
Committee Stage: Thursday 24 November 2022

Economic Crime and Corporate Transparency Bill

(Amendment Paper)

This document lists all amendments tabled to the Economic Crime and Corporate Transparency Bill. Any withdrawn amendments are listed at the end of the document. The amendments are arranged in the order in which it is expected they will be decided.

This document should be read alongside the Chair's provisional Selection and Grouping, which sets out the order in which the amendments will be debated.

★ New Amendments.

New Amendments: NC84

Kevin Hollinrake

NC22

To move the following Clause—

“Registration of qualifying Scottish partnerships

- (1) The Secretary of State may by regulations—
 - (a) make provision requiring the delivery to the registrar of information in connection with a qualifying Scottish partnership;
 - (b) make provision for the purpose of ensuring that a partner of a qualifying Scottish partnership has at least one managing officer who is—
 - (i) an individual whose identity is verified (within the meaning of section 1110A of the Companies Act 2006), or
 - (ii) falls within any exemption from identity verification that may be provided for by the regulations;
 - (c) make provision in relation to qualifying Scottish partnerships that corresponds or is similar to any provision relating to companies or limited partnerships made by or under, or capable of being made under, any Act.
- (2) The regulations may create summary offences, punishable with a fine, in connection with any provision made by virtue of subsection (1)(a) or (b).
- (3) Do not read subsection (2) as impliedly limiting the provision that can be made by virtue of subsection (1)(c).
- (4) The provision that may be made by virtue subsection (1)(c) includes provision for the purpose mentioned in subsection (1)(b).

(5) The provision which may be made by regulations under subsection (1) by virtue of section 159(1)(a) includes provision amending, repealing or revoking provision made by or under any Act, whenever passed or made.

(6) In this section—

“managing officer” has the meaning given by section 3(1) of the Limited Partnerships Act 1907;

“qualifying Scottish partnership” means a partnership, other than a limited partnership, that—

- (a) is constituted under the law of Scotland, and
- (b) is a qualifying partnership with the meaning given by regulation 3 of the Partnership (Accounts) Regulations 2008;

“the registrar” means registrar of companies for Scotland.”

Member’s explanatory statement

This new clause allows regulations to be made about the registration of certain Scottish partnerships and to apply law relating to companies or limited partnerships. It would allow The Scottish Partnerships (Register of People with Significant Control) Regulations 2017 to be amended or replaced in relation to those partnerships.

Tom Tugendhat

NC23

To move the following Clause—

“Cryptoassets: terrorism

- (1) Part 1 of Schedule (*Cryptoassets: terrorism*) amends the Anti-terrorism, Crime and Security Act 2001 to make provision for a civil recovery regime in relation to cryptoassets which—
 - (a) are intended to be used for the purposes of terrorism,
 - (b) consist of resources of an organisation which is a proscribed organisation, or
 - (c) are, or represent, property obtained through terrorism.
- (2) Part 2 of Schedule (*Cryptoassets: terrorism*) amends the Terrorism Act 2000 to make provision about financial institutions and cryptoassets.

Member’s explanatory statement

This new clause introduces the new Schedule inserted by NS1. Part 1 of that Schedule contains provision about a civil recovery regime for terrorist cryptoassets. Part 2 of that Schedule contains provision about financial institutions and cryptoassets.

Kevin Hollinrake

NC30

To move the following Clause—

“Duty to notify registrar of dissolution

After section 17 of the Limited Partnerships Act 1907 (power of board of trade to make rules) insert—

“Dissolution, revival and deregistration

17A Duty to notify registrar of dissolution

- (1) If a limited partnership is dissolved at a time when the partnership has at least one general partner, the general partners at that time must notify the registrar that the limited partnership has been dissolved.
- (2) If a limited partnership is dissolved at a time when the partnership does not have a general partner, the limited partners at that time must notify the registrar that the limited partnership has been dissolved.
- (3) If the general partners fail to comply with subsection (1) an offence is committed by each general partner who is in default.
- (4) If the limited partners fail to comply with subsection (2) an offence is committed by each limited partner who is in default.
- (5) But where the general partner or limited partner is a legal entity, it does not commit an offence as a general partner or limited partner in default unless one of its managing officers is in default.
- (6) Where any such offence is committed by a general partner or limited partner that is a legal entity, or any such offence is by virtue of this subsection committed by a managing officer that is a legal entity, any managing officer of the legal entity who is in default also commits the offence if—
 - (a) the managing officer is an individual, or
 - (b) the managing officer is a legal entity and one of its managing officers is in default.
- (7) A person guilty of an offence under this section is liable on summary conviction—
 - (a) in England and Wales, to a fine;
 - (b) 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.
- (8) A general partner, limited partner or managing officer is “in default” for the purposes of this section if they authorise or permit, participate in, or fail to take all reasonable steps to prevent, the contravention.””

Member’s explanatory statement

This new clause means that when a limited partnership is dissolved which partners are required to notify the registrar does not depend on their solvency.

Kevin Hollinrake

NC31

To move the following Clause—

“Winding up limited partnerships on grounds of public interest

After section 25 of the Limited Partnerships Act 1907 (inserted by section 127 of this Act) insert—

“Winding up limited partnerships: court orders

25A Winding up limited partnerships on grounds of public interest

- (1) Where it appears to the Secretary of State that it is expedient in the public interest for a limited partnership to be wound up, the Secretary of State may present a petition to the court for it to be wound up.
- (2) If a petition is presented under subsection (1), the court may wind up the limited partnership if the court is of the opinion that it is just and equitable for it to be wound up.
- (3) The power in subsection (2) does not limit any other power the court has in the same circumstances.””

Member’s explanatory statement

This new clause would allow the court to order the winding up of a limited partnership on a petition by the Secretary of State in the public interest.

Kevin Hollinrake

NC32

To move the following Clause—

“Winding up dissolved limited partnerships

After section 25A of the Limited Partnerships Act 1907 (inserted by section *(Winding up limited partnerships on grounds of public interest)* of this Act) insert—

“25B Winding up dissolved limited partnerships

- (1) Where a limited partnership is dissolved and it appears to the court that there has been a failure to wind up the limited partnership under section 6(3A) or (3B) properly or at all, the court may make any order it considers appropriate, including an order—
 - (a) for the purposes of enforcing the duty in section 6(3A) or (3B),
 - (b) in connection with the performance of that duty, or
 - (c) to wind up the limited partnership.
- (2) The court may make an order under subsection (1) on an application by the Secretary of State or any other person appearing to the court to have sufficient interest.
- (3) The power in subsection (1) does not limit any other power the court has in the same circumstances.””

Member's explanatory statement

This new clause would mean that if a limited partnership has not been wound up as required by section 6(3A) or 6(3B), the court can make various orders on an application by the Secretary of State or a person with sufficient interest, including an order to wind up the limited partnership.

Kevin Hollinrake

NC34

To move the following Clause—

“Requirements to change name: removal of old name from public inspection

- (1) The Companies Act 2006 is amended as follows.
- (2) In section 64 (company ceasing to be entitled to exemption in relation to use of “limited” etc), after subsection (6) insert—
 - “(6A) Where a direction is given under subsection (1), the registrar may omit from the material on the register that is available for public inspection any mention of the name to which the direction relates.”
- (3) In section 67 (power to direct change of name in case of similarity to existing name), after subsection (1) insert—
 - “(1A) Where a direction is given under subsection (1), the registrar may omit from the material on the register that is available for public inspection any mention of the name to which the direction relates (so far as it relates to the company to which the direction is given).”
- (4) In section 73 (order requiring name to be changed), after subsection (6) insert—
 - “(7) Where an order is made under subsection (1), the registrar may omit from the material on the register that is available for public inspection any mention of the name to which the order relates.”
- (5) In section 75 (provision of misleading information), after subsection (4) insert—
 - “(4A) Where a direction is given under subsection (1), the registrar may omit from the material on the register that is available for public inspection any mention of the name to which the direction relates.”
- (6) In section 76 (misleading indication of activities), after subsection (5) insert—
 - “(5A) Where a direction is given under subsection (1), the registrar may omit from the material on the register that is available for public inspection any mention of the name to which the direction relates.”

Member's explanatory statement

The Companies Act 2006 contains various powers to direct a company to change its name. This clause allows the registrar to omit from the material that is available for public inspection references to the company's name once it has been given a direction.

Tom Tugendhat

NC47

To move the following Clause—

“Scottish Solicitors’ Discipline Tribunal: powers to fine in cases relating to economic crime

- (1) Section 53 of the Solicitors (Scotland) Act 1980 (powers of tribunal) is amended as follows.
- (2) In subsection (1)—
 - (a) in paragraph (b)—
 - (i) after “dishonesty” insert “(other than a conviction for an economic crime offence)”;
 - (ii) after “or has” insert “(other than in relation to a conviction for an economic crime offence)”;
 - (b) after paragraph (b) insert—

“(ba) a solicitor has (whether before or after enrolment as a solicitor) been convicted by any court of an economic crime offence, or”;
 - (c) in paragraph (c), after “offence” insert “(other than a conviction for an economic crime offence)”;
 - (d) after paragraph (c) insert—

“(ca) an incorporated practice has been convicted by any court of an economic crime offence, which conviction the Tribunal is satisfied renders it unsuitable to continue to be recognised under section 34(1A), or.”
- (3) In subsection (2), after paragraph (c), insert—

“(ca) where the Tribunal is proceeding on the ground in subsection (1)(ba) or (1)(ca), or where subsection (2A) or (2B) applies, impose on the solicitor or, as the case may be, the incorporated practice, a fine of any amount.”
- (4) After subsection (2), insert—

“(2A) This subsection applies where the Tribunal is proceeding on the ground referred to in subsection (1)(a) and —

 - (a) the solicitor has, in relation to the subject matter of the Tribunal’s inquiry, been convicted by any court of an economic crime offence, or
 - (b) the misconduct referred to in subsection (1)(a) consisted of an act or omission which had the effect of inhibiting the prevention or detection of an economic crime offence.

(2B) This subsection applies where the Tribunal is proceeding on the ground referred to in subsection (1)(d) and the incorporated practice has —

 - (a) in relation to the subject matter of the Tribunal’s inquiry, been convicted by any court of an economic crime offence, or

- (b) failed to comply with a provision or rule as referred to in subsection (1)(d) and—
 - (i) the failure consisted of an act or omission which had the effect of inhibiting the prevention or detection of an economic crime offence, or
 - (ii) the provision or rule applies only for purposes relating to the prevention or detection of an economic crime offence.”
- (5) In subsection (3ZA)—
 - (a) in paragraph (a), after “dishonesty” insert “(not being an economic crime offence)”;
 - (b) in paragraph (b), at the end insert “, (1)(ba) or (1)(ca)”;
 - (c) after paragraph (b), insert—
 - “(c) where subsection (2A) or (3A) applies.”
- (6) In subsection (3A)—
 - (a) in paragraph (a), for “(1)(a) or (b)” substitute “(1)(a), (b) or (ba)”;
 - (b) in paragraph (b), for “(1)(c) or (d)” substitute “(1)(c), (ca) or (d)”.
- (7) After subsection (9), insert—
 - “(9A) In this section, an economic crime offence means an economic crime within the meaning given by section 153(1) of the Economic Crime and Corporate Transparency Act 2022.”
- (8) The amendments made by this section do not apply in relation to any act or omission occurring before the day on which this section comes into force.”

Member’s explanatory statement

This new clause amends the Solicitors (Scotland) Act 1980 to remove the existing statutory limit on financial penalties that can be imposed by the Scottish Solicitors’ Discipline Tribunal for disciplinary matters relating to economic crime offences; this will allow the Tribunal to impose fines of any amount in such cases.

Alison Thewliss
Gavin Newlands
Owen Thompson

NC24

To move the following Clause—

“Disclosure of information relating to bank accounts held by subscribers to a memorandum of association

- (1) Section 9 of the Companies Act 2006 (registration of documents) is amended as follows.
- (2) After subsection (5), insert—
 - “(5A) The application must also contain the name of the jurisdiction of the issuing bank of each bank account—
 - (a) held by each subscriber to the memorandum of association,
 - (b) held or to be held by the company being incorporated, and

- (c) held or to be held by any company linked to the company being incorporated.””

Member’s explanatory statement

This new clause requires relevant parties to disclose where their bank accounts are held.

Alison Thewliss
Gavin Newlands
Owen Thompson

NC25

To move the following Clause—

“Fee for registering a company

- (1) The Companies Act 2006 is amended as follows.
- (2) In section 1063, after subsection (3), insert—
 - “(3A) Regulations under this section must set a fee of at least £50 for the incorporation of a company.””

Seema Malhotra
Stephen Kinnock

NC26

To move the following Clause—

“Reporting requirement (objectives)

- (1) The Secretary of State must publish an annual report assessing whether the powers available to the Secretary of State and the registrar are sufficient to enable the registrar to achieve its objectives under section 1081A of the Companies Act 2006 (inserted by section 1 of this Act).
- (2) Each report must make a recommendation as to whether further legislation should be brought forward in response to the report.
- (3) Each report must provide a breakdown of the registrar’s annual expenditure.
- (4) Each report must provide annual data on the number of companies that have been struck-off by the registrar, the number and amount of fines the registrar has issued, and the number of criminal convictions made as a result of the registrar’s powers as set out in this bill.
- (5) Each report must provide annual data on the number of cases referred by the registrar to law enforcement bodies and anti-money laundering supervisors.
- (6) Each report must provide annual data on the total number of company incorporations to the registrar, and the number of company incorporations by Authorised Company Service Providers to the registrar.
- (7) The first report must be published within one year of this Act being passed.
- (8) A further report must be published at least once a year.
- (9) The Secretary of State must lay a copy of each report before Parliament.”

Member's explanatory statement

This new clause would add a requirement on the Secretary of State to report on the powers available to the Secretary of State, the Department for Business, Energy and Industrial Strategy, and Companies House in relation to the registrar's powers to achieve their objectives set out in clause 1.

Seema Malhotra
Stephen Kinnock

NC27

To move the following Clause—

“Reporting requirement (identity verification)

- (1) The Secretary of State must publish an annual report on the progress of establishing identity verification procedures in relation to proposed officers and persons with initial significant control.
- (2) The first report must be published within three months of this Act being passed.
- (3) A further report must be published at least once a year.
- (4) The Secretary of State must lay a copy of each report before Parliament.”

Member's explanatory statement

This new clause would add a requirement on the Secretary of State to report on the progress of establishing identity verification procedures for proposed company officers and persons with initial significant control.

Seema Malhotra
Stephen Kinnock

NC28

To move the following Clause—

“Reporting requirement (strike-off powers)

- (1) Within one year of the day on which this Act is passed, and every three years thereafter, the Secretary of State must publish a report on the powers available to the Secretary of State and the registrar in relation to the registrar's powers under this Act to strike off a company.
- (2) Each report in subsection (1) must include but is not limited to—
 - (a) whether the appropriate mechanisms are available to the Secretary of State to prosecute directors of companies struck off the Companies House register in relation to the Act, and to recoup money on behalf of creditors, and
 - (b) how much money has been returned to creditors as a result of the Act's 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, including the proportion of this money returned to the Government.
- (3) Each report must make a recommendation as to whether further legislation should be brought forward in response the report.”

Member's explanatory statement

This new clause would add a requirement on the Secretary of State to report on the powers available to the Secretary of State, the Department for Business, Energy and Industrial Strategy, and Companies House in relation to the strike-off provisions in this Act.

Dame Margaret Hodge

NC29

To move the following Clause—

“Report into the merits of a fund for tackling economic crime

- (1) The Secretary of State must produce a report into the merits of a fund for tackling economic crime.
- (2) The report must consider the case for penalties paid to the registrar to be ringfenced and used solely for the purposes of tackling economic crime.
- (3) The report must be laid before Parliament within six months of this Act being passed.”

Member's explanatory statement

This new clause requires a report into the merits of a fund for tackling economic crime to be laid before Parliament.

Dame Margaret Hodge
Seema Malhotra
Stephen Kinnock

NC33

To move the following Clause—

“Fees

- (1) Section 1063 (Fees payable to registrar) of the Companies Act 2006 is amended as follows.
- (2) Before subsection (1) insert—
 - “(A1) The registrar must charge a fee of £100 for the incorporation of a company.
 - (B1) The Secretary of State must once a year amend the fee in subsection (A1) to reflect inflation.
- (3) In subsection (1)—
 - (a) after “fees” insert “other than the fee in subsection (A1)”
 - (b) in paragraph (a) after “functions” insert “other than the incorporation of a company”.
- (4) In subsection (5), in paragraphs (a) and (b) after “regulations” insert “or subsection (A1)”.

Member's explanatory statement

This new clause requires Companies House to charge a fee of £100 for the incorporation of a company. It gives the Secretary of State the power to amend this fee once a year to reflect inflation.

Stephen Kinnock
Seema Malhotra

NC35

To move the following Clause—

“Person convicted under National Minimum Wage Act not to be appointed as director

- (1) The Company Directors Disqualification Act 1986 is amended as follows.
- (2) After Clause 5A (Disqualification for certain convictions abroad) insert—

“5B Person convicted under National Minimum Wage Act not to be appointed as director

- (1) A person may not be appointed a director of a company if the person is convicted of a criminal offence under section 31 of the National Minimum Wage Act 1998 on or after the day on which section 32(2) of the Economic Crime and Corporate Transparency Act 2022 comes fully into force.
- (2) It is an offence for such a person to act as director of a company or directly or indirectly to take part in or be concerned in the promotion, formation or management of a company, without the leave of the High Court.
- (3) An appointment made in contravention of this section is void.”

