ECONOMIC CRIME AND CORPORATE TRANSPARENCY BILL

EXPLANATORY NOTES

What these notes do

- These Explanatory Notes relate to the Economic Crime and Corporate Transparency Bill as introduced in the House of Commons on 22 September 2022 (Bill 154
- These Explanatory Notes have been prepared by the Home Office, Department for Business, Energy and Industrial Strategy, Ministry of Justice, HM Treasury and the Attorney General's Office in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Bill will mean in practice; provide background information on the development of policy; and provide additional information on how the Bill will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Bill. They are not, and are not intended to be, a comprehensive description of the Bill.

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Abbreviations

In the explanatory notes, the following abbreviations are used:

ACSP – Authorised Corporate Service Provider

AML – Anti Money Laundering

ATCSA – Anti-Terrorism, Crime, and Security Act 2001

CCA – Crime and Courts Act 2013

CFA – Criminal Finances Act 2017

CFT – Counter Terrorism Financing

Cifas – National Fraud Database

CJA – Criminal Justice Act 1987

CPF – Counter Proliferation Financing

DAML – Defence Against Money Laundering

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

FATF – Financial Action Task Force

FCA – Financial Conduct Authority

FIU – Financial Intelligence Unit

GDPR – General Data Protection Regulation

HRTC – High-Risk Third Countries

HMT – HM Treasury

ICO – Information Commissioners Office

IO – Information Order

LPs - Limited partnerships

LCM – Legislative Consent Motion

LEA – Local Enforcement Agencies

LLPs – Limited liability partnerships

LPs – Limited partnerships

LSB – Legal Services Board

MER – FATF's 2018 Mutual Evaluation Report

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

NCA – National Crime Agency

POCA – Proceeds of Crime Act 2002

PSC – People with Significant Control

RLE – Relevant Legal Entity

SAMLA – Sanctions and Anti-Money Laundering Act 2018

SAR – Suspicious Activity Report

SDT – Solicitors Disciplinary Tribunal

SFO – Serious Fraud Office

SLPs – Scottish limited partnerships

SMEs – Small- and Medium-sized Enterprises

SRA – Solicitors Regulation Authority

TACT – Terrorism Act 2000

TPI – Third Party Intermediary

UKFIU – United Kingdom Financial Intelligence Unit

Overview of the Bill

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

2 The Bill has three key objectives:

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

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

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

transactions and lending decisions across the economy.

3 The main elements of the Bill are:

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

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

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

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

e. Amending the Register of Overseas Entities to maintain consistency with change to the

Companies Act 2006.

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

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

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

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

j. A measure removing the statutory fining limit to allow the Solicitors Regulation Authority to set its own limits on financial penalties imposed for economic crime disciplinary matters.

k. Adding a regulatory objective to the Legal

Services Act 2007 to affirm the duties of regulators and the regulated communities to uphold the economic crime agenda.

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

Policy background

Economic Crime and Corporate Transparency

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

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

6 Additionally, it will support enterprise by enabling Companies House to deliver a better service for over four million UK companies, maintaining the UK's swift and low-cost routes for company creation

and improving the provision of data to inform business transactions and lending decisions across the economy.

Companies House Reform

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

8 In 2020-21, Companies House incorporated 810,316 companies and had a total of 4.4 million active companies registered. Companies House incorporation fees are among the lowest in the world and 99% of incorporation applications are processed within 24 hours. The total value of incorporation to owners of limited liability companies with 0 to 9 employees is estimated at £9.6 billion.

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

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

11 The measures in this part of the Bill will deliver these policy objectives by:

a. Expanding the role and powers of the Registrar:

i. This includes new objectives oriented to maintaining the integrity of the registers held at Companies House. These objectives are designed to guide the Registrar's use of her powers with the ultimate goal of allowing the UK business

environment to flourish. The Registrar will be equipped with enhanced powers to query suspicious appointments or filings and, in some cases, request further evidence or reject the filing, in pursuit of these objectives. These include measures to tackle the fraudulent use of company names and addresses. The Registrar will be better able to use fees to fund investigation and enforcement activity.

b. Introducing identity verification measures:

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

   ii. Building on the above, provisions introduced in this Bill will also void the appointment of directors who are

disqualified, an undischarged bankrupt or a designated person in the meaning of Section 9 the Sanctions and Anti-Money Laundering Act 2018. The Bill proposes to create an offence for directors who are subject to financial sanctions by the UK or UN to continue to manage the firm.

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

iv. The Bill will also improve the provision of information about company ownership.

c. Enhancing data sharing:

i. The Registrar will have more extensive legal gateways for data sharing with law enforcement, other government bodies and the private sector. This will mean more efficient sharing of suspicious activity with law enforcement and establishment of feedback loops with other government bodies, supervisory bodies, and the private sector. This will lead to quicker identification of discrepancies between information on the registers and information held by other bodies that can

then be questioned through the Registrar's enhanced powers to query information.

d. Preventing abuse of personal information on the register:
    i. Individuals whose personal information has been displayed on the public register will be able to apply to have some more of that information suppressed.
    ii. Individuals who can provide evidence that having their personal information on the public register puts them at serious risk of violence or intimidation will be able to apply to have it protected.

e. Improving the financial information on the register:
    i. The filing options for small companies will be streamlined. At the same time, there will be a level playing field so all businesses file a set of useful financial information.
    ii. These are intended to lead to better financial management practices within small and medium-sized enterprises (SMEs), promote the transition to digital reporting, support better business and credit decisions, and help wider efforts to combat economic crime.

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

Limited Partnerships

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

14 Limited partnerships, in particular Scottish limited partnerships, have been misused including for facilitating large-scale international money laundering. In addition, given that the legislation on limited partnerships is over 100 years old, the Government is of the view that it should be modernised to make limited partnerships more transparent and fit for the modern age. The

Government has already extended the People with Significant Control legislation to Scottish limited partnerships in 2017 (it is not legally possible or meaningful for this measure to be applied to other forms of UK limited partnership). While the numbers of new registrations of Scottish limited partnerships fell at the same time, reports of misuse continue and the lack of transparency of limited partnerships remains a concern to the Government.

15 Changes in the Bill to the legislation on limited partnerships will include:

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

b. Requiring limited partnerships to have a firmer connection to the part of the UK in which they are registered, by having to maintain their registered office there.

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

d. Enabling the Registrar to deregister limited partnerships that are dissolved or no longer carrying on business.

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

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

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

b. Introduction of mandatory identity verification of general partners.

c. Enhanced data sharing of information about limited partnerships.

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

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

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

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

Register of overseas entities

18 The register of overseas entities came into effect on 1 August 2022, when most of Part 1 of the Economic Crime (Transparency and Enforcement) Act 2022 (the ECTE Act) was commenced. The register of overseas entities is held by Companies House. Overseas entities owning land in the UK that are in scope of the new requirements must register with Companies House and provide details about their beneficial owners. The purpose of the register of overseas entities is to increase transparency in land ownership in the UK, and to reduce the threat of money laundering via UK property.

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

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

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

22 Changes are also made to clarify what information forms part of the register of overseas entities, and amends the meaning of a service address to maintain consistency with the Companies Acts.

Cryptoassets

23 Cryptoassets serve as a pseudo-anonymous, low-cost, and relatively quick method to move funds globally. There are low barriers to entry, users merely need an internet-connected device to transact with cryptoassets. Given these characteristics, it is little surprise that this technology is being exploited by criminals.

24 The threat of cryptoassets being exploited by

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

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

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

27 To achieve this, the measures in the Bill will:

a. Improve the criminal confiscation powers in Parts 2, 3 and 4 of POCA in relation to cryptoassets. These reforms will: enable officers to seize cryptoassets during the course of an investigation without first having arrested someone for an offence; enable

officers to seize cryptoasset-related items; and enable the courts to better enforce unpaid confiscation orders against a defendant's cryptoassets.

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

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

Defence Against Money Laundering (DAML)

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

principal money laundering offence in POCA when dealing with that property in a way that is covered by the consent, and after seven working days have passed the reporter can assume that they have consent.

29 Additionally, sections 327, 328, 329 and 339A of POCA include provisions that currently allow certain businesses only, in certain circumstances, to process transactions where there is knowledge or a suspicion of money laundering, if the transaction is below a threshold amount, without having to submit a DAML to the NCA and without committing a principal money laundering offence. The threshold amount for acts done by deposit-taking bodies, e-money, and payment institutions in operating an account is £250 unless a higher amount is specified in accordance with section 339A of POCA. The threshold amount provisions only apply in relation to activity undertaken in operating an account; they do not apply in relation to transactions related to the opening or closing of an account, or when a deposit-taking body first suspects that the property is criminal.

30 Due to the significant rise in authorised disclosures submitted to the NCA in recent years – increasing from 34,543 in 2018/19 to 62,341 in 2019/20 – customers are sometimes left waiting for seven days until the consent period has passed and consent can be assumed, before being able to

process their transactions. This can cause significant disruption to individuals and businesses. Further, businesses are unable to inform their customers of the reason for the delay, as this could amount to a tipping off offence under POCA section 333A or 342. This provision will help reduce some of the disruption faced by customers.

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

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

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

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

knowledge or suspicion relates.

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

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

Information Order (IO)

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

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

37 The measures in the Bill will assist NCA officers to proactively gather intelligence without reliance on a SAR. They will align the power more closely with international recommendations in relation to the functions of a Financial Intelligence Unit (FIU), which re-orientates the power towards assisting the NCA in carrying out its functions to conduct intelligence gathering and conduct analysis, rather than being investigatory-focused, as it is now. The Bill will do this by:

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

b. amending the conditions for the magistrates' or sheriff courts to make orders to businesses

in the AML regulated sector where the information is likely to assist the NCA or an overseas Financial Intelligence Unit (FIU) making a request to carry out its financial intelligence unit functions.

38 The power will increase the UK's ability to support foreign partner FIU requests where no SAR has already been submitted by UK reporters. This is particularly relevant to world events, such as the Russia-Ukraine war in locating sanctioned individuals' assets in the UK. Another example of this is the suspicion of terrorist financing where gathering information at speed is crucial.

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

Enhanced due diligence: designation of high-risk countries

40 The UK's High-Risk Third Countries list is a part of the government's anti-money laundering, counter-terrorism financing and proliferation financing (AML/CFT/CPF) regime. Currently set out in Schedule 3ZA of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (S.I. 2017/692), the list

sets out those countries identified as having strategic deficiencies in their AML/CFT/CPF regimes, thus posing a high risk to the UK and places from which all customers and transactions must undergo enhanced checks by the UK's regulated businesses.

41 The UK currently mirrors and updates its list in accordance with those countries identified in public lists by the Financial Action Task Force (FATF), the global standard setter for AML/CFT/CPF, as having strategic deficiencies in their AML/CFT/CPF regimes.

42 When the UK's high-risk third countries list was introduced in March 2021, the government committed to updating the list to mirror the periodic changes made by the FATF to its public lists. Updates to the UK list are made up to three times a year, following updates by the FATF to its lists.

43 As per the Sanctions and Anti-Money Laundering Act 2018 (SAMLA), the UK's list can only be updated through made-affirmative procedures. Thus far, the Government has laid five statutory instruments to make these updates. This measure aims to streamline the process, by removing the requirements for statutory instruments each time the list needs updating. Thus, SAMLA will be amended to confer the power to amend and publish the list of high-risk countries to the Treasury. This will enable more rapid updates to the UK's list and

mean that the UK can respond swiftly to the latest economic crime threats and can provide greater clarity to businesses on which jurisdictions are deemed to be high risk at the speed necessary.

Information sharing

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

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

46 This has three main consequences:

a. First, a bank, for example, querying a particular transaction can only see its own data in relation to that transaction. It is unable to request further information from the other bank involved in the transaction to clarify relevant details. In the absence of confirmatory information, the bank may either end up under-reporting (not submitting a Suspicious Activity Report (SAR) to the UK Financial Intelligence Unit) or over-reporting. In the absence of confirmatory information, the bank

may either end up under-reporting (not submitting a SAR where the transaction is in fact suspicious) or over-reporting (submitting a SAR when in fact none was necessary).

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

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

47 These provisions will make it easier for businesses covered by the provisions to share customer information with each other for the purposes of preventing, investigating, and detecting economic crime by disapplying civil liability for breaches of confidentiality where information is shared for these purposes. Businesses will therefore be able to take

a much more proactive and timelier role in identifying and preventing criminal activity.

48 The clauses will allow direct sharing between relevant businesses [Clause 148] and indirect sharing through a third-party intermediary [Clause 149]. Indirect sharing will apply in cases where the business has information about a customer that is relevant to preventing, detecting, or investigating economic crime, but does not know whom the information would assist, either now or in the future. This might occur where a business decides to terminate a relationship with a customer due to economic crime concerns and wants to ensure that any future business dealing with the customer is aware of their decision.

49 The provisions can only be used for the purposes of preventing, detecting, and investigating economic crime. Economic crime in this instance is defined as any of the offences listed in schedule 8 and includes: money laundering, sanctions evasion, fraud, bribery, terrorist financing, market abuse and tax evasion. Any disclosure of customer information for purposes other than those specified in the clause would not qualify for the disapplication of confidentiality.

50 The clauses involve sharing information about customers in order to help inform other businesses' risk-based decisions about these customers. They do not provide any additional powers for businesses

to restrict services, or to exclude customers. In taking a decision whether to restrict access to a product, or exclude a customer, a business will still have to abide by its existing obligations, including ensuring that a decision is free from unlawful discrimination under the Equalities Act 2010. Unlawful discrimination against a customer on the basis of a protected characteristic will remain a breach of the law. Firms regulated by the Financial Conduct Authority (FCA) already have additional obligations to treat customers fairly under the FCA's Regulatory Principles.

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

52 To ensure that a customer's data remains accurate and used only for the purposes specified in the Bill, businesses must continue to adhere to the stipulations of the Data Protection Act 2018 and

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

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

54 The protections and appeals mechanisms outlined

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

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

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

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

the levels of financial penalties in relation to economic crime.

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

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

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

b. the requirement for the SRA to consult the

SDT before making rules in relation to the exercise of this power;

c. the approval of the LSB in agreeing changes to regulatory arrangement;

d. the obligation for the SRA to follow their public law duties to take a proportionate approach;

e. the continued need to refer cases requiring more serious sanctions (such as strike off) to the SDT; and

f. the appeal route for all SRA fining decisions to the SDT.

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

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

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

reaching risks such as fraud or breaches of sanctions legislation.

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

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

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

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

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

Serious Fraud Office – pre investigation powers

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

66 In recognition of the difficulty posed for the SFO in gathering information by alternative means in relation to suspected cases of international bribery and corruption, in 2008 SFO officers were granted access to their powers under section 2 at the 'pre-investigation' stage. This enables the SFO to gather more effectively the information necessary to allow the Director to decide whether to take on a case (they may also decide to refer the case elsewhere).

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

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

Legal background

Companies House reform

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

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

Limited Partnerships

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

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

72 The Bill also includes a power for the Secretary of

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

Register of Overseas Entities

73 The register of overseas entities was established by Part 1 of the Economic Crime (Transparency and Enforcement) Act 2022 (ECTE Act) and requires overseas entities or their beneficial owners who own land in the United Kingdom to register in certain circumstances.

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

75 The Bill's amendments to the ECTE Act address issues identified post-implementation (such as the contents of the register and the meaning of "registered overseas entity"), and alignments with similar provisions in Companies legislation (such as relating to false statement offences).

Cryptoassets

76 The UK's asset recovery legislation (contained in

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

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

78 Further amendments will be introduced to Part 5 of POCA, which contains regimes for civil forfeiture of property (cash, certain listed assets and fund in accounts). Cryptoassets are not in scope of existing

powers. The creation of a cryptoasset specific civil forfeiture power will mitigate the risk posed by those that cannot be prosecuted but use their funds to further criminality.

Defence Against Money Laundering (DAML)

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

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

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

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

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

84 If consent is given, a DAML can provide an exemption from the principal money laundering offences in sections 327 to 329 of POCA while providing intelligence to the UKFIU. DAMLs effectively freeze a transaction until a consent decision is made by the UKFIU or seven working days have passed, after which the business can assume they have consent. This means that businesses are regularly waiting for seven working days before being able to assume consent, where no decision is given, before proceeding with an action. In that period, the reporter cannot inform the customer that the delay is because a DAML has

been submitted, as telling them would amount to a potential tipping off offence. Reviewing these requests and disseminating to wider LEAs for input are the primary task of the UKFIU's DAML Team.

85 To improve the effectiveness of the system, the Government intends to create legislative exemptions for certain types of transaction from the principal money laundering (ML) offences in primary legislation. Exemptions will be based on transaction value and for certain sub-categories of transactions. POCA already contains exemptions for dealings by banks and similar firms with suspected criminal property, for transactions under £250 in the operation of an account, and the Government would seek to extend this approach. This will reduce the disruption to individuals and customers who currently find their transaction delayed by up to seven days and will reduce the regulatory burdens on those businesses required to submit reports below the threshold. It will also free up UKFIU resource to focus on higher value asset denial opportunities.

Information Order (IO)

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

87 Currently the NCA can receive information on a voluntary basis in relation to the NCA's statutory

functions. Section 7(1) and (8) of the Crime and Courts Act 2013 (CCA) provides an information sharing gateway that allows the sending of information to NCA officers relevant to the exercise of NCA functions, including financial intelligence, from regulated businesses and others.

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

Enhanced due diligence: designation of high-risk countries

89 The Money Laundering Regulations (MLRs) are the core legislative framework for tackling money laundering and terrorist financing.

90 Regulation 33(1)(b) of the MLRs requires regulated businesses ("relevant persons") to apply enhanced customer due diligence measures and enhanced ongoing monitoring in any business relationships with a person established in a high-risk third country, or in relation to any relevant transaction where either of the parties to the transaction is established in a high-risk third

country. A high-risk third country is defined for the purposes of the MLRs as a country specified in Schedule 3ZA.

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

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

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

Information sharing

94 Civil liability for certain institutions sharing

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

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

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

Legal services - the removal of the statutory cap on the Law Society's (as delegated to the SRA) power to issue

financial penalties, for disciplinary matters relating to breaches of the economic crime regime

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

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

99 On 20 July 2022, the Lord Chancellor amended secondary legislation to increase the SRA's

maximum financial penalty from £2,000 to £25,000.

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

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

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

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

103 Existing regulatory objectives include, for example, the objective to protect and promote the public interest, to support the constitutional principle of the rule of law and to promote and maintain

adherence to the professional principles.

Serious Fraud Office – pre investigation powers

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

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

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

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

remit.

Territorial extent and application

Companies House reform

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

109 Clauses 1 to 98, along with accompanying Schedules 1 to 3, of the Bill apply and extend to the United Kingdom (but an amendment, repeal or revocation made by the Bill has the same extent as the provision amended, repealed or revoked).

Limited partnerships

110 Clauses 99 to 134, along with accompanying Schedule 4 and 5, of the Bill apply and extend to the United Kingdom (but an amendment, repeal or revocation made by the Bill has the same extent as the provision amended, repealed or revoked).

Register of Overseas Entities

111 Clauses 135 to 140 of the Bill apply across the UK.

Cryptoassets

112 The amendments to POCA to support the recovery of cryptoassets will overall apply UK-wide but Schedule 6 will amend provisions that extend to England and Wales (Part 1), Scotland (Part 2) and Northern Ireland (Part 3). The amendments in Schedule 7 to Part 5 of POCA will extend to all of the UK and certain amendments to Chapter 3 of

Part 8 of POCA will extend only to Scotland.

Defence Against Money Laundering (DAML)

113 These provisions will apply across the UK.

Information Order (IO)

114 The intention is for IOs to extend across the UK. The extent provisions are in section 461 POCA and section 130 TACT. The clauses relating to IOs have the same extent as those they amend.

Enhanced due diligence: designation of high-risk countries

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

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

Information sharing

117 The core of the provisions will apply across the UK.

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

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

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

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

Serious Fraud Office – pre investigation powers

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

Commentary on provisions of Bill

Part 1: Companies House Reform

The registrar of companies

Clause 1: The registrar's objectives

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

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

123 Objective 2 is to ensure that documents delivered to the Registrar contain all of the information that they are required to, and that the information provided is accurate. In contrast to Objective 1, which concerns cases where there are legal obligations to deliver documents, Objective 2 concerns cases where filings are permitted rather than obliged (for example, under section 87 of the Companies Act 2006 which allows a company to file a notice with the Registrar concerning a move to a different registered office address).

124 Objective 3 is to minimise the risk of information on the register creating a false or misleading impression to members of the public.

125 Objective 4 is to minimise the extent to which

companies and other firms (a) carry out unlawful activities; or (b) facilitate the carrying out by others of unlawful activities.

126 The intention of these objectives is that the Registrar should seek to maintain the integrity of the registers she maintains in relation to companies and other registrable entities, and should have them in mind when exercising the Registrar's powers.

Company formation

Clause 2: Memorandum of association: names to be included

127 In the Companies Act 2006 and associated regulations there is no definition of "name" for subscribers to a memorandum of association, such that an individual subscriber could state their name is J Bloggs.

128 This clause amends section 8 to prescribe the meaning of "name" in section 8, in relation to a subscriber who is an individual. This amended section 8 defines "name" as forename and surname, and in the case of a peer or individual usually known as a title, that title.

129 This has the effect of requiring Joe Bloggs instead of J Bloggs, or Lord Joe Bloggs, which provides more transparency as to who an individual subscriber is.

Clause 3: Statement as to lawful purpose

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

Clause 4: Subscribers: disqualification

131 This clause amends section 9 of the Companies Act 2006 (registration of documents) to require that applications to register a company include a statement that none of the proposed company's subscribers are disqualified directors. The definition of a disqualified person in section 159A(2) includes persons disqualified under the director disqualification legislation, including for example undischarged bankrupts or designated persons (in meaning of section 9(2) of the Sanctions and Anti-Money Laundering Act 2018) disqualified respectively under section 11 and 11A of the Companies Director Disqualification Act 1986. If a proposed subscriber is a disqualified director who has received permission of a court to

act as a director in the jurisdiction in which the company is registered, the application must contain a statement to this effect, specifying the court that gave the permission. If the application does not include a statement required under section 9(4)(e) and (f) or they are false, the Registrar will reject the application to form a company.

Clause 5: Proposed officers: identity verification

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

133 The Secretary of State may, by regulations, set out exemptions to the director verification requirements on company formation. If an individual falls under an exemption, the statements of proposed officers must confirm this exemption.

