause 188
Section 190	Clause 150	Clause 176	Clause 177	Clause 184	Clause 189
Section 191	Clause 151	Clause 177	Clause 178	Clause 185	Clause 190
Section 192	Clause 152	Clause 178	Clause 179	Clause 186	Clause 191
Section 193	Clause 153	Clause 179	Clause 180	Clause 187	Clause 192
Section 194					Clause 193
Section 195					Clause 194
Section 196					Clause 195
Section 197					Clause 196
Section 198					Clause 197
Section 199				Clause 188	Clause 198
Section 200				Clause 189	Clause 199
Section 201				Clause 190	Clause 200
Section 202					Clause 201
Section 203				Clause 191	Clause 202
Section 204				Clause 192	Clause 203
Section 205				Clause 193	Clause 204

Section of the Act	Bill as Introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill as amended in Committee in the Lords	Bill as amended on Report in the Lords
Section 206				Clause 194	Clause 205
					Clause 206
Section 207	Clause 154	Clause 180	Clause 181	Clause 195	Clause 207
Section 208		Clause 181	Clause 182	Clause 196	Clause 208
Section 209	Clause 155	Clause 182	Clause 183	Clause 197	Clause 209
Section 210			Clause 184	Clause 198	Clause 210
Section 211	Clause 156	Clause 183	Clause 185	Clause 199	Clause 211
Section 212	Clause 157	Clause 184	Clause 186	Clause 200	Clause 212
Section 213			Clause 187	Clause 201	Clause 213
Section 214				Clause 202	Clause 214
Section 215					Clause 215
Section 216	Clause 158	Clause 185	Clause 188	Clause 203	Clause 216
Section 217	Clause 159	Clause 186	Clause 189	Clause 204	Clause 217
Section 218	Clause 160	Clause 187	Clause 190	Clause 205	Clause 218
Section 219	Clause 161	Clause 188	Clause 191	Clause 209	Clause 219
Section 220				Clause 210	Clause 220
Section 221	Clause 162	Clause 189	Clause 192	Clause 211	Clause 221
Schedule 1	Schedule 1	Schedule 1	Schedule 1	Schedule 1	Schedule 1
Schedule 2	Schedule 2	Schedule 2	Schedule 2	Schedule 2	Schedule 2
Schedule 3	Schedule 3	Schedule 3	Schedule 3	Schedule 3	Schedule 3
Schedule 4	Schedule 4	Schedule 4	Schedule 4	Schedule 4	Schedule 4
Schedule 5	Schedule 5	Schedule 5	Schedule 5	Schedule 5	Schedule 5
Schedule 6					Schedule 6
Schedule 7				Schedule 6	Schedule 7
Schedule 8	Schedule 6	Schedule 6	Schedule 6	Schedule 7	Schedule 8
Schedule 9	Schedule 7	Schedule 7	Schedule 7	Schedule 8	Schedule 9
Schedule 10		Schedule 8	Schedule 8	Schedule 9	Schedule 10
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