Member’s explanatory statement

This new clause would disqualify any individual convicted of an offence for a serious breach of the National Minimum Wage Act 1998, such as a deliberate refusal to pay National Minimum Wage, from serving as a company director.

Stephen Kinnock
Seema Malhotra

NC36

To move the following Clause—

“Disclosure of PSC information to local authorities

- (1) The Companies Act 2006 is amended as follows.
- (2) After section 790ZH (inserted by section 92 of this Act) insert—

790Z1 Disclosure of PSC information to local authorities

- (1) The Secretary of State may by regulations make provision to facilitate the release of information held by companies on people of significant control to any relevant local authority which may request such information for the purposes of—
 - (a) tackling economic crime; and
 - (b) recovering a relevant unpaid debt;in any area under the jurisdiction of the local authority.
- (2) For the purposes of subsection (4A)(a) above, “tackling economic crime” includes any reasonable steps which the local authority may see fit to take as part of an investigation into a company which the

authority has reasonable grounds to suspect may be involved in the commission of a relevant offence.

- (3) For the purposes of subsection (4B) above, a “relevant offence” includes an offence under—
 - (a) the Proceeds of Crime Act 2002; and
 - (b) the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended.
- (4) For the purposes of subsection (4A)(b) above, a “relevant unpaid debt” includes unpaid business rates subject to recovery by the local authority under the Local Government Finance Act 1988.”

Member’s explanatory statement

This new clause makes specific provision for relevant information to be disclosed, upon request, to a relevant local authority in connection with any effort by such an authority to investigate suspected economic crime, or to collect outstanding debts from companies which have not paid business rates.

Dame Margaret Hodge

NC37

To move the following Clause—

“Duty to check person of significant control status

- (1) The Companies Act 2006 is amended as follows.
- (2) After section 790LP (Offence of failing to comply with sections 790LI to 790LN) insert—

“790LQ Duty to check person of significant control status

- (1) This section applies when a registrable person’s identity is verified under section 1110A(1) and a risk assessment carried out under section 1062A(1A) has identified a matter of concern in relation to the registrable person.
- (2) The registrar must take steps to ensure that the registrable person whose identity is being verified is a person with significant control over the company.””

Dame Margaret Hodge

NC38

To move the following Clause—

“Risk-based examination of accounts of dissolved companies

- (1) The Companies Act 2006 is amended as follows.
- (2) After section 1062A (analysis of information for the purposes of crime prevention and detection) insert—

“1062B Risk-based examination of accounts of dissolved companies

- (1A) In a case where the registrar’s risk assessment under section 1062A(1A) has identified a matter of concern in relation to a dissolved company, the registrar must examine the accounts of the dissolved

company with a view to establishing whether any economic crime has been committed.

- (1B) The registrar must share details of any evidence gathered under subsection (1A) with the relevant law enforcement agencies.”

Dame Margaret Hodge

NC40

To move the following Clause—

“Retention of fees by Companies House

- (1) The Secretary of State must report to Parliament on the case for incorporation fees for companies being retained by the registrar.
- (2) The report must be laid before Parliament within three months of this Act being passed.”

Dame Margaret Hodge

NC41

To move the following Clause—

“Disclosure of control of 5% or more of shares in a public company

- (1) This section applies to shareholdings in public companies as defined by section 4 of the Companies Act 2006.
- (2) A person who controls 5% or more of the shares in a public company must declare this fact to the registrar.
- (3) The duty in subsection (2) applies whether the person controls the shares directly or indirectly.
- (4) The registrar may impose a penalty on any person who fails to comply with the duty in subsection(2).”

Member’s explanatory statement

This new clause would require all persons controlling 5% or more of the shares in a public company to declare the total amount of their shareholding to the registrar. This would, for example, require a person controlling shares through multiple nominees to declare the total number of shares they control.

Dame Margaret Hodge

NC42

To move the following Clause—

“Verification of persons controlling 5% or more of shares in a public company

- (1) This section applies where—
 - (a) a person has disclosed to the registrar control of 5% or more of the shares in a public company under section [*Disclosure of control of 5% or more of shares in a public company*], and

- (b) the registrar has identified a matter of concern under subsection 1062A(1A) of the Companies Act 2006.
- (2) the registrar must—
 - (a) verify the identity of that person, and
 - (b) verify the number of shares that person claims to control.”

Member’s explanatory statement

This new clause should be read together with Amendment 116 which inserts subsection 1062A(1A) into the Companies Act 2006. It would require the registrar to verify both the identity and the shareholding of a person who controls 5% or more of shares in a company where the registrar’s risk-based analysis set out in Amendment 116 has identified a matter of concern.

Liam Byrne

NC43

To move the following Clause—

“Disclosure of shares held by nominee

- (1) This section applies to public companies as defined by section 4 of the Companies Act 2006.
- (2) Any person holding shares in a public company as nominee for another person must disclose this fact to the registrar.
- (3) The registrar may impose a penalty on any person who fails to comply with the duty in subsection (2).”

Member’s explanatory statement

This new clause would require shareholders of a company to disclose the fact that they are acting as nominees. Failure to comply could result in a penalty.

Liam Byrne

NC44

To move the following Clause—

“HMRC anti-money laundering function

- (1) The Commissioners of Revenue and Customs Act 2005 is amended as follows.
- (2) After section 5 (Commissioners’ initial functions), insert—

“5A Commissioners’ Anti-Money Laundering Functions

- (1) The Commissioners shall be responsible for anti-money laundering supervision.
- (2) The Commissioners shall treat the function in subsection (1) as a priority equal to the functions in section 5.””

Member’s explanatory statement

This new clause would require HMRC to prioritise its AML supervisory function.

Seema Malhotra
Stephen Kinnock

NC45

To move the following Clause—

“Striking off a company: identity verification

- (1) The Companies Act 2006 is amended as follows.
- (2) After section 1003 (striking off on application by company) insert—

“1003A Striking off on application by company: identity verification

Before striking off a company under section 1003, the registrar must first, in the case of each individual named as a director of the company—

- (a) confirm that the individual’s identity is verified (see section 1110A), or
- (b) confirm that the individual falls within any exemption specified in regulations made under section 12(2A)(b).””

Member’s explanatory statement

This new clause would extend directors’ Identity Verification requirements to dissolving a company in addition to registering a company.

Seema Malhotra
Stephen Kinnock

NC46

To move the following Clause—

“Application for administrative restoration to the register

In section 1024 of the Companies Act 2006 (application for administrative restoration to the register), for subsection (3) substitute—

- “(3) An application under this section may only be made by a former director, former member, former creditor or former liquidator of the company.””

Member’s explanatory statement

This new clause would make it possible for a creditor or liquidator to apply to restore a company administratively.

Seema Malhotra
Stephen Kinnock

NC48

To move the following Clause—

“Application of Part XIV of the Companies Act 1985 to limited partnerships

In Part XIV of the Companies Act 1985, references to a company shall include references to a limited partnership.”

Member's explanatory statement

This new clause would extend the investigations regime under Part XIV of the Companies Act 1985 to include Limited Partnerships.

Stephen Kinnock
Seema Malhotra

NC49

To move the following Clause—

“Requirement for all company directors to be natural persons

The Secretary of State must, on a date no later than 31 March 2023, make regulations to bring into force section 87 of the Small Business, Enterprise and Employment Act 2015 (Requirement for all company directors to be natural persons).”

Member's explanatory statement

This new clause would bring into effect provisions of the Small Business, Enterprise and Employment Act 2015 enabling a ban on the designation of a company as the beneficial owner of another company, requiring all company directors to be “natural persons”.

Stephen Kinnock
Seema Malhotra

NC50

To move the following Clause—

“Requirement for UK-resident director

- (1) The Companies Act is amended as follows.
- (2) In section 156B of the Companies Act 2006, inserted by section 87 of the Small Business, Enterprise and Employment Act 2015, after subsection (4) insert—
 - “(4A) The regulations must also include provision to require all companies to have at least one director who is ordinarily resident in the UK.””

Member's explanatory statement

This new clause would amend the Small Business, Enterprise and Employment Act 2015 to require all companies to have at least one person who ordinarily resides in the UK as a director.

Stephen Kinnock
Seema Malhotra

NC51

To move the following Clause—

“Registration requirements: UK-based assets held by overseas entity

- (1) The Economic Crime (Transparency and Enforcement) Act 2022 is amended as follows.
- (2) In Schedule 2—
 - (a) in sub-paragraph (a) of paragraph 2, for “and” substitute “or”;

- (b) after sub-paragraph (a) of paragraph 2 insert—
“(aa) is a beneficial owner of any UK-based assets held by overseas entity, and”.”

Member’s explanatory statement

The intention of this new clause is to broaden the scope of registration requirements for overseas entities, as set out in the Economic Crime (Transparency and Enforcement) Act 2022, to include the beneficial owners of any UK-based assets owned by an overseas company, as well as the beneficial owners of the company itself.

Stephen Kinnock
Seema Malhotra

NC52

To move the following Clause—

“Beneficial owners: shares and voting rights held by immediate family

- (1) The Economic Crime (Transparency and Enforcement) Act 2022 is amended as follows.
- (2) In Schedule 2, after paragraph 6 insert—
“(6A) For the purposes of subsection (6) above—
(a) Condition 1 is also met where 5% or more of shares are held, directly or indirectly, by X and one or more members of the immediate family of X; and
(b) Condition 2 is also met where 5% or more of voting rights are held, directly or indirectly, by X and one or more members of the immediate family of X.””

Member’s explanatory statement

The intention of this new clause is to close a loophole in the current rules on registration of overseas entities, so that a threshold lower than 25% ownership or control is applied where a company’s shares or voting rights are held by multiple members of the same family.

Stephen Kinnock
Seema Malhotra

NC53

To move the following Clause—

“Beneficial owners in overseas territories

- (1) The Sanctions and Anti-Money Laundering Act 2018 is amended as follows.
- (2) In section 51, after subsection (5) insert—
“(5A) The Secretary of State must ensure that the Order in Council under subsection (2) above comes into effect on date no later than 30 June 2023.””

Member's explanatory statement

This new clause would amend the Sanctions and Anti-Money Laundering Act 2018 to ensure that an Order in Council requiring open registers of beneficial ownership in the British Overseas Territories comes into force no later than 30 June 2023.

Stephen Kinnock
Seema Malhotra

NC54

To move the following Clause—

“Entities from high-risk jurisdictions: prohibition on ownership of UK land

- (1) The Land Registration Act 2002 is amended as follows.
- (2) In Schedule 4A, after paragraph 2 insert—
 - “(2A) No application may be made to register an overseas entity as the proprietor of a qualifying estate if the entity was originally incorporated in a jurisdiction which was designated as a high-risk jurisdiction for money laundering and terrorist financing at the time of the entity's incorporation.
 - (2B) For the purposes of section (2A) above, “designated as a high-risk jurisdiction for money laundering and terrorist financing” means—
 - (a) a jurisdiction included on the Financial Action Task Force list of jurisdictions under increased monitoring;
 - (b) a jurisdiction included on the Financial Action Task Force list of high-risk jurisdictions subject to a call for action; or
 - (c) any other jurisdiction which the Secretary of State may see fit to designate as a high-risk third country in Schedule 3ZA of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.”

Member's explanatory statement

The intention of this new clause is to prevent any company from registering in the UK for the purposes of acquiring land if the company in question was originally incorporated in a jurisdiction designated, either by UK or international authorities, as a high-risk jurisdiction for money laundering and terrorist financing at the time of the company's incorporation.

Stephen Kinnock
Seema Malhotra

NC55

To move the following Clause—

“Updating duty: frequency

- (1) The Economic Crime (Transparency and Enforcement) Act 2022 is amended as follows.
- (2) In subsection (9) of section 7, in paragraphs (a) and (b) for “12” substitute “6”.

Member's explanatory statement

This new clause would require registered overseas entities to provide updates on any changes in beneficial ownership every six months, instead of annually as is currently required.

Dame Margaret Hodge

NC56

To move the following Clause—

“Limited partnerships: registration of persons of significant control

- (1) The Secretary of State must by regulations make provision about the registration of persons of significant control in relation to limited partnerships.
- (2) For the purposes of regulations under this section, “persons of significant control” may include persons with a right to—
 - (a) 25% or more of the surplus assets on winding up,
 - (b) a voting share of 25% or more,
 - (c) appoint or remove the majority of managers,
 - (d) exercise significant influence or control over the business, or
 - (e) exercise significant influence or control over a firm which would be a person of significant control if it were an individual.
- (3) No regulations to which this section applies may be made unless a draft of the statutory instrument containing the regulations (whether or not together with other provisions) has been laid before, and approved by a resolution of, each House of Parliament.”

Dame Margaret Hodge

NC57

To move the following Clause—

“Limited Partnerships required to have at least one partner who is a natural person

- (1) A limited partnership must have at least one partner who is a natural person.
- (2) This requirement is met if the office of partner is held by a natural person as a corporation sole or otherwise by virtue of an office.
- (3) For the purposes of this section, “limited partnership” includes Scottish limited partnerships and limited partnerships in Northern Ireland.”

Dame Margaret Hodge

NC58

To move the following Clause—

“Limited Liability Partnerships required to have at least one member who is a natural person

- (1) A limited liability partnership must have at least one member who is a natural person.

- (2) This requirement is met if the office of member is held by a natural person as a corporation sole or otherwise by virtue of an office."

Dame Margaret Hodge

NC59

To move the following Clause—

"Publication of information about trustees

- (1) The Economic Crime (Transparency and Enforcement) Act 2022 is amended as follows.
- (2) In subsection (1) of section 22, omit paragraph (c)."

Stephen Kinnock
Seema Malhotra

NC60

To move the following Clause—

"Reporting requirement (enforcement capabilities)

- (1) The Secretary of State must, no later than six months from the date on which this Act comes into force, carry out and publish the results of a review of the capacity of the Financial Conduct Authority to regulate the activities of cryptoasset businesses as required by the relevant legislation.
- (2) For the purposes of subsection (1) above, 'relevant legislation' includes—
 - (a) the Money Laundering Regulations 2017, as amended;
 - (b) the provisions of Part 4 and Schedules 6 and 7 of this Act.
- (3) For the purposes of subsection (1) above, matters relevant to the assessment of the capacity of the Financial Conduct Authority to regulate the activities of cryptoasset businesses include—
 - (a) the projected budget during the current spending review period;
 - (b) the total number of full-time equivalent staff;
 - (c) the level of relevant expertise within its workforce; and
 - (d) challenges related to the recruitment and retention of staff.
- (4) The review must also include an assessment of whether the current legal powers of the Financial Conduct Authority provide an adequate basis for consumer protection in relation to cryptoassets."

Stephen Kinnock
Seema Malhotra

NC61

To move the following Clause—

“Reporting requirement (overseas territories)

- (1) The Secretary of State must, no later than six months from the date on which this Act comes into force, carry out and publish the results of a review of the level of regulation of cryptoasset businesses for the purposes of tackling economic crime in—
 - (a) each of the Crown Dependencies; and
 - (b) each of the UK Overseas Territories.
- (2) Following the publication of such a review, the Secretary of State must prepare and publish a strategy for enhancing the level of regulation of cryptoasset businesses in any of the jurisdictions mentioned in subsection (1) above which may have serious deficiencies in their regulatory frameworks in relation to such businesses.
- (3) For the purposes of subsection (2) above, criteria for identifying serious deficiencies shall include—
 - (a) the level of compliance by each jurisdiction with international standards set out by the Financial Action Task Force and affiliated regional bodies;
 - (b) the level of compliance by each jurisdiction with its legal obligations under any relevant international agreements to which it is a party; and
 - (c) the level of enforcement in each jurisdiction of relevant laws applicable in that jurisdiction.
- (4) The strategy required by subsection (2) above must include specific plans to ensure parity between—
 - (a) legal frameworks; and
 - (b) law enforcement effortsbetween the UK and each Crown Dependency and Overseas Territory.”

Seema Malhotra
Stephen Kinnock

NC63

To move the following Clause—

“Annual report on activity under this Act

- (1) The registrar must publish an annual report on the implementation of, and activities under, the provisions of this Act which are relevant to the work of the registrar.
- (2) The report mentioned in subsection (1) must include, but need not be limited to—
 - (a) information on the use of the registrar’s powers under this Act, including in relation to—
 - (i) financial penalties imposed, and

- (ii) the number of cases of unlawful activity or suspected unlawful activity identified by the registrar;
 - (b) details of the steps the Registrar has taken to promote the registrar’s objectives under this Act; and
 - (c) the use of exemption powers for the Secretary of State introduced by this Act.
- (3) The first report under subsection (1) must be published within six months of the date on which this Act receives Royal Assent.”