134 This clause also allows transitional provisions to be made under the commencement clause in this Act. The transitional provision may require companies incorporated before this section comes into force, to deliver their statement to the effect as

under section 12(2A)(a) or (b) at the same time as they their file their annual confirmation statement.

Clause 6: Proposed officers: disqualification

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

136 If a proposed director is disqualified, but has received permission of a court to act as a director in the jurisdiction in which the company is registered, the application must contain a statement to this effect, specifying particular details of the permission. The Registrar will accept applications to register companies if this is the case. If the application does not include a statement required under section 12(4) and (5) or they are false, the registrar will reject the application to form a company.

137 The definition of a disqualified person is provided in section 159A(2). It coverspersons disqualified under the Company Directors Disqualification Act 1986, including sections 11 and 11A , which concern: undischarged bankrupts, persons subject to bankruptcy restrictions order or

undertakings, debt relief restrictions orders or undertakings and moratoriums under the debt relief orders, as well as designated persons as defined by section 9(2) of the Sanctions and Anti-Money Laundering Act 2018.

Clause 7: Persons with initial significant control: disqualification

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

139 Under Part 21A of the Companies Act 2006 contains provision concerning, persons with significant control over companies (section 790C(2)-(4)) and relevant legal entities that have significant control over companies (section 790C(5)-(8)). Persons with initial significant control and relevant legal entities are defined in section 12A(4) as registrable persons and registrable Relevant Legal Entities (RLE) respectively.

140 Proposed registrable persons or registrable RLEs who are disqualified under directors' disqualification legislation but have a court's permission to act as director must include a statement to that effect in the application specifying

particular details of the permission. The Registrar will accept applications to register companies if this is the case.

141 The definition of a disqualified person is provided in section 159A(2). It covers persons disqualified under the Companies Directors Disqualification Act 1986, including sections 11 and 11A, which concern: undischarged bankrupts, persons subject to bankruptcy restrictions order or undertakings, debt relief restrictions orders or undertakings and moratoriums under the debt relief orders as well as designated persons as defined by section 9(2) of the Sanctions and Anti-Money Laundering Act 2018.

Clause 8: Persons with initial significant control: identity verification

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

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

144 If on incorporation, a legal entity becomes a Relevant Legal Entity of an incorporated company, its subscribers can include statements under section 12B(3) and (4) in the application to form this company. Under section 12B(3) subscribers can notify the registrar about individuals who are the verified relevant officers in the future Relevant Legal Entities. If subscribers include the statement under section 12B(3) it must be accompanied by statements of the relevant officers, confirming that they are the relevant officers as defined under section 790LJ(6) in relation to the Relevant Legal Entities.

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

Company names

Clause 9: Names for criminal purposes

146 The clause inserts into the Companies Act 2006 section 53A, which provides the Secretary of State with the ability to prevent the registration of a company where the purpose of its proposed name, in the Secretary of State's opinion, is to facilitate what would, in the UK, constitute an offence of

dishonesty or deception. Subsection 53A(b) makes clear that conduct that would take place outside the territory of the UK may also be considered by the Secretary of State.

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

Clause 10: Names suggesting connection with foreign governments etc

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

149 A consequential amendment in subsection 10(3) inserts subsection 1047(4)(bza) into the Companies Act 2006. This applies the new

prohibition of section 56A to overseas companies.

Clause 11: Names containing computer code

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

Clause 12: Prohibition on re-registering name following direction

151 Clause 12 inserts section 57B into the Companies Act 2006. Section 57B provides that where specified registrar powers of direction to change a name have been exercised and a company's name has been changed, the company must not subsequently re-register under the name the subject of the direction or one similar to it. Companies which receive an order from the company names adjudicator to change their name, under section 73 of the Companies Act 2006, are also prohibited from re-registering as that name. Where a new name has been determined under section 73(4), which allows the company names adjudicator to determine a new name for a company that fails to change its name in the required period following an order, the company is prohibited from

being registered under the original name or a name that is similar.

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

Clause 13: Prohibition on using name that another company has been directed to change

153 Clause 13 inserts section 57C into the Companies Act 2006. Section 57C provides that, where powers of direction to change a company's name have been exercised and a company's name has been changed, the original name or one similar to it cannot be re-used in the formation of another company where an officer or shareholder of the initial company has similar involvement in the new company.

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

Clause 14: Directions to change name: period for compliance

155 At present the Companies Act 2006 leaves it to the discretion of the Secretary of State to determine the time period within which a company must comply with a direction to change its name. Clause 14 inserts provisions into various sections of

the Companies Act 2006, in some cases providing for substitute subsections. In total, they standardise the various direction issuing powers found in Part 5 of the Companies Act 2006 and those that are inserted by this Bill.

156 Clause 14 sets the period for compliance in these direction issuing powers at 28 days from the date of the direction whilst, in certain circumstances, giving the Secretary of State discretion to extend that 28-day period. This clause also makes changes which provide that, where a company has been directed to change a name which gives a misleading indication of its activities, the company has three weeks from the date of the direction to apply to the court for it be quashed and it can continue to use the name until the court has made its decision.

Clause 15: Objections to company's registered name

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

158 First, Clause 15(2) extends eligible objections to those where the applicant asserts that another company's ("the respondent's") use of a name in any jurisdiction is likely to mislead the public in any such jurisdiction into thinking the respondent's

company has a link to the applicant's company.

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

160 At present, section 69(4) provides for circumstances in which, if one or more condition is met, an objection application will not to be upheld. Clause 15 removes a set of circumstances around current, planned or past operation of the respondent company. The effect is that the respondent will no longer be able to rely on those factors in defending the objection against its use of a name.

Clause 16: Misleading indication of activities

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

Clause 17: Direction to change name used for criminal purposes

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

163 Clause 17 inserts section 76A into the Companies Act 2006, which confers the power on the Secretary of State to direct that a company must change its name where, in the opinion of the Secretary of State, the name has been or is intended to be used to facilitate the commission of an offence of dishonesty or deception or conduct outside of the UK which, were it to have taken place in the UK, would have constituted such an offence.

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

165 Within the first three weeks of the 28-day compliance period (however extended) the company can apply to the court for the direction to be quashed. Where the court agrees that a change of name is indeed appropriate it will be for it to decide the timescale for complying with the

direction and the company will not have to comply before the court has reached its decision.

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

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

Clause 18: Direction to change name wrongly registered

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

169 Specifically, it allows the Secretary of State in such circumstances to issue a written direction giving a company a (potentially extendable) period of at least 28 days to change its name. Once a direction has been issued the Registrar can remove

from the public register any reference to the name which is the subject of the direction.

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

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

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

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

173 Clause 19 amends the heading of Chapter 5 of Part 5 of the Companies Act 2006. It also inserts section 76C into the Companies Act 2006, which gives powers to the Registrar so that she can act where companies, already on the register, have a

name which contains computer code. The powers allow the Registrar to determine a new name for the company and remove from the register any reference to the company's old name. Where the Registrar has exercised the powers, the Registrar must notify the company and annotate the register accordingly.

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

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

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

Clause 21: Sections 19 and 20: consequential amendments

176 Following on from the Bill's introduction of new Registrar powers to change a company name in

circumstances where it contains computer code or has been the subject of a breached name change direction, this clause makes consequential amendments requiring the replacement of the old name with the new on the register. It applies the same principle in the case of overseas companies on the register.

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

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

Business names

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

178 Section 1193 of the Companies Act 2006 already makes it unlawful, without the Secretary of State's consent, to carry on business in the UK under a name which implies a connection with the UK Government, devolved administrations and local authorities in the UK and other public bodies specified by regulation. This clause inserts section 1196A into the Companies Act 2006, which extends that principle by making it an offence to carry out business in the UK under a name which suggests a connection, where none exists, with a foreign government or its offshoots or with international bodies, for example, the United Nations or NATO. The offence, whether committed by an individual or a body corporate carries a fine of up to level 3 on the standard scale as well as a daily default of up to one-tenth of that for so long as the contravention continues.

Clause 24: Use of name giving misleading indication of activities

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

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

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

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

181 This clause inserts section 1198B into the Companies Act 2006, which provides that where a company has been directed to change its name or ordered to do so by the names change adjudicator (and the period for compliance has expired) no other company should carry on business in the UK under that name if an acting or former officer or shareholder of the initial company has similar involvement in the new company. Exceptions are

where the second company is registered under the Companies Act 2006 by the name or where the direction or order predate the coming into force of this clause. Contravention of this clause is an offence on the part of the company and all officers in default and attracts, on summary conviction, a fine of up to level 3 on the standard scale as well as a daily default of up to one-tenth of that for so long as the contravention continues.

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

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

Registered offices

Clause 28: Registered office: appropriate addresses

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

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

185 Subsection (3) of the new section 86 sets out that it is an offence if a company fails, without reasonable excuse, to comply with the requirement to have its registered office at an appropriate address. An offence is committed by (a) the company and (b) every officer of the company who is in default. Subsection (4) of the new section 86 sets out that if a person is guilty of an offence under

this section, the penalty (on summary conviction) will be: (a) in England and Wales, a fine; (b) in Scotland or Northern Ireland a fine not exceeding level 5 on the daily scale, and, where there is a continued contravention, a daily default fine not exceeding one-tenth of level 5 on the standard scale.

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

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

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

189 Subsection (6) inserts a new section 853CA (Duty to notify a change in registered office) after section 853C of the Companies Act 2006. The new section applies where a company makes a

confirmation statement, and at the time of making the statement, the registered office is not at an appropriate address as defined by new section 86(2) (subsection (1)). Subsection (2) sets out that where this is the case, the company must deliver a notice under section 87 of the Companies Act 2006 (change of registered office) at the same time as it delivers the confirmation statement.

Clause 29: Registered office: rectification of register

190 This clause amends section 1097A of the Companies Act 2006 (rectification of register relating to a company's registered office). This section contains a regulation-making power which allows the secondary legislation to be made permitting the registrar to change a company's registered office on application. Subsection (2) of Clause 29 amends subsection (1) of section 1097A to expand the regulation-making power, allowing provision to be made which permits the registrar to change the address of a company's registered office, both on application and on her own motion, if not satisfied that it is an appropriate address within the meaning of new section 86(2).

191 Subsection (4) of Clause 29 makes a number of changes to subsection (3) of section 1097A, which sets out what may be provided for in regulations made under the new subsection (1).

192 A new paragraph (ba) is inserted after section

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

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

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

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

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

197 Paragraph (h) of section 1097A(3) is amended

to provide that, where the Registrar nominates a default address to be the company's registered office, the default address need not be an appropriate address within the meaning of new section 86(2).

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

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

200 Subsection (5) of Clause 29 removes subsection (4) from section 1097A. Subsection (6) inserts a new subsection (4A) into section 1097A, before subsection (5). New subsection 4A sets out that provision made by virtue of new subsection (3)(ha) may include provision to create summary offences punishable with a fine (paragraph (a)); provision for the Registrar to strike a company's name off the register if the company does not change its address from the default address

(paragraph (b)(i)0; and provision for the restoration of a company, in prescribed circumstances, on application made to the Registrar or as a result of a court order.

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

202 Subsection (7) of Clause 29 substitutes subsection (6) of section 1097A. The new subsection (6) sets out that provisions made by regulations under new section 1097A (1) must include a right of appeal to the court against any decision to change the address of a company's registered office.

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

Clause 30: Registered email address etc.

204 This clause amends the Companies Act 2006 by amending section 9 (registration document), section 16 (effect of registration), the heading of Part 6, and inserting new section 88A. The effect is to stipulate that all companies must maintain an appropriate email address. An appropriate email address is one at which, in the ordinary course of events, emails sent to it by the registrar would be expected to come to the attention of a person acting on behalf of the company. Failure to maintain an appropriate email address, without reasonable excuse, will be an offence and the company will be subject to a criminal penalty. Clause 30 also inserts new section 88B which provides for how a company may change its registered email address.

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

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

207 Clause 30(7) secures that the registered email address will not made available for public inspection.

208 Clause 30(9) inserts a new Part 2A into Schedule 4 to the Companies Act 2006, which prescribes when a document or information is validly sent or supplied electronically to a company by the Registrar or the Secretary of State.

Clause 31: Registered email address: transitional provision

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

Disqualification in relation to companies

Clause 32: Disqualification of persons designated under sanctions legislation: GB

210 Clause 32 inserts section 11A into the Company Directors Disqualification Act 1986. Section 11A prohibits certain designated persons, as defined by section 9(2) of the Sanctions and Anti-Money Laundering Act 2018, from acting as directors of companies.

211 Subsection (1) sets out that the section relates

to designated persons as defined by section 9(2) of the Sanctions and Anti-Money Laundering Act 2018 who are designated on or after section 32(2) of the Economic Crime and Corporate Transparency Act 2022 comes fully into force.

212 Subsection (2) sets out that such a designated person must not act as a director.

213 A person who breaches subsection (2) commits an offence under section 13 of the Company Directors Disqualification Act 1986.

214 Subsection (3) sets out that it is a defence for the person if they did not know and could not reasonably have been expected to know that they are a designated person at the time they acted as a director.

215 Subsections (4) and (5) of Clause 32, extend the application of sections 15 and 21 of the Company Directors Disqualification Act 1986 to include cases covered under section 11A.

Clause 33: Section 32: application to other bodies

216 Clause 33 amends sections 22A, 22B, 22C, 22E, 22F, 22G and 22H of the Company Directors Disqualification Act 1986. It disapplies the prohibition in the new section 11A in relation to building societies, incorporated friendly societies, NHS foundation trusts, registered societies, charitable incorporated organisations, further education bodies and protected cell companies.

This will take effect in England and Wales and Scotland.

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

Clause 34: Disqualification of persons designated under sanctions legislation: Northern Ireland

218 Clause 34 inserts Article 15A into the Company Directors Disqualification (Northern Ireland) Order 2002. Article 15A prohibits certain designated persons, as defined by section 9(2) of the Sanctions and Anti-Money Laundering Act 2018, from acting as directors of companies.

219 Subsection (1) sets out that the section relates to designated persons as defined by section 9(2) of the Sanctions and Anti-Money Laundering Act 2018 who became designated on or after section 34(2) of the Economic Crime and Corporate Transparency Act 2022 comes fuly into force.

220 Subsection (2) sets out that such a designated person must not act as a director or directly or indirectly take part in or be concerned in the promotion, formation or management of a company.

221 Subsection (3) sets out that it is a defence for the person if they did not know and could not reasonably have been expected to know that they are a designated person at the time they acted as a

director.

222 Subsections (4) and (5) of Clause 34, extend the application of Articles 18 and 19 the Company Directors Disqualification (Northern Ireland) Order 2002 to include cases covered under Article 15A.

Clause 35: Section 34: application to other bodies

223 Clause 35 amends Articles 24D, 25, 25A, 25B and 25C of the Company Directors Disqualification (Northern Ireland) Order 2002. It disapplies the prohibition in the new Article 15Ain relation to building societies, incorporated friendly societies, registered societies, credit unions and protected cell companies.

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

Directors

Clause 36: Disqualified directors

225 This clause inserts sections 159A and 169A into the Companies Act 2006.

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

227 Section 159A(2) defines “disqualified under the directors disqualification legislation”, and

distinguishes it depending on whether a company is registered by, or a document is delivered to, the registrar in Great Britain or in Northern Ireland. The grounds for disqualification relevant for this definition are listed in Part 1 and Part 2 of the table in subsection (2). The definition of a disqualified director includes persons disqualified under sections 11 and 11A of Company Directors Disqualification Act 1986, which cover: undischarged bankrupts, persons subject to bankruptcy restrictions order or undertakings, debt relief restrictions orders or undertakings and moratoriums under the debt relief orders as well as designated persons as defined by section 9(2) of the Sanctions and Anti-Money Laundering Act 2018.

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

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

230 Section 169A (2) sets out that a person who ceases to hold the office of director under this

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

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

Clause 37: Section 36: amendments to clarify existing corresponding provisions

232 This clause amends section 156C of the Companies Act 2006 as inserted by the Small Business, Enterprise and Employment Act 2015, a provision establishing transitional arrangements for changes introduced by section 156A and 156B around appointment of directors who are not natural persons. This amendment clarifies that the void appointment results in removal from office by virtue of this appointment, not ceasing to be a director at all. A director, whose appointment became void, cannot be treated as a *de jure* director, but normal

principles as to *de facto* directors apply to such persons. Consequently both *de facto* and shadow directors remain liable for contraventions of any Companies Acts or other enactments notwithstanding that they will cease to hold office by virtue of the void appointment.

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

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

Clause 38: Repeal of power to require additional statements

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

Clause 39: Prohibition on director acting unless ID verified

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

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

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

239 Under subsection (7) the only result of a director's breach of section 167M(1) and a company's breach of section 167M(2) is commission of offences provided respectively in

subsection (3) and (4). Despite of the commission of these offences, any action taken by the director is valid.

240 The Secretary of State may specify in regulations exemptions to the requirement to verify identity for the purposes of acting as a director.

Clause 40: Prohibition on acting unless directorship notified

241 This clause inserts section 167N into the Companies Act 2006. Section 167N creates an offence for an individual to act as a director unless the company has notified the Registrar of the director's appointment within 14 days of their appointment. The company must communicate this to the Registrar by providing a notice under section 167G (Duty to notify Registrar of change in directors). The notice must include a statement that the director's identity is verified.

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

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

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

245 Under subsection (6) the only result of a director's breach of section 167N(1) is commission of offence in subsection (3). Despite of the commission of these offences, any action taken by the director is valid.

Clause 41: Consequence of breaching prohibition on acting as director: GB

246 This clause amends section 3 (disqualification for persistent breaches of companies legislation) and section 5 (disqualification on summary conviction) of the Company Directors Disqualification Act 1986. This section allows for disqualification of directors in Great Britain on the grounds of persistent non-compliance or with companies filing obligations and directors' and People with Significant Control's identity verification requirements.

247 Amendments to section 5 (disqualification on summary conviction) of the Company Directors Disqualification Act 1986 allows for disqualification of directors in Great Britain that have been convicted (either on indictment or summary conviction) of failing to comply with companies filing obligations or directors' and People with Significant

Control's identity verification requirements.

Clause 42: Consequence of breaching prohibition on acting as director: Northern Ireland

248 This clause amends article 6 (disqualification for persistent default under companies legislation) of the Company Directors Disqualification (Northern Ireland) Order 2002. This allows for disqualification of directors in Northern Ireland on the grounds of persistent non-compliance with companies filing obligations or directors' and People with Significant Control's identity verification requirements.

249 This clause also amends article 8 (disqualification on summary conviction of offence) of the Company Directors Disqualification (Northern Ireland) Order 2002. This allows for disqualification of directors in Northern Ireland that have been convicted (either on indictment or summary conviction) of failing to comply with companies filing obligations or directors' and People with Significant Control's identity verification requirements.

Clause 43: Registrar's power to change a director's service address

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

address pursuant to a decision of the Registrar under section 245 of the Act.

251 Clause 43 amends section 246 to reflect the new circumstances that arise upon the Bill's abolition of local registers of directors. It effectively preserves the existing Registrar obligations in respect of giving appropriate notice of the action that has been taken, while omitting existing obligations upon the company to reflect the change of service address in its local register.

Register of members

Clause 44: Register of members: name to be included

252 In the Companies Act 2006 and associated regulations there is no definition of "name" for a member of a company, such that an individual member could state their name is J Bloggs. Clause 44 amends various provisions of the Companies Act 2006 to enhance and standardise member name information.

253 Subsection (3) inserts new subsections into section 113 (register of members) to prescribe the meaning of "name", in relation to a member who is an individual. These new subsections define "name" as forename and surname, and in the case of a peer or individual usually known as a title, that title.

254 This has the effect of requiring an individual to register their name as Joe Bloggs instead of J Bloggs which provides more transparency as to

who an individual member is.

255 Subsections (2) and, (4) make amendments to section 112 and section 115 which flow from the addition of new subsection 113(6A).

Clause 45: Register of members: power to amend required information

256 This clause inserts new section "113A: Power to amend particulars to be included in register of members" into the Companies Act 2006. This allows the Secretary of State to make regulations to change the information required to be entered into a company's register of members and to make changes to other parts of the Companies Act 2006 where relevant. For example, regulations may require all members to provide an address. Currently the subscribers of a company (the members who agree to become members by subscribing their name to a memorandum of association) are required to provide their name and an address[2], but those who subsequently become members are only required to provide their "name".

257 This will have the effect of enabling the collection of more information about members in the future. This would align the position for members

[2] Please see Regulation 3 of The Companies (Registration) Regulations 2008 (SI 2008/ 3014).

with the position for directors[3] and for People with Significant Control.[4]

Clause 46: Additional ground for rectifying the register of members

258 This clause amends section 125(1) of the Companies Act 2006 (power of court to rectify the register). Without the amendment, the court may only order the rectification of the register in relation to names; Clause 41 broadens the rectification power so it is available in respect of any information on the members register.

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

Clause 47: Register of members: protecting information

260 This clause inserts new section 120A (Power to make regulations protecting material) into the

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[3] Please see section 166 of the Companies Act 2006 (Particulars of directors to be registered: power to make regulations).

[4] Please see section 790L of the Companies Act 2006 (Required particulars: power to amend).

Companies Act 2006. New section 120A allows the Secretary of State to make regulations requiring a company to refrain from using or disclosing "individual membership information" except in specified circumstances, where an application to the Registrar is made to request this.

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

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

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

standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 5 on the standard scale.

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

Clause 48: Register of members: removal of option to use central register

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

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

267 This clause makes various consequential amendments to other sections of the Companies Act 2006.

Clause 49: Membership information: one-off confirmation statement

268 This clause requires a company to provide a full list of shareholders with the first confirmation statement filed on a date that is after the day on which Clause 44 (Register of members: names to be included) comes into force.

Registration of directors, secretaries and persons with significant control

Clause 50: Abolition of local registers etc

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

Clause 51: Protection of date of birth information

270 This clause amends sections 1087, 1087A and 1087B of the Companies Act 2006.

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

272 Subsection (3) substitutes s1087A

(Information about a person's date of birth) and s1087B (Disclosure of DOB information) with new clauses s1087A (Protection of date of birth information), s1087B (Protection of date of birth information in old documents) and s1087C (Disclosure of date of birth information).

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

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

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

Accounts and reports

Clause 52: Filing obligations of micro-entities

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

Clause 53: Filing obligations of small companies other than micro-entities

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

Clause 54: Sections 52 and 53: consequential amendments

278 These amendments ensure the new clauses above function as intended.

279 Subsection (2) of Clause 54 amends section 415A(2) of the Companies Act 2006, removing the exemption for small companies in relation to filing a Director's Report for sections 444 to 446.

280 Subsection (3) amends section 441(1) by including new section 443A in the list of relevant

sections, removing the reference to section 444A from the same list, and changing the wording in relation to section 444 to reflect the new structure of the filing obligation sections

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

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

Clause 55: Statements about exemption from audit requirements

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

Clause 56: Removal of option to abridge Companies Act accounts

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

Confirmation statements

Clause 57: Confirmation statements

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

Clause 58: Duty to confirm lawful purposes

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

Clause 59: Duty to notify a change in company's principal business activities

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

Clause 60: Confirmation statements: offences

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

Identity verification

Clause 61: Identity verification of persons with significant control

289 The clause inserts sections 790LI, 790LJ, 790LK, 790LL, 790LM, 790LN, 790LO and 790LP into the Companies Act 2006. Sections 790LI to

790LP introduce the identity verification requirements for persons and legal entities with significant control in companies defined under section 790C and registrable under Part 21A of the Companies Act 2006. A Person with Significant Control (PSC) is an individual who meets at least one of the specified conditions in Schedule 1A of the Companies Act 2006. A company must take reasonable steps to identify its PSCs and provide information on its PSCs to Companies House. Where a company is owned or controlled by a legal entity which meets at least one of the specified conditions in Schedule 1A of Companies Act 2006, it can be a registrable relevant legal entity (RLE) in relation to the company. It is a RLE if it is subject to UK PSC requirements, or has voting shares admitted to trading on a regulated market in the UK or EEA, or on specified markets in Switzerland, the USA, Japan or Israel. The RLE is registrable in relation to a company if it is the first RLE in the company's ownership chain. This clause therefore refers to registrable persons and registrable relevant legal entities as defined by s790C.

290 As only individuals can verify their identity, a RLE must provide information on its relevant officer as defined by s790LK(6) whose identity is verified. The purpose of the identity verification of a relevant officer is to ensure that a verified individual is always traceable for each RLE. RLEs must

therefore ensure that a verified relevant officer is notified to the Registrar and this information is updated when there are changes to the relevant officer. This clause also uses the term ‘registered officer’ as defined by s790LN(2) to specify the circumstances in which the duty of relevant persons to file a verification statement applies.

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

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

293 PSCs will be required within 14 days of the appointed day to deliver to the Registrar a statement that their identity is verified. PSCs will be required to maintain the verified status from the expiry of this 14-day period. The Secretary of State

may, by regulations, set out the appointed day.

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

295 Under section 12A companies must deliver a statement of initial significant control to the Registrar. This statement may be accompanied by a verification statement which identifies a registrable person or a relevant officer on behalf of a RLE who has verified their identity.

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

was verified. The Registrar will also make direction if in both cases the subscribers' or company's statements were false.

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

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

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

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

301 The RLE will have to deliver a statement made by this entity, confirming the name of its relevant officer and confirm that this relevant officer's identity is verified according to section 1110A. Additionally, the RLE will have to deliver a statement on behalf of the relevant officer confirming that their relationship with RLE makes them the RLE's relevant officer.

302 The two cases in which the Registrar will make such direction are similar to those under section 790LI. First is where an entity becomes an RLE on incorporation of a company, but the subscribers did not make statements under section 12B(3). The second is where an entity becomes an RLE after

incorporation of a company, but the company did not make statements under section 790LB (2) or (3). The Registrar will also make direction if in both cases the subscribers' or company's statements were false.

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

304 Section 790LN obliges the RLE to ensure that the individual notified to the Registrar of Companies as the relevant officer of an RLE meets the criteria of a relevant officer and have their identity verified with the Registrar as long as the RLE is registered with the Registrar. The purpose of this section is twofold. First, to ensure, that whoever is notified by the RLE as a relevant officer meets the criteria under section 790LK(6). It means that this individual must be in a senior managing position, like a director, a member or other officer with functions like a director of a company. If an individual notified to the Registrar as a relevant officer dies or resigns from being a director of the RLE, they will not meet the criteria under section 790LK(6) anymore. To

avoid a breach of section 790LN, the RLE should notify the Registrar about its new director (relevant officer) under section 790LO. The second purpose is to ensure that the registered relevant officer has always their identity verified with the Registrar of Companies. As a consequence, if this person ceased to be verified under regulations made under section 1110A(3), they should reverify their identity. If they fail to do so they may be exposed to criminal liability under section 790LP.

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

306 Section 790LO allows RLEs to change its registered officer by giving notice to the Registrar. An RLE will file such notice, for example, when the individual notified to the Registrar as a relevant officer died, stopped meeting the relevant officer criteria (for example resigned from the position of a

director, or their appointment was terminated), or just RLE decided to notify other person as a relevant officer. When notifying change of registered relevant officer, the RLE must make equivalent statements as under section 790LK(2).

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

Clause 62: Procedure etc for verifying identity

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

309 Subsection (1) provides, that an individual's identity is verified if the person has verified their identity with the Registrar directly or a verification statement in respect of the person has been delivered to the Registrar by an authorised corporate service provider. Direct verification with the Registrar must be in line with the prescribed verification requirements in new section 1110B, under which the Secretary of State may make regulations about verification requirements.

310 Subsection 2 defines a verification statement for the purpose of section 1110A, as a statement made by an authorised corporate service provider (defined under the new 1098A of Companies Act

2006) confirming that an individual's identity has been verified in accordance with the verification requirements in section 1110B. Verification statement in the meaning of section 1110A(2) must be distinguished from statements delivered under section 12(4), 12B, 167G(3)(c), 790LB(1)-(2), and 1067A, which do not count for the purpose of section 1110A(1)(b) and do not fall under the definition in subsection (2).section 1110A(1)(b) and do not fall under the definition in subsection (2).

311 Section 1110A(3) provides that authorised corporate service providers can deliver statements confirming that individual's identity is verified (for example under section 12(4), 12B, 167G(3)(c), 790LB(1)-(2)) on behalf of individuals at the same time as the verification statement in s1110A(1)(b). In most cases an authorised corporate service provider will undertake identity verification at the same time as they make the other statements on behalf of the individual (for example statements under section 12(4), 12B, 167G(3)(c), 790LB(1)-(2)). This provision ensures that the statements under section 12(4), 12B, 167G(3)(c), and 790LB(1)-(2) delivered by authorised corporate service providers to the Registrar together with the verification statement under section 1110A(2) will be valid and that no documents delivered to the Registrar will be rejected for a lack of any statements.

312 Subsection (4) provides that the Secretary of State may, by regulations, set out the circumstances in which someone stops having a verified identity. Subsection (5) provides, that regulations made under subsection (4) can confer discretion on the registrar, and that someone ceases to be an individual whose identity is verified unless within a specified period of time their identity is reverified. Reverification will require individuals to verify their identity either directly with the Registrar or by an authorised corporate service provider delivering a verification statement the Registrar.

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

314 Subsection (2)(a) provides that the regulations may make provisions about the procedure for verifying or reverifying of individual's identity (including evidence required). Subsection (2)(b) also provides that the regulations can also make provision about the records a person who is or has been an authorised corporate service provider has to keep in connection with verifying or reverifying an individual's identity. Subsection (3) allows offences to be created for failing to keep these records. This will ensure that, if ever required, there is some record in which to check that the standard of identity

verification complies with those set out under s1110B. Subsection (4) provides the level of fines allowed to be made in the regulations made under section 1110B.

315 Provisions under these regulations also include conferring a discretion on the Registrar to impose requirements by Registrar's rules. The details of identity verification procedure are technical and administrative and will therefore be delegated to the Registrar. Procedure could include specifying different methods of identity verification in line with best practice which is likely to evolve over time. These regulations will be subject to an affirmative resolution procedure.

Clause 63: Authorisation of corporate service providers

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

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

documents on behalf of corporate clients with the registrar to be authorised to do so.

318 Section 1098A defines an "authorised corporate service provider" and section 1098B provides for who can apply to become one and the information the application must contain. Section 1098C prescribes the required information about an applicant and section 1098D prescribes who can make an application.

319 To obtain authorised corporate service provider status, an applicant must be (in the case of an individual) have their identity verified and must be a "relevant person" for anti-money laundering purposes. The applicant must also meet any other requirements imposed by regulations made by the Secretary of State.

320 Section 1098E makes it an offence for an authorised corporate service provider to fail to update the Registrar of changes to their supervisory authority under the Money Laundering Regulations so that they cannot act as an authorised corporate service provider when they do not have a supervisory authority.

321 Section 1098F provides for the circumstances in which an authorised corporate service provider's authorisation ceases, and section 1098G provides for circumstances in which the registrar can suspend a person's status as an authorised

corporate service provider.

322 Section 1098H confers a power on the Secretary of State to make regulations which impose duties on authorised corporate service providers to provide information to the registrar.

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

Clause 64: General exemptions from identity verification: supplementary

324 This clause inserts Section 1110C (Exemptions from identity verification: additional statements etc). Section 1110C gives the Secretary of State powers to, through regulations subject to the affirmative resolution procedure, require that additional information is submitted to the Registrar with the statements under section 12(2A)(b), 167G(3)(c)(ii) and 1067(3)(b), (4)(d).

Clause 65: Exemption from identity verification: national security grounds

325 The Secretary of State may by written notice exempt a person from identity verification requirements if it is necessary to do so: (a) in the interests of national security, or (b) for the purposes or preventing or detecting serious crime (subsection

(1)).

326 Subsection (2) sets out the effects of the exemption for individuals subject to a written notice. This includes not requiring a statement of identity verification for a proposed officer who is named as a director in application to form a company, not having to notify the Registrar if a person is made director, exempted people being able to act as a director without having their identity verified and without being notified to the Registrar, not requiring a statement of identity verification on delivery of document to the registrar.

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

Clause 66: Allocation of unique identifiers

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

329 Amendments to section 1082 expand the Secretary of State's power to allocate unique identifiers, which is a unique number allocated to a

certain individual, to individuals who have verified their identity under section 1110A and in accordance with regulations made under section 1110B.

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

331 Subsections 1082(1)(ba) and (bb) provide that the Secretary of State may make provisions in regulations for the use of the unique identifiers to identify an authorized corporate service provider and an individual whose identity is verified. Introduction of unique identifiers for these categories of persons, will allow the Registrar to identify individuals delivering documents to the Registrar and those registered as directors or People with Significant Control, in the database of verified individuals. One person will be allowed to have one unique identifier only.

332 Subsection 1082(2)(d)(i)-(ii) also expands the Secretary of State's permitted scope to make regulations about unique identifiers by allowing the Registrar to cancel or replace a unique identifier. This may be required for example, where an individual's unique identifier has been compromised

or shared with a third party who should not have or access to it anymore.

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

Clause 67: Identity verification: material unavailable for public inspection

334 This clause amends section 1087 of the Companies Act 2006 (material unavailable for public inspection). Section 1087(1)(gd) extends the list of material unavailable for public inspection to any statements delivered to the Registrar of Companies under provisions listed. This is to ensure that detailed information contained in verification statements remains private between the individual submitting them and the Registrar of Companies. Crucially, this includes statements informing the Registrar of Companies that an individual falls into an identity verification exemption as specified in regulations. This provision helps to protect personal and sensitive information. Chapter 13: Who may deliver documents

Restoration to the register

Clause 68: Requirements for administrative restoration

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

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

Who may deliver documents

Clause 69: Delivery of documents: identity verification etc

337 This clause inserts section 1067A into the Companies Act 2006. Section 1067A sets out identity verification requirements for individuals delivering documents to the Registrar.

338 Subsections (1) and (3) provide the requirements of delivery of documents on a person's own behalf. Subsection (1)(a) provides,

that an individual who delivers a document to the Registrar on their own behalf must have their identity verified, and under subsection (3)(a) their document must be accompanied by a statement confirming their verified status. Subsection (1)(b) sets out that a person may deliver a document to the Registrar if the individual is exempt from identity verification requirements. Under subsection (3)(b) a statement to this effect must accompany the document. This applies, for example, to individuals delivering applications for protection of their information under regulations made under section 1088 of the Companies Act 2006.

339 Subsections (2) and (4) provide the requirements of delivery of documents on behalf of another. An individual must meet one of the four conditions in this subsection, and they must have the person's authority to deliver a document on their behalf. Subsection (2)(a) provides that an individual who delivers a document to the Registrar on behalf of another person must have their identity verified. Under subsection (4)(a) their document must be accompanied by a statement confirming their verified status and that they have the person's authority to deliver the document. Subsection (2)(b) provides that an authorised corporate service provider may deliver documents to the Registrar on behalf of another person. The authorised corporate service provider needs to have the person's

authority to deliver the document. Under subsection (4)(b) the document must be accompanied by a statement that the individual is an authorised corporate service provider and that they have the person's authority to deliver the document. Under subsection (2)(c), an individual may deliver a document on behalf of another person if they are an employee of an authorised corporate service provider acting in the course of their employment. Under subsection (4)(c), the document must be accompanied by a statement that the individual is an employee of an authorised corporate service provider acting in the course of their employment. The statement must also confirm that the individual has the authority of the person on whose behalf they are filing the document. Under subsection (2)(d), an individual may deliver a document to the Registrar if they fall within an exemption from identity verification requirements, and under subsection (4)(d), their document must be accompanied by a statement that the individual falls within the exemption and that they have the authority of the person on whose behalf they are filing the document.

340 An individual filing on behalf of another person includes, for example, an individual filing on behalf of legal persons such as companies, so a director filing on behalf of a company would need to confirm they have authority to do so. The purpose

of this provision is to serve as a deterrent to unauthorised individuals delivering documents to the Registrar. An individual who makes an unauthorised filing will also be committing a general false statement offence under section 1112 or section 1112A of the Companies Act 2006.

341 The Secretary of State may in secondary legislation specify exemptions to identity verification requirements for the purposes of delivery of documents to the Registrar.

Clause 70: Disqualification from delivering documents

342 This clause inserts section 1067B into the Companies Act 2006.

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

344 Under subsection (2) a document can be delivered to the Registrar on behalf of a disqualified person only through an authorised corporate provider as defined by section 1098A, or through an employee of an authorised corporate provider and acting in the course of their employment.

345 Filing via an authorised corporate provider allows disqualified individuals to continue to file

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

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

347 The definition of a disqualified person is provided in section 159A(2). It covers persons disqualified under the Companies Directors Disqualification Act 1986, including sections 11 and 11A, which concern: undischarged bankrupts, persons subject to bankruptcy restrictions order or undertakings, debt relief restrictions orders or

undertakings and moratoriums under the debt relief orders as well as designated persons as defined by section 9(2) of the Sanctions and Anti-Money Laundering Act 2018.

Clause 71: Proper delivery: requirements about who may deliver documents

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

Facilitating electronic delivery

Clause 72: Delivery of documents by electronic means

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

Clause 73: Delivery of order confirming reduction of share capital

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

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

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

Clause 74: Delivery of statutory declaration of solvency

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

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

Clause 75: Registrar's rules requiring documents to be delivered together

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

Promoting the integrity of the register

Clause 76: Power to reject documents for inconsistencies

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

Clause 77: Informal correction of document

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

Clause 78: Preservation of original documents

358 This clause amends section 1083 of the

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

Clause 79: Records relating to dissolved companies etc

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

360 Subsection (2) amends section 1084 to:

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

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

c. Substitute subsections (2) and (3), with new subsections (2), (2A) and (3). These allow the Registrar for England and Wales (and the Registrar for Northern Ireland) to remove records to the Public Records Office (of Northern Ireland) at any time after two years of

the relevant date. Records disposed of under new subsection (2) and (2A) are to be disposed of under enactments relating to the Public Records Office (of Northern Ireland).

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

Clause 80: Power to require additional information

362 This clause inserts section 1092A, 1092B and 1092C into the Companies Act 2006. These provisions introduce a new power to require information to be provided to enable the Registrar to determine i) whether a person has satisfied a statutory requirement to deliver a document, ii) whether a document that has been delivered complies with the requirements for proper delivery, or iii) whether (and, if so, how) to exercise the power to require a company to resolve inconsistencies between a document and other material on the companies register or the Register of Overseas Entities, or the power to remove from either of those registers material which was accepted notwithstanding it failed the proper

delivery requirements or which counts as "unnecessary material" within section 1074(2).

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

364 Subject to certain exceptions, section 1092C protects persons against self-incrimination in criminal proceedings by rendering inadmissible in that context statements they make in response to a requirement for information under section 1092A. The exceptions to this protection are in respect of offences committed under sections 1112 and 1112A of the Companies Act 2006, section 5 of the Perjury Act 1911, section 44(2) of the Criminal Law (Consolidation)(Scotland) Act 1995, Article 10 of the Perjury (Northern Ireland) Order 1979 (S.I.

1979/1714 (N.I. 19)), section 32 of the Economic Crime (Transparency and Enforcement) Act 2022, and any other offences which involve making a misleading, deceptive or false statement to the Registrar. No material provided to the Registrar pursuant to a requirement to provide additional information under this clause shall be available for public inspection on either the companies register or the Register of Overseas Entities.

Clause 81: Registrar's notice to resolve inconsistencies

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

Clause 82: Administrative removal of material from the register

366 This clause amends and enhances the Registrar's powers to remove material from the register by substituting a new section 1094 into the

Companies Act 2006, along with new sections 1094A and 1094B. The categories of material which may be removed are those which have been accepted despite not meeting proper delivery requirements, and those defined by the Companies Act 2006 as unnecessary material. The Registrar may take a unilateral decision to remove material or do so upon application.

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

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

369 Finally, the clause provides that any removal

application or related material shall not be available for public inspection.

Clause 83: Rectification of the register under court order

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

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

Inspection etc of the register

Clause 84: Inspection of the register: general

372 This clause makes consequential amendments to section 1085 (Inspection of the register) of the Companies Act 2006. This takes account of amendments under Clause 79 to omit section 1087ZA from s1085(3) and to add new section 1087ZB: Exclusion of material from public inspection pending verification, inserted into the

Companies Act 2006 by Clause 80(5).

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

374 Subsections 76A(9) and 76B(9) are also excluded from the requirement on the Registrar to make material available for public inspection. These sections respectively deal with names of companies which are used for criminal purposes or wrongly registered. Once identified, the Registrar need not make names of these categories available for public inspection.

Clause 85: Copies of material on the register

375 This clause amends sections of the Companies Act 2006 relating to copies of material on the register.

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

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

register or obtain a copy of register material.

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

379 Subsection (5) amends section 1091: certification of copies as accurate, by:

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

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

Clause 86: Material not available for public inspection

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

Clause 87: Protecting information on the register

381 This clause amends section 790ZF and 1087 of the Companies Act 2006, and substitutes a new section 1088.

382 This clause will extend the current limited instances where individuals can apply to have their personal information on the register “suppressed” or “protected” from the public register, i.e. so that the information is no longer displayed publicly. This doesn’t exempt them from providing the information, where that is still required by legislation, but will no longer be displayed on the public register.

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

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

385 Subsection (3) makes amendments to section 1087 (material not available for public inspection):

a. In subsection (1) of section 1087, paragraph (e) is substituted, so that any application or other document delivered to the Registrar under regulations under new section 1088 is not made available for public inspection, other than “replacement” information provided under new section 1088(4). New paragraph (e) also requires that any information which regulations made under new section 1088 require not to be made available for public inspection, are not. An example of “replacement” information is where someone has changed name, and wants their new name to appear on the public register in place of their old name, for example, in cases of domestic abuse.

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

mean it cannot be made available for public inspection if contained in a different document.

386 Subsection (5) substitutes section 1088 (Application to Registrar to make address unavailable for public inspection) for new section 1088 (Power to make regulations protecting material). Section 1088 currently allows for addresses to be suppressed from the public register, whereas the new section 1088 will allow the Secretary of State to make regulations making provision to protect addresses, as well as additional categories of personal information, such as business occupations, signatures, the day of dates of birth, addresses and names. New section 1088 is modelled on existing section 1088 and existing section 790ZG.

387 Subsections (5), (6) and (7) of new section 1088 relate to the disclosure of information protected under new section 1088. Subsection (5) states that one of the circumstances the regulations will specify, which allow the Registrar to disclose protected information, will include where the court has made an order. Subsection (6) states that regulations will not prevent disclosure under sections 243 or 244 (residential address information), new section 1087C(1)(date of birth information) [see Clause 51], any provisions under section 1046 which relates to these two sections, or new section 1110F (general powers of disclosure by

the Registrar) [see Clause 90].

Registrar's functions and fees

Clause 88: Analysis of information for the purposes of crime prevention or detection

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

389 As subsection (1) states, the Registrar would only be expected to carry out this analysis where the Registrar considers it appropriate. This would include taking account of the resources available to the Registrar alongside other factors such as risk and threat assessments.

390 The clause will work alongside other clauses in the bill, such as Clause 90, which, amongst other matters, permits the Registrar to share data for the purposes of the Registrar's functions and contains the section 1110F that has been referred to in subsection (2) of this clause. This means that the Registrar will be able to proactively share data so that it can be analysed, either by herself or the bodies that the Registrar shares with, for the purposes of crime prevention or detection.

Clause 89: Fees: costs that may be taken into account

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

392 Subsection (2) inserts subsection (3A). This will expand the functions which the Secretary of State may take into consideration when determining the level of fees to be paid to the Registrar to include investigation and enforcement activities that contribute to the maintenance of a healthy business environment.

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

394 Subsection (4) inserts subsections (6A) and (6B). This enables the Secretary of State to use regulations to amend the reference to the functions carried out by the Insolvency Service on behalf of the Secretary of State, should an alternative agency provide these or similar functions in future. Subsection 6B provides that any such amendment must be by means of the affirmative resolution procedure.

Information sharing and use

Clause 90: Disclosure of information

395 This clause amends section 1069A and inserts

sections 1110E, 1110F and 1110G into the Companies Act 2006.