Liam Byrne
Dame Margaret Hodge

NC64

To move the following Clause—

“Disclosure of information in the public interest likely to be relevant to the investigation of economic crime

- (1) It is a defence to an action based on the disclosure or publication of information for the defendant to show that—
 - (a) the disclosure or publication complained of was likely to be relevant to the investigation of an economic crime, and
 - (b) the defendant reasonably believed that the disclosure or publication complained of was likely to be relevant to the investigation of an economic crime.
- (2) Subject to subsection (3), in determining whether the defendant has shown the matters mentioned in subsection (1), the court must have regard to all the circumstances of the case.
- (3) In determining whether it was reasonable for the defendant to believe that the disclosure or publication complained of was likely to be relevant to the investigation of an economic crime, the court must make such allowance for editorial judgement as it considers appropriate.
- (4) For the avoidance of doubt, the defence under this section may be relied upon irrespective of whether the statement complained of is a statement of fact or a statement of opinion.”

Liam Byrne
Dame Margaret Hodge

NC65

To move the following Clause—

“Economic crime: power to strike out statement of case for abuse of process

The court may strike out the whole or part of any statement of case which can be reasonably understood as having the purpose of concealing, or preventing disclosure or publication of, any information likely to be relevant to the investigation of an economic crime.”

Liam Byrne NC66
Dame Margaret Hodge

To move the following Clause—

“Default supervisory authority for independent legal professionals

Where an independent legal professional is not a member of any of the professional bodies listed in Schedule 1 of the MLRs 2017 but undertakes regulated business within the scope of Regulation 12 of the MLRs, the Solicitors Regulation Authority will be the default supervisory body for that independent legal professional.”

Liam Byrne NC67
Dame Margaret Hodge

To move the following Clause—

“Civil asset recovery in cases of economic crime

The Secretary of State must by regulations make provision for costs in civil recovery proceedings involving economic crime to be awarded against the enforcement authority only where the respondent can show that the enforcement authority has acted unreasonably, dishonestly or improperly.”

Liam Byrne NC68
Dame Margaret Hodge

To move the following Clause—

“Criminal asset confiscation in cases of economic crime

The Secretary of State must by regulations make provision for the parties to bear their own costs in criminal confiscation proceedings following an unsuccessful prosecution of an economic crime.”

Gavin Newlands NC69
Alison Thewliss
Owen Thompson

To move the following Clause—

“Prevention of continued trading for companies repeatedly declared insolvent

- (1) A company may not be registered under the Companies Act 2006 if, in the opinion of the registrar of companies, it is substantially similar to a company which has been subject to winding up procedures under the Insolvency Act 1986 on more than three occasions in the preceding ten years.

- (2) For the purposes of subsection (1), “substantially similar” can include, but may not be limited to, a company having the same or similar—
- (a) name;
 - (b) registered office;
 - (c) proposed officers; or
 - (d) principal business activities
- as another company.”

Member’s explanatory statement

This new clause seeks to prevent companies from repeatedly becoming insolvent and then continuing to carry on the same business activities through a new company (the practice of “phoenixing”).

Gavin Newlands
Alison Thewliss
Owen Thompson

NC70

To move the following Clause—

“Bar on directors in breach of duties receiving public funds

- (1) A company with a director or directors which are in breach of the general duties outlined in Chapter 2 of the Companies Act 2006, or who have been found to have committed statutory breaches of employment law, may not receive Government provided funds or financial support, unless subsection (2) applies.
- (2) A company whose director or directors meet the criteria outlined in subsection (1) may receive Government provided funds or financial support if such funds or support are provided solely and specifically for the direct benefit of the company’s employees.”

Member’s explanatory statement

This new clause seeks to prevent directors who fail to comply with their duties as a company director or with employment law provisions from being able to access funds in instances where these funds are for the benefit of the company and not the company’s employees.

Dame Margaret Hodge

NC71

To move the following Clause—

“Suspicious Activity Reporting: risk rating

- (1) The Proceeds of Crime Act 2002 is amended as follows.
 - (2) After subsection 339(1) insert—
- “(1ZA) An order under subsection (1) must prescribe that a risk rating be included as part of a disclosure.””

Dame Margaret Hodge

NC72

To move the following Clause—

**“Office for Professional Body Anti-Money Laundering Supervision:
powers and duties**

- (1) The Secretary of State must by regulations set out a further power and duty for the Office for Professional Body Anti-Money Laundering Supervision.
- (2) The power referred to in subsection (1) is the power to impose unlimited financial penalties on Professional Body Supervisors that fail to—
 - (a) adopt an effective risk-based approach to anti-money laundering supervision;
 - (b) impose proportionate and dissuasive sanctions for non-compliance with anti-money laundering requirements; and
 - (c) fail to separate their advocacy and regulatory functions.
- (3) The duty referred to in subsection (1) is the duty to publish the details of any sanctions imposed on Professional Body Supervisors, and its reviews of Professional Body Supervisors with data disaggregated by body rather than by sector.”

Dame Margaret Hodge

NC73

To move the following Clause—

**“Offence of failure to prevent fraud, false accounting or money
laundering**

- (1) A relevant commercial organisation (“C”) is guilty of an offence under this section where—
 - (a) a person (“A”) associated with C commits a fraud, false accounting or an act of money laundering, or aids and abets a fraud, false accounting or act of money laundering, intending—
 - (i) to confer a business advantage on C, or
 - (ii) to confer a benefit on a person to whom A provides services on behalf of C, and
 - (b) C fails to prevent the activity set out in paragraph (a).
- (2) C does not commit an offence where C can prove that the conduct detailed in subsection (1)(a) was intended to cause harm to C.
- (3) It is a defence for C to prove that, at the relevant time, C had in place procedures that were reasonable in all the circumstances and which were designed to prevent persons associated with C from undertaking the conduct detailed in subsection (1)(a).

- (4) For the purposes of this section “relevant commercial organisation” means—
- (a) For the offence as it relates to false accounting and fraud, “relevant commercial organisations” are defined as—
- (i) a body which is incorporated under the law of any part of the United Kingdom and which carries on a business (whether there or elsewhere),
 - (ii) any other body corporate (wherever incorporated) which carries on a business, or part of a business, in any part of the United Kingdom,
 - (iii) a partnership which is formed under the law of any part of the United Kingdom and which carries on a business (whether there or elsewhere), or
 - (iv) any other partnership (wherever formed) which carries on a business, or part of a business, in any part of the United Kingdom, and
 - (v) for the purposes of this section, a trade or profession is a business.
- (b) For the offence as it relates to money laundering, “relevant commercial organisations” is defined as—
- (i) credit institutions;
 - (ii) financial institutions;
 - (iii) auditors, insolvency practitioners, external accountants and tax advisers;
 - (iv) independent legal professionals;
 - (v) trust or company service providers;
 - (vi) estate agents and letting agents;
 - (vii) high value dealers;
 - (viii) casinos;
 - (ix) art market participants;
 - (x) cryptoasset exchange providers;
 - (xi) custodian wallet providers.”

Dame Margaret Hodge

NC74

To move the following Clause—

“Failure to prevent fraud, false accounting or money laundering: director liability

- (1) If an offence under section [*Offence of failure to prevent fraud, false accounting or money laundering*] is committed by a body corporate and it is proved that the offence—
- (a) has been committed with the consent or connivance of an officer of the body corporate, or
 - (b) is attributable to any neglect on the part of an officer of the body corporate, the officer (as well as the body corporate) commits the offence.

- (2) For the purposes of this section, “officer” means—
 - (a) a director, manager, associate, secretary or other similar officer, or
 - (b) a person purporting to act in any such capacity.”

Dame Margaret Hodge

NC75

To move the following Clause—

“The Economic Crime Committee of Parliament

- (1) The Secretary of State must by regulations establish a body to be known as the Economic Crime Committee of Parliament (in this section referred to as “the ECC”).
- (2) The ECC will consist of nine members who are to be drawn both from the members of the House of Commons and from the members of the House of Lords.
- (3) Each member of the ECC is to be appointed by the House of Parliament from which the member is to be drawn.
- (4) The ECC will have the power to meet confidentially.
- (5) The ECC may examine or otherwise oversee any regulatory, enforcement or supervision agencies involved in work related, but not limited to—
 - (a) tax avoidance and evasion by corporations;
 - (b) illicit finance;
 - (c) anti-money laundering supervision;
 - (d) tackling fraud;
 - (e) kleptocracy and corruption; and
 - (f) whistleblower protection.”

Dame Margaret Hodge

NC76

To move the following Clause—

“Whistleblowing: economic crime

- (1) Whistleblowing is defined for the purposes of this section as any disclosure of information suggesting that, in the reasonable opinion of the whistleblower, an economic crime—
 - (a) has occurred,
 - (b) is occurring, or
 - (c) is likely to occur.
- (2) The Secretary of State must, within twelve months of the date of Royal Assent to this Act, set up an office to receive reports of whistleblowing as defined in subsection (1) to be known as the Office for Whistleblowers.
- (3) The Office for Whistleblowers must—
 - (a) protect whistleblowers from detriment resulting from their whistleblowing,

- (b) ensure that disclosures by whistleblowers are investigated, and
 - (c) escalate information and evidence of wrongdoing outside of its remit to another appropriate authority.
- (4) The objectives of the Office for Whistleblowers are—
- (a) to encourage and support whistleblowers to make whistleblowing reports,
 - (b) to provide an independent, confidential and safe environment for making and receiving whistleblowing information,
 - (c) to provide information and advice on whistleblowing, and
 - (d) to act on evidence of detriment to the whistleblower in line with guidance set out by the Secretary of State in regulations.
- (5) The Office for Whistleblowers must report annually to Parliament on the exercise of its duties, objectives and functions.”

Dame Margaret Hodge

NC79

To move the following Clause—

“Identification doctrine

- (1) A body corporate commits an offence listed in Schedule 8 where the offence is committed with the consent, connivance or neglect of a senior manager or senior managers.
- (2) An individual is a “senior manager” of an entity if the individual—
 - (a) plays a significant role in—
 - (i) the making of decisions about how the entity’s relevant activities are to be managed or organised, or
 - (ii) the managing or organising of the entity’s relevant activities, or
 - (b) is the Chief Executive or Chief Financial Officer of the body corporate.
- (3) A body corporate also commits an offence if, acting within the scope of their authority—
 - (a) one or more senior managers engage in conduct, whether by act or omission, such that, if it had been the conduct of only one representative, that representative would have been a party to the offence; and
 - (b) the senior manager who is responsible for the aspect of the organization’s activities that is relevant to the offence — or the senior managers collectively — fail to take all reasonable steps to prevent that offence being committed.”

Dame Margaret Hodge

NC80

To move the following Clause—

“Forfeiture of recoverable property obtained through economic crime

- (1) Where the conditions in paragraph(2) are fulfilled, a notice may be served in accordance with subsection(4) by the Director of Public Prosecutions, the Director of Serious Fraud Office, or the Director General of the National Crime Agency (hereafter, ‘the Director’) upon the holder of an account held at a bank in the United Kingdom.
- (2) The conditions mentioned in paragraph(1) are that—
 - (a) the Director has reasonable grounds to believe that property held in the bank account is recoverable property obtained as a result of an economic crime offence;
 - (b) in relation to the bank account or any property in the bank account, a consent request has been made to an authorized officer under Section 335 of the Proceeds of Crime Act;
 - (c) an authorized officer refused the consent requested;
 - (d) a court has granted an extension of a moratorium period for 186 days under section 336A of the Proceeds of Crime Act 2002; and
 - (e) a court has granted approval to the Director to serve the notice.
- (3) A notice under this section shall be a notice by way of representation and shall—
 - (a) state the name of the holder of the bank account to whom it is addressed;
 - (b) specify the details of the bank account and of the property or part of the property in the bank account which in the opinion of the Director is recoverable property;
 - (c) state a date on which, and a place and time at which, the holder of the bank account is required to attend a hearing of the Court to show cause why the property so specified is not recoverable property and should not be forfeited; and
 - (d) be served on—
 - (i) the holder of the bank account, and
 - (ii) the bank at which the account in question is held,and if an address for service on the holder of the bank account is not known, service on the bank only shall be taken as sufficient for the purposes of this paragraph.
- (4) In this section and section [*Forfeiture of recoverable property obtained through economic crime: summary procedure*]—
 - (a) “economic crime offence” means an offence listed in Schedule 8 of this Act; and
 - (b) “recoverable property” has the meaning given in section 304 of the Proceeds of Crime Act 2002.”

Dame Margaret Hodge

NC81

To move the following Clause—

“Forfeiture of recoverable property obtained through economic crime: summary procedure

- (1) If the person on whom a notice under section [*Forfeiture of recoverable property obtained through economic crime*](3)(d)(i) served (the “respondent”) fails to attend the hearing as required by the notice, the Director may apply forthwith for a forfeiture order, and the Court may make such an order, without further notice to the respondent.
- (2) If the respondent appears (whether in person or by a legal representative) at the hearing, the respondent may—
 - (a) at the hearing, satisfy the Court that the property is not recoverable property; or
 - (b) request that the question of whether or not the property is recoverable property be determined at such later date as the Court may order.
- (3) If the respondent makes a request under subsection(2)(b), the respondent must provide an affidavit in answer to the notice within the period of 21days beginning with the date on which the matter is placed on the list, satisfying the Court that the property is not recoverable property.
- (4) Unless the respondent satisfies the Court that the property is not recoverable property obtained as a result of an economic crime offence, the Court shall, upon the application of the Director, make a forfeiture order in relation to the property specified in the notice or any part of it.
- (5) Property which is forfeited pursuant to a forfeiture order under this section shall be paid into the top slice of the Asset Recovery Incentivisation Scheme run by the Home Department.”

Stephen Kinnock

NC82

To move the following Clause—

“Definition of “unlawful conduct” for the purposes of identifying proceeds of crime

- (1) The Proceeds of Crime Act 2002 is amended as follows.
- (2) In section 241 (“Unlawful conduct”), after subsection (2A) insert—
 - “(2B) Conduct which—
 - (a) poses a grave threat to international peace and security; or
 - (b) constitutes, or is connected with, the commission of a gross violation of international law,
 is also unlawful conduct.
- (2C) The Secretary of State may by regulations make provision about the criteria used to determine whether conduct meets the definition of—
 - (a) a grave threat to international peace and security; or

- (b) a gross violation of international law, for the purposes of subsection (2B) above.
- (2D) The regulations must make provision for the definition of unlawful conduct to include conduct which amounts to—
 - (a) a crime within the jurisdiction of the International Criminal Court as set out in the Rome Statute of 1998;
 - (b) a gross violation of international law, including any violation of the rights of all states to territorial integrity and political independence under the United Nations Charter;
 - (c) conduct prohibited by the United Nations Convention against transnational Organized Crime and its related protocols;
 - (d) conduct prohibited by the United Nations Convention against Corruption;
 - (e) conduct prohibited by the OECD Anti-Bribery Convention; and
 - (f) conduct prohibited by any other international agreement to which the UK is a party.”
- (3) In section 242 (“Property obtained through unlawful conduct”), after subsection (2) insert—
 - “(2A) For the purposes of this section, “unlawful conduct” includes such conduct as the Secretary of State may see fit to designate in regulations as conduct which poses a threat to international peace and security or a violation of international law.””

Member’s explanatory statement

This new clause would expand the scope of “unlawful conduct” under the Proceeds of Crime Act 2002 to include threats to international peace and security and serious violations of international law, thus making it easier to freeze and confiscate assets of individuals linked to such conduct.

Stephen Kinnock

NC83

To move the following Clause—

“Ukraine Compensation Fund

- (1) The Secretary of State must, no later than 90 days from the date on which this Act comes into force, publish and lay before Parliament a strategy to facilitate the use of assets seized under the Russia (Sanctions) (EU Exit) Regulations 2019, as amended, to provide compensation to victims of Russian aggression against Ukraine.
- (2) The strategy must include up to date information on the total value of assets seized by the relevant authorities in—
 - (a) the UK;
 - (b) each of the UK Overseas Territories; and
 - (c) each of the Crown Dependencies
 within the terms of subsection (1).

- (3) The strategy must set out specific plans to—
- (a) facilitate the expedited recovery of assets designated under the Russia (Sanctions) (EU Exit) Regulations 2019, as amended, by the relevant authorities; and
 - (b) support international efforts to establish mechanisms to provide compensation to victims of Russian aggression against Ukraine using assets confiscated in connection with such aggression.
- (4) For the purposes of subsection (3)(b), international efforts to establish mechanisms to provide compensation to victims of Russian aggression against Ukraine include—
- (a) the Russian Elites, Proxies, and Oligarchs (REPO) Task Force;
 - (b) the European Commission’s Freeze and Seize Task Force;
 - (c) any relevant bilateral arrangements which may be agreed by the UK and Ukraine; and
 - (d) any other matters which the Secretary of State may see fit to include in the strategy.”

Member’s explanatory statement

This new clause would require the Secretary of State to prepare and publish a strategy to facilitate the use of confiscated Russian assets to provide compensation for victims of Russian aggression in Ukraine.

Stephen Kinnock
Seema Malhotra

NC84

★ To move the following Clause—

“Compensation for Victims of Economic Crime—

- (1) The Secretary of State must, no later than 90 days from the date on which this Act comes into force, publish and lay before Parliament a strategy for the potential establishment of a fund for the compensation of victims of economic crime.
- (2) The strategy may include provisions on the management and disposal of any assets realised by the government, or any body with law enforcement responsibilities in relation to economic crime, under relevant UK legislation.”