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

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

398 Section 1110G Disclosure: supplementary, sets out that the disclosure powers do not authorise any disclosure if it would contravene data protection legislation, but any disclosures made under them do not breach any obligation of confidence owed by the person making the disclosure, or any other restriction that may be placed on the information. It

also outlines how HMRC information may be handled, creating an offence where HMRC information is disclosed without authorisation from HMRC. This will facilitate disclosures from HMRC without risk of compromising HMRC who have strict provisions with respect to disclosures of HMRC information. It also states that information received under section 1110E or any other enactment enabling disclosure to the Registrar is not subject to the requirements regarding the delivery of documents as per the meaning provided at section 1114. Consequently, section 1114 has been amended to reflect this.

Clause 91: Use or disclosure of director's address information by companies

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

Clause 92: Use or disclosure of PSC information by companies

400 This section substitutes existing s790ZG (Power to make regulations protecting material) of the Companies Act 2006 for new s790ZG. The new section is modelled on the existing section but makes some amendments.

401 The new section confers a power on the Registrar, on application, to make an order requiring a company not to use or disclose relevant PSC particulars. The existing section 790ZG confers a power to make regulations requiring the Registrar and the company, on application, to refrain from using or disclosing PSC particulars. Section 1088 of Clause 87 (power to make regulations protecting material) confers a power to make regulations requiring the Registrar, on application, to not disclose information.

402 Clause 92 also creates new section 790ZH (offence of failing to comply with regulations under section 790ZG). Subsection (1) states that if a company fails to comply with a restriction on the use or disclosure of information imposed by virtue of regulations under subsection 790ZG, an offence is committed by—the company, and every officer of the company who is in default. Subsection (2) states a person guilty of an offence on summary conviction in England and Wales is liable to a fine,

and in Scotland or Northern Ireland, to a fine not exceeding level 5 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 5 on the standard scale.

403 Subsection (3) of this clause substitutes paragraph (bc), in section 1087(1) (material not available for public inspection). This no longer refers to section 1046, because regulations under that section do not make material unavailable for public inspection.

Clause 93: Use of directors' address information by registrar

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

General offences and enforcement

Clause 94: General false statement offences

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

406 The new section 1112 differs from the old provision by removing the need for a person to have "knowingly or recklessly" delivered, or caused to be

delivered to the Registrar a document or statement which is false, deceptive or misleading in a material particular for an offence to occur. The emphasis is changed so that a false statement offence occurs where a person delivers a false, deceptive or misleading filing "without a reasonable excuse". The wording of this clause mirrors the wording in the false filing offence in section 32 of the Economic Crime (Transparency and Enforcement) Act 2022.

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

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

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

410 Subsection (4) of new section 1112A sets the penalty for the aggravated offence; on indictment, to imprisonment for not more than 2 years or a fine (or

both). For summary conviction, in England and Wales to imprisonment for a term not exceeding the general limit in a magistrates' court or a fine (or both) and in Scotland or Northern Ireland, to imprisonment for a term not exceeding 12 months or a fine not exceeding the statutory maximum (or both).

Clause 95: False statement offences: national security, etc defence

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

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

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

414 Subsection (2) provides that the Secretary of State may only issue such a certificate if satisfied that the conduct amounting to such offence as described in subsection (1) is necessary in the interests of national security or for the prevention or

detection of serious crime. Subsection (3) provides that the Secretary of State may revoke a certificate at any time.

415 Subsection (4) of new section s1112B defines the meaning of "serious crime" for the purposes of subsection (2). It explains that "crime" means conduct that is a criminal offence, or would be a criminal offence if it took place in any one part of the United Kingdom. It is "serious crime" if it would lead, on conviction, to a maximum prison sentence of three years or more, or if the conduct involves the use of violence, results in substantial financial gain, or is conduct by a large number of persons in pursuit of a common purpose.

Clause 96: Financial penalties

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

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

is a more appropriate use of resources.

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

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

420 Subsection (3) of new section 1132A states the regulations may include provision about the procedure to be followed in imposing penalties, the amount of penalties, for the imposition of interest or additional penalties for late payment, conferring rights of appeal against penalties and about the enforcement of penalties. Subsection (4) states the maximum penalty is £10,000.

421 Subsection (5) of new section 1132A states a person cannot have a financial penalty imposed in respect of conduct amounting to an offence if they have already been convicted of an offence for that conduct. No proceedings may be brought or

continued against a person in respect of conduct amounting to an offence if they have been given a financial penalty for that conduct. This means a person can only be given a financial penalty or be convicted of an offence for the same conduct, not both.

Clause 97: Financial penalties and directors' disqualification: GB

422 The clause amends the Company Director Disqualification Act 1986 to allow for a financial penalty to be imposed on a person who has committed an offence by virtue of regulations under Section 1132A of the Companies Act 2006.

423 These amendments also clarify that unpaid fines are a factor that will be considered repeated breaches of the Companies Act 2006. Disqualification may be ordered by a court either upon conviction of a person or for repeated breaches of company law.

Clause 98: Financial penalties and directors' disqualification: NI

424 As above, the clause amends the Company Direct Disqualification Act 1986 to allow for a financial penalty to be imposed on a person who has committed an offence by virtue of regulations under Section 1132A of the Companies Act 2006.

425 The clause also clarifies that unpaid fines are

a factor that will be considered repeated breaches of the Companies Act 2006. Disqualification may be ordered by a court either upon conviction of a person or for repeated breaches of company law.

Part 2 – Limited partnerships etc

Meaning of 'limited partnership'

Clause 99: Meaning of 'limited partnership'

426 This clause omits section 5 of Limited Partnership Act 1907 which states that 'every limited partnership must be registered as such in accordance with the provisions of this Act' and inserts a definition of limited partnership into the Act. This clause also amends section 1099 of the Companies Act 2006 to make clear that the registrar is obliged to maintain only those limited partnerships that are registered as such under the 1907 Act within the registrar's index of names, thereby ensuring that the registrar is not under any obligation to maintain names of defunct limited partnerships within that index.

Required information about limited partnerships

Clause 100: Required information about partners

427 This clause inserts a new schedule into the Limited Partnerships Act 1907 which sets out the required information about partners, and legal entity partners' "registered officers", that the clause obliges them to provide to the registrar.

Clause 101: Required information about partners: transitional provision

428 Clause 101 is a transitional provision that obliges general partners of limited partnerships which exist before Clause 100 comes into force to deliver a statement to the Registrar with the required information about each partner of the limited partnership within a six-month transitional period. Failure to do so is to be treated, in the absence of any evidence to the contrary, as a reasonable cause for the Registrar to believe that the limited partnership is dissolved for the purposes of the power to confirm dissolution of the partnership (as a prelude to removing it from the index of names).

Clause 102: Details about general nature of partnership business

429 Section 8A(2) of the Limited Partnership Act 1907 already requires that the general nature of the partnership business be provided to the Registrar at the registration stage. This clause amends section 8A to specify that limited partnerships must use a standard system of classification to specify the nature of their business. This will facilitate interrogation of the register to determine the purpose for which limited partnerships are being used.

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

Registered offices

Clause 103: A limited partnership's registered office

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

432 Under new section 8G, the Secretary of State may by regulations give the Registrar a power to change a limited partnership's registered office address should it not meet the requirements set out in section 8E. This power mirrors that in section 1097A of the Companies Act 2006, as amended by Clause 29.

433 Current legislation requires a limited partnership to propose a principal place of business

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

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

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

Clause 104: A limited partnership's registered office: transitional provision

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

Registered email addresses

Clause 105: A limited partnership's registered email address

437 This clause amends section 8A and 8G of the Limited Partnerships Act 1907 and inserts a new section 8H and 8I. These amendments stipulate that all general partners must maintain an appropriate email address. Failure to do this will be an offence and the general partner could face a fine. New section 8I contains a mechanism by which a firm's registered email address may be changed.

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

partnerships.

Clause 106: A limited partnership's registered email address: transitional provision

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

440 If the general partner does not make this submission, in the absence of evidence to the contrary, the failure is to be treated by the registrar as reasonable cause to believe that the limited partnership has been dissolved.

The general partners

Clause 107: Restrictions on general partners

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

442 This clause inserts a requirement on registration for confirmation that a limited partnership's proposed general partners are not disqualified under the director's disqualification legislation. New section 8J inserts a duty on the general partners to take any steps necessary to remove a general partner who is disqualified.

443 It also inserts, after 8I of the Limited Partnership Act 1907, provisions listed in 8J(3)

concerning the meaning of disqualified general partners. It is intended to mirror for the general partners of limited partnerships, the provisions which set out the that disqualified persons may not be appointed as directors of a company.

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

Clause 108: Officers of general partners

445 This clause amends the Limited Partnership Act 1907 by inserting after section 8A requirements in sections 8K to 8N. These provisions set out that general partners that are legal entities must specify the name or names of a proposed registered officer. This will make it possible to contact an individual person in general partners that are legal entities.

446 Section 8K sets out the duty to maintain a registered officer and named contacts. The managing officer must not be a disqualified or designated person, and specified that the general partner must at all times have a valid registered officer and named contact.

447 Section 8L sets out that a general partner may change its registered officer and named contacts and section 8M sets out the general partner's duty

to notify the registrar of changes to the registered officer. Section 8N makes it an offence for failing to comply with these provisions.

448 Section 8O sets out that a general partner that has one or more corporate managing officers must notify the registrar of any change in the required information about the named contact for any managing officer. Section 8P makes it an offence for failing to comply with these obligations.

Clause 109: Officers of general partners: transitional provision

449 This is a transitional provision. It gives general partners of existing limited partnerships which are legal entities a six-month period to comply with the new requirements about registered officers and named contacts that are being introduced by Clause 108 of this Bill.

450 By “existing”, this means limited partnerships that are registered in pursuance of an application for registration delivered to the registrar before the Limited Partnership Act 1907 is amended by Clause 108.

451 Clause 109(2) provides that, general partners which are legal entities and which became general partners on registration must deliver within the six month transitional period a statement that contains information about their registered officer. They must also either confirm that they do not have any

managing officers that are legal entities or, if they have more than one manging officer that is a legal entity, the must provide a proposed contact for each managing officer.

Removal of option to authenticate application by signature

Clause 110: Removal of option to authenticate application by signature

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

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

Changes in partnerships

Clause 111: Notification of information about partners

454 This clause inserts sections 8O-8R into the Limited Partnership Act 1907. These sections require general partners to notify the Registrar of changes to a limited partnership's partners, changes to information about partners, changes occurring in the period between application for the limited partnership's registration and its registration, and offences for failing to notify information about

partners.

455 If a limited partnership does not notify the Registrar of notifiable changes to partners within 14 days of the change occurring, the partnership will have committed an offence and be liable to summary conviction for which the penalty is a fine (uncapped in England and Wales; in Scotland or Northern Ireland, 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).

Clause 112: New partners: transitional provision about required information

456 This is a transitional provision. It gives general partners in limited partnerships a six-month period in which to deliver a statement to the Registrar detailing required information about partners that joined the partnership after registration but before section 105 comes fully into force.

457 The required information has the meaning given by the provisions in Schedule 4 of this Bill. The six-month period begins when section 105 comes into force.

458 If the general partners do not submit the required statement as set out in 106 (2), and there is no evidence to the contrary, the Registrar will have reason to believe that the limited partnership has been dissolved.

Clause 113: New general partners: transitional provision about officers

459 Similarly to Clause 109, this is a transitional provision that requires existing limited partnerships to comply with the requirements that are being introduced by Clause 102 of this Bill within a six-month period.

460 By existing, this means limited partnerships that are registered before the Limited Partnership Act 1907 is amended by Clause 102.

461 Information must be provided in a statement, as per 12(2), on general partners who are legal entities and became a general partner before Clause 102 came into force but after registration of their limited partnership.

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

Clause 114: Registrar's power to change an individual's service address

463 This clause inserts section 10A into the Limited Partnership Act 1907. Under this new section, the Registrar will have the power to change

the service address of a "relevant individual" (a general partner or a general partner's registered officer) if it has proved insufficient for communicating with that individual. Before the service address is changed, the Registrar must notify the individual and all the limited partnerships that the relevant individual is either a partner of, or a managing partner of a partner which is a legal person.

Clause 115: Notification of other changes

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

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

466 This clause amends section 8A and omits section 9 of the Limited Partnership Act 1907 and inserts sections 10B, 10C and 10D. These amendments introduce an obligation on general partners to notify the Registrar of such changes (if there have been any since the original application to form the limited partnership was submitted). Failure to do this within 14 days of the change taking place will be an offence committed by the general partner.

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

Clause 116: Confirmation statements

468 This clause inserts sections 10E and 10F into the Limited Partnership Act 1907. The purpose of these amendments is to assist in keeping the register up to date. The amendments will require limited partnerships to deliver statements to the Registrar specifying what, if any, changes have been made to the partnership, as well as confirming the address of the registered office.

469 This statement must be delivered within 14 days after every review period, which is every twelve months from the date the limited partnership registered or last submitted a statement. Limited partnerships may shorten the review period by

submitting a confirmation statement or by notifying the registrar of their intent and submitting it within 14 days after the date of that review period. Limited partnerships who are already registered will have a six-month period after this section comes into force to make their first submission.

470 This will help to maintain the accuracy of the register by allowing addresses to be replaced which appear to no longer be in use.

Clause 117: Confirmation statements: Scottish partnerships

471 This clause amends the Scottish Partnerships (Register of People with Significant Control) Regulations 2017 (S.I. 2017.694).

472 Subsection (2) of this clause inserts a new power into the Regulations that allows the Secretary of State to make regulations to change the content of confirmation statements delivered by a Scottish limited partnership. Subsection (3) substitutes existing provisions on the delivery documents and inserts that an eligible Scottish limited partnership can assume its statement is delivered unless told otherwise by the Registrar.

473 The clause will ensure that it is possible to align these confirmation statements with confirmation statements required of limited partnerships in other parts of the United Kingdom.

Accounts

Clause 118: Power for HMRC to obtain accounts

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

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

Dissolution and winding up of limited partnerships

Clause 119: Dissolution and winding up of limited partnerships

476 Clause 119 amends section 6 of the Limited Partnerships Act 1907. Section 6 modifies the general law in the case of limited partnerships. The amendments to section 6 provide for the dissolution and winding up of a limited partnership. The amendments generally have the effect of changing section 6's modifications to the general law so those modifications apply to all kinds of limited

partnerships, not just private fund limited partnerships.

477 New subsection (2A) makes it clear that a limited partnership is dissolved if it ceases to have a general partner or ceases to have a limited partner.

478 New subsection (3A) provides for what happens in the event that the limited partnership is dissolved at a time when the firm has at least one general partner: the general partners must notify the registrar that the firm has been dissolved and, subject to any agreement as to the winding up of the firm, they must wind it up.

479 New subsection (3B) provides for what happens in the event that a firm is dissolved at a time when it does not have a general partner: the limited partners must notify the registrar that the firm has dissolved and the affairs of the partnership must be wound up by a person who is not a limited partner, appointed by those who are limited partners at that time, subject to any agreement as to the winding up of the firm's affairs.

480 Currently, if a limited partner engages in management activity they will lose their limited liability protections (though the limited partners of a limited partnership that is designated as a Private Fund Limited Partnership may engage in a prescribed "whitelist" of actions without compromising their status). The amendments within

this clause allow a limited partner to appoint a person to wind up the limited partnership without this being classed as management activity which means that the limited partner will not lose their limited liability status.

481 Section 6ZA inserted by this clause establishes an offence on the partners for failure to notify the registrar of the firm's dissolution do so.

482 This is in order to ensure that dormant partnerships which have not been wound up from being on the Registrar unknowingly, so allows the Registrar to more accurately record limited partnerships that are active versus inactive. The Registrar can then remove partnerships from the register that are dissolved.

Clause 120: Dissolution by the court when a partner has a mental disorder

483 This clause substitutes paragraph (a) of section 35 of the Partnership Act 1890 (dissolution by the court) which made provision for the dissolution of a partnership on the grounds of a partner's "lunacy". The effect of this clause is to insert appropriate references to "mental disorder" within the meaning of modern legislation. makes amends to the circumstances under which a limited partnership can be dissolved by the court. If a limited partner has a mental disorder or becomes incapable of performing the partnership contract,

the court cannot dissolve the limited partnership unless the limited partner cannot otherwise access their share.

The register of limited partnerships

Clause 121: The register of limited partnerships

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

485 The clause substitutes section 16 of the Act with new provisions on who may inspect the register and what material they may request, giving provision for the Registrar to specify the form and way this may be done.

Clause 122: Material not available for public inspection

486 This clause inserts section 16A into the Limited Partnerships Act 1907. This section states that the Registrar must not make available certain information for public inspection under this clause. This information includes the limited partnership's registered email address, date of birth or residential address information.

487 Even if an individual ceases to be a partner or managing officer, the Registrar must continue to keep the specified information unavailable for public

inspection, considering the potential risk to individuals if it were to be made public.

488 This clause also amends section 1083 of the Companies Act 2006 (preservation of original documents).

Clause 123: Records relating to dissolved limited partnerships

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

Disclosure of information

Clause 124: Disclosure of information about partners

490 This clause amends the Limited Partnerships Act 1907 by inserting sections 16C – 16E and amending section 3(1). Sections 16C – 16E restrict the Registrar from disclosing certain information on the registrar unless specific conditions apply.

491 These conditions are:

a. The same information is already publicly

available;

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

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

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

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

493 There are also restrictions on partners of the limited partnership that limit when they can use and disclose of residential address information and date of birth.

Dissolution, revival and deregistration

Clause 125: Registrar's power to confirm dissolution of limited partnership

494 This amends the Limited Partnerships Act 1907 by inserting section 18 and amending sections 3 and 10. The new section 18 sets out a process for the Registrar to confirm the dissolution of a limited partnership which the Registrar has reasonable cause to believe has been dissolved.

495 The Registrar will be required to publish a notice stating that it believes the limited partnership is dissolved and invite anyone to come forward with information to the contrary. A copy of this notice must also be sent to the limited partnership. If a limited partnership is not already dissolved two months after the Registrar publishes a notice and sends a copy of this to the limited partnership, the partnership will be automatically dissolved. The registrar's obligation to keep the firm on the index of names of limited partnerships in section 1099 of the Companies Act 2006 will cease.

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

Clause 126: Registrar's power to confirm dissolution: transitional provision

497 This is a transitional clause that states that if the registrar exercises the power in section 18(1) during the period of six months after section 113(2) of the Bill comes into force, the Registrar can publish a notice stating that the registrar has reasonable cause to believe the limited partnership has been dissolved without having to comply with the warning notice or notification provisions. The registrar can treat the firm as dissolved and remove it from the names index.

Clause 127: Voluntary deregistration of limited partnership

498 This clause inserts section 25 into the Limited Partnerships Act 1907 which allows a limited partnership that wants to cease to exist to make an application to the register to be removed, if all of the partners agree to deregister the limited partnership.

Delivery of documents

Clause 128: Delivery of documents relating to limited partnerships

499 Certain documents relating to a limited partnership can only be delivered to the Registrar by an Authorised Corporate Service Provider. This will add in an extra layer of checking, as Authorised Corporate Service Providers will need to carry out

customer due diligence on their clients to file on their behalf.

500 This clause inserts section 26 into the Limited Partnerships Act 1907. Subsection (2) of the new section 26 lists what these documents are, for example, the application to become a limited partnership, notices of changes to partnerships and confirmation statements. Subsection (3) of the new section 26 provides for a power for the Secretary of State to make regulations to add documents to this list.

Clause 129: General false statement offences

501 This clause is inserted after section 27 of the Limited Partnership Act 1907. It introduces two offences to deliver documents to the Registrar that are misleading, false or deceptive in a material particular, or to make a statement to the Registrar that is misleading, false or deceptive in a material particular. It is intended to align with the new offences that will be inserted into the Companies Act 2006 as new section 1112A and the Economic Crime (Transparency and Enforcement) Act 2022 as new sections 15A, 15B and 32.

502 The first offence is a basic offence, where the delivery of the document or making of a statement is made without reasonable excuse. It provides that where the offence is committed by a legal entity, every managing officer of that legal entity also

commits the offence. Subsection 2 sets out the penalty for the offence, which is set as a fine on summary conviction in England and Wales, a fine not exceeding level 5 on the standard scale on summary conviction in Scotland, a fine not exceeding level 5 on the standard scale in Northern Ireland.

503 A managing officer will be in default if they authorise or permit, participate in, or fail to take all reasonable steps to prevent the contravention. A corporate managing officer does not commit the offence unless one of its managing officers is in default. Where a corporate managing officer does commit the offence every managing officer in question also commits the offence.

504 Section 29 introduces an aggravated offence, where the delivery of the document or making of the statement is done so knowingly. It provides that where the offence is committed by a legal entity, every managing officer of that legal entity also commits the offence. Subsection 3 sets out the penalty for the offence, which is set as a conviction on indictment to imprisonment for a term not exceeding the general limit in the Magistrate's court, or a fine, or both in England and Wales; to imprisonment for a term not exceeding 12 months, or a fine not exceeding the statutory maximum, or both in Scotland, and to imprisonment for a term not exceeding 6 months or a fine not exceeding the

statutory maximum, or both in Northern Ireland.

505 A managing officer will be in default if they authorise or permit, participate in, or fail to take all reasonable steps to prevent the contravention. A corporate managing officer does not commit the offence unless one of its managing officers is in default. Where a corporate managing officer does commit the offence every managing officer in question also commits the offence.

Service on a limited partnership

Clause 130: Service on a limited partnership

506 This clause inserts section 27 into the Limited Partnerships Act 1907. The new section 27 states documents may be served on a limited partnership by leaving it at or sending it to their registered office.

Application of other laws

Clause 131: Application of company law

507 This clause inserts section 7A into the Limited Partnerships Act 107. Under this new section, regulations can be made which apply, and modify where necessary, certain enactments of company law to limited partnerships.

508 Introducing this will mean that it is easier to keep the law for companies and limited partnerships aligned, which it currently is not.

Clause 132: Application of Partnership Act 1890 (meaning of firm)

509 The Partnership Act 1890 sets out that persons who have entered into partnership are called collectively a firm, and that in Scotland firms are legal persons distinct from the partners of whom it is composed.

510 This clause inserts subsection (3) into section 4 of the Partnership Act 1890. This new subsection has been included to make it clear that a limited partnership registered in part of the UK other than Scotland does not have independent legal personality even if it has its principal place of business in Scotland. The location of registration is the determinative factor.

511 Various legal consequences flow from a firm not having independent legal personality, including that it is the partners of firm A, rather than firm A itself, that enter into contracts and own property, and that if firm A is to become a partner in another firm, B, in legal terms it is the partners of firm A who all become partners of firm B.