Member’s explanatory statement

This new clause would require the Secretary of State to prepare and publish a strategy on the potential establishment of a fund to provide compensation to victims of economic crime.

Tom Tugendhat

NS1

To move the following Schedule—

“Cryptoassets: terrorism

Part 1

Amendments to the Anti-terrorism, Crime and Security Act 2001

- 1 Schedule 1 to the Anti-terrorism, Crime and Security Act 2001 (forfeiture of terrorist property) is amended as follows.
- 2 After Part 4B insert—

“PART 4BA

Seizure and detention of terrorist cryptoassets

Interpretation

10Z7A(1) In this Schedule—

“cryptoasset” means a cryptographically secured digital representation of value or contractual rights that uses a form of distributed ledger technology and can be transferred, stored or traded electronically;

“crypto wallet” means—

- (a) software,
- (b) hardware,
- (c) a physical item, or
- (d) any combination of the things mentioned in paragraphs (a) to (c), which is used to store the cryptographic private key that allows cryptoassets to be accessed;

“terrorist cryptoasset” means a cryptoasset which—

- (a) is within subsection (1)(a) or (b) of section 1, or
 - (b) is earmarked as terrorist property.
- (2) The Secretary of State may by regulations made by statutory instrument amend the definitions of “cryptoasset” and “crypto wallet” in sub-paragraph (1).
 - (3) Regulations under sub-paragraph (2)—
 - (a) may make different provision for different purposes;
 - (b) may make consequential, supplementary, incidental, transitional, transitory or saving provision.
 - (4) A statutory instrument containing regulations under sub-paragraph (2) may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.

(5) In this Part—

“cryptoasset-related item” means an item of property that is, or that contains or gives access to information that is, likely to assist in the seizure under this Part of terrorist cryptoassets;

“senior officer” means—

- (a) a senior police officer;
- (b) an officer of Revenue and Customs of a rank designated by the Commissioners for His Majesty’s Revenue and Customs as equivalent to that of a senior police officer;
- (c) an immigration officer of a rank designated by the Secretary of State as equivalent to that of a senior police officer;

“senior police officer” means a police officer of at least the rank of superintendent.

Seizure of cryptoasset-related items

10Z7AA(1) An authorised officer may seize any item of property if the authorised officer has reasonable grounds for suspecting that the item is a cryptoasset-related item.

- (2) If an authorised officer is lawfully on any premises, the officer may, for the purpose of—
 - (a) determining whether any property is a cryptoasset-related item, or
 - (b) enabling or facilitating the seizure under this Part of any terrorist cryptoasset,
 require any information which is stored in any electronic form and accessible from the premises to be produced 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.
- (3) But sub-paragraph (2) does not authorise an authorised officer to require a person to produce privileged information.
- (4) In this paragraph “privileged information” means information which a person would be entitled to refuse to provide—
 - (a) in England and Wales and Northern Ireland, on grounds of legal professional privilege in proceedings in the High Court;
 - (b) in Scotland, on grounds of confidentiality of communications in proceedings in the Court of Session.
- (5) Where an authorised officer has seized a cryptoasset-related item under sub-paragraph (1), the officer may use any information obtained from the item for the purpose of—
 - (a) identifying or gaining access to a crypto wallet, and
 - (b) by doing so, enabling or facilitating the seizure under this Part of any cryptoassets.

Initial detention of cryptoasset-related items

10Z7AB(1) Property seized under paragraph 10Z7AA may be detained for an initial period of 48 hours.

- (2) Sub-paragraph (1) authorises the detention of property only for so long as an authorised officer continues to have reasonable grounds for suspicion in relation to that property as described in paragraph 10Z7AA(1).
- (3) In calculating a period of 48 hours for the purposes of this paragraph, no account is to be taken of—
 - (a) any Saturday or Sunday,
 - (b) Christmas Day,

- (c) Good Friday,
- (d) any day that is a bank holiday under the Banking and Financial Dealings Act 1971 in the part of the United Kingdom within which the property is seized, or
- (e) any day prescribed by virtue of section 8(2) of the Criminal Procedure (Scotland) Act 1995 as a court holiday in a sheriff court in the sheriff court district within which the property is seized.

Further detention of cryptoasset-related items

- 10Z7AC(1) The period for which property seized under paragraph 10Z7AA may be detained may be extended by an order made—
- (a) in England and Wales or Northern Ireland, by a magistrates' court;
 - (b) in Scotland, by the sheriff.
- (2) An order under sub-paragraph (1) may not authorise the detention of any property—
- (a) beyond the end of the period of 6 months beginning with the date of the order, and
 - (b) in the case of any further order under this paragraph, beyond the end of the period of 2 years beginning with the date of the first order; but this is subject to sub-paragraph (4).
- (3) A justice of the peace may also exercise the power of a magistrates' court to make the first order under sub-paragraph (1).
- (4) The court or sheriff may make an order for the period of 2 years in sub-paragraph (2)(b) to be extended to a period of up to 3 years beginning with the date of the first order.
- (5) An application to a magistrates' court, a justice of the peace or the sheriff to make the first order under sub-paragraph (1) extending a particular period of detention—
- (a) may be made and heard without notice of the application or hearing having been given to any of the persons affected by the application or to the legal representatives of such a person, and
 - (b) may be heard and determined in private in the absence of persons so affected and of their legal representatives.
- (6) An application for an order under sub-paragraph (1) or (4) may be made—
- (a) in relation to England and Wales and Northern Ireland, by the Commissioners for His Majesty's Revenue and Customs or an authorised officer;
 - (b) in relation to Scotland, by a procurator fiscal.
- (7) The court, sheriff or justice may make an order under sub-paragraph (1) if satisfied, in relation to the item of property to be further detained, that—
- (a) there are reasonable grounds for suspecting that it is a cryptoasset-related item, and
 - (b) its continuing detention is justified.
- (8) The court or sheriff may make an order under sub-paragraph (4) if satisfied that a request for assistance is outstanding in relation to the item of property to be further detained.
- (9) A "request for assistance" in sub-paragraph (8) means a request for assistance in obtaining evidence (including information in any form or article) in connection with the property to be further detained, made —
- (a) by a judicial authority in the United Kingdom under section 7 of the Crime (International Co-operation) Act 2003, or
 - (b) by an authorised officer, to an authority exercising equivalent functions in a foreign country.
- (10) An order under sub-paragraph (1) must provide for notice to be given to persons affected by the order.

Seizure of cryptoassets

- 10Z7AD(1) An authorised officer may seize cryptoassets if the authorised officer has reasonable grounds for suspecting that the cryptoassets are terrorist cryptoassets.
- (2) The circumstances in which a cryptoasset is “seized” for the purposes of sub-paragraph (1) include circumstances in which it is transferred into a crypto wallet controlled by the authorised officer.

Prior authorisation for detention of cryptoassets

- 10Z7AE(1) Where an order is made under paragraph 10Z7AC in respect of a cryptoasset-related item, the court, sheriff or justice making the order may, at the same time, make an order to authorise the detention of any cryptoassets that may be seized as a result of information obtained from that item.
- (2) An application for an order under this paragraph may be made, by a person mentioned in paragraph 10Z7AC(6), at the same time as an application for an order under paragraph 10Z7AC is made by that person.
- (3) The court, sheriff or justice may make an order under this paragraph if satisfied that there are reasonable grounds for suspecting that the cryptoassets that may be seized are terrorist cryptoassets.
- (4) An order under this paragraph authorises detention of the cryptoassets for the same period of time as the order under paragraph 10Z7AC authorises detention in respect of the cryptoasset-related item to which those cryptoassets relate.

Initial detention of cryptoassets

- 10Z7AF(1) Cryptoassets seized under paragraph 10Z7AD may be detained for an initial period of 48 hours.
- (2) Sub-paragraph (1) authorises the detention of cryptoassets only for so long as an authorised officer continues to have reasonable grounds for suspicion in relation to those cryptoassets as described in paragraph 10Z7AD(1).
- (3) In calculating a period of 48 hours for the purposes of this paragraph, no account is to be taken of—
- (a) any Saturday or Sunday,
 - (b) Christmas Day,
 - (c) Good Friday,
 - (d) any day that is a bank holiday under the Banking and Financial Dealings Act 1971 in the part of the United Kingdom within which the property is seized, or
 - (e) any day prescribed by virtue of section 8(2) of the Criminal Procedure (Scotland) Act 1995 as a court holiday in a sheriff court in the sheriff court district within which the property is seized.
- (4) This paragraph is subject to paragraph 10Z7AE.

Further detention of cryptoassets

- 10Z7AG(1) The period for which cryptoassets seized under paragraph 10Z7AD may be detained may be extended by an order made—
- (a) in England and Wales or Northern Ireland, by a magistrates’ court;
 - (b) in Scotland, by the sheriff.

- (2) An order under sub-paragraph (1) may not authorise the detention of any cryptoassets—
 - (a) beyond the end of the period of 6 months beginning with the date of the order, and
 - (b) in the case of any further order under this paragraph, beyond the end of the period of 2 years beginning with the date of the first order; but this is subject to sub-paragraph (4).
- (3) A justice of the peace may also exercise the power of a magistrates' court to make the first order under sub-paragraph (1).
- (4) The court or sheriff may make an order for the period of 2 years in sub-paragraph (2)(b) to be extended to a period of up to 3 years beginning with the date of the first order.
- (5) An application to a magistrates' court, a justice of the peace or the sheriff to make the first order under sub-paragraph (1) extending a particular period of detention—
 - (a) may be made and heard without notice of the application or hearing having been given to any of the persons affected by the application or to the legal representatives of such a person, and
 - (b) may be heard and determined in private in the absence of persons so affected and of their legal representatives.
- (6) An application for an order under sub-paragraph (1) or (4) may be made—
 - (a) in relation to England and Wales and Northern Ireland, by the Commissioners for His Majesty's Revenue and Customs or an authorised officer;
 - (b) in relation to Scotland, by a procurator fiscal.
- (7) The court, sheriff or justice may make an order under sub-paragraph (1) if satisfied, in relation to the cryptoassets to be further detained, that condition 1, condition 2 or condition 3 is met.
- (8) Condition 1 is that there are reasonable grounds for suspecting that the cryptoassets are intended to be used for the purposes of terrorism and that either—
 - (a) their continued detention is justified while their intended use is further investigated or consideration is given to bringing (in the United Kingdom or elsewhere) proceedings against any person for an offence with which the cryptoassets are connected, or
 - (b) proceedings against any person for an offence with which the cryptoassets are connected have been started and have not been concluded.
- (9) Condition 2 is that there are reasonable grounds for suspecting that the cryptoassets consist of resources of an organisation which is a proscribed organisation and that either—
 - (a) their continued detention is justified while investigation is made into whether or not they consist of such resources or consideration is given to bringing (in the United Kingdom or elsewhere) proceedings against any person for an offence with which the cryptoassets are connected, or
 - (b) proceedings against any person for an offence with which the cryptoassets are connected have been started and have not been concluded.
- (10) Condition 3 is that there are reasonable grounds for suspecting that the cryptoassets are property earmarked as terrorist property and that either—
 - (a) their continued detention is justified while their derivation is further investigated or consideration is given to bringing (in the United Kingdom or elsewhere) proceedings against any person for an offence with which the cryptoassets are connected, or
 - (b) proceedings against any person for an offence with which the cryptoassets are connected have been started and have not been concluded.
- (11) The court or sheriff may make an order under sub-paragraph (4) if satisfied that a request for assistance is outstanding in relation to the cryptoassets to be further detained.

- (12) A “request for assistance” in sub-paragraph (11) means a request for assistance in obtaining evidence (including information in any form or article) in connection with the property to be further detained, made —
- (a) by a judicial authority in the United Kingdom under section 7 of the Crime (International Co-operation) Act 2003, or
 - (b) by an authorised officer, to an authority exercising equivalent functions in a foreign country.
- (13) An order under sub-paragraph (1) must provide for notice to be given to persons affected by the order.

Safekeeping of cryptoasset-related items and cryptoassets

10Z7AH(1) An authorised officer must arrange for any item of property seized under paragraph 10Z7AA to be safely stored throughout the period during which it is detained under this Part.

- (2) An authorised officer must arrange for any cryptoassets seized under paragraph 10Z7AD to be safely stored throughout the period during which they are detained under this Part.

Release of cryptoasset-related items and cryptoassets

10Z7AI(1) This paragraph applies while any cryptoasset or other item of property is detained under this Part.

- (2) A magistrates’ court or (in Scotland) the sheriff may, subject to sub-paragraph (9), direct the release of the whole or any part of the property if the following condition is met.
- (3) The condition is that the court or sheriff is satisfied, on an application by the person from whom the property was seized, that the conditions for the detention of the property in this Part are no longer met in relation to the property to be released.
- (4) A person within sub-paragraph (5) may, subject to sub-paragraph (9) and after notifying the magistrates’ court, sheriff or justice under whose order property is being detained, release the whole or any part of the property if satisfied that the detention of the property to be released is no longer justified.
- (5) The following persons are within this sub-paragraph—
- (a) in relation to England and Wales and Northern Ireland, an authorised officer;
 - (b) in relation to Scotland, a procurator fiscal.
- (6) If any cryptoasset-related item which has been released is not claimed within the period of a year beginning with the date on which it was released, an authorised officer may—
- (a) retain the item and deal with it as they see fit,
 - (b) dispose of the item, or
 - (c) destroy the item.
- (7) The powers in sub-paragraph (6) may be exercised only—
- (a) where the authorised officer has taken reasonable steps to notify—
 - (i) the person from whom the item was seized, and
 - (ii) any other persons who the authorised officer has reasonable grounds to believe have an interest in the item,that the item has been released, and
 - (b) with the approval of a senior officer.

- (8) Any proceeds of a disposal of the item are to be paid—
- (a) into the Consolidated Fund if—
 - (i) the item was directed to be released by a magistrates' court, or
 - (ii) a magistrates' court or justice was notified under sub-paragraph (4) of the release;
 - (b) into the Scottish Consolidated Fund if—
 - (i) the item was directed to be released by the sheriff, or
 - (ii) the sheriff was notified under sub-paragraph (4) of the release.
- (9) If (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the property is connected, the property is not to be released under this paragraph (and so is to continue to be detained) until the proceedings are concluded.

PART 4BB

Terrorist cryptoassets: crypto wallet freezing orders

Interpretation

10Z7B(1) In this Part—

- (a) "cryptoasset exchange provider" means a firm or sole practitioner who by way of business provides one or more of the following services, including where the firm or sole practitioner does so as creator or issuer of any of the cryptoassets involved—
 - (i) exchanging, or arranging or making arrangements with a view to the exchange of, cryptoassets for money or money for cryptoassets,
 - (ii) exchanging, or arranging or making arrangements with a view to the exchange of, one cryptoasset for another, or
 - (iii) operating a machine which utilises automated processes to exchange cryptoassets for money or money for cryptoassets;
 - (b) "custodian wallet provider" means a firm or sole practitioner who by way of business provides services to safeguard, or to safeguard and administer—
 - (i) cryptoassets on behalf of its customers, or
 - (ii) private cryptographic keys on behalf of its customers in order to hold, store and transfer cryptoassets;
 - (c) "cryptoasset service provider" includes cryptoasset exchange provider and custodian wallet provider.
- (2) In the definition of "cryptoasset exchange provider" in sub-paragraph (1)—
- (a) "cryptoasset" includes a right to, or interest in, a cryptoasset;
 - (b) "money" means—
 - (i) money in sterling,
 - (ii) money in any other currency, or
 - (iii) money in any other medium of exchange,but does not include a cryptoasset.
- (3) The Secretary of State may by regulations made by statutory instrument amend the definitions in sub-paragraphs (1) and (2).
- (4) Regulations under sub-paragraph (3)—
- (a) may make different provision for different purposes;
 - (b) may make consequential, supplementary, incidental, transitional, transitory or saving provision.

- (5) A statutory instrument containing regulations under sub-paragraph (3) may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.
- (6) For the purposes of this Part—
- (a) a crypto wallet freezing order is an order that, subject to any exclusions (see paragraph 10Z7BD), prohibits each person by or for whom the crypto wallet to which the order applies is administered from—
 - (i) making withdrawals or payments from the crypto wallet, or
 - (ii) using the crypto wallet in any other way;
 - (b) a crypto wallet is administered by or for a person if the person is the person to whom services are being provided by a cryptoasset service provider in relation to that crypto wallet.
- (7) In this Part—
- “enforcement officer” means—
- (a) a constable, or
 - (b) a counter-terrorism financial investigator;
- “relevant court” means—
- (a) in England and Wales and Northern Ireland, a magistrates’ court, and
 - (b) in Scotland, the sheriff;
- “senior officer” means a police officer of at least the rank of superintendent;
- “UK-connected cryptoasset service provider” means a cryptoasset service provider which—
- (a) is acting in the course of business carried on by it in the United Kingdom,
 - (b) has terms and conditions with the persons to whom it provides services which provide for a legal dispute to be litigated in the courts of a part of the United Kingdom,
 - (c) holds, in the United Kingdom, any data relating to the persons to whom it provides services, or
 - (d) meets the condition in sub-paragraph (8).
- (8) The condition in this sub-paragraph is that—
- (a) the cryptoasset service provider has its registered office, or if it does not have one, its head office in the United Kingdom, and
 - (b) the day-to-day management of the provider’s business is the responsibility of that office or another establishment maintained by it in the United Kingdom.