Regulations

Clause 133: Limited partnerships: regulations

512 This clause inserts section 28 into the Limited Partnerships Act 1907. New section 28 sets out general provisions for regulations that can be made

under the Limited Partnership Act 1907. A power to make regulations will be exercisable by statutory instrument and regulations may make different provisions for different purposes.

513 Detail is provided on what is meant by affirmative and negative resolution procedures. Provisions made by regulations under the Act that are subject to the negative resolution procedure may also be made by regulations subject to the affirmative resolution procedure.

Further amendments

Clause 134: Limited partnerships: further amendments

514 This clause omits section 17 of the Limited Partnership Act 1907, as a need is not foreseen for this rule-making power (the registrar's power in section 1068 of the Companies Act 2006 is sufficient); and introduces Schedule 5 which makes consequential amendments.

Part 3 – Register of Overseas Entities

Register of overseas entities

Clause 135: Register of overseas entities

515 Clause 135 amends section 3(2)(b) of the Economic Crime (Transparency and Enforcement) Act 2022, to clarify what the register of overseas entities consists of. The amendment will mean that in addition to information delivered under Part 1 of the Economic Crime (Transparency and

Enforcement) Act 2022 or regulations made under Part 1, the register will consist of documents delivered to the registrar under Part 35 of the Companies Act 2006 in connection with the register or other documents that will, on registration by the registrar, form part of the register (new subsection (ba)).

Clause 136: False statement offences in connection with information notices

516 This clause substitutes section 15 of the Economic Crime (Transparency and Enforcement) Act 2022 (the Act) and adds section 15A and section 15B. This section creates an offence related to section 12 and section 13 of the Act, in circumstances where a person fails to respond to a notice sent to them by an overseas entity. An offence is also committed if a person responds to a notice given by an overseas entity under section 12 or section 13 of the Act, but makes a statement that is false in a material particular.

517 Section 15 as drafted within the Act restricts the false statement offence to being committed when a person knowingly or recklessly makes a false statement in responds to a notice. The new section 15A and section 15B amend this offence to change the threshold to be met for commission of the offence, by splitting it into two separate offences.

518 Section 15A introduces the first new offence, called the "basic offence" which is committed when a person, without reasonable excuse, a person makes a statement that they know to be false, misleading or deceptive in a material particular. Subsection (2) states that if the offence is committed by a legal entity, the offence is also committed by every officer of the entity who is in default. A person found guilty of this offence will be subject to a fine (subsection (3)).

519 Section 15B introduces an “aggravated offence” of knowingly making a statement that is false, misleading or deceptive in a material particular in response to a notice sent by an overseas entity under section 12 or section 13 of the Act. If the offence is committed by a legal entity, it is also committed by every officer of the entity who is in default (subsection (2)). Subsection (3) outlines the penalty for a person guilty of the offence; this can be a prison sentence and/or a fine.

520 The effect of the new clauses is that:

(a) the “basic offence” requires a person charged with it to provide evidence of any “reasonable excuse” they may have for committing the offence (for example, they may have relied on information that they did not, at the time, have cause to believe was false, misleading or deceptive);

(b) the “aggravated offence” carries a more

severe sentence when the person has deliberately made a statement that is false, misleading or deceptive; and

(c) the offence is consistent with that at section 32 of the Act ("General false statement offence").

Clause 137: General false statement offences

521 This clause amends section 32 of the Economic Crime (Transparency and Enforcement) Act 2022, which is the "General false statement offence". The effect of the amendment is that (i) both the "basic offence" and the "aggravated offence" are expanded to include that a false statement offence can be committed by a legal entity, and, where this is the case, by every officer of the entity in default; and (ii) to maintain consistency with section 1112 of the Companies Act 2006, as amended by this Bill, by splitting the offence into a "basic offence" and an "aggravated offence" (new section 32A).

522 The penalty for committing the "aggravated offence" is amended in line with the Sentencing Act 2020. If a person is convicted on indictment, the penalty is a prison sentence of up to two years, or a fine, or both. This has not changed. The penalties for a summary conviction under new section 32A are set out in subsection (3) of new section 32A. In England and Wales, the penalty for conviction of a summary offence is amended to imprisonment for a

term not exceeding the general limit in a magistrate's court or a fine (or both). The penalties on conviction in Scotland or Northern Ireland have not changed.

Clause 138: Meaning of "service address"

523 This clause amends section 44 of the Economic Crime (Transparency and Enforcement) Act 2022 (interpretation), at the appropriate place, to define "service address" as having the same meaning as in the Companies Acts (see section 1141(1) and (2) of the Companies Act 2006).

Clause 139: Meaning of "registered overseas entity" in land registration legislation

524 This clause amends the Land Registration Acts to include further circumstances that lead to an overseas entity failing to remain a "registered overseas entity" and therefore subject to restrictions in dealing with its land. An overseas entity must be a "registered overseas entity" at the time of any relevant disposition in land. If it is not a "registered overseas entity" at the time of a relevant disposition in land, the third party dealing with the overseas entity will be unable to register its new interest with any of the UK's land registries. Currently, an overseas entity is not to be considered a "registered overseas entity" if it has failed to comply with the duty to provide an annual update to the registrar under section 7 of the Act.

525 The new circumstances arise when an overseas entity has failed to respond to a notice from the registrar that has been issued under [s1092A] of the Companies Act 2006 (power of registrar to require information). If an overseas entity has not complied with the duty to provide the registrar with information under a notice issued under [s1092A] of the Companies Act 2006, it will not be regarded as a "registered overseas entity" until it has remedied the failure by providing the required information to the registrar. The provision of the information does not retrospectively reinstate the overseas entity to being considered as a "registered overseas entity". Any relevant dispositions made in the period during which the overseas entity is non-compliant with its duties under [s1092A] must not be accepted for registration by the land registries. This applies in the same way as it does to any period of non-compliance with the section 7 updating duty.

526 Subsection (1) of Clause 139 inserts this change into Schedule 4A of the Land Registration Act 2002 by substituting the current paragraph 8 for subsection (1).

527 Subsection (2) of Clause 139 inserts this change into the Land Registration (Scotland) Act 2012 (asp 5) by substituting the current Schedule 1A, paragraph 9, sub-paragraphs (2) and (3) for subsection (2).

528 Subsection (3) of Clause 139 inserts this change into the Land Registration Act (Northern Ireland) 1970 by substituting the current Schedule 8A (overseas entities) paragraph 7 for subsection (3).

Clause 140: Power to apply Part 1 amendments to register of overseas entities

529 This clause provides a power for the Secretary of State, by regulations, to amend the Economic Crime (Transparency and Enforcement) Act 2022 to ensure that changes made to the Companies Act 2006 by this Bill can be replicated in the 2022 Act where the provisions of the 2022 Act correspond to the 2006 Act. These regulations are subject to the affirmative resolution procedure.

Part 4 – Cryptoassets

Clause 141: Cryptoassets: confiscation orders

530 This clause introduces Schedule 6, which amends POCA to makes provision in connection with cryptoassets and confiscation orders.

Clause 142: Cryptoassets: civil recovery

531 This clause introduces Schedule 7, which amends POCA to make provision for a civil recovery scheme in relation to cryptoassets.

Part 5 – Miscellaneous

Money laundering and terrorist financing

Clause 143: Money laundering: exiting and paying away exemptions

532 Subsections (2), (3) and (4) insert exemptions from the specified principal money laundering offences in POCA sections 327, 328 and 329. They enable a person carrying on business in the regulated sector to transfer or hand over money or other property owed to a customer or client, in order to end their business relationship, without requiring submission of a DAML.

533 The value of the criminal property transferred or handed over must be less than the threshold amount specified in section 339A. The threshold amount can be amended by order made by the Secretary of State.

534 Before transferring or handing over the money or other property, the business must have complied with their customer due diligence duties. The subsections insert the definition of "customer due diligence duties".

535 The exemptions cannot be used by any type of business that has been excluded by regulations made by the Secretary of State.

536 Subsection (5) amends section 339A (Threshold amounts) to specify that the value below which property can be transferred or handed over is £1,000.

537 Subsection (6) inserts the definition of "business relationship" into section 340.

Clause 144: Money laundering: exemptions for mixed-property transactions

538 Subsections (2), (3) and (4) insert exemptions from the specified principal money laundering offences in POCA sections 327, 328 and 329. The exemption enables a person carrying on business in the regulated sector to act on behalf of a customer or client in operating an account or accounts held, when the business knows or suspects that part, but not all, of the money or property held for the customer or client is criminal property. This may include for example allowing a customer or client access to money or other property.

539 The exemption applies where the person holds funds or other property for the customer or client and cannot identify the specific elements of the funds or other property that are criminal in origin.

540 Where the value of funds or other property would fall below the value known or suspected to be criminal as a result of an action, the exemption would not apply. In this case the person would submit an authorised disclosure for the value of criminal funds or property.

541 For example, an individual may receive a legitimate monthly salary from their employer and have £2,000 from this salary in their bank account.

The individual then makes what the bank suspects to be a fraudulent loan application and receives a further £3,000. The account now contains £5,000. Using the exemption, the bank can allow the customer access to up to £2,000 of their funds without submitting a DAML, as long as a minimum of £3,000 (the value of the suspected criminal funds) is maintained by the bank. If the customer wanted to withdraw £2,500, taking the balance to £2,500, an authorised disclosure would be required on the £500 that would take the balance below £3,000.

542 There is no threshold value limit on the use of the exemptions.

543 The exemptions cannot be used by any type of business that has been excluded by regulations made by the Secretary of State.

Clause 145: Information orders: money laundering

544 This clause amends section 339ZH of POCA, which allow the relevant court to make an IO.

545 Subsection (7) inserts new subsections (6A), (6B) and (6C). Subsections (6A) and (6B) set out 2 new conditions for making an IO which do not require the information required to be given under the order to relate to a matter arising from either a disclosure under Part 7 of POCA or from a corresponding disclosure requirement where the information to which the order relates has been

requested by a foreign authority. The information sought must be to assist the NCA or a foreign FIU to conduct its operational or strategic analysis functions relevant to money laundering. Operational analysis enables FIUs to identify specific targets to follow the trail of particular activities of transactions to determine links between those targets and possible proceeds of crime. Strategic analysis enables FIUs to identify money laundering trends and patterns, this information will be used to determine money laundering related threats and vulnerabilities. Subsection (6C) sets out the meaning of "money laundering" in subsections (6A) and (6B).

546 Subsection (10) amends subsection 12 of section 339ZH, inserting the definition of an "authorised NCA officer", "the criminal intelligence function" and "foreign FIU".

547 Subsection (12) inserts section 339ZL into POCA. It creates a duty on the Secretary of State to make a code of practice in relation to conditions 3 and 4. The code of practice must provide guidance to assist authorised NCA officers (and the Director General of the NCA) in connection with the making of applications for an IO in reliance on those conditions. In the case of applications made to the sheriff, the guidance must assist those officers with the making of requests for such to a procurator fiscal. A court may only make an IO if it is satisfied

that the relevant NCA officer has had regard to the code of practice before he or she has made the application (or, in Scotland, before he or she has made a request for such to a procurator fiscal). Subsections (3) to (9) of section 339ZL set out various procedural requirements for the making and bringing into force of the code of practice, as well as supplementary provision in relation to failures to comply with the code, admissibility of the code as evidence in other proceedings and definitions.

Clause 146: Information orders: terrorist financing

548 This clause amends section 22B of TACT, which allows the relevant court to make a IO.

549 Subsection (8) inserts 2 new for making an order which do not require the information required to be given under the order to relate to a matter arising from either a disclosure under section 21A of TACT or from a corresponding disclosure requirement where an external request has been made by a foreign authority. The information sought must be to assist the NCA or a foreign FIU to conduct its operational or strategic analysis functions relevant to terrorist financing. Operational analysis enables FIUs to identify specific targets to follow the trail of particular activities of transactions to determine links between those targets and possible terrorist financing. Strategic analysis enables FIUs to identify terrorist financing trends and patterns, this information will be used to

determine any terrorist financing related threats and vulnerabilities.

550 Subsection (12) inserts the definition of an "authorised NCA officer", "criminal intelligence function", "foreign FIU" and "terrorist financing".

551 Subsection (13) inserts section 22F into TACT. It creates a duty on the Secretary of State to make a code of practice in relation to conditions 3 and 4. The code of practice must provide guidance to assist authorised NCA officers (and the Director General of the NCA) in connection with the making of applications for an IO in relation on those conditions. In the case of applications made to the sheriff, the guidance must assist those officers with the making of requests for such to a procurator fiscal. A court may only make an IO if it is satisfied that the relevant NCA officer has had regard to the code of practice before he or she has made the application (or, in Scotland, before he or she has made a request for such to a procurator fiscal). Subsections (3) to (9) of section 22F se out various procedural requirements for the making and bringing into force of the code of practice, as well as supplementary provision in relation to failures to comply with the code, admissibility of the code as evidence in other proceedings and definitions.

Clause 147: Enhanced due diligence: designation of high-risk countries

552 This clause inserts "(2) Provide for the imposition of requirements relating to enhanced customer due diligence measures by reference to a list of high-risk countries published and amended from time to time by the Treasury." into Schedule 2 of the Sanctions and Anti-Money Laundering Act 2018 and removes subsections (2) and (9) of Section 55 so to provide for the Treasury to publish and amend the list of high-risk countries from time to time.

Disclosures to prevent, detect, or investigate economic crime etc

Clause 148: Direct disclosures of information: no breach of obligation of confidence

553 This clause disapplies a duty of confidentiality owed by a business where the business making the disclosure knows the identity of the recipient (a "direct disclosure") and certain conditions are satisfied. An example is where a bank identifies a transaction that it is part of as irregular and wants further information from the other party involved in the transaction on, for instance, the identity of the payer or the source of funds.

554 Subsection (1) sets out the conditions where a person 'A' making a direct disclosure to another person 'B' does not breach confidentiality obligations A may owe. These conditions are:

a. That A is carrying on a business of a kind set out in subsection (2).

b. That B is also a business to which subsection (2) applies.

c. That the person whose data is being shared is a customer or former customer of A.

d. That either the "request condition" or "warning condition" is met (these are defined by subsections (3) and (4)).

e. That A is satisfied that the disclosure will or may assist B in carrying out relevant actions of B. "Relevant action" is defined at clause 712 and includes:

   i. determining whether it is appropriate to carry out customer due diligence (CDD) or other similar measures;

   ii. identity verification; and

   iii. determining whether it is appropriate to decline or restrict services to a customer for the purposes of preventing or detecting economic crime.

f. That the disclosure is not a privileged disclosure as defined by Clause 150.

555 Subsection (2) sets out the sectors that this subsection applies to. This covers businesses in the AML regulated sector (as defined in Part 1 of Schedule 9 to POCA) or those prescribed in regulations made by the Secretary of State.

556 Subsection (3) sets out one of the conditions

that must be met in order to satisfy limb (d) of the test above. This, the request condition, is designed to facilitate sharing where B has made a request to A for disclosure of information.

557 Subsection (4) creates the alternative condition that may be relied on to satisfy limb (d) as referenced above. This, the warning condition, is designed to facilitate sharing in cases where A wishes, due to concerns about risks of economic crime, to warn B about a customer. The condition for A providing such a warning is that A must have taken safeguarding action against their customer or would have taken such action in the case of a former customer.

558 Subsection (5) defines what a safeguarding action consists of.

559 Subsection (6) ensures that should B, upon receipt of a disclosure under subsection (1), use the disclosed information for the purposes of any of B's relevant actions (as defined in Clause 712), B does not breach any obligation of confidence B may owe.

560 Subsection (7) ensures that a person carrying on a business to which subsection (2) applies does not breach any duty of confidentiality owed when disclosing information to another person for the purpose of making a disclosure request, provided it is reasonably believed that the person to whom the disclosure is made is carrying on business to which

subsection (2) applies and has information that may assist the requestor in conducting their relevant actions.

561 Subsection (9) makes clear that the disclosure of information must still be compliant with data protection legislation, the UK GDPR, and the Data Protection Act 2018.

Clause 149: Indirect disclosure of information: no breach of obligation of confidence

562 This clause disapplies duties of confidentiality where information is shared via a third-party intermediary (TPI) who may hold information on, for instance, a database or platform, such as one akin to the National Fraud Database. This type of information sharing will occur where, for instance, Bank 'A' has information about a customer that is relevant to other banks for preventing, detecting, or investigating economic crime, but it does not know specifically which banks would benefit from the information. An example would be where a bank has terminated a relationship with a customer due to economic crime concerns and wants to inform other banks of its decision to inform their own risk-assessments about the customer.

563 Subsection (2) creates the conditions that must be met in order for a disclosure made by a person (A) to another (TPI) not to breach any obligation of confidence A may owe. These include:

a. That A is a business to which subsection (3) applies, namely a business in the regulated sector as: a deposit taking body; electronic money institution; a payment institution; a cryptoasset exchange provider; a custodian wallet provider; or a business prescribed by regulations made by the Secretary of State;

b. That the person whose data is being shared is a customer or former customer of A;

c. That A has taken specified safeguarding action against the customer;

d. That A is satisfied that the information disclosed, if disclosed by B to another (C) who is carrying on a business to which subsection (3) applies will or may assist the eventual recipient (C) in carrying out its relevant actions.

e. That the UK GDPR applies to the disclosure.

f. That A and the TPI are parties to an agreement that ensures that to the extent the information is personal data any processing or disclosure by the TPI will only take place in circumstances where the UK GDPR applies to that processing or disclosure.

564 That the disclosure is not a privileged disclosure as defined in Clause 150.

565 Subsection (4) is designed to ensure the TPI

does not breach any confidentiality owed where the TPI discloses information to another business (C) and the condition of subsection (5) is met. covered by the provisions for the purposes of preventing, investigating, or detecting economic crime.

566 The subsection (5) condition, as referred to above, is that the recipient of any disclosure is a business to which subsection (3) applies; and that the disclosure and processing is subject to the UK GDPR.

567 Subsection (6) is designed to ensure that the use of the disclosed information by the eventual recipient (C), for their relevant actions does not breach any obligation of confidence owed by C

568 Subsection (7) ensures that a person, carrying on a business to which subsection (3) applies, who makes a disclosure of information to another for the purposes of making a request for disclosure does not breach any duty of confidentiality owed when doing so in specified circumstances

569 Subsection (9) makes clear that the disclosure of information must still be compliant with data protection legislation, the UK GDPR, and the Data Protection Act 2018

Clause 150: Meaning of "privileged disclosure"

570 This clause defines the meaning of "privileged disclosure" for the purpose of the information sharing clauses, 148 and 149. Subsection 1 defines

a privileged disclosure i.e., a disclosure of information made by a professional legal adviser or relevant professional adviser in circumstances where the information disclosed came to the adviser in privileged circumstances.

571 Subsection (2) defines "privileged circumstances".

572 Subsection (3) defines a "relevant professional adviser" for the purposes of this provision.

Clause 151: Meaning of "relevant actions"

573 This clause defines the term "relevant actions" referred to in clauses 148 and 149.

Clause 152: Meaning of "business relationship"

574 This clause defines the term "business relationship" referred to in clauses 148 and 149.

Clause 153: Other defined terms in sections 148 to 153

575 This clause defines the other terms used in clauses 148 and 149, including the definitions of "economic crime" which refers to acts which constitute offences listed in schedule 8. Whilst the list does not expressly include aiding, abetting, counselling, or procuring commission of one of those listed offences, this is because such acts are considered to be covered by a reference to the primary offence and a person found guilty of aiding, abetting, counselling or procuring would be convicted of that primary offence.

576 Subsection (3) enables the Secretary of State, via secondary legislation, to add or remove offences to or from the list in schedule 8.

Regulatory and investigatory powers

Clause 154: Law Society: powers to fine in cases relating to economic crime

577 This measure amends the Solicitors Act 1974 and the Administration of Justice Act 1985 to remove the existing statutory cap on the Law Society's, as delegated to the SRA, power to direct a person to pay a penalty in relation to disciplinary matters relating to economic crime offences, for 'recognised bodies' (traditional law firms and sole solicitor's' practices) and regulated individuals.

578 This measure removes the statutory fining limit to allow the SRA to set its own limits on financial penalties imposed for economic crime disciplinary matters. The LSB is still required to consider any changes to the regulatory arrangements "Economic crime" is defined with reference to section 116(4) of the Solicitors Act 1974. It includes offences listed in Schedule 8, ancillary offences and equivalent offences overseas. The offences include fraud, money laundering and terrorist financing and an offence under regulations made under section 1 of the Sanctions and Anti-Money Laundering Act 2018.

Clause 155: Regulators of legal services: objective relating to economic crime

579 This measure inserts a new regulatory objective into section 1(1) of the Legal Services Act 2007 focusing on promoting the prevention and detection of economic crime.

580 This new objective does not affect the right to access legal advice and representation.

581 The Legal Services Board (LSB), the approved regulators and the Office for Legal Complaints are under a duty to act in a way which is compatible and most appropriate to meet this additional regulatory objective when exercising their functions.

582 The measure also enables the LSB to take into account regulatory action related to meeting this objective in their performance management of frontline regulators.

583 "Economic crime" is defined with reference to section 116(4) of the 2007 Act. It includes offences listed in Schedule 8, ancillary offences, and equivalent offences overseas.

584 As with the other regulatory objectives, as set out in sections 3(3)a, 28(2) and 28(3) of the 2007 Act, the LSB and approved regulators should act in a proportionate and targeted manner when discharging their functions.

585 The offences that are most relevant in the

context of legal sector compliance with economic crime rules include fraud, money laundering and terrorist financing and an offence under regulations made under section 1 of the Sanctions and Anti-Money Laundering Act 2018.

586 To act in a way which is compatible with the objective, the LSB and the approved regulators will need to give consideration to which of these offences their regulated communities may be exposed to, on the basis of available evidence, when exercising their functions.

Clause 156: Serious Fraud Office: pre-investigation powers

587 This clause amends section 2A of the Criminal Justice Act 1987 ("CJA") to allow the Director of the Serious Fraud Office ("SFO") to exercise their investigation powers in order to determine whether to start an investigation. This will enable the SFO to require a person to answer questions, furnish information, or produce documents at a pre-investigation stage of any of its cases, whether they relate to suspected fraud, bribery, or corruption.