Application for crypto wallet freezing order

- 10Z7BA(1) This paragraph applies if an enforcement officer has reasonable grounds for suspecting that cryptoassets held in a crypto wallet administered by a UK-connected cryptoasset service provider are terrorist cryptoassets.
- (2) Where this paragraph applies the enforcement officer may apply to the relevant court for a crypto wallet freezing order in relation to the crypto wallet in which the cryptoassets are held.

- (3) But—
 - (a) an enforcement officer may not apply for a crypto wallet freezing order unless the officer is a senior officer or is authorised to do so by a senior officer, and
 - (b) the senior officer must consult the Treasury before making the application for the order or (as the case may be) authorising the application to be made, unless in the circumstances it is not reasonably practicable to do so.
- (4) An application for a crypto wallet freezing order may be made without notice if the circumstances of the case are such that notice of the application would prejudice the taking of any steps under this Schedule to forfeit cryptoassets that are terrorist cryptoassets.
- (5) An application for a crypto wallet freezing order under this paragraph may be combined with an application for an account freezing order under paragraph 10Q where a single entity—
 - (a) is both a relevant financial institution for the purposes of paragraph 10Q and a cryptoasset service provider for the purposes of this Part, and
 - (b) operates or administers, for the same person, both an account holding money and a crypto wallet.

Making of crypto wallet freezing order

- 10Z7BB(1) This paragraph applies where an application for a crypto wallet freezing order is made under paragraph 10Z7BA in relation to a crypto wallet.
- (2) The relevant court may make the order if satisfied that there are reasonable grounds for suspecting that some or all of the cryptoassets held in the crypto wallet are terrorist cryptoassets.
 - (3) A crypto wallet freezing order ceases to have effect at the end of the period specified in the order (which may be varied under paragraph 10Z7BC) unless it ceases to have effect at an earlier or later time in accordance with this Part or Part 4BC or 4BD.
 - (4) The period specified by the relevant court for the purposes of sub-paragraph (3) (whether when the order is first made or on a variation under paragraph 10Z7BC) may not exceed the period of 2 years, beginning with the day on which the crypto wallet freezing order is (or was) made; but this is subject to sub-paragraph (5).
 - (5) The relevant court may make an order for the period of 2 years in sub-paragraph (4) to be extended to a period of up to 3 years beginning with the day on which the crypto wallet freezing order is (or was) made.
 - (6) The relevant court may make an order under sub-paragraph (5) if satisfied that a request for assistance is outstanding in relation to some or all of the cryptoassets held in the crypto wallet.
 - (7) A “request for assistance” in sub-paragraph (6) means a request for assistance in obtaining evidence (including information in any form or article) in connection with some or all of the cryptoassets held in the crypto wallet, made—
 - (a) by a judicial authority in the United Kingdom under section 7 of the Crime (International Co-operation) Act 2003, or
 - (b) by an enforcement officer, to an authority exercising equivalent functions in a foreign country.
 - (8) A crypto wallet freezing order must provide for notice to be given to persons affected by the order.

Variation and setting aside of crypto wallet freezing order

- 10Z7BC(1) The relevant court may at any time vary or set aside a crypto wallet freezing order on an application made by—
- (a) an enforcement officer, or
 - (b) any person affected by the order.
- (2) But an enforcement officer may not make an application under sub-paragraph (1) unless the officer is a senior officer or is authorised to do so by a senior officer.
- (3) Before varying or setting aside a crypto wallet freezing order the court must (as well as giving the parties to the proceedings an opportunity to be heard) give such an opportunity to any person who may be affected by its decision.
- (4) In relation to Scotland, the references in this paragraph to setting aside an order are to be read as references to recalling it.

Exclusions

- 10Z7BD(1) The power to vary a crypto wallet freezing order includes (amongst other things) power to make exclusions from the prohibition on making withdrawals or payments from the crypto wallet to which the order applies.
- (2) Exclusions from the prohibition may also be made when the order is made.
- (3) An exclusion may (amongst other things) make provision for the purpose of enabling a person by or for whom the crypto wallet is administered—
- (a) to meet the person's reasonable living expenses, or
 - (b) to carry on any trade, business, profession or occupation.
- (4) An exclusion may be made subject to conditions.
- (5) Where a magistrates' court exercises the power to make an exclusion for the purpose of enabling a person to meet legal expenses that the person has incurred, or may incur, in respect of proceedings under this Schedule, it must ensure that the exclusion—
- (a) is limited to reasonable legal expenses that the person has reasonably incurred or that the person reasonably incurs,
 - (b) specifies the total amount that may be released for legal expenses in pursuance of the exclusion, and
 - (c) is made subject to the same conditions as would be the required conditions (see section 286A of the Proceeds of Crime Act 2002) if the order had been made under section 245A of that Act (in addition to any conditions imposed under sub-paragraph (4)).
- (6) A magistrates' court, in deciding whether to make an exclusion for the purpose of enabling a person to meet legal expenses in respect of proceedings under this Schedule—
- (a) must have regard to the desirability of the person being represented in any proceedings under this Schedule in which the person is a participant, and
 - (b) must disregard the possibility that legal representation of the person in any such proceedings might, were an exclusion not made—
 - (i) be made available under arrangements made for the purposes of Part 1 of the Legal Aid, Sentencing and Punishment of Offenders Act 2012, or
 - (ii) be funded by the Department of Justice in Northern Ireland.
- (7) The sheriff's power to make exclusions may not be exercised for the purpose of enabling any person to meet any legal expenses in respect of proceedings under this Schedule.

- (8) The power to make exclusions must, subject to sub-paragraph (6), be exercised with a view to ensuring, so far as practicable, that there is not undue prejudice to the taking of any steps under this Schedule to forfeit cryptoassets that are terrorist cryptoassets.

Restriction on proceedings and remedies

- 10Z7BE(1) If a court in which proceedings are pending in respect of a crypto wallet administered by a UK-connected cryptoasset service provider is satisfied that a crypto wallet freezing order has been applied for or made in respect of the crypto wallet, it may either stay the proceedings or allow them to continue on any terms it thinks fit.
- (2) Before exercising the power conferred by sub-paragraph (1), the court must (as well as giving the parties to any of the proceedings concerned an opportunity to be heard) give such an opportunity to any person who may be affected by the court's decision.
- (3) In relation to Scotland, the reference in sub-paragraph (1) to staying the proceedings is to be read as a reference to sisting the proceedings.

PART 4BC

Forfeiture of terrorist cryptoassets

Interpretation

10Z7C(1) In this Part—

“cryptoasset service provider” has the same meaning as in Part 4BB (see paragraph 10Z7B(1));

“crypto wallet freezing order” has the same meaning as in Part 4BB (see paragraph 10Z7B(6));

“senior officer” means—

- (a) a senior police officer;
- (b) an officer of Revenue and Customs of a rank designated by the Commissioners for His Majesty's Revenue and Customs as equivalent to that of a senior police officer;
- (c) an immigration officer of a rank designated by the Secretary of State as equivalent to that of a senior police officer;

“senior police officer” means a police officer of at least the rank of superintendent.

- (2) Paragraph 10Z7B(6)(b) (administration of crypto wallets) applies in relation to this Part as it applies in relation to Part 4BB.

Forfeiture

10Z7CA(1) This paragraph applies—

- (a) while any cryptoassets are detained in pursuance of an order under paragraph 10Z7AE or 10Z7AG, or
 - (b) while a crypto wallet freezing order made under paragraph 10Z7BB has effect.
- (2) An application for the forfeiture of some or all of the cryptoassets that are detained or held in the crypto wallet that is subject to the crypto wallet freezing order may be made—
- (a) to a magistrates' court by the Commissioners for His Majesty's Revenue and Customs or an authorised officer, or

- (b) to the sheriff by the Scottish Ministers.
- (3) The court or sheriff may order the forfeiture of some or all of the cryptoassets if satisfied that the cryptoassets are terrorist cryptoassets.
- (4) An order under sub-paragraph (3) made by a magistrates' court may provide for payment under paragraph 10Z7CJ of reasonable legal expenses that a person has reasonably incurred, or may reasonably incur, in respect of—
 - (a) the proceedings in which the order is made, or
 - (b) any related proceedings under this Part.
- (5) A sum in respect of a relevant item of expenditure is not payable under paragraph 10Z7CJ in pursuance of provision under sub-paragraph (4) unless—
 - (a) the person who applied for the order under sub-paragraph (3) agrees to its payment, or
 - (b) the court has assessed the amount allowed in respect of that item and the sum is paid in respect of the assessed amount.
- (6) For the purposes of sub-paragraph (5)—
 - (a) a "relevant item of expenditure" is an item of expenditure to which regulations under section 286B of the Proceeds of Crime Act 2002 would apply if the order under sub-paragraph (3) had instead been a recovery order made under section 266 of that Act;
 - (b) an amount is "allowed" in respect of a relevant item of expenditure if it would have been allowed by those regulations;
 - (c) if the person who applied for the order under sub-paragraph (3) was an authorised officer, that person may not agree to the payment of a sum unless the person is a senior officer or is authorised to do so by a senior officer.
- (7) Sub-paragraph (3) ceases to apply on the transfer of an application made under this paragraph in accordance with paragraph 10Z7CE.

Forfeiture: supplementary

- 10Z7CB(1) Sub-paragraph (2) applies where an application is made under paragraph 10Z7CA for the forfeiture of any cryptoassets detained in pursuance of an order under paragraph 10Z7AE or 10Z7AG.
- (2) The cryptoassets are to continue to be detained in pursuance of the order (and may not be released under any power conferred by this Schedule) until any proceedings in pursuance of the application (including any proceedings on appeal) are concluded.
This is subject to Part 4BD (conversion to money)
 - (3) Where an application is made under paragraph 10Z7CA in relation to cryptoassets held in a crypto wallet that is subject to a crypto wallet freezing order—
 - (a) sub-paragraphs (4) and (5) apply, and
 - (b) the crypto wallet freezing order is to continue to have effect until the time referred to in sub-paragraph (4)(b) or (5).
 - (4) Where the cryptoassets are ordered to be forfeited under paragraph 10Z7CA(3) or 10Z7CE(3)—
 - (a) the cryptoasset service provider that administers the crypto wallet must transfer the cryptoassets into a crypto wallet nominated by an authorised officer, and
 - (b) immediately after the transfer has been made, the freezing order ceases to have effect.

- (5) Where the application is determined or otherwise disposed of other than by the making of an order under paragraph 10Z7CA(3) or 10Z7CE(3), the crypto wallet freezing order ceases to have effect immediately after that determination or other disposal.
- (6) Sub-paragraphs (4)(b) and (5) are subject to paragraph 10Z7CF and Part 4BD.
- (7) The Secretary of State may by regulations made by statutory instrument amend this paragraph to make provision about the forfeiture of cryptoassets held in a crypto wallet that is subject to a crypto wallet freezing order.
- (8) Regulations under sub-paragraph (7) may in particular make provision about—
 - (a) the process for the forfeiture of cryptoassets;
 - (b) the realisation of forfeited cryptoassets;
 - (c) the application of the proceeds of such realisation.
- (9) Regulations under sub-paragraph (7) may—
 - (a) make different provision for different purposes;
 - (b) make consequential, supplementary, incidental, transitional, transitory or saving provision, including provision which makes consequential amendments to this Part.
- (10) A statutory instrument containing regulations under sub-paragraph (7) may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.

Associated and joint property

- 10Z7CC(1) Paragraphs 10Z7CD and 10Z7CE apply if—
- (a) an application is made under paragraph 10Z7CA in respect of cryptoassets,
 - (b) the court or sheriff is satisfied that some or all of the cryptoassets are terrorist cryptoassets, and
 - (c) there exists property that is associated with the cryptoassets in relation to which the court or sheriff is satisfied as mentioned in paragraph (b).
- (2) Paragraphs 10Z7CD and 10Z7CE also apply in England and Wales and Northern Ireland if—
- (a) an application is made under paragraph 10Z7CA in respect of cryptoassets,
 - (b) the court is satisfied that some or all of the cryptoassets are earmarked as terrorist property, and
 - (c) the cryptoassets in relation to which the court is satisfied as mentioned in paragraph (b) belong to joint tenants and one of the tenants is an excepted joint owner.
- (3) In this paragraph and paragraphs 10Z7CD and 10Z7CE, “associated property” means property of any of the following descriptions that is not itself the forfeitable property—
- (a) any interest in the forfeitable property;
 - (b) any other interest in the property in which the forfeitable property subsists;
 - (c) if the forfeitable property is part of a larger property, but not a separate part, the remainder of that property.
- References to property being associated with forfeitable property are to be read accordingly.
- (4) In this paragraph and paragraphs 10Z7CD and 10Z7CE, the “forfeitable property” means the cryptoassets in relation to which the court or sheriff is satisfied as mentioned in sub-paragraph (1)(b) or (2)(b) (as the case may be).
- (5) For the purposes of this paragraph and paragraphs 10Z7CD and 10Z7CE—
- (a) an excepted joint owner is a joint tenant who obtained the property in circumstances in which it would not (as against them) be earmarked, and

- (b) references to the excepted joint owner's share of property are to so much of the property as would have been theirs if the joint tenancy had been severed.

Agreements about associated and joint property

10Z7CD(1) Where—

- (a) this paragraph applies, and
 - (b) the person who applied for the order under paragraph 10Z7CA (on the one hand) and the person who holds the associated property or who is the excepted joint owner (on the other hand) agree,
- the magistrates' court or sheriff may, instead of making an order under paragraph 10Z7CA(3), make an order requiring the person who holds the associated property or who is the excepted joint owner to make a payment to a person identified in the order.
- (2) The amount of the payment is (subject to sub-paragraph (3)) to be the amount which the persons referred to in sub-paragraph (1)(b) agree represents—
 - (a) in a case where this paragraph applies by virtue of paragraph 10Z7CC(1), the value of the forfeitable property;
 - (b) in a case where this paragraph applies by virtue of paragraph 10Z7CC(2), the value of the forfeitable property less the value of the excepted joint owner's share.
 - (3) The amount of the payment may be reduced if the person who applied for the order under paragraph 10Z7CA agrees that the other party to the agreement has suffered loss as a result of—
 - (a) the seizure of the forfeitable property under paragraph 10Z7AD and its subsequent detention, or
 - (b) the making of a crypto wallet freezing order under paragraph 10Z7BB.
 - (4) The reduction that is permissible by virtue of sub-paragraph (3) is such amount as the parties to the agreement agree is reasonable, having regard to the loss suffered and any other relevant circumstances.
 - (5) An order under sub-paragraph (1) may, so far as required for giving effect to the agreement, include provision for vesting, creating or extinguishing any interest in property.
 - (6) An order under sub-paragraph (1) made by a magistrates' court may provide for payment under sub-paragraph (11) of reasonable legal expenses that a person has reasonably incurred, or may reasonably incur, in respect of—
 - (a) the proceedings in which the order is made, or
 - (b) any related proceedings under this Part.
 - (7) A sum in respect of a relevant item of expenditure is not payable under sub-paragraph (11) in pursuance of provision under sub-paragraph (6) unless—
 - (a) the person who applied for the order under paragraph 10Z7CA agrees to its payment, or
 - (b) the court has assessed the amount allowed in respect of that item and the sum is paid in respect of the assessed amount.
 - (8) For the purposes of sub-paragraph (7)—
 - (a) a "relevant item of expenditure" is an item of expenditure to which regulations under section 286B of the Proceeds of Crime Act 2002 would apply if the order under sub-paragraph (1) had instead been a recovery order made under section 266 of that Act;
 - (b) an amount is "allowed" in respect of a relevant item of expenditure if it would have been allowed by those regulations.

- (9) If there is more than one item of associated property or more than one excepted joint owner, the total amount to be paid under sub-paragraph (1), and the part of that amount which is to be provided by each person who holds any such associated property or who is an excepted joint owner, is to be agreed between both (or all) of them and the person who applied for the order under paragraph 10Z7CA.
- (10) If the person who applied for the order under paragraph 10Z7CA was an authorised officer, that person may enter into an agreement for the purposes of any provision of this paragraph only if the person is a senior officer or is authorised to do so by a senior officer.
- (11) An amount received under an order under sub-paragraph (1) must be applied as follows—
 - (a) first, it must be applied in making any payment of legal expenses which, after giving effect to sub-paragraph (7), are payable under this sub-paragraph in pursuance of provision under sub-paragraph (6);
 - (b) second, it must be applied in payment or reimbursement of any reasonable costs incurred in storing or insuring the forfeitable property and any associated property whilst detained under this Schedule;
 - (c) third, it must be paid—
 - (i) if the order was made by a magistrates' court, into the Consolidated Fund;
 - (ii) if the order was made by the sheriff, into the Scottish Consolidated Fund.