588 Subsections (2) to (4) remove references in section 2A of the CJA to international bribery and corruption, which currently restrict the use of the Director's powers at a pre-investigation stage to cases involving such conduct.

589 Subsection (5) is a consequential amendment

to omit paragraph 2 of Schedule 1 to the Bribery Act 2010, which amended section 2A of the CJA to insert those references.

Reports on payments to governments

Clause 157: Reports on payments to governments regulations: false statement offence

590 The Reports on Payments to Governments Regulations (SI 2014/3209) require large businesses in the UK extractive industries to make annual reports on payments they make to overseas governments related to these activities. Clause 157 amends these Regulations to update and bring their structure of false statement offences into line with the Clause 87 amendment of section 1112 of the Companies Act 2006. The objective is to provide consistency and clarity to businesses. Accordingly, Clause 157 substitutes Regulation 16 of the Reports on Payments to Governments Regulations with new regulations 16 and 16A, which amend the false statement offence to change the threshold to be met for its commission, by splitting it into two separate offences.

591 The new regulation 16, “False Statements: basic offence” of the Reports on Payments to Governments Regulations introduces a new offence, called the "basic offence" which is committed when a person, without reasonable excuse, makes a materially false, misleading or

deceptive statement in the course of reporting for the purposes of these regulations. The new regulation 16A, “False Statements Aggravated Offence” introduces a second new offence, called the “aggravated offence”, which is committed when a person knowingly makes a materially false statement in the course of reporting.

592 The new regulations 16 and 16A subsections (2) – (4) confirm that, where these are committed by a firm, every officer of the firm which is in default be liable; that the definition of “firm” matches Companies Act 2006 Section 1173(1); and that this provision is operated according to the Companies Act 2006 Sections 1121 to 1123 (liability of officers default: interpretation etc.).

593 The new regulations 16 and 16A of the Reports on Payments to Governments Regulations set new graduated penalties across the “basic” and “aggravated offences”. The penalties are more severe for the latter offence and reflect the level of offences introduced in amended section 1112 and 1112A.

594 The new regulation 16 subsection (5) and 16A subsection (5) set out the level of penalties for each of the offences, which are stiffer for persons guilty of the “aggravated offence” in regulation 16A.

595 The Reports on Payments to Governments Regulations, as they are drafted, provide that that

no prosecutions should be brought for an offence under these regulations in England and Wales except with the consent of the Secretary of State or the Director of Public Prosecution, or in Northern Ireland except with the consent of the Secretary of State or the Director of Public Prosecutions for Northern Ireland. These arrangements are to ensure that any prosecutions mounted are in the public interest. The new regulations 16 and 16A (subsection (6) in both cases) confirm that this arrangement is unchanged in relation to any proceedings mounted either in relation to either of the new offences.

Part 6 – General

General

Clause 158: Power to make consequential provision

596 This clause confers on the Secretary of State a regulation making power to make consequential amendments which arise from this Bill.

Clause 159: Regulations

597 This clause provides that regulations made under this Bill are to be made by statutory instrument.

Clause 160: Extent

598 This clause sets out that the legislation extends to England and Wales, Scotland, and Northern Ireland (see also Annex A for detailed

breakdown).

Clause 161: Commencement

599 This clause explains when the provisions of the Bill will come into force.

Clause 162: Short Title

600 This clause establishes the short title of the Bill as the Economic Crime and Corporate Transparency Bill.

Schedules

Schedule 1 - Register of members: consequential amendments

601 Paragraph 1 states the Companies Act 2006 is amended as per the below.

602 Paragraph 2 states subsection (3) of section 112 (members of a company) is omitted, because a company will no longer be able to “elect” to keep information about its members on the “central register”, kept by the Registrar.

603 Paragraph 3 states section 127 (register to be evidence) is amended to clarify that whilst information about the members was held on the “central register”, the “central register” is to be considered prima facie’ evidence about the members of the company. : When the “central register” is abolished by this Act, then the prima facie evidence about the members can be found in the company’s own register held under s113 of the Companies Act 2006.

604 Paragraphs 4-25 are consequential amendments to omit existing references in the Companies Act 2006 to the “central register”. The “central register” regime is being abolished by this Act. The references contained in these paragraphs repeal the relevant provisions about the “central register”.

Schedule 2 – Abolition of certain local registers

Part 1 – Register of directors

605 The following are amendments to the Companies Act 2006. Sections 161A to 167F are repealed by paragraph 2. Paragraph 3 inserts the following provisions:

167G: Duty to notify registrar of change in directors

606 This section states that a company must inform the Registrar if person becomes or has ceased to be a Director of the company.

607 The company must do this by way of notice within 14 days beginning with the day on which the person becomes or ceases to be a director.

608 The company must specify the date on which the change occurred, and deliver the required information about the person.

609 This section introduces a requirement that a notification of director appointment is accompanied by a statement that their identity is verified, or that they are exempt from verification requirements.

610 A statement must also be made that the appointed director is not disqualified, sanctioned or otherwise ineligible to be a director. If a proposed director is disqualified, but has received a permission of a court to act as a director, the application for registration must contain a statement to this effect, specifying the court that gave the permission.

611 This section also allows transitional provisions to be made under by regulations. The transitional provision may require companies to deliver statements as under section 167G(3)(i) or (ii) of the Companies Act, in relation to any individual who became a director of the company after the company's incorporation, at the same time as they their file the company's annual confirmation statement.

167H: Duty to notify registrar of changes in information

612 This section states that a company must inform the Registrar if there has been any change in a Director's required information

613 The company must do this by way of notice within 14 days starting with the day the company the change occurred.

614 The company must specify the date on which the change occurred.

615 A statement must be provided should there be a change in a director's service address but not

their residential address to confirm the residential address is unchanged.

167I: Notification of changes occurring before company's incorporation

616 This section states that should there be a change about the proposed directors that occurs after the application for incorporation is delivered to the Registrar, but before the company is incorporated, then the company must inform the Registrar of the change.

617 The company must do this by way of notice within 14 days starting with the day the company was incorporated.

618 If a person did not become a director, then the company must inform the Registrar.

619 If the required information of any of the directors has changed, then the notice to the Registrar must specify the date on which the change occurred.

167J: Required information about a director: individuals

620 This section sets the requirements for the information that must be provided to the Registrar about a director, be it an active or proposed director, that is an individual.

621 This section includes a power for the Secretary of State that by regulations can change the required information about a director be it an active or proposed director who is an individual.

167K: Required information about a director: corporate directors and firms

622 This section sets the requirements for the information that must be provided to the Registrar about a director, be it an active or proposed director, where the director is either a body corporate or a firm that is a legal person under the law by which it is governed.

623 This section includes a power for the Secretary of State that by regulations can change the required information about a director be it an active or proposed director where the director is either a body corporate or a firm that is a legal person under the law by which it is governed.

167L: Directors: offence of failure to notify of changes

624 This section outlines the penalty, should the company fail, without reasonable excuse, to comply with the requirements in sections 167G, 167H or 167L.

Part 2 – Register of secretaries

625 Paragraph 5 repeals sections 274A to 279F of the Companies Act 2006. The following is inserted before section 280 by paragraph 6:

279G: Duty to notify registrar of change in secretary or joint secretary

626 This section states that a company must inform the Registrar if a person becomes or has ceased to be a Secretary or Joint Secretary.

627 The company must do this by way of notice within 14 days beginning with the day on which the person becomes or ceased to be a Secretary or

Joint Secretary.

628 The notice must specify the date on which the change occurred.

629 This notice must include a statement of required information about the secretary or joint secretary and a separate statement of consent that the individual has agreed to the act as secretary or joint secretary.

630 This section states that, if a person has been named as a proposed secretary or joint secretary, on the application for incorporation, then there is no further required in s279G to inform the Registrar about that.

279H: Duty to notify registrar of changes of information

631 This section states that a company must inform the Registrar if the required information about the secretary or a joint secretary has changed.

632 The company must do this by way of notice within 14 days beginning with the day on which the change occurred.

633 The notice must specify the date on which the change occurred.

279I: Notification of changes occurring before company's incorporation

634 This section states that should there be a change about the proposed secretary or joint secretary that occurs after the application for

incorporation is delivered to the Registrar, but before the company is incorporated, then the company must inform the Registrar of the change The company must do this by way of notice within 14 days starting with the day the company was incorporated

635 If a person did not become a secretary or joint secretary, then the company must inform the Registrar.

636 If the required information of any secretary or joint secretary has changed, then the notice to the Registrar must specify the date on which the change occurred.

279J: Required information about a secretary etc: individuals

637 This section sets the requirements for the information that must be provided to the Registrar about a secretary or joint secretary, be it an active or proposed secretary, that is an individual.

638 This section includes a power for the Secretary of State that by regulations can change the required information about a secretary or joint secretary, be it an active or proposed secretary or joint secretary who is an individual.

279K: Required information about a secretary etc: corporate secretaries and firms

639 This section sets the requirements for the information that must be provided to the Registrar about a secretary or joint secretary, be it an active or proposed secretary or joint secretary, where the

secretary or joint secretary is either a body corporate or a firm that is a legal person under the law by which it is governed.

640 This section includes a power for the Secretary of State that by regulations can change the required information about a secretary or joint secretary be it an active or secretary or joint secretary where the secretary or joint secretary is either a body corporate or a firm that is a legal person under the law by which it is governed.

279L: Firms all of whose partners are joint secretaries

641 This section applies where all the members of a firm are joint secretaries (or proposed joint secretaries) and the firm is not a legal person under its governing law.

642 This section states that, should that be the case, then the required information about the members of the firm as joint secretaries (or proposed joint secretaries) may be satisfied as if that firm was a legal person.

279M: Secretary or joint secretary: offence of failure to notify of changes

643 This section outlines the penalty, should the company fail, without reasonable excuse, to comply with the requirements in sections 279G, 279H or 279L.

Part 3 – Register of people with significant control

644 Paragraph 8 makes consequential amendments to section 790A (overview of Part) of

the Companies Act 2006 to reflect the abolition of local registers.

645 Section 790C (key terms) of the Companies Act 2006 is amended by paragraph 9 by the insertion of a new subsection which clarifies that a registrable person or a registrable relevant legal entity under the PSC regime is one who has either been reported as such in the statement of initial control or has been the subject of a notice to the effect that they have become such sent by the company to the Registrar (and, in neither case, has been the subject of a notice sent by the company to the Registrar to the effect that they have ceased to be a registrable person or registrable relevant legal entity or did not in fact hold that status at the point the company was incorporated. The paragraph also deletes the existing s.790C(10) reference to the local PSC register.

646 Paragraph 10 amends s.790E (company's duty to keep information up to date) of the Companies Act 2006 to reflect the fact that a company's duty will be to update a register held centrally by the Registrar rather than a register it holds locally.

647 Paragraph 11 amends s.790G (duty to supply information) of the Companies Act 2006 to reflect the fact that a person's duty will be to supply appropriate information where it is absent from the register held centrally by the Registrar rather than

from a register a company holds locally.

648 Paragraph 12 amends s790H (duty to update information) of the Companies Act 2006 to reflect the fact that a person's duty will be to update relevant information on the register held centrally by the Registrar rather than a register a company holds locally.

649 To reflect the abolition of local PSC registers, paragraph 13 deletes reference to them from s.790J of the Companies Act 2006 and replace it with reference to provisions in the Bill which facilitate the central register to be held by the Registrar.

650 Paragraph 14 amends section 790K (required particulars) of the Companies Act 2006 to:

651 remove the requirement to state if, in relation to that company, restrictions on using or disclosing any of the individual's PSC particulars are in force under regulations under section 790ZG,

652 Substitute subsection (4) for a new subsection (4) and (4A), to align name requirements with amendments to name requirements, so that "name" in relation to an individual means the individual's forename and surname. An individual usually known as a title will be able to provide that title rather than that individual's forename and surname.

653 Paragraph 15 amends s.790L of the Companies Act 2006 to replace the existing Secretary of State regulation making power with a

new formulation which clarifies the range of persons and entities from whom additional or modified information may be required.

654 Paragraph 16 inserts the following provisions after s.790L of the Companies Act 2006:

790LA Duties to notify changes in persons with significant control

655 This section states that a company must inform the Registrar if it becomes aware that a person has become or has ceased to be a registrable person or a registrable relevant legal entity.

656 The company must do this by way of notice within 14 days starting with the day the company became aware of the change and has all the required information to be put in the notice.

657 This section sets out what that notice must contain.

790LB Option to provide ID verification information in notice of change

658 This section permits a notice under s790LA(1)(a) to the Registrar about changes in the company's People with Significant Control to be accompanied by an identity verification statement as defined in s1110A.

659 In case of registrable person, the notice states that their identity has been verified. In case of a registrable relevant legal entity, it must specify the name of one of its relevant officers as defined by s790LJ(6) and must confirm that their identity is

verified. The notice must also be accompanied by a statement from the relevant officer confirming that they are the relevant officer of the registrable relevant legal entity. This to help avoid registrable relevant legal entities taking the names of identity verified individuals who have nothing to do with them and naming them as their relevant officer.

790LC Duties to notify of changes in required particulars

660 This section states that a company must inform the Registrar if it becomes aware that the required particulars of a registrable person or relevant legal entity have changed.

661 The company must do this by way of notice within 14 days beginning with the day on which the company has become aware of the change and has all the required particulars.

662 The notice to the Registrar must contain the required particulars and specify the date on which the change occurred.

790LD Notification of changes occurring before company is incorporated

663 This section states that should a registrable person or relevant legal entity named in the application for incorporation not become such a person, then the company is required to inform the Registrar.

664 The section also states that should there be a change in particulars of a registrable person or relevant legal entity after the application for

incorporation is delivered to the Registrar, but before the company is incorporated, then the company must inform the Registrar of the change.

665 The company must do this by way of notice within 14 days starting with the day on which the company becomes aware of the change. For a change in a person's particulars, the company must deliver a notice to the Registrar within 14 days of becoming aware of the change and having all the required particulars.

790LE Power to create further duties to notify information

666 This section provides a power for the Secretary of State to make Regulations to impose further requirements on a company to deliver information about registrable persons or relevant legal entities.

790LF Persons with significant control: offence of failure to notify

667 This section outlines the sanction should a company, without reasonable excuse, fail to comply with the notification requirements about registrable persons or relevant legal entities in sections 790LA, 790LB, 790LC or in Regulations under section 790LE.

790LG Power of court to order company to remedy defaults or delay

668 When a company is in default of its notification requirements, 790LG provides that a person aggrieved, member of the company or any other person who is a registrable person or relevant legal

entity may apply to the court. The court may make an order requiring the company to make the necessary notifications to the Registrar.

669 Subsections (3) and (4) set out the actions the court may take in response to such an application. Subsection (5) provides that nothing in 790LG affects a person's rights under sections 1094 & 1096 of the Companies Act 2006.

790LH Information as to whether information has been delivered

670 Section 790LH is based on section 120 of the Companies Act 2006 ('Information as to state of register and index') and provides that a company must inform a person that all of the information required to be delivered to the Registrar has been delivered.

671 A company has 14 days, from the date of receiving the request, to comply and failure to do so is a summary offence committed by the company and every officer of the company in default, punishable by a fine.

672 Paragraph 17 removes Chapters 3 and 4 of Part 21A of the Companies Act 2006 which will be rendered redundant following the abolition of locally held PSC registers.

Part 4 – Consequential amendments

673 Paragraph 18 states that the Companies Act 2006 is amended as below.

674 For the purposes of consistency throughout the Companies Act 2006, paragraph 19 replaces references to “particulars of” in s.12 of the Act with the term “information about”.

675 Paragraph 20 amends s.12A (Statement of initial significant control) of the Companies Act 2006 to provide that the requirements of a statement delivered to the Registrar will no longer be dependent upon information held or appropriately contained within companies’ locally held PSC registers (which are to be abolished).

676 For the purposes of consistency throughout the Companies Act 2006, paragraph 21 amends s.95 (Statement of proposed secretary) to replace references to “particulars of” with the term “information about” (and “particulars” with “information”).

677 Paragraph 22 amends s.156 of the Companies Act 2006 to replace its references to s.167 (which will be repealed with the abolition of local registers of directors) with references to new s.167G.

678 Paragraph 23 amends s.156B of the Companies Act 2006 (yet to be brought into force) by deleting subsection (5) which will fall redundant upon the abolition of local registers of directors.

679 Paragraph 24 removes from s.156C of the Companies Act 2006 (yet to be brought into force) by deleting provisions which will be rendered

redundant upon the abolition of local registers of directors. It replaces them with a similar power for the Registrar to annotate the central register of directors which she will hold and maintain.

680 Paragraph 25 introduces a range of amendments to s.835B of the Companies Act 2006 to reflect the manner in which duties to notify relevant events will apply upon the abolition of local registers of directors, secretaries and PSCs.

681 Paragraph 26 amends s.1079B (duty to notify directors) of the Companies Act 2006 to replace its references to section 167 and 167D (which will be repealed with the abolition of local registers of directors) with references to new section 167G.

682 Paragraph 27 deletes from s.1136 of the Companies Act 2006 provisions relevant to the place where a local register may be expected. These will be redundant upon the abolition of local company registers.

683 Paragraph 28 amends paragraph 4 of Schedule 5 (communications by a company) of the Companies Act 2006 to delete references to companies' local registers of directors which will become redundant upon the abolition of those registers.

684 Para 29 amends Schedule 8 of the Companies Act 2006 to delete defined expression definitions which will cease to be relevant following abolition of

local registers.

Schedule 3 – Disclosure of information: consequential amendments

685 This schedule makes amendments to the Companies Act 2006, adding a subsection at section 242 to enable the Registrar to disclose usual residential addresses using the new disclosure power created at section 1110E. Consequently, section 243 and section1087B are also amended so that they cater for disclosures made by the Registrar to credit reference agencies only.

686 It also makes consequential amendments to the Economic Crime (Transparency and Enforcement) Act 2022, enabling the Registrar to disclose protected information about trusts (section 23) under section 1110E. Further, where additional trust information is protected from disclosure to the public, the regulations made under section 25 may not require the Registrar to refrain from disclosing that information under section 1110E.

Schedule 4 – Required information

687 This schedule sets the requirements for the information that must be provided on partners who are individuals and bodies corporate or firms. There is currently limited information collected on partners so this schedule will increase the information that the Registrar holds and provide greater transparency on who exactly is in charge of a limited partnership and how they can be contacted.

Schedule 5 – Limited partnerships: consequential amendments

688 This schedule amends the Limited Partnership Act 1907 by inserting new headings which reflect the amended legislation, and which clarify the meaning of the existing legislation.

Schedule 6 – Cryptoassets: confiscation orders

Part 1 – England and Wales

689 Paragraph 1 provides that Part 1 of Schedule 6 to the Bill amends Part 2 of the Proceeds of Crime Act 2002 (POCA) (confiscation: England and Wales).

690 Paragraph 2 of Schedule 6 removes sections 47B(2)(b) and 47B(3)(b) from POCA. This removes the requirement in the first and second conditions of section 47B for a person to have been arrested for an offence before property may be seized under the power conferred by section 47C of POCA.

691 Paragraph 3 amends section 47C of POCA (power to seize property) in order to support the seizure of "cryptoassets" by appropriate officers. "Cryptoasset" is given the meaning provided in new section 84A(1) of POCA. Sub-paragraph (3) inserts subsections (5A) to (5F) into section 47C and sub-paragraph (2) amends subsection (2) of that section.

692 Subsections (5A) and (5B) of section 47C introduce the concept of a "cryptoasset-related item" as a new class of seizable property. Such

items are described in subsection (5B) as property that is, or that contains or gives access to any information that is, likely to assist in the seizure of any cryptoassets under the power in this section. That definition would cover a number of different types of property. For example, it could include pieces of paper that have a cryptoasset recovery seed phrase written on them, an electronic hardware wallet (these tend to be similar in appearance and operation to a USB pen-drive), or a piece of electronic hardware such as a mobile phone, tablet computer, laptop computer or desktop computer that has relevant information on it, or which has an application which gives the user control over a software cryptoasset wallet. Subsection (5A) allows an appropriate officer to seize any free property if he or she has reasonable grounds to suspect that such property is a cryptoasset-related item. Paragraph 3(2) amends section 47C(2) so that the restriction in that subsection preventing officers seizing cash or exempt property only applies to seizures under to subsection (1), and does not apply to the seizure of cryptoasset-related items under subsection (5A).

693 Subsection (5C) clarifies that the act of seizing a cryptoasset includes transferring it into a “crypto wallet” controlled by an appropriate officer. “Crypto wallet” has the meaning given in new section 84A(2) of POCA.

694 Subsection (5D) provides officers with the power to require a person to provide information which is stored in electronic form. The information in question must be accessible from the premises. Officers can make such a requirement for the purposes of either determining whether an item is a "cryptoasset-related item" or for enabling or facilitating the seizure of a cryptoasset. The person must provide the required information in a form in which it can be taken away and in which it is visible and legible (or from which it can readily be produced in a visible and legible form). If a person fails to comply with a requirement then they may have committed an obstruction offence. The relevant offence will depend on which type of officer has made the requirement. Those offences are set out in POCA and other enactments, where relevant.

695 Subsection (5E) limits the power in subsection (5D). It provides that the power in subsection (5D) does not authorise an officer to require a person to provide information that is subject to legal professional privilege.

696 Subsection (5F) provides that any information obtained from a cryptoasset-related item, seized using the powers conferred under section 47C(5A), may be used to identify or gain access to a crypto wallet and by doing so enable or facilitate the seizure of crpytoassets (including their transfer to a crypto wallet controlled by an appropriate officer).

697 Paragraph 4 amends section 47R(3)(b) so that the detention condition in section 47R(2) can also be met where there are reasonable grounds to suspect that the property is a cryptoasset-related item (and so long as any of the conditions in section 47B are met).

698 Paragraphs 5 and 6 amend the detention of property provisions in sections 47K and 47L of POCA. Paragraph 5 inserts subsections (5) and (6) into section 47K. Paragraph 6 inserts subsections (4) and (5) into section 47L. They provide for the further detention of cryptoasset-related items which are exempt property, pending the making or variation of a restraint order. Here, "exempt property" is that which is necessary either: for the holder of the property's employment, business, or vocation; or for satisfying the basic domestic needs of them or their family. Further detention in these circumstances must be authorised by a "senior officer", which has the meaning given in section 47G(3).

699 Paragraph 7 amends section 47M of POCA. It inserts provision for the magistrates' court to make an order authorising the further detention of cryptoasset-related items. Such orders may be sought by officers in situations where seized property is not subject to a restraint order, and no application has been made for a restraint order authorising its detention. Sub-paragraph (3) inserts

new subsections (2A) to (2D).

700 New subsection (2A) sets out the conditions which a magistrates' court must (in most circumstances) be satisfied of before making a further detention in respect of cryptoasset-related items.

701 Subsection (2B) sets out an extra condition where the cryptoasset-related item is "exempt property". In those cases, the magistrates' court must also be satisfied that the officer applying for the order for further detention is working diligently and expeditiously to determine whether the property in question is a cryptoasset-related item. Or, if it has already been established that it is such an item, the court must be satisfied that the officer is working diligently and expeditiously to seize any related cryptoassets using it.

702 Subsection (2C) sets the maximum period for which a magistrates' court can order the further detention of cryptoasset-related items. Cryptoasset-related items which are not exempt property may be further detained for up to a period of six months, whereas cryptoasset related items which are exempt property may only be further detained for a period of up to 14 days. Both periods of detention can be renewed by a further order where the relevant conditions continue to be met.

703 Paragraph 8 inserts subsections (6) to (9) into

section 47R of POCA. It makes provision to deal with property which has been released, but where there is no intention on the part of the owner to collect it. Property which is seized under Part 2 of POCA with a view to realising it will always be seized on the basis of officers perceiving it to have a monetary value. Hence, if investigations or proceedings cease and property is released back to the owner, then they have an incentive to collect it. With the introduction of powers to seize cryptoasset-related items, property may be seized which might have no value, or may only have a nominal value. It is therefore foreseeable that a defendant may not want to collect such items. Subsection (6) makes provision for officers to retain, dispose of or destroy such property if it is not collected within a year of its release. But under subsection (7) officers may only do so where they have approval from a senior officer, and have taken reasonable steps to notify people with an interest in the property of its release.

704 Paragraphs 9 to 17 make provision about the powers of the court to enforce confiscation orders. Principally, the provisions address powers of the court to order the realisation and payment into court (or destruction of) of cryptoassets. They also make connected provision in relation to enforcement receiverships, and enforcement in respect of money held in accounts maintained with electronic money

institutions and payment institutions.

705 Paragraph 9 amends section 10A of POCA, which confers on the Crown Court a power to make a determination as to the extent of the defendant's interest in particular property. Paragraph 9 ensures that any determination as to the extent of the defendant's interest in a particular cryptoasset is binding on a court which later authorises the destruction of the cryptoasset, using the powers in section 67AA which are inserted by paragraph 13.

706 Paragraph 10 expands the powers which the Crown Court may confer on enforcement receivers in section 51 of POCA. It includes provision for the destruction of cryptoassets which are subject to an enforcement receivership. The court may only confer such a power on an enforcement receiver where it is either not reasonably practicable for the enforcement receiver to arrange for the realisation the cryptoassets in question, or where there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest (having regard in particular to how likely it is that the re-entry of the cryptoassets into circulation would facilitate criminal conduct by any person). The realisation of a particular cryptoasset may be contrary to the public interest in cases where it is (or is part of a class of cryptoassets which are) used predominantly or exclusively for criminal purposes such as money laundering. Subsection (9B)

provides that detained cryptoassets may only be destroyed up to the amount outstanding under the confiscation order. Subsection (9C) provides that the market value of any destroyed cryptoassets, as assessed by the court, will be treated as having been paid towards satisfaction of the confiscation order.

707 Paragraph 11 amends section 67 of POCA, to enable a magistrates' court to order a "relevant financial institution" to pay a sum over to the court on account of money which is payable by a defendant under a confiscation order. A relevant financial institution means a bank, building society, electronic money institution or a payment institution. Previously the powers were only available in relation to bank and building society accounts.

708 Paragraph 12 inserts new section 67ZA into POCA. Section 67ZA is inserted to make similar provision in relation to cryptoassets held with "cryptoasset service provides" as is already made in section 67 for money held with banks and building societies (now "relevant financial institutions" as a result of paragraph 11). A cryptoasset service provider is a businesses that administer so-called "crypto wallets" which provide access to cryptoassets for their customers and is defined in new section 67ZB(3). The definition is amendable by regulations made under section 67ZB(5). "Crypto wallet" is defined in new section 84A(2). The court

can only make an order under section 67ZA where such a provider has a UK connection. The conditions setting out the relevant connections are set out in new section 67ZB(1) and (2). Section 67ZA will enable a magistrates' court to order said businesses to realise cryptoassets and pay the resulting sum over to the court. Subsection (5) makes provision for circumstances where a crypto wallet may be held in the name of a person other than the person against whom the confiscation order is made (for example a spouse or company), but where the person against whom the confiscation order is made nonetheless holds an interest in some or all of those cryptoassets. In those circumstances, subsection (5) requires the court to have regard to a section 10A determination of interests before making an order. Subsection (6) contains equivalent provision to existing section 67 to enable the magistrates' court to fine non-complying businesses up to £5,000, and for the Secretary of State to amend that sum by order in order to take account of changes in the value of money. Subsection (8) absolves a business captured by the provisions from liability for realising a sum different to that specified in an order provided that it took reasonable steps to obtain proceeds equal to the values specified.

709 Paragraph 13 inserts new section 67AA into POCA. It enables the magistrates' court, as part of

the confiscation order enforcement process, to order that seized cryptoassets may be destroyed. This is to cater for the scenario whereby those assets would ordinarily be realised, but in the circumstances it is either not reasonably practicable to do so (for example where no legitimate cryptoasset service provider offers the option of realising that particular type of cryptoasset on their platforms), or where there are reasonable grounds to believe that the realization of the cryptoassets would be contrary to the public interest (similarly to the situations described in the note on paragraph 10). Subsection (3)(b) provides that seized cryptoassets should only be destroyed up to the amount outstanding under the confiscation order. New subsection (4) affords third parties who have, or may have, an interest in the property the right to make representations before an order is made. Subsection (5) provides that the market value of any destroyed cryptoassets, as assessed by the court, will be treated as having been paid towards satisfaction of the confiscation order.

710 Paragraph 14 amends section 67C, which provides a right of appeal to the Crown Court against a magistrates' court's order authorising the sale of the property, to take account of new sections 67ZA and 67AA. The right of appeal is available to third parties affected by the order but not to the person against whom the confiscation order is

made. There is also a right of appeal for an appropriate officer to appeal against a magistrates' court's decision not to authorise the sale of the property. In addition, the officer may appeal against a decision by the magistrates' court not to award costs or against the amount of costs awarded under new section 67B. Sub-paragraph (4) also ensures that a person against whom a the confiscation order is made, is not afforded the right to appeal a section 67A order in relation property held by them

711 Paragraph 15 amends section 67D – which specifies how sums from the sale of the property authorised under section 67A are to be disposed of by the appropriate officer – so that it similarly applies in relation to the proceeds of cryptoassets realised under new section 67AA. Accordingly, any sums from the sale of cryptoassets must first meet the expenses of an insolvency practitioner that are payable under section 432 of POCA. They must then be used to meet any payments directed by the court and the remainder must be remitted to the designated officer of the magistrates' court responsible for enforcing the confiscation order. Where the confiscation order has been fully paid and the officer has any sums remaining, section 67D(3) requires the appropriate officer to distribute that money as directed by the court.

712 Paragraph 17 amends section 69 of POCA. Section 69 sets out a number of general steers to

the court and receivers in the exercise of various powers under Part 2. Specifically, subsection (2)(a) provides that the court must exercise its powers with a view to preserving the value of assets with a view to their ultimate realisation to satisfy any confiscation order made against the defendant. New subsection (2A) disapplies the steer in subsection (2)(a) in relation to the new powers for the courts to authorise the destruction of cryptoassets, in appropriate cases.

713 Paragraph 18 inserts new section 84A into POCA which defines terms introduced by the preceding paragraphs.

Part 2 – Scotland

714 Paragraph 19 provides that Part 2 of Schedule 6 to the Bill amends Part 3 of the Proceeds of Crime Act 2002 (POCA)(confiscation: Scotland).

715 Paragraph 20 of Schedule 6 removes sections 127B(2)(b) and 127B(3)(b) from POCA. This removes the requirement in the first and second conditions of section 127B for a person to have been arrested for an offence before property may be seized under the power conferred by section 127C of POCA.

716 Paragraph 21 amends section 127C of POCA (power to seize property) in order to support the seizure of “cryptoassets” by appropriate officers. “Cryptoasset” is given the meaning provided in new

section 150A(1) of POCA. Sub-paragraph (3) inserts subsections (5A) to (5E) into section 127C and sub-paragraph (2) amends subsection (2) of that section.

717 Subsections (5A) and (5B) of section 127C introduce the concept of a "cryptoasset-related item" as a new class of seizeable property. Such items are described in subsection (5B) as property that is or that contains or gives access to any information that is, likely to assist in the seizure of any cryptoassets under the power in this section. That definition would cover a number of different types of property. For example it could include pieces of paper that have a cryptoasset recovery seed phrase written on them, an electronic hardware wallet (these tend to be similar in appearance and operation to a USB pen-drive), or a piece of electronic hardware such as a mobile phone, tablet computer, laptop computer or desktop computer that has relevant information on it, or which has an application which gives the user control over a software cryptoasset wallet. Subsection (5A) allows an appropriate officer to seize any free property if he or she has reasonable grounds to suspect that such property is a cryptoasset-related item. Paragraph 21(2) amends section 127C(2) so that the restriction in that subsection preventing officers seizing cash or exempt property only applies to seizures under

subsection (1), and does not apply to the seizure of cryptoasset-related items under subsection (5A).

718 Subsection (5C) clarifies that the act of seizing a cryptoasset includes transferring it into a "crypto wallet" controlled by an appropriate officer. "Crypto wallet" has the meaning given in new section 150A(2) of POCA.

719 Subsection (5D) provides officers with the power to require a person to provide information which is stored in electronic form. The information in question must be accessible from the premises. Officers can make such a requirement for the purposes of either determining whether an item is a "cryptoasset-related item" or for enabling or facilitating the seizure of a cryptoasset. The person must provide the required information in a form in which it can be taken away and in which it is visible and legible (or from which it can readily be produced in a visible and legible form). If a person fails to comply with a requirement, then they may have committed an obstruction offence. The relevant offence will depend on which type of officer has made the requirement. Those offences are set out in POCA and other enactments, where relevant.

720 Subsection (5E) limits the power in subsection (5D). It provides that the power in subsection (5D) does not authorise an officer to require a person to provide information that is subject to legal professional privilege.

721 Subsection (5F) provides that any information obtained from a cryptoasset-related item, seized using the powers conferred under section 127C(5A), may be used to identify or gain access to a crypto wallet and by doing so enable or facilitate the seizure of any cryptoassets, to a crypto wallet controlled by an appropriate officer (including their transfer to a crypto wallet controlled by an appropriate officer).

722 Paragraph 22amends section 127Q(3)(b) so that the detention condition in section 127Q(2) can also be met where there are reasonable grounds to suspect that the property is a cryptoasset-related item (and so long as any of the conditions in section 127B are met).

723 Paragraphs 23 and 24 amend the detention of property provisions in sections 127K and 127L of POCA. Paragraph 23 inserts subsections (5) and (6) into section 1277K. Paragraph 6 inserts subsections (4) and (5) into section 127L. They provide for the further detention of cryptoasset-related items which are exempt property, pending the making or variation of a restraint order. Here, “exempt property” is that which is necessary either: for the holder of the property’s employment, business, or vocation; or for satisfying the basic domestic needs of them or their family. Further detention in these circumstances must be authorised by a “senior officer”, which has the

meaning given in section 127G(3).

724 Paragraph 25 amends section 127M of POCA. It inserts provision for the sheriff to make an order authorising the further detention of cryptoasset-related items. Such orders may be sought by officers in situations where seized property is not subject to a restraint order, and no application has been made for a restraint order authorising its detention. Sub-paragraph (3) inserts new subsections (2A) to (2D).

725 New subsection (2A) sets out the conditions which a sheriff must (in most circumstances) be satisfied of before making a further detention in respect of cryptoasset-related items.

726 Subsection (2B) sets out an extra condition where the cryptoasset-related item is “exempt property”. In those cases, the sheriff must also be satisfied that the officer applying for the order for further detention is working diligently and expeditiously to determine whether the property in question is a cryptoasset-related item. Or, if it has already been established that it is such an item, the court must be satisfied that the officer is working diligently and expeditiously to seize any related cryptoassets using it.

727 Subsection (2C) sets the maximum period for which a sheriff can order the further detention of cryptoasset-related items. Cryptoasset-related

items which are not exempt property may be further detained for up to a period of six months, whereas cryptoasset related items which are exempt property may only be further detained for a period of up to 14 days. Both periods of detention can be renewed by a further order where the relevant conditions continue to be met.

728 Paragraph 26 inserts subsections (6) to (9) into section 127Q of POCA. It makes provision to deal with cryptoasset-related items which have been released, but where there is no intention on the part of the owner to collect them. Currently, property which is seized under Part 3 of POCA with a view to realising it will always be seized on the basis of officers perceiving it to have a monetary value. Hence, if investigations or proceedings cease and property is released back to the owner, then they have an incentive to collect it. With the introduction of powers to seize cryptoasset-related items, property may be seized which might have no value, or may only have a nominal value. It is therefore foreseeable that an accused may not want to collect such items. Subsection (6) makes provision for officers to retain, dispose of or destroy such property if it is not collected within a year of its release. But under subsection (7) officers may only do so where they have approval from a senior officer and have taken reasonable steps to notify people with an interest in the property of its release.

729 Paragraphs 27 to 35 make provision about the powers of the court to enforce confiscation orders. Principally, the provisions address powers of the court to order the realisation and payment into court (or destruction) of cryptoassets. They also make connected provision in relation to enforcement administrators, and enforcement in respect of money held in accounts maintained with electronic money institutions and payment institutions.

730 Paragraph 27 expands the powers which the court may confer on enforcement administrators in section 128 of POCA. It includes provision for the destruction of cryptoassets by enforcement administrators. The court may only confer such a power on an enforcement administrator where it is either not reasonably practicable for the enforcement administrator to arrange for the realisation of the cryptoassets in question, or where there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest (having regard in particular to how likely it is that the re-entry of the cryptoassets into circulation would facilitate criminal conduct by any person). The realisation of a particular cryptoasset may be contrary to the public interest in cases where it is (or is part of a class of cryptoassets which are) used predominantly or exclusively for criminal purposes such as money laundering. Subsection (13B) provides that detained

cryptoassets may only be destroyed up to the amount outstanding under the confiscation order. Subsection (13C) provides that the market value of any destroyed cryptoassets, as assessed by the court, will be treated as having been paid towards satisfaction of the confiscation order.

731 Paragraph 28 amends section 131ZA of POCA, to enable a relevant court to order a "relevant financial institution" to pay a sum over to the court on account of money which is payable by an accused under a confiscation order. A relevant financial institution means a bank, building society, electronic money institution or a payment institution. Previously the powers were only available in relation to bank and building society accounts.

732 Paragraph 29 inserts new section 131ZB into POCA. Section 131ZB is inserted to make similar provision in relation to cryptoassets held with "cryptoasset service provides" as is already made in section 131ZA for money held with banks and building societies (now "relevant financial institutions" as a result of paragraph 28). A cryptoasset service provider is a business that administer so-called "crypto wallets" which provide access to cryptoassets for their customers and is defined in new section 131ZC(3). The definitions is amendable by regulations made under sections 131ZC(5). "Crypto wallet" is defined in new section 150A(2). The court can only make an order under

section 131ZB where such a provider has a UK connection. The conditions setting out the relevant connections are set out in new section 131ZC(1) and (2). Section 131ZB will enable a sheriff to order said businesses to realise cryptoassets and pay the resulting sum over to the court. Subsection (5) makes provision for circumstances where a crypto wallet may be held in the name of a person other than the person against whom the confiscation order is made (for example a spouse or company), but where the person against whom the confiscation order is made nonetheless holds an interest in some or all of those cryptoassets. Subsection (6) absolves a business captured by the provisions from liability for realising a sum different to that specified in an order provided that it took reasonable steps to obtain proceeds equal to the values specified.

733 Paragraph 30 inserts new section 131AA into POCA. It enables the sheriff, as part of the confiscation order enforcement process, to order that seized cryptoassets may be destroyed. This is to cater for the scenario whereby those assets would ordinarily be realised, but in the circumstances it is either not reasonably practicable to do so (for example where no legitimate cryptoasset service provider offers the option of realising that particular type of cryptoasset on their platforms), or where there are reasonable grounds

to believe that the realisation of the cryptoassets would be contrary to the public interest (similarly to the situations described in the note on paragraph 27). Subsection (4)(b) provides that seized cryptoassets should only be destroyed up to the amount outstanding under the confiscation order. New subsection (5) affords third parties who have, or may have, an interest in the property the right to make representations before an order is made. Subsection (6) provides that the market value of any destroyed cryptoassets, as assessed by the court, will be treated as having been paid towards satisfaction of the confiscation order.

734 Paragraph 31 amends section 131C, which provides a right of appeal to the Court of Session against a sheriff's order authorising the sale of the property, to take account of new sections 131ZB and 131ZB. The right of appeal is available to third parties affected by the order but not to the person against whom the confiscation order is made. There is also a right of appeal for an appropriate officer to appeal against a sheriff's decision not to authorise the sale of the property. In addition, the officer may appeal against a decision by the sheriff not to award costs or against the amount of costs awarded under new section 131ZB.

735 Paragraph 32 amends section 131D – which specifies how sums from the sale of the property authorised under section 131A are to be disposed

of by the appropriate officer – so that it similarly applies in relation to the proceeds of cryptoassets realised under new section 131ZB that exceed the amount payable under the confiscation order. Such sums are first paid over to an appropriate officer identified in the order. The officer must first distribute such sums to meet the expenses of an insolvency practitioner that are payable under section 432 of POCA. They must then be used to meet any payments directed by the court and the remainder will be distributed to those with an interest in the money, as directed by the court.

736 Paragraph 35 amends section 132 of POCA. Section 132 sets out a number of general steers to the court and administrators in the exercise of various powers under Part 3. Specifically, subsection (2)(a) provides that the court must exercise its powers with a view to preserving the value of assets with a view to their ultimate realisation to satisfy any confiscation order made against the accused. New subsection (2A) disapplies the steer in subsection (2)(a) in relation to the new powers for the courts to authorise the destruction of cryptoassets, in appropriate cases.

737 Paragraph 36 inserts new section 150A into POCA which defines terms introduced by the preceding paragraphs.

Part 3 – Northern Ireland

738 Paragraph 37 provides that Part 3 of Schedule 6 to the Bill amends Part 4 of the Proceeds of Crime Act 2002 (POCA) (confiscation: Northern Ireland).

739 Paragraph 38 of Schedule 6 removes sections 195B(2)(b) and 195B(3)(b) from POCA. This removes the requirement in the first and second conditions of section 195B for a person to have been arrested for an offence before property may be seized under the power conferred by section 195C of POCA.

740 Paragraph 39 amends section 195C of POCA (power to seize property) in order to support the seizure of "cryptoassets" by appropriate officers. "Cryptoasset" is given the meaning provided in new section 232A(1) of POCA. Sub-paragraph (3) inserts subsections (5A) to (5F) into section 195C and sub-paragraph (2) amends subsection (2) of that section.

741 Subsections (5A) and (5B) of section 195C introduce the concept of a "cryptoasset-related item" as a new class of seizeable property. Such items are described in subsection (5B) as property that is or that contains or gives access to any information that is, likely to assist in the seizure of any cryptoassets under the power in this section. That definition would cover a number of different types of property. For example it could include pieces of paper that have a cryptoasset recovery seed phrase written on them, an electronic

hardware wallet (these tend to be similar in appearance and operation to a USB pen-drive), or a piece of electronic hardware such as a mobile phone, tablet computer, laptop computer or desktop computer that has relevant information on it, or which has an application which gives the user control over a software cryptoasset wallet. Subsection (5A) allows an appropriate officer to seize any free property if he or she has reasonable grounds to suspect that such property is a cryptoasset-related item. Paragraph 39(2) amends section 195C(2) so that the restriction in that subsection preventing officers seizing cash or exempt property only applies to seizures under subsection (1), and does not apply to the seizure of cryptoasset-related items under subsection (5A).

742 Subsection (5C) clarifies that the act of seizing a cryptoasset includes transferring it into a "crypto wallet" controlled by an appropriate officer. "Crypto wallet" has the meaning given in new section 232A(2) of POCA.

743 Subsection (5D) provides officers with the power to require a person to provide information which is stored in electronic form. The information in question must be accessible from the premises. Officers can make such a requirement for the purposes of either determining whether an item is a "cryptoasset-related item" or for enabling or facilitating the seizure of a cryptoasset. The person

must provide the required information in a form in which it can be taken away and in which it is visible and legible (or from which it can readily be produced in a visible and legible form). If a person fails to comply with a requirement, then they may have committed an obstruction offence. The relevant offence will depend on which type of officer has made the requirement. Those offences are set out in POCA and other enactments, where relevant.

744 Subsection (5E) limits the power in subsection (5D). It provides that the power in subsection (5D) does not authorise an officer to require a person to provide information that is subject to legal professional privilege.

745 Subsection (5F) provides that any information obtained from a cryptoasset-related item, seized using the powers conferred under section 195C(5A), may be used to identify or gain access to a crypto wallet and by doing so enable or facilitate the seizure any cryptoassets (including their transfer to a crypto wallet controlled by an appropriate officer).

746 Paragraph 40 amends section 195R(3)(b) so that the detention condition in section 195R(2) can also be met where there are reasonable grounds to suspect that the property is a cryptoasset-related item (and so long as any of the conditions in section 195B are met).

747 Paragraphs 41 and 42 amend the detention of property provisions in sections 195K and 195L of POCA. Paragraph 41 inserts subsections (5) and (6) into section 195K. Paragraph 42 inserts subsections (4) and (5) into section 195L. They provide for the further detention of cryptoasset-related items which are exempt property, pending the making or variation of a restraint order. Here, "exempt property" is that which is necessary either: for the holder of the property's employment, business, or vocation; or for satisfying the basic domestic needs of them or their family. Further detention in these circumstances must be authorised by a "senior officer", which has the meaning given in section 195G(3).