Associated and joint property: default of agreement

- 10Z7CE(1) Where this paragraph applies and there is no agreement under paragraph 10Z7CD, the magistrates' court or sheriff may transfer the application made under paragraph 10Z7CA to the appropriate court.
- (2) The "appropriate court" is—
 - (a) the High Court, where the application under paragraph 10Z7CA was made to a magistrates' court;
 - (b) the Court of Session, where the application under paragraph 10Z7CA was made to the sheriff.
 - (3) Where (under sub-paragraph (1)) an application made under paragraph 10Z7CA is transferred to the appropriate court, the appropriate court may order the forfeiture of the property to which the application relates, or any part of that property, if satisfied that what is to be forfeited—
 - (a) is within subsection (1)(a) or (b) of section 1, or
 - (b) is property earmarked as terrorist property.
 - (4) An order under sub-paragraph (3) made by the High Court may include provision of the type that may be included in an order under paragraph 10Z7CA(3) made by a magistrates' court by virtue of paragraph 10Z7CA(4).
 - (5) If provision is included in an order of the High Court by virtue of sub-paragraph (4) of this paragraph, paragraph 10Z7CA(5) and (6) apply with the necessary modifications.
 - (6) The appropriate court may, as well as making an order under sub-paragraph (3), make an order—
 - (a) providing for the forfeiture of the associated property or (as the case may be) for the excepted joint owner's interest to be extinguished, or
 - (b) providing for the excepted joint owner's interest to be severed.

- (7) Where (under sub-paragraph (1)) the magistrates' court or sheriff decides not to transfer an application made under paragraph 10Z7CA to the appropriate court, the magistrates' court or sheriff may, as well as making an order under paragraph 10Z7CA(3), make an order—
- (a) providing for the forfeiture of the associated property or (as the case may be) for the excepted joint owner's interest to be extinguished, or
 - (b) providing for the excepted joint owner's interest to be severed.
- (8) An order under sub-paragraph (6) or (7) may be made only if the appropriate court, the magistrates' court or the sheriff (as the case may be) thinks it just and equitable to do so.
- (9) An order under sub-paragraph (6) or (7) must provide for the payment of an amount to the person who holds the associated property or who is an excepted joint owner.
- (10) In making an order under sub-paragraph (6) or (7), and including provision in it by virtue of sub-paragraph (9), the appropriate court, the magistrates' court or the sheriff (as the case may be) must have regard to—
- (a) the rights of any person who holds the associated property or who is an excepted joint owner and the value to that person of that property or (as the case may be) of that person's share (including any value that cannot be assessed in terms of money), and
 - (b) the interest of the person who applied for the order under paragraph 10Z7CA in realising the value of the forfeitable property.
- (11) If the appropriate court, the magistrates' court or the sheriff (as the case may be) is satisfied that—
- (a) the person who holds the associated property or who is an excepted joint owner has suffered loss as a result of—
 - (i) the seizure of the forfeitable property under paragraph 10Z7AD and its subsequent detention, or
 - (ii) the making of the crypto wallet freezing order under paragraph 10Z7BB, and
 - (b) the circumstances are exceptional,
- an order under sub-paragraph (6) or (7) may require the payment of compensation to that person.
- (12) The amount of compensation to be paid by virtue of sub-paragraph (11) is the amount the appropriate court, the magistrates' court or the sheriff (as the case may be) thinks reasonable, having regard to the loss suffered and any other relevant circumstances.
- (13) Compensation to be paid by virtue of sub-paragraph (11) is to be paid in the same way that compensation is to be paid under paragraph 10Z7CM.

Continuation of crypto wallet freezing order pending appeal

- 10Z7CF(1) This paragraph applies where, on an application under paragraph 10Z7CA in relation to a crypto wallet to which a crypto wallet freezing order applies—
- (a) the magistrates' court or sheriff decides—
 - (i) to make an order under paragraph 10Z7CA(3) in relation to some but not all of the cryptoassets to which the application related, or
 - (ii) not to make an order under paragraph 10Z7CA(3), or
 - (b) if the application is transferred in accordance with paragraph 10Z7CE(1), the High Court or Court of Session decides—
 - (i) to make an order under paragraph 10Z7CE(3) in relation to some but not all of the cryptoassets to which the application related, or
 - (ii) not to make an order under paragraph 10Z7CE(3).

- (2) The person who made the application under paragraph 10Z7CA may apply without notice to the court or sheriff that made the decision referred to in sub-paragraph (1) for an order that the crypto wallet freezing order is to continue to have effect.
- (3) Where the court or sheriff makes an order under sub-paragraph (2) the crypto wallet freezing order is to continue to have effect until—
 - (a) the end of the period of 48 hours starting with the making of the order under sub-paragraph (2), or
 - (b) if within that period of 48 hours an appeal is brought (whether under paragraph 10Z7CG or otherwise) against the decision referred to in sub-paragraph (1), the time when the appeal is determined or otherwise disposed of.
- (4) Sub-paragraph (3) of paragraph 10Z7AF applies for the purposes of sub-paragraph (3) as it applies for the purposes of that paragraph.

Paragraphs 10Z7CA to 10Z7CE: appeals

- 10Z7CG(1) Any party to proceedings for an order for the forfeiture of cryptoassets under paragraph 10Z7CA may appeal against—
- (a) the making of an order under paragraph 10Z7CA;
 - (b) the making of an order under paragraph 10Z7CE(7);
 - (c) a decision not to make an order under paragraph 10Z7CA unless the reason that no order was made is that an order was instead made under paragraph 10Z7CD;
 - (d) a decision not to make an order under paragraph 10Z7CE(7).
- Paragraphs (c) and (d) do not apply if the application for the order under paragraph 10Z7CA was transferred in accordance with paragraph 10Z7CE(1).
- (2) Where an order under paragraph 10Z7CD is made by a magistrates' court, any party to the proceedings for the order (including any party to the proceedings under paragraph 10Z7CA that preceded the making of the order) may appeal against a decision to include, or not to include, provision in the order under paragraph 10Z7CD(6).
 - (3) An appeal under this paragraph lies—
 - (a) in relation to England and Wales, to the Crown Court;
 - (b) in relation to Scotland, to the Sheriff Appeal Court;
 - (c) in relation to Northern Ireland, to a county court.
 - (4) An appeal under this paragraph must be made before the end of the period of 30 days starting with the day on which the court or sheriff makes the order or decision.
 - (5) Sub-paragraph (4) is subject to paragraph 10Z7CH.
 - (6) The court hearing the appeal may make any order it thinks appropriate.
 - (7) If the court upholds an appeal against an order forfeiting any cryptoasset or other item of property, it may, subject to sub-paragraph (8), order the release of the whole or any part of the property.
 - (8) If (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the property is connected, the property is not to be released under this paragraph (and so is to continue to be detained) until the proceedings are concluded.

Extended time for appealing in certain cases where deproscription order made

- 10Z7CH(1) This paragraph applies where—
- (a) a successful application for an order under paragraph 10Z7CA relies (wholly or partly) on the fact that an organisation is proscribed,

- (b) an application under section 4 of the Terrorism Act 2000 for a deproscription order in respect of the organisation is refused by the Secretary of State,
 - (c) the property forfeited by the order under paragraph 10Z7CA was seized under this Schedule on or after the date of the refusal of that application,
 - (d) an appeal against that refusal is allowed under section 5 of the Terrorism Act 2000,
 - (e) a deproscription order is made accordingly, and
 - (f) if the order is made in reliance on section 123(5) of the Terrorism Act 2000, a resolution is passed by each House of Parliament under section 123(5)(b) of that Act.
- (2) Where this paragraph applies, an appeal under paragraph 10Z7CG against the making of an order under paragraph 10Z7CA, and against the making (in addition) of any order under paragraph 10Z7CE(7), may be brought at any time before the end of the period of 30 days beginning with the date on which the deproscription order comes into force.
- (3) In this paragraph a “deproscription order” means an order under section 3(3)(b) or (8) of the Terrorism Act 2000.

Realisation or destruction of forfeited cryptoassets etc

10Z7CI(1) This paragraph applies where any cryptoasset or other item of property is forfeited under this Part.

- (2) An authorised officer must—
- (a) realise the property, or
 - (b) make arrangements for its realisation.
- This is subject to sub-paragraphs (3) to (5).
- (3) The property is not to be realised—
- (a) before the end of the period within which an appeal may be made (whether under paragraph 10Z7CG or otherwise), or
 - (b) if an appeal is made within that period, before the appeal is determined or otherwise disposed of.
- (4) The realisation of property under sub-paragraph (2) must be carried out, so far as practicable, in the manner best calculated to maximise the amount obtained for the property.
- (5) Where an authorised officer is satisfied that—
- (a) it is not reasonably practicable to realise any cryptoasset, or
 - (b) there are reasonable grounds to believe that the realisation of any cryptoasset would be contrary to the public interest,
- the authorised officer may destroy the cryptoasset.
- (6) But—
- (a) the authorised officer may destroy the cryptoasset only if the officer is a senior officer or is authorised to do so by a senior officer, and
 - (b) the cryptoasset is not to be destroyed—
 - (i) before the end of the period within which an appeal may be made (whether under paragraph 10Z7CG or otherwise), or
 - (ii) if an appeal is made within that period, before the appeal is determined or otherwise disposed of.
- (7) The question of whether the realisation of the cryptoasset would be contrary to the public interest is to be determined with particular reference to how likely it is that the entry of the cryptoasset into general circulation would facilitate criminal conduct by any person.

Proceeds of realisation

- 10Z7CJ(1) This paragraph applies where any cryptoasset or other item of property is realised under paragraph 10Z7CI.
- (2) The proceeds of the realisation must be applied as follows—
- (a) first, they must be applied in making any payment required to be made by virtue of paragraph 10Z7CE(9);
 - (b) second, they must be applied in making any payment of legal expenses which, after giving effect to paragraph 10Z7CA(5) (including as applied by paragraph 10Z7CE(5)), are payable under this sub-paragraph in pursuance of provision under paragraph 10Z7CA(4) or, as the case may be, 10Z7CE(4);
 - (c) third, they must be applied in payment or reimbursement of any reasonable costs incurred in storing or insuring the property whilst detained under this Schedule and in realising the property;
 - (d) fourth, they must be paid—
 - (i) if the property was forfeited by a magistrates' court or the High Court, into the Consolidated Fund;
 - (ii) if the property was forfeited by the sheriff or the Court of Session, into the Scottish Consolidated Fund.
- (3) If what is realised under paragraph 10Z7CI represents part only of an item of property, the reference in sub-paragraph (2)(c) to costs incurred in storing or insuring the property is to be read as a reference to costs incurred in storing or insuring the whole of the property.

Victims etc: detained cryptoassets

- 10Z7CK(1) A person who claims that any cryptoassets detained under this Schedule belong to the person may apply for some or all of the cryptoassets to be released.
- (2) An application under sub-paragraph (1) is to be made—
- (a) in England and Wales or Northern Ireland, to a magistrates' court;
 - (b) in Scotland, to the sheriff.
- (3) The application may be made in the course of proceedings under paragraph 10Z7AG or 10Z7CA or at any other time.
- (4) The court or sheriff may, subject to sub-paragraph (8), order the cryptoassets to which the application relates to be released to the applicant if it appears to the court or sheriff that—
- (a) the applicant was deprived of the cryptoassets to which the application relates, or of property which they represent, by criminal conduct,
 - (b) the cryptoassets the applicant was deprived of were not, immediately before the applicant was deprived of them, property obtained by or in return for criminal conduct and nor did they then represent such property, and
 - (c) the cryptoassets belong to the applicant.
- (5) If sub-paragraph (6) applies, the court or sheriff may, subject to sub-paragraph (8), order the cryptoassets to which the application relates to be released to the applicant or to the person from whom they were seized.
- (6) This sub-paragraph applies where—
- (a) the applicant is not the person from whom the cryptoassets to which the application relates were seized,
 - (b) it appears to the court or sheriff that those cryptoassets belong to the applicant,
 - (c) the court or sheriff is satisfied that the release condition is met in relation to those cryptoassets, and

- (d) no objection to the making of an order under sub-paragraph (5) has been made by the person from whom those cryptoassets were seized.
- (7) The release condition is met—
 - (a) if the conditions in Part 4BA for the detention of the cryptoassets are no longer met, or
 - (b) in relation to cryptoassets which are subject to an application for forfeiture under paragraph 10Z7CA, if the court or sheriff decides not to make an order under that paragraph in relation to the cryptoassets.
- (8) If (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the cryptoassets are connected, the cryptoassets are not to be released under this paragraph (and so are to continue to be detained) until the proceedings are concluded.

Victims etc: crypto wallet freezing orders

- 10Z7CL(1) A person who claims that any cryptoassets held in a crypto wallet in respect of which a crypto wallet freezing order has been made belong to the person may apply for some or all of the cryptoassets to be released.
- (2) An application under sub-paragraph (1) is to be made—
 - (a) in England and Wales or Northern Ireland, to a magistrates' court;
 - (b) in Scotland, to the sheriff.
 - (3) The application may be made in the course of proceedings under paragraph 10Z7BB or 10Z7CA or at any other time.
 - (4) The court or sheriff may, subject to sub-paragraph (8), order the cryptoassets to which the application relates to be released to the applicant if it appears to the court or sheriff that—
 - (a) the applicant was deprived of the cryptoassets to which the application relates, or of property which they represent, by criminal conduct,
 - (b) the cryptoassets the applicant was deprived of were not, immediately before the applicant was deprived of them, property obtained by or in return for criminal conduct and nor did they then represent such property, and
 - (c) the cryptoassets belong to the applicant.
 - (5) If sub-paragraph (6) applies, the court or sheriff may, subject to sub-paragraph (8), order the cryptoassets to which the application relates to be released to the applicant.
 - (6) This sub-paragraph applies where—
 - (a) the applicant is not the person from whom the cryptoassets to which the application relates were seized,
 - (b) it appears to the court or sheriff that those cryptoassets belong to the applicant,
 - (c) the court or sheriff is satisfied that the release condition is met in relation to those cryptoassets, and
 - (d) no objection to the making of an order under sub-paragraph (5) has been made by the person from whom those cryptoassets were seized.
 - (7) The release condition is met—
 - (a) if the conditions for the making of the crypto wallet freezing order are no longer met in relation to the cryptoassets to which the application relates, or
 - (b) in relation to cryptoassets held in a crypto wallet subject to a crypto wallet freezing order which are subject to an application for forfeiture under paragraph 10Z7CA, if the court or sheriff decides not to make an order under that paragraph in relation to the cryptoassets.

- (8) Cryptoassets are not to be released under this paragraph—
- (a) if an application for their forfeiture under paragraph 10Z7CA is made, until any proceedings in pursuance of the application (including any proceedings on appeal) are concluded;
 - (b) if (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the cryptoassets are connected, until the proceedings are concluded.
- (9) In relation to cryptoassets held in a crypto wallet that is subject to a crypto wallet freezing order, references in this paragraph to a person from whom cryptoassets were seized include a reference to a person by or for whom the crypto wallet was administered immediately before the crypto wallet freezing order was made.

Compensation

- 10Z7CM(1) This paragraph applies if no order is made under paragraph 10Z7CA, 10Z7CD or 10Z7CE in respect of cryptoassets detained under this Schedule or held in a crypto wallet that is subject to a crypto wallet freezing order under paragraph 10Z7BB.
- (2) Where this paragraph applies, the following may make an application to the relevant court for compensation—
- (a) a person to whom the cryptoassets belong or from whom they were seized;
 - (b) a person by or for whom a crypto wallet to which the crypto wallet freezing order applies is administered.
- (3) If the relevant court is satisfied that the applicant has suffered loss as a result of the detention of the cryptoassets or the making of the crypto wallet freezing order and that the circumstances are exceptional, the relevant court may order compensation to be paid to the applicant.
- (4) The amount of compensation to be paid is the amount the relevant court thinks reasonable, having regard to the loss suffered and any other relevant circumstances.
- (5) If the cryptoassets were seized, or the crypto wallet freezing order was applied for, by an officer of Revenue and Customs, the compensation is to be paid by the Commissioners for His Majesty's Revenue and Customs.
- (6) If the cryptoassets were seized, or the crypto wallet freezing order was applied for, by a constable, the compensation is to be paid as follows—
- (a) in the case of a constable of a police force in England and Wales, it is to be paid out of the police fund from which the expenses of the police force are met;
 - (b) in the case of a constable of the Police Service of Scotland, it is to be paid by the Scottish Police Authority;
 - (c) in the case of a police officer within the meaning of the Police (Northern Ireland) Act 2000, it is to be paid out of money provided by the Chief Constable of the Police Service of Northern Ireland.
- (7) If the cryptoassets were seized, or the crypto wallet freezing order was applied for, by a counter-terrorism financial investigator, the compensation is to be paid as follows—
- (a) in the case of a counter-terrorism financial investigator who was—
 - (i) a member of the civilian staff of a police force (including the metropolitan police force), within the meaning of Part 1 of the Police Reform and Social Responsibility Act 2011, or
 - (ii) a member of staff of the City of London police force,it is to be paid out of the police fund from which the expenses of the police force are met;

- (b) in the case of a counter-terrorism financial investigator who was a member of staff of the Police Service of Northern Ireland, it is to be paid out of money provided by the Chief Constable of the Police Service of Northern Ireland.
- (8) If the cryptoassets were seized, or the crypto wallet freezing order was applied for, by an immigration officer, the compensation is to be paid by the Secretary of State.
- (9) If an order under paragraph 10Z7BB, 10Z7CA, 10Z7CD or 10Z7CE is made in respect of some of the cryptoassets detained or held, this paragraph has effect in relation to the remainder.
- (10) This paragraph does not apply if the relevant court makes an order under paragraph 10Z7CK or 10Z7CL.
- (11) In this paragraph “relevant court” means—
 - (a) in England and Wales and Northern Ireland, a magistrates’ court;
 - (b) in Scotland, the sheriff.

PART 4BD

Conversion of cryptoassets

Interpretation

10Z7D(1) In this Part—

“converted cryptoassets” is to be read in accordance with paragraphs 10Z7DC and 10Z7DD;

“crypto wallet freezing order” has the same meaning as in Part 4BB (see paragraph 10Z7B(6));

“relevant court” means—

- (a) in England and Wales and Northern Ireland, a magistrates’ court;
- (b) in Scotland, the sheriff;

“relevant financial institution” has the same meaning as in Part 4B (see paragraph 10Q);

“UK-connected cryptoasset service provider” has the same meaning as in Part 4BB (see paragraph 10Z7B(7)).

- (2) Paragraph 10Z7B(6)(b) (administration of crypto wallets) applies in relation to this Part as it applies in relation to Part 4BB.
- (3) In this Part references to the conversion of cryptoassets into money are references to the conversion of cryptoassets into—
 - (a) cash, or
 - (b) money held in an account maintained with a relevant financial institution.
- (4) For the purposes of Parts 2 to 4, converted cryptoassets detained under this Part are not to be treated as cash detained under this Schedule.

Detained cryptoassets: conversion

10Z7DA(1) Sub-paragraph (2) applies while any cryptoassets are detained in pursuance of an order under paragraph 10Z7AE or 10Z7AG (including where cryptoassets are subject to forfeiture proceedings).

- (2) A person within sub-paragraph (3) may apply to the relevant court for an order requiring all of the cryptoassets detained pursuant to the order to be converted into money.

- (3) The following persons are within this sub-paragraph—
 - (a) an authorised officer;
 - (b) a person from whom the cryptoassets were seized.
- (4) In deciding whether to make an order under this paragraph, 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).
- (5) Before making an order under this paragraph the court must give an opportunity to be heard to—
 - (a) the parties to the proceedings, and
 - (b) any other person who may be affected by its decision.
- (6) As soon as practicable after an order is made under this paragraph, an authorised officer must convert the cryptoassets, or arrange for the cryptoassets to be converted, into money.
- (7) The conversion of cryptoassets under sub-paragraph (6) must be carried out, so far as practicable, in the manner best calculated to maximise the amount of money obtained for the cryptoassets.
- (8) At the first opportunity after the cryptoassets are converted, the authorised officer must arrange for the amount of money obtained for the cryptoassets to be paid into an interest-bearing account and held there.
- (9) Interest accruing on the amount is to be added to it on its forfeiture or release.
- (10) Where cryptoassets are converted into money in accordance with an order made under this paragraph—
 - (a) the cryptoassets are no longer to be treated as being detained in pursuance of an order under paragraph 10Z7AE or 10Z7AG, and
 - (b) any application made under paragraph 10Z7CA(2) in relation to the cryptoassets which has not yet been determined or otherwise disposed of (including under paragraph 10Z7CD or 10Z7CE) is to be treated as if it were an application made under paragraph 10Z7DG(2) in relation to the converted cryptoassets.
- (11) An order made under this paragraph must provide for notice to be given to persons affected by the order.
- (12) No appeal may be made against an order made under this paragraph.

Frozen crypto wallet: conversion

- 10Z7DB(1) This paragraph applies while a crypto wallet freezing order under paragraph 10Z7BB has effect (including where cryptoassets held in a crypto wallet that is subject to a crypto wallet freezing order are subject to forfeiture proceedings).
- (2) A person within sub-paragraph (3) may apply to the relevant court for an order requiring all of the cryptoassets held in the crypto wallet to be converted into money.
 - (3) The following persons are within this sub-paragraph—
 - (a) an authorised officer;
 - (b) a person by or for whom the crypto wallet is administered.
 - (4) In deciding whether to make an order under this paragraph, 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—
 - (a) the crypto wallet freezing order ceases to have effect, or

- (b) the cryptoassets are forfeited (including the period during which an appeal against an order for forfeiture may be made).
- (5) Before making an order under this paragraph the court must give an opportunity to be heard to—
- (a) the parties to the proceedings, and
 - (b) any other person who may be affected by its decision.
- (6) As soon as practicable after an order is made under this paragraph, the UK-connected cryptoasset service provider that administers the crypto wallet must convert the cryptoassets, or arrange for the cryptoassets to be converted, into money.
- (7) The conversion of cryptoassets under sub-paragraph (6) must be carried out, so far as practicable, in the manner best calculated to maximise the amount of money obtained for the cryptoassets.
- (8) At the first opportunity after the cryptoassets are converted, the UK-connected cryptoasset service provider must arrange for the amount of money obtained for the cryptoassets to be paid into an interest-bearing account nominated by an authorised officer and held there.
- (9) But—
- (a) the UK-connected cryptoasset service provider may deduct any reasonable expenses incurred by the provider in connection with the conversion of the cryptoassets, and
 - (b) the amount to be treated as the proceeds of the conversion of the cryptoassets is to be reduced accordingly.
- (10) Interest accruing on the amount obtained for the cryptoassets is to be added to it on its forfeiture or release.
- (11) Where cryptoassets are converted in accordance with an order made under this paragraph—
- (a) the crypto wallet freezing order ceases to have effect,
 - (b) any application made under paragraph 10Z7CA(2) in relation to the cryptoassets which has not yet been determined or otherwise disposed of (including under paragraph 10Z7CD or 10Z7CE) is to be treated as if it were an application made under paragraph 10Z7DG(2) in relation to the converted cryptoassets, and
 - (c) any application made under paragraph 10Z7CF(2) in relation to the crypto wallet which has not yet been determined or otherwise disposed of may not be proceeded with.
- (12) An order made under this paragraph must provide for notice to be given to persons affected by the order.
- (13) No appeal may be made against an order made under this paragraph.

Conversion: existing forfeiture proceedings

10Z7DC(1) Where—

- (a) cryptoassets are forfeited under paragraph 10Z7CA or 10Z7CE, and
- (b) before the cryptoassets are realised or destroyed in accordance with paragraph 10Z7CI, an order is made under paragraph 10Z7DA requiring the cryptoassets to be converted into money,

paragraph 10Z7DJ(1) applies in relation to the converted cryptoassets as if they had been detained under paragraph 10Z7DD and forfeited under paragraph 10Z7DG (and accordingly paragraph 10Z7CI ceases to apply).

(2) Where—

- (a) cryptoassets are forfeited under paragraph 10Z7CA or 10Z7CE, and

- (b) before the cryptoassets are realised or destroyed in accordance with paragraph 10Z7CI, an order is made under paragraph 10Z7DB requiring the cryptoassets to be converted into money,
 paragraph 10Z7DJ(2) applies in relation to the converted cryptoassets as if they had been detained under paragraph 10Z7DE and forfeited under paragraph 10Z7DG (and accordingly paragraph 10Z7CI ceases to apply).
- (3) Where—
- (a) an appeal may be made under paragraph 10Z7CG(1) or (2) in relation to the determination of an application under paragraph 10Z7CA(2) for the forfeiture of cryptoassets (including where paragraph 10Z7CD or 10Z7CE applies), and
- (b) an order is made under paragraph 10Z7DA or 10Z7DB requiring the cryptoassets to be converted into money,
 the appeal may instead be made under paragraph 10Z7DH (within the time allowed by paragraph 10Z7CG(4)) as if it were an appeal against the determination of an application under paragraph 10Z7DG.
- (4) Where—
- (a) an appeal is made under paragraph 10Z7CG(1) or (2) in relation to the determination of an application under paragraph 10Z7CA(2) for the forfeiture of cryptoassets (including where paragraph 10Z7CD or 10Z7CE applies), and
- (b) before the appeal is determined or otherwise disposed of, an order is made under paragraph 10Z7DA or 10Z7DB requiring the cryptoassets to be converted into money,
 the appeal is to be treated as if it had been made under paragraph 10Z7DH(1) in relation to the determination of an application under paragraph 10Z7DG for the forfeiture of the converted cryptoassets.

Detained cryptoassets: detention of proceeds of conversion

- 10Z7DD(1) This paragraph applies where cryptoassets are converted into money in accordance with an order under paragraph 10Z7DA.
- (2) The proceeds of the conversion (the “converted cryptoassets”) may be detained initially until the end of the period that the cryptoassets could, immediately before the conversion, have been detained under Part 4BA (ignoring the possibility of any extension of that period).
- (3) The period for which the converted cryptoassets may be detained may be extended by an order made by the relevant court.
- (4) An order under sub-paragraph (3) may not authorise the detention of the converted cryptoassets beyond the end of the period of 2 years beginning with the relevant date; but this is subject to sub-paragraph (5).
- (5) The relevant court may make an order for the period of 2 years in sub-paragraph (4) to be extended to a period of up to 3 years beginning with the relevant date.
- (6) In sub-paragraphs (4) and (5) “the relevant date” means the date on which the first order under paragraph 10Z7AE or 10Z7AG (as the case may be) was made in relation to the cryptoassets.
- (7) An application for an order under sub-paragraph (3) or (5) may be made—
- (a) in relation to England and Wales and Northern Ireland, by the Commissioners for His Majesty’s Revenue and Customs or an authorised officer;
- (b) in relation to Scotland, by a procurator fiscal.

- (8) The relevant court may make an order under sub-paragraph (3) only if satisfied that there are reasonable grounds for suspecting that the converted cryptoassets to be further detained—
 - (a) are within subsection (1)(a) or (b) of section 1, or
 - (b) are property earmarked as terrorist property.
- (9) The relevant court may make an order under sub-paragraph (5) only if satisfied that a request for assistance is outstanding in relation to the cryptoassets mentioned in sub-paragraph (1).
- (10) A “request for assistance” in sub-paragraph (9) means a request for assistance in obtaining evidence (including information in any form or article) in connection with the cryptoassets, made—
 - (a) by a judicial authority in the United Kingdom under section 7 of the Crime (International Co-operation) Act 2003, or
 - (b) by an authorised officer, to an authority exercising equivalent functions in a foreign country.

Frozen crypto wallets: detention of proceeds of conversion

- 10Z7DE(1) This paragraph applies where cryptoassets held in a crypto wallet subject to a crypto wallet freezing order are converted into money in accordance with an order under paragraph 10Z7DB.
- (2) The proceeds of the conversion (the “converted cryptoassets”) may be detained initially until the end of the period that the crypto wallet freezing order was, immediately before the conversion, due to have effect under Part 4BB (ignoring the possibility of any extension of that period).
 - (3) The period for which the converted cryptoassets may be detained may be extended by an order made by the relevant court.
 - (4) An order under sub-paragraph (3) may not authorise the detention of the converted cryptoassets beyond the end of the period of 2 years beginning with the day on which the crypto wallet freezing order was made; but this is subject to sub-paragraph (5).
 - (5) The relevant court may make an order for the period of 2 years in sub-paragraph (4) to be extended to a period of up to 3 years beginning with the day on which the crypto wallet freezing order was made.
 - (6) An application for an order under sub-paragraph (3) or (5) may be made—
 - (a) in relation to England and Wales and Northern Ireland, by the Commissioners for His Majesty’s Revenue and Customs or an authorised officer;
 - (b) in relation to Scotland, by a procurator fiscal.
 - (7) The relevant court may make an order under sub-paragraph (3) only if satisfied that there are reasonable grounds for suspecting that the converted cryptoassets to be further detained—
 - (a) are within subsection (1)(a) or (b) of section 1, or
 - (b) are property earmarked as terrorist property.
 - (8) The relevant court may make an order under sub-paragraph (5) only if satisfied that a request for assistance is outstanding in relation to the cryptoassets mentioned in sub-paragraph (1).

- (9) A “request for assistance” in sub-paragraph (8) means a request for assistance in obtaining evidence (including information in any form or article) in connection with the cryptoassets, made—
- (a) by a judicial authority in the United Kingdom under section 7 of the Crime (International Co-operation) Act 2003, or
 - (b) by an authorised officer, to an authority exercising equivalent functions in a foreign country.

Release of detained converted cryptoassets

10Z7DF(1) This paragraph applies while any converted cryptoassets are detained under paragraph 10Z7DD or 10Z7DE.

- (2) The relevant court may, subject to sub-paragraph (7), direct the release of the whole or any part of the converted cryptoassets if the following condition is met.
- (3) The condition is that, on an application by the relevant person, the court is not satisfied that there are reasonable grounds for suspecting that the converted cryptoassets to be released—
 - (a) are within subsection (1)(a) or (b) of section 1, or
 - (b) are property earmarked as terrorist property.
- (4) In sub-paragraph (3) “the relevant person” means—
 - (a) in the case of converted cryptoassets detained under paragraph 10Z7DD, the person from whom the cryptoassets mentioned in sub-paragraph (1) of that paragraph were seized, and
 - (b) in the case of converted cryptoassets detained under paragraph 10Z7DE, any person affected by the crypto wallet freezing order mentioned in sub-paragraph (1) of that paragraph.
- (5) A person within sub-paragraph (6) may, subject to sub-paragraph (7) and after notifying the magistrates’ court or sheriff under whose order converted cryptoassets are being detained, release the whole or any part of the converted cryptoassets if satisfied that the detention is no longer justified.
- (6) The following persons are within this sub-paragraph—
 - (a) in relation to England and Wales or Northern Ireland, an authorised officer;
 - (b) in relation to Scotland, a procurator fiscal.
- (7) Converted cryptoassets are not to be released under this paragraph (and so are to continue to be detained)—
 - (a) if an application for their forfeiture under paragraph 10Z7DG is made, until any proceedings in pursuance of the application (including any proceedings on appeal) are concluded;
 - (b) if (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the converted cryptoassets are connected, until the proceedings are concluded.

Forfeiture

10Z7DG(1) This paragraph applies while any converted cryptoassets are detained under paragraph 10Z7DD or 10Z7DE.

- (2) An application for the forfeiture of some or all of the converted cryptoassets may be made—
 - (a) to a magistrates’ court by, the Commissioners for His Majesty’s Revenue and Customs or an authorised officer;
 - (b) to the sheriff, by the Scottish Ministers.

- (3) The court or sheriff may order the forfeiture of some or all of the converted cryptoassets if satisfied that the converted cryptoassets to be forfeited—
 - (a) are within subsection (1)(a) or (b) of section 1, or
 - (b) are property earmarked as terrorist property.
- (4) But in the case of property which belongs to joint tenants, one of whom is an excepted joint owner, the order may not apply to so much of it as the court thinks is attributable to the excepted joint owner's share.
- (5) Where an application for forfeiture is made under this paragraph, the converted cryptoassets are to continue to be detained under paragraph 10Z7DD or 10Z7DE (and may not be released under any power conferred by this Part) until any proceedings in pursuance of the application (including any proceedings on appeal) are concluded.
- (6) For the purposes of this paragraph—
 - (a) an excepted joint owner is a joint tenant who obtained the property in circumstances in which it would not (as against them) be earmarked, and
 - (b) references to the excepted joint owner's share of property are to so much of the property as would have been theirs if the joint tenancy had been severed.

Forfeiture: appeals

- 10Z7DH(1) Any party to proceedings for an order for the forfeiture of converted cryptoassets under paragraph 10Z7DG who is aggrieved by an order under that paragraph or by the decision of the court not to make such an order may appeal—
- (a) from an order or decision of a magistrates' court in England and Wales, to the Crown Court;
 - (b) from an order or decision of the sheriff, to the Sheriff Appeal Court;
 - (c) from an order or decision of a magistrates' court in Northern Ireland, to a county court.
- (2) An appeal under sub-paragraph (1) must be made before the end of the period of 30 days starting with the day on which the court makes the order or decision.
 - (3) The court hearing the appeal may make any order it thinks appropriate.
 - (4) If the court upholds an appeal against an order forfeiting the converted cryptoassets, it may, subject to sub-paragraph (5), order the release of some or all of the converted cryptoassets.
 - (5) If (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the converted cryptoassets are connected, the converted cryptoassets are not to be released under this paragraph (and so are to continue to be detained) until the proceedings are concluded.

Extended time for appealing in certain cases where deproscription order made

- 10Z7DI(1) This paragraph applies where—
- (a) a successful application for an order under paragraph 10Z7DG relies (wholly or partly) on the fact that an organisation is proscribed,
 - (b) an application under section 4 of the Terrorism Act 2000 for a deproscription order in respect of the organisation is refused by the Secretary of State,
 - (c) the converted cryptoassets forfeited by the order under paragraph 10Z7DG were converted from cryptoassets which were seized under this Schedule on or after the date of the refusal of that application,
 - (d) an appeal against that refusal is allowed under section 5 of the Terrorism Act 2000,
 - (e) a deproscription order is made accordingly, and

- (f) if the order is made in reliance on section 123(5) of the Terrorism Act 2000, a resolution is passed by each House of Parliament under section 123(5)(b) of that Act.
- (2) Where this paragraph applies, an appeal under paragraph 10Z7DH against the making of an order under paragraph 10Z7DG may be brought at any time before the end of the period of 30 days beginning with the date on which the deproscription order comes into force.
- (3) In this paragraph a “deproscription order” means an order under section 3(3)(b) or (8) of the Terrorism Act 2000.

Application of forfeited converted cryptoassets

- 10Z7DJ(1) Converted cryptoassets detained under paragraph 10Z7DD and forfeited under paragraph 10Z7DG, and any accrued interest on them, must be applied as follows—
- (a) first, they must be applied in making any payment of reasonable expenses incurred by an authorised officer in connection with the safe storage of the cryptoassets mentioned in paragraph 10Z7DD(1) during the period the cryptoassets were detained under Part 4BA;
 - (b) second, they must be applied in making any payment of reasonable expenses incurred by an authorised officer in connection with the conversion of those cryptoassets under paragraph 10Z7DA(6);
 - (c) third, they must be applied in making any payment of reasonable expenses incurred by an authorised officer in connection with the detention of the converted cryptoassets under this Part;
 - (d) fourth, they must be paid—
 - (i) if forfeited by a magistrates’ court in England and Wales or Northern Ireland, into the Consolidated Fund, and
 - (ii) if forfeited by the sheriff, into the Scottish Consolidated Fund.
- (2) Converted cryptoassets detained under paragraph 10Z7DE and forfeited under paragraph 10Z7DG, and any accrued interest on them, must be applied as follows—
- (a) first, they must be applied in making any payment of reasonable expenses incurred by an authorised officer in connection with the detention of the converted cryptoassets under this Part;
 - (b) second, they must be paid—
 - (i) if forfeited by a magistrates’ court in England and Wales or Northern Ireland, into the Consolidated Fund, and
 - (ii) if forfeited by the sheriff, into the Scottish Consolidated Fund.
- (3) But converted cryptoassets are not to be applied or paid under sub-paragraph (1) or (2)—
- (a) before the end of the period within which an appeal under paragraph 10Z7DH may be made, or
 - (b) if a person appeals under that paragraph, before the appeal is determined or otherwise disposed of.

Victims etc

- 10Z7DK(1) This paragraph applies where converted cryptoassets are detained under this Part.
- (2) Where this paragraph applies, a person (“P”) who claims that the relevant cryptoassets belonged to P immediately before—
- (a) the relevant cryptoassets were seized, or
 - (b) the crypto wallet freezing order was made in relation to the crypto wallet in which the relevant cryptoassets were held,

may apply to the relevant court for some or all of the converted cryptoassets to be released to P.

- (3) The application may be made in the course of proceedings under paragraph 10Z7DD, 10Z7DE or 10Z7DG or at any other time.
- (4) The relevant court may, subject to sub-paragraph (9), order the converted cryptoassets to which the application relates to be released to the applicant if it appears to the relevant court that the condition in sub-paragraph (5) is met.
- (5) The condition in this sub-paragraph is that—
 - (a) the applicant was deprived of the relevant cryptoassets, or of property which they represent, by criminal conduct,
 - (b) the relevant cryptoassets the applicant was deprived of were not, immediately before the applicant was deprived of them, property obtained by or in return for criminal conduct and nor did they then represent such property, and
 - (c) the relevant cryptoassets belonged to the applicant immediately before—
 - (i) the relevant cryptoassets were seized, or
 - (ii) the crypto wallet freezing order was made in relation to the crypto wallet in which the relevant cryptoassets were held.
- (6) If sub-paragraph (7) applies, the relevant court may, subject to sub-paragraph (9), order the converted cryptoassets to which the application relates to be released to the applicant or to the person from whom the relevant cryptoassets were seized.
- (7) This sub-paragraph applies where—
 - (a) the applicant is not the person from whom the relevant cryptoassets were seized,
 - (b) it appears to the relevant court that the relevant cryptoassets belonged to the applicant immediately before—
 - (i) the relevant cryptoassets were seized, or
 - (ii) the crypto wallet freezing order was made in relation to the crypto wallet in which the relevant cryptoassets were held,
 - (c) the relevant court is satisfied that the release condition is met in relation to the converted cryptoassets, and
 - (d) no objection to the making of an order under sub-paragraph (6) has been made by the person from whom the relevant cryptoassets were seized.
- (8) The release condition is met—
 - (a) if the conditions in this Part for the detention of the converted cryptoassets are no longer met, or
 - (b) in relation to converted cryptoassets which are subject to an application for forfeiture under paragraph 10Z7DG, if the court or sheriff decides not to make an order under that paragraph in relation to the converted cryptoassets.
- (9) If (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the converted cryptoassets are connected, the converted cryptoassets are not to be released under this paragraph (and so are to continue to be detained) until the proceedings are concluded.
- (10) Where sub-paragraph (2)(b) applies, references in this paragraph to a person from whom relevant cryptoassets were seized include a reference to a person by or for whom the crypto wallet mentioned in that provision was administered immediately before the crypto wallet freezing order was made in relation to the crypto wallet.
- (11) In this paragraph “the relevant cryptoassets” means—
 - (a) in relation to converted cryptoassets detained under paragraph 10Z7DD, some or all of the cryptoassets mentioned in sub-paragraph (1) of that paragraph, and

- (b) in relation to converted cryptoassets detained under paragraph 10Z7DE, some or all of the cryptoassets mentioned in sub-paragraph (1) of that paragraph.

Compensation

10Z7DL(1) This paragraph applies if no order is made under paragraph 10Z7DG in respect of converted cryptoassets detained under this Part.

- (2) Where this paragraph applies, the following may make an application to the relevant court for compensation—
 - (a) a person to whom the relevant cryptoassets belonged immediately before they were seized;
 - (b) a person from whom the relevant cryptoassets were seized;
 - (c) a person by or for whom the crypto wallet mentioned in paragraph 10Z7DE(1) was administered immediately before the crypto wallet freezing order was made in relation to the crypto wallet.
- (3) If the relevant court is satisfied that—
 - (a) the applicant has suffered loss as a result of—
 - (i) the conversion of the relevant cryptoassets into money, or
 - (ii) the detention of the converted cryptoassets, and
 - (b) the circumstances are exceptional,the relevant court may order compensation to be paid to the applicant.
- (4) The amount of compensation to be paid is the amount the relevant court thinks reasonable, having regard to the loss suffered and any other relevant circumstances.
- (5) If the relevant cryptoassets were seized, or the relevant crypto wallet freezing order was applied for, by an officer of Revenue and Customs, the compensation is to be paid by the Commissioners for His Majesty's Revenue and Customs.
- (6) If the relevant cryptoassets were seized, or the relevant crypto wallet freezing order was applied for, by a constable, the compensation is to be paid as follows—
 - (a) in the case of a constable of a police force in England and Wales, it is to be paid out of the police fund from which the expenses of the police force are met;
 - (b) in the case of a constable of the Police Service of Scotland, it is to be paid by the Scottish Police Authority;
 - (c) in the case of a police officer within the meaning of the Police (Northern Ireland) Act 2000, it is to be paid out of money provided by the Chief Constable of the Police Service of Northern Ireland.
- (7) If the relevant cryptoassets were seized, or the relevant crypto wallet freezing order was applied for, by a counter-terrorism financial investigator, the compensation is to be paid as follows—
 - (a) in the case of a counter-terrorism financial investigator who was—
 - (i) a member of the civilian staff of a police force (including the metropolitan police force), within the meaning of Part 1 of the Police Reform and Social Responsibility Act 2011, or
 - (ii) a member of staff of the City of London police force,it is to be paid out of the police fund from which the expenses of the police force are met;
 - (b) in the case of a counter-terrorism financial investigator who was a member of staff of the Police Service of Northern Ireland, it is to be paid out of money provided by the Chief Constable of the Police Service of Northern Ireland.

- (8) If the relevant cryptoassets were seized, or the relevant crypto wallet freezing order was applied for, by an immigration officer, the compensation is to be paid by the Secretary of State.
- (9) This paragraph does not apply if the relevant court makes an order under paragraph 10Z7DK.
- (10) In this paragraph—
- “the relevant cryptoassets” means—
- (a) in relation to converted cryptoassets detained under paragraph 10Z7DD, the cryptoassets mentioned in sub-paragraph (1) of that paragraph;
 - (b) in relation to converted cryptoassets detained under paragraph 10Z7DE, the cryptoassets mentioned in sub-paragraph (1) of that paragraph;
- “the relevant crypto wallet freezing order”, in relation to converted cryptoassets detained under paragraph 10Z7DE, means the crypto wallet freezing order mentioned in sub-paragraph (1) of that paragraph.”
- 3 In Part 1, in paragraph 1(1) (terrorist cash), for “and 4B” substitute “to 4BD”.
- 4 In Part 4B (forfeiture of terrorist money held in bank and building society accounts), after paragraph 10Z6 insert—

“Victims etc

- 10Z6A(1) A person who claims that money in respect of which an account freezing order has been made belongs to them may apply to the relevant court for the money to be released.
- (2) The application may be made in the course of proceedings under paragraph 10S or 10Z2 or at any other time.
- (3) The court may, subject to sub-paragraph (7), order the money to which the application relates to be released to the applicant if it appears to the court that—
- (a) the applicant was deprived of the money to which the application relates, or of property which it represents, by criminal conduct,
 - (b) the money the applicant was deprived of was not, immediately before the applicant was deprived of it, property obtained by or in return for criminal conduct and nor did it then represent such property, and
 - (c) the money belongs to the applicant.
- (4) If sub-paragraph (5) applies, the court may, subject to sub-paragraph (7), order the money to which the application relates to be released to the applicant.
- (5) This sub-paragraph applies where—
- (a) the applicant is not the person from whom the money to which the application relates was seized,
 - (b) it appears to the court that the money belongs to the applicant,
 - (c) the court is satisfied that the release condition is met in relation to the money, and
 - (d) no objection to the making of an order under sub-paragraph (4) has been made by the person from whom the money was seized.
- (6) The release condition is met—
- (a) in relation to money held in a frozen account, if the conditions for making an order under paragraph 10S in relation to the money are no longer met, or

- (b) in relation to money held in a frozen account which is subject to an application for forfeiture under paragraph 10Z2, if the court or sheriff decides not to make an order under that paragraph in relation to the money.
- (7) Money is not to be released under this paragraph—
- (a) if an account forfeiture notice under paragraph 10W is given in respect of the money, until any proceedings in pursuance of the notice (including any proceedings on appeal) are concluded;
 - (b) if an application for its forfeiture under paragraph 10Z2, is made, until any proceedings in pursuance of the application (including any proceedings on appeal) are concluded;
 - (c) if (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the cash is connected, until the proceedings are concluded.
- (8) In relation to money held in an account that is subject to an account freezing order, references in this paragraph to a person from whom money was seized include a reference to a person by or for whom the account was operated immediately before the account freezing order was made.”

5 In Part 6, in paragraph 19(1), at the appropriate places insert—

““cryptoasset” has the meaning given by paragraph 10Z7A(1);”;

““crypto wallet” has the meaning given by paragraph 10Z7A(1);”;

““justice of the peace”, in relation to Northern Ireland, means lay magistrate;”;

““terrorist cryptoasset” has the meaning given by paragraph 10Z7A(1);”.

Part 2

Amendments to the Terrorism Act 2000

6 The Terrorism Act 2000 is amended as follows.

7 In Schedule 6 (financial information)—

(a) in paragraph 6(1) (meaning of financial institution)—

(i) omit the “and” after paragraph (ha), and

(ii) after paragraph (i) insert—

“(j) a cryptoasset exchange provider, and

(k) a custodian wallet provider.”;

(b) after sub-paragraph (1AA) insert—

“(1AB) For the purposes of sub-paragraph (1)(j), “cryptoasset exchange provider” means a firm or sole practitioner who by way of business provides one or more of the following services, including where the firm or sole practitioner does so as creator or issuer of any of the cryptoassets involved—

(a) exchanging or arranging or making arrangements with a view to the exchange of, cryptoassets for money or money for cryptoassets,

(b) exchanging, or arranging or making arrangements with a view to the exchange of, one cryptoasset for another, or

(c) operating a machine which utilises automated processes to exchange cryptoassets for money or money for cryptoassets.

(1AC) For the purposes of sub-paragraph (1)(k), “custodian wallet provider” means a firm or sole practitioner who by way of business provides services to safeguard, or to safeguard and administer—

(a) cryptoassets on behalf of its customers, or

- (b) private cryptographic keys on behalf of its customers in order to hold, store and transfer cryptoassets.
- (1AD) For the purposes of sub-paragraphs (1AB) and (1AC), “cryptoasset” means a cryptographically secured digital representation of value or contractual rights that uses a form of distributed ledger technology and can be transferred, stored or traded electronically.
- (1AE) For the purposes of sub-paragraph (1AB)—
- (a) “cryptoasset” includes a right to, or interest in, the cryptoasset;
 - (b) “money” means—
 - (i) money in sterling,
 - (ii) money in any other currency, or
 - (iii) money in any other medium of exchange,but does not include a cryptoasset.
- (1AF) The Secretary of State may by regulations amend the definitions in sub-paragraphs (1AB) to (1AE).”
- 8 In section 123 (orders and regulations), after subsection (6ZE) insert—
- “(6ZF) Regulations under paragraph 6(1AF) of Schedule 6 may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.””

Member’s explanatory statement

Part 1 of this Schedule amends the Anti-terrorism, Crime and Security Act 2001 to make provision for a civil recovery regime in relation to terrorist cryptoassets. Part 2 of this Schedule amends the Terrorism Act 2000 to make provision about financial institutions and cryptoassets.

Order of the House

[13 October 2022]

That the following provisions shall apply to the Economic Crime and Corporate Transparency Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 29 November 2022.
3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Proceedings on Consideration and on Third Reading

4. Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.
5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on Consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill may be programmed.

Order of the Committee

[25 October 2022]

That—

1. the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 25 October) meet—
 - (a) at 2.00 pm on Tuesday 25 October;
 - (b) at 11.30 am and 2.00 pm on Thursday 27 October;
 - (c) at 9.25 am and 2.00 pm on Tuesday 1 November;
 - (d) at 11.30 am and 2.00 pm on Thursday 3 November;
 - (e) at 9.25 am and 2.00 pm on Tuesday 8 November;
 - (f) at 9.25 am and 2.00 pm on Tuesday 15 November;
 - (g) at 11.30 am and 2.00 pm on Thursday 17 November;
 - (h) at 9.25 am and 2.00 pm on Tuesday 22 November;
 - (i) at 11.30 am and 2.00 pm on Thursday 24 November;
2. the Committee shall hear oral evidence in accordance with the following Table:

Date	Time	Witness
Tuesday 25 October	Until no later than 10.10 am	UK Finance; British Private Equity & Venture Capital Association
Tuesday 25 October	Until no later than 10.30 am	Lloyds Bank
Tuesday 25 October	Until no later than 11.05 am	The National Police Chiefs Council; Arianna Trozze
Tuesday 25 October	Until no later than 11.25 am	Jonathan Hall KC, Independent Reviewer of Terrorism Legislation
Tuesday 25 October	Until no later than 2.30 pm	Companies House; National Economic Crime Centre (National Crime Agency)
Tuesday 25 October	Until no later than 3.00 pm	City of London Police; Serious Fraud Office; The National Police Chiefs Council
Tuesday 25 October	Until no later than 3.45 pm	Spotlight on Corruption; Global Coalition to Fight Financial Crime; UK Anti-Corruption Coalition

Date	Time	Witness
Tuesday 25 October	Until no later than 4.15 pm	Oliver Bullough; Bill Browder
Tuesday 25 October	Until no later than 4.45 pm	Professor John Heathershaw, University of Exeter; Chatham House
Thursday 27 October	Until no later than 12.00 noon	Centre for Financial Crime and Security Studies at RUSI; Transparency International
Thursday 27 October	Until no later than 12.30 pm	OpenCorporates; Elspeth Berry, Nottingham Law School
Thursday 27 October	Until no later than 1.00 pm	Graham Barrow
Thursday 27 October	Until no later than 2.20 pm	Institute of Chartered Accountants in England and Wales
Thursday 27 October	Until no later than 2.50 pm	The Chartered Governance Institute UK & Ireland; City of London Law Society
Thursday 27 October	Until no later than 3.10 pm	Catherine Belton
Thursday 27 October	Until no later than 3.30 pm	Professor Jason Sharman, University of Cambridge

3. proceedings on consideration of the Bill in Committee shall be taken in the following order: Clauses 1 to 48; Schedule 1; Clauses 49 and 50; Schedule 2; Clauses 51 to 90; Schedule 3; Clauses 91 to 100; Schedule 4; Clauses 101 to 134; Schedule 5; Clauses 135 to 141; Schedule 6; Clause 142; Schedule 7; Clause 143 to 153; Schedule 8; Clauses 154 to 162; new Clauses; new Schedules; remaining proceedings on the Bill;
4. the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Tuesday 29 November.

Withdrawn Amendments

The following amendments were withdrawn on 3 November 2022: NC39

The following amendments were withdrawn on 21 November 2022: NC62

The following amendments were withdrawn on 22 November 2022: NC77 and NC78