748 Paragraph 43 amends section 195M of POCA. It inserts provision for the magistrates' court to make an order authorising the further detention of cryptoasset-related items. Such orders may be sought by officers in situations where seized property is not subject to a restraint order, and no application has been made for a restraint order authorising its detention. Sub-paragraph (3) inserts new subsections (2A) to (2D).

749 New subsection (2A) sets out the conditions which a magistrates' court must (in most circumstances) be satisfied of before making a further detention in respect of cryptoasset-related items.

750 Subsection (2B) sets out an extra condition where the cryptoasset-related item is “exempt property”. In those cases, the magistrates’ court must also be satisfied that the officer applying for the order for further detention is working diligently and expeditiously to determine whether the property in question is a cryptoasset-related item. Or, if it has already been established that it is such an item, the court must be satisfied that the officer is working diligently and expeditiously to seize any related cryptoassets using it.

751 Subsection (2C) sets the maximum period for which a magistrates’ court can order the further detention of cryptoasset-related items. Cryptoasset-related items which are not exempt property may be further detained for up to a period of six months, whereas cryptoasset related items which are exempt property may only be further detained for a period of up to 14 days. Both periods of detention can be renewed by a further order where the relevant conditions continue to be met.

752 Paragraph 44 inserts subsections (6) to (9) into section 195R of POCA. It makes provision to deal with cryptoasset-related items which have been released, but where there is no intention on the part of the owner to collect them. Currently, property which is seized under Part 4 of POCA with a view to realising it will always be seized on the basis of officers perceiving it to have a monetary

value. Hence, if investigations or proceedings cease and property is released back to the owner, then they have an incentive to collect it. With the introduction of powers to seize cryptoasset-related items, property may be seized which might have no value, or may only have a nominal value. It is therefore foreseeable that a defendant may not want to collect such items. Subsection (6) makes provision for officers to retain, dispose of or destroy such property if it is not collected within a year of its release. But under subsection (7) officers may only do so where they have approval from a senior officer and have taken reasonable steps to notify people with an interest in the property of its release.

753 Paragraphs 45 to 53 make provision about the powers of the court to enforce confiscation orders. Principally, the provisions address powers of the court to order the realisation and payment into court (or destruction) of cryptoassets. They also make connected provision in relation to enforcement receiverships, and enforcement in respect of money held in accounts maintained with electronic money institutions and payment institutions.

754 Paragraph 45 amends section 160A of POCA, which confers on the Crown Court a power to make a determination as to the extent of the defendant's interest in particular property. Paragraph 45 ensures that any determination as to the extent of the defendant's interest in a particular cryptoasset is

binding on a court which later authorises the destruction of the cryptoasset, using the powers in section 215AA which are inserted by paragraph 49.

755 Paragraph 46 expands the powers which the Crown Court may confer on enforcement receivers in section 199 of POCA. It includes provision for the destruction of cryptoassets which are subject to an enforcement receivership. The court may only confer such a power on an enforcement receiver where it is either not reasonably practicable for the enforcement receiver to arrange for the realisation the cryptoassets in question, or where there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest (having regard in particular to how likely it is that the re-entry of the cryptoassets into circulation would facilitate criminal conduct by any person). The realisation of a particular cryptoasset may be contrary to the public interest in cases where it is (or is part of a class of cryptoassets which are) used predominantly or exclusively for criminal purposes such as money laundering. Subsection (9B) provides that detained cryptoassets may only be destroyed up to the amount outstanding under the confiscation order. Subsection (9C) provides that the market value of any destroyed cryptoassets, as assessed by the court, will be treated as having been paid towards satisfaction of the confiscation order.

756 Paragraph 47 amends section 215 of POCA, to enable a magistrates' court to order a "relevant financial institution" to pay a sum over to the court on account of money which is payable by a defendant under a confiscation order. A relevant financial institution means a bank, building society, electronic money institution or a payment institution. Previously the powers were only available in relation to bank and building society accounts.

757 Paragraph 48 inserts new section 215ZA into POCA. Section 215ZA is inserted to make similar provision in relation to cryptoassets held with "cryptoasset service provides" as is already made in section 215 for money held with banks and building societies (now "relevant financial institutions" as a result of paragraph 47). A cryptoasset service provider is a business that administer so-called "crypto wallets" which provide access to cryptoassets for their customers and is defined in new section 215ZB(3). The definition is amendable by regulations made under section 215ZB(5). "Crypto wallet" is defined in new section 232A(2). The court can only make an order under section 215ZA where such a provider has a UK connection. The conditions setting out the relevant connections are set out in new section 215ZB(1) and (2). Section 215ZA will enable a magistrates' court to order said businesses to realise cryptoassets and pay the resulting sum over to the court. Subsection

(5) makes provision for circumstances where a crypto wallet may be held in the name of a person other than the person against whom the confiscation order is made (for example a spouse or company), but where the person against whom the confiscation order is made nonetheless holds an interest in some or all of those cryptoassets. In those circumstances, subsection (5) requires the court to have regard to a section 160A determination of interests before making an order. Subsection (6) contains equivalent provision to existing section 215 to enable the magistrates' court to fine non-complying businesses up to £5,000, and for the Secretary of State to amend that sum by order in order to take account of changes in the value of money. Subsection (8) absolves a business captured by the provisions from liability for realising a sum different to that specified in an order provided that it took reasonable steps to obtain proceeds equal to the values specified.

758 Paragraph 49 inserts new section 215AA into POCA. It enables the magistrates' court, as part of the confiscation order enforcement process, to order that seized cryptoassets may be destroyed. This is to cater for the scenario whereby those assets would ordinarily be realised, but in the circumstances it is either not reasonably practicable to do so (for example where no legitimate cryptoasset service provider offers the option of

realising that particular type of cryptoasset on their platforms), or where there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest (similarly to the situations described in the note on paragraph 46). Subsection (3)(b) provides that seized cryptoassets should only be destroyed up to the amount outstanding under the confiscation order. New subsection (4) affords third parties who have, or may have, an interest in the property the right to make representations before an order is made. Subsection (5) provides that the market value of any destroyed cryptoassets, as assessed by the court, will be treated as having been paid towards satisfaction of the confiscation order.

759 Paragraph 50 amends section 215C, which provides a right of appeal to the Crown Court against a magistrates' court's order authorising the sale of the property, to take account of new sections 215ZA and 215AA. The right of appeal is available to third parties affected by the order but not to the person against whom the confiscation order is made. There is also a right of appeal for an appropriate officer to appeal against a magistrates' court's decision not to authorise the sale of the property. In addition, the officer may appeal against a decision by the magistrates' court not to award costs or against the amount of costs awarded under new section 215B.

760 Paragraph 51 amends section 215D – which specifies how sums from the sale of the property authorised under section 125A are to be disposed of by the appropriate officer – so that it similarly applies in relation to the proceeds of cryptoassets realised under new section 215ZA that exceed the amount payable under the confiscation order. Such sums are first paid over to an appropriate officer identified in the order. The officer must distribute such sums first to meet the expenses of an insolvency practitioner that are payable under section 432 of POCA. They must then be used to meet any payments directed by the court and the remainder will be distributed to those with an interest in the money, as directed by the court.

761 Paragraph 53 amends section 217 of POCA. Section 217 sets out a number of general steers to the court and receivers in the exercise of various powers under Part 2. Specifically, subsection (2)(a) provides that the court must exercise its powers with a view to preserving the value of assets with a view to their ultimate realisation to satisfy any confiscation order made against the defendant. New subsection (2A) disapplies the steer in subsection (2)(a) in relation to the new powers for the courts to authorise the destruction of cryptoassets, in appropriate cases.

762 Paragraph 54 inserts new section 232A into POCA which defines terms introduced by the

preceding paragraphs.

Part 4 – Regulations

763 Paragraph 55 provides that Part 4 of Schedule 6 to the Bill amends section 459 of the Proceeds of Crime Act 2002 (POCA). It makes for provision for the new regulation making powers inserted by Parts 1, 2 and 3 of this Schedule to be subject to the affirmative parliamentary procedure.

Schedule 7– Cryptoassets: civil recovery

Part 1 – Amendments of Part 5 of the Proceeds of Crime Act 2002

764 Clause 142 inserts, into Part 5 of POCA, new Chapter 3C, which makes provision for the seizure of cryptoassets (and cryptoasset-related items) and the recovery of cryptoassets where they are recoverable property or are intended for use in unlawful conduct ("unlawful conduct") is defined in section 241 of POCA. The provisions build on existing powers in Chapters 3, 3A and 3B of POCA, to seize and recover cash, listed assets and funds in accounts that are the proceeds of unlawful conduct or intended for use in such conduct.

765 "Cryptoassets" are defined in new section 303Z20, as are "crypto wallets"—devices used for storing cryptoassets (and which sometimes function a little like a bank account). This section also provides that the Secretary of State, following

consultation with Scottish Minister and the Department of Justice Northern Ireland, may by regulations amend the definition of “cryptoasset” or “crypto wallet”.

766 Section 303Z21 provides that powers to search for a “cryptoasset-related item” are only exercisable on the proviso that an enforcement officer has lawful authority to be on the premises and has reasonable grounds to suspect that there is an item of property there that is, or that contains or gives access to information that is, likely to assist in the seizure of cryptoassets under Part 5 of POCA. Subsection (3) provides that constables, HMRC officers, SFO officers and AFIs are enforcement officers for the purpose of these provisions. Subsections (7) and (8) include the owner to search vehicles and persons. Subsection (11) provides that SFO officers and AFIs cannot use these provisions to search for cryptoasset related items in Scotland.

767 Section 303Z22 sets out further detail as to the conditions under which the powers of search may be used.

768 Section 303Z23 provides that the search powers may only be used where prior judicial authority has been obtained or, if that is not practicable, with the approval of a senior officer. "Senior officer" is defined in subsection (4) for all of the agencies permitted to use these powers. Section 303Z23(6) provides that, where the search

powers are not approved by a judicial authority prior to the search and either no cryptoasset-related items are seized, or any seized items are not then detained under a court order for more than 48 hours, the officer exercising the power must prepare a written report and submit it to an independent person. This means that a report is needed whenever search powers are exercised without any judicial oversight before or after the search. The independent person is appointed by the Secretary of State, in relation to England and Wales, by the Scottish Ministers in relation to Scotland, or by the Department of Justice in relation to Northern Ireland. Subsection (7) provides that a written report to the appointed person is not necessary if cash or listed assets were seized as a result of the search and the cash or listed assets are detained for more than 48 hours, under an order of the relevant court.

769 Section 303Z24 provides that the appointed person must provide a report after the end of each financial year, to be laid before Parliament, the Scottish Parliament, and the Northern Ireland Assembly as appropriate. This report must give the appointed person's opinion as to the circumstances in which the search powers were exercised in cases where the relevant officer was required to make a report under section 303Z23(6). The appointed person must submit their own report as soon as possible at the end of each financial year, giving

their opinion as to the way in which search powers under these provisions are being exercised, and making recommendations where appropriate.

770 Section 303Z25 provides that the exercise of powers of search are subject to guidance issued in Codes of Practice. The requirements for making a Code of Practice are the same as those set out in 303G, 303H and 303I of POCA, namely:

a. A Code of Practice must be made by the Secretary of State in connection with the exercise of the search powers in 303Z21 and the Secretary of State must also consult the Attorney General about the code draft in its application in relation to the use of the powers by the SFO and the Director.

b. A Code of Practice must be made by the Scottish Ministers in connection with the exercise of the search powers in 303Z21 in Scotland.

c. A Code of Practice must be made by the Department of Justice in connection with the exercise of the search powers in 303Z21 in Northern Ireland.

771 Section 303Z26 provides that enforcement officers may seize any item found, if they have reasonable grounds for suspecting that it is a cryptoasset related item: namely, an item that is, or that contains or gives access to information that is,

likely to assist in the seizure of cryptoassets under Part 5 of POCA. Subsection (2) provides officers with the power to require a person to provide information which is stored in electronic form. The information in question must be accessible from the premises. Officers can make such a requirement for the purposes of either determining whether an item is a “cryptoasset-related item” or for enabling or facilitating the seizure of a cryptoasset. The person must provide the required information in a form in which it can be taken away and in which it is visible and legible (or from which it can readily be produced in a visible and legible form). If a person fails to comply with a requirement, then they may have committed an obstruction offence. The relevant offence will depend on which type of officer has made the requirement. Those offences are set out in POCA and other enactments, where relevant.

772 Subsection (3) limits the power in subsection (2). It provides that the power in subsection (2) does not authorise an officer to require a person to provide information that is subject to legal professional privilege (as defined in subsection (4)).

773 Subsection (5) provides that any information obtained from a cryptoasset-related item may be used to identify or gain access to a crypto wallet and by doing so enable or facilitate the seizure of cryptoassets (including their transfer to a crypto wallet controlled by an enforcement officer).

774 Subsection (6) provides that SFO officers and AFIs cannot use these provisions to seize items found in Scotland.

775 Section 303Z27 provides that any cryptoasset-related item seized by a enforcement officer may only be detained for an initial period of 48 hours. Subsection (1) authorises the detention of property only for so long as an enforcement officer continues to have reasonable grounds for suspicion.

776 Section 303Z28 provides that the detention of any cryptoasset-related item may be extended by a judicial authority for up to six months at a time. Subsection (2) authorises the detention of a cryptoasset-related item up to a maximum of two years (from the date of the first order), except that under subsection (4) detention may be extended up to a maximum of three years if the court is satisfied that a request has been made for evidence to be obtained from overseas (often referred to as "mutual legal assistance"), in connection with the cryptoasset-related item, and that request is outstanding.

777 Subsection 303Z29 provides that an enforcement officer may seize "cryptoassets" (defined in section 303Z20) where there are reasonable grounds for suspecting that those assets are proceeds of unlawful conduct or intended for use in such conduct. Subsection (2) clarifies that the act of seizing a cryptoasset

includes transferring it into a “crypto wallet” controlled by an enforcement officer. “Crypto wallet” has the meaning given in new section 303Z20 of POCA. Subsection (3) provides that SFO officers and AFIs cannot use these provisions to seize cryptoassets using information obtained from an item found in Scotland.

778 Section 303Z30 provides that, where an order is made under section 303Z28 for the detention of any cryptoasset-related item, a judicial authority may, at the same time, authorise the detention of any cryptoassets seized as a result of information obtained from the cryptoasset-related item. This means that the detention of the cryptoassets can be authorized in advance of their seizure. Section 303Z31 will not then apply to those cryptoassets.

779 Section 303Z31(1) provides that any cryptoasset seized by a relevant officer may only be detained for an initial period of 48 hours, except where detention has been authorized in advance under section 303Z30. Subsection (1) authorises the detention of property only for so long as an enforcement officer continues to have reasonable grounds for suspicion.

780 Section 303Z32 provides that the detention of any cryptoasset may be extended by a judicial authority for up to six months at a time. Subsection (2) authorises the detention of a cryptoasset up to a maximum of two years (from date of the first order),

except that under subsection (4) detention may be extended up to a maximum of three years if the court is satisfied that a request has been made for evidence to be obtained from overseas (often referred to as “mutual legal assistance”), in connection with the cryptoassets, and that request is outstanding.

781 Section 303Z33 provides that an enforcement officer must safely store detained cryptoassets and cryptoasset-related items.

782 Section 303Z34 provides for the release of cryptoassets and cryptoasset related items from the person from whom they were seized where a judicial authority is satisfied, on application by the person from whom the property was seized, that they are not recoverable property or are not intended for use in unlawful conduct. Where a cryptoasset-related item is not claimed within a year from the date of its release and reasonable steps have been taken to notify any interested parties, an enforcement officer may decide to: retain the property; dispose of; or destroy the property, with the approval of a senior officer. Subsection (8) provides that where property is disposed of, any proceeds are to be paid into the Consolidated Fund or the Sottish Consolidated Fund.

Chapter 3D: Forfeiture of cryptoassets: crypto wallets

783 Sections 303Z35 to 303Z40 insert, into Part 5 of POCA, new Chapter 3D, which makes provision

for the freezing and forfeiture of cryptoassets, held by a third party, in crypto wallets, where the assets are recoverable property, or are intended for use in unlawful conduct ("unlawful conduct" is defined in section 241 of POCA and "crypto wallet" is defined in new section 303Z20 of POCA).

784 Section 303Z35(1) defines "cryptoasset exchange provider"; "custodian wallet provider"; "cryptoasset service provider". Subsection (3) provides that the definition of a "cryptoasset exchange provider" includes firms or sole practitioners who provide exchange services involving cryptoassets, or rights to or interests in cryptoassets, in the course of their business. This section also provides that the Secretary of State, following consultation with Scottish Minister and the Department of Justice Northern Ireland, may by regulations amend the definitions in this section.

785 Section 303Z36 provides that the powers to seek a "crypto wallet freezing order" are exercisable by an enforcement officer (defined in section 303Z20) if there are reasonable grounds to suspect that the crypto wallet administered by a "UK-connected cryptoasset service provider" contains recoverable property, or property that is intended for use in unlawful conduct. Subsection (3) provides that an enforcement officer may not apply for a crypto wallet freezing order unless authorised to do so by a senior officer (defined in section 303Z20).

Subsection (7) restricts SFO officers' and AFIs' use of the powers in relation to Scotland. A crypto wallet freezing order can be made without notice, if notice of the application would prejudice the taking of any steps to later forfeit cryptoassets under Part 5 of POCA.

786 Section 303Z36(6) provides that an application for an order to freeze a crypto wallet may be combined with an application for an account freezing order where a single entity is both a relevant financial institution (within the meaning of 303Z1 of POCA) and maintains for the same person both cryptoassets and money (above the minimum amount specified in 303Z8—currently set at £1000). The definition of a "UK-connected cryptoasset service provider" is found in subsection (8) and (9) and includes entities which:

a. Have a registered or head office in the United Kingdom and their day-to-day affairs are carried out by that office or another establishment in the United Kingdom.

b. Have terms and conditions with the persons to whom they provide services which provide for a legal dispute to be litigated in the United Kingdom courts.

c. Hold data in the United Kingdom relating to the persons to whom they provide services.

787 Section 303Z37 specifies that a judicial

authority may make a crypto wallet freezing order if satisfied that the crypto wallet contains recoverable property, or property that is intended for use in unlawful conduct. A crypto wallet freezing order prohibits each person by or for whom the wallet is operated from making withdrawals or payments or using the wallet in any other way, unless permitted under the exclusions authorised by the court (in accordance with section 303Z39). Any cryptoassets frozen in a wallet remain in the custody of the cryptoasset service provider while an order remains in place. Subsection (3) specifies the circumstances in which a crypto wallet freezing order ceases to have effect.

788 Subsections (4) to (7) provide the maximum period permitted for a judicial authority to freeze a crypto wallet. Subsection (4) authorises the freezing of the crypto wallet for up to a maximum of two years from date of the freezing order, except that under subsection (5) the freezing order may be extended up to a maximum of three years if the court is satisfied that a request has been made for evidence to be obtained from overseas (often referred to as “mutual legal assistance”), in connection with the cryptoassets, and that request is outstanding.

789 Section 303Z37(8) provides that a crypto wallet freezing order must make provision for persons affected by the freezing (that will include

persons by or for whom the wallet is administered, similar to an account holder at a bank) to be notified of the order.

790 Section 303Z38 confers the powers on a judicial authority to vary, set aside, or recall a crypto wallet freezing order at any time, including upon application by any person affected by such an order. The power to apply for an order may not be exercised by an enforcement officer unless authorised to do so by a senior officer (defined by 303Z20). Subsection (3) provides that any party likely to be impacted by a decision to vary or set aside a crypto wallet freezing order must have an opportunity to consider the implications of such order and be able to make representations, if so desired.

791 Section 303Z39 confers a general power on a judicial authority to make exclusions from the restriction on activity on the wallet. Subsection (2) specifies that exclusions may be granted, in particular, for the purpose of meeting reasonable living expenses or to allow a person to carry on a business, trade, or occupation. For example, this would allow a court to make a freezing order that applies to a proportion of the cryptoassets in a wallet – those which are regarded as recoverable property - while allowing the business to continue to use the remainder of the cryptoassets. Subsection (5) also permits exclusions for legal expenses,

except in Scotland (as detailed in subsection (7)).

792 Section 303Z40 provides the powers for a judicial authority to stay proceedings (or, in Scotland, sist), at any stage, once a crypto wallet freezing order is made. The court may also order that the proceedings can continue on any terms it thinks are appropriate.

Chapter 3E: Forfeiture of cryptoassets following detention or freezing order

793 Section 303Z41 provides that a judicial authority may order the forfeiture of some or all of the cryptoassets detained in pursuance of an order under Chapter 3C, or frozen in a wallet under an order made under Chapter 3D, if satisfied that the cryptoassets are recoverable property or intended for use in unlawful conduct. Subsection (5) provides for the payment of reasonable legal expenses that a person has (or may reasonably incur in), except in Scotland. Subsection (8) provides that a judicial authority may not order the forfeiture of cryptoassets pursuant to subsection (4) if section 303Z45(1) applies. That section deals with joint and associated property. In those circumstances, where no agreement can be reached regarding the interests of associated or joint property holders of the relevant cryptoassets and the case must be transferred to the High Court, or Court of Session, the powers conferred on a magistrates' court or sheriff cease to apply.

794 Section 303Z42 sets out further detail about

the forfeiture of cryptoassets. Subsection (4) specifies that an order for the forfeiture of cryptoassets held in a wallet administered by a cryptoasset service provider requires the provider to transfer those assets into a crypto wallet nominated by an enforcement officer. Once the transfer is executed the freezing order will cease to apply and the prohibition on making withdrawals or payments, or using the crypto wallet in any other way, will no longer apply. Subsections (7) to (10) provide for consequential amendments, in order to provide for an alternative means by which cryptoassets can be forfeited when held by a cryptoasset service provider. The powers would provide a contingency to overcome future technical barriers around the forfeiture of cryptoassets administered by a third party.

795 Sections 303Z43 to 303Z46 set out how associated and joint property is to be dealt with when forfeiture is applied for.

796 Section 303Z43 sets out the circumstances in which the provisions on associated property and joint property in sections 303Z44 and 303Z45 apply. The term "associated property" is defined in subsection (3) and subsection (2) specifies how property is jointly owned in England and Wales and Northern Ireland.

797 Section 303Z44 provides that a judicial authority may order that a person who holds

associated property or who is an excepted joint owner may retain the property but must pay the law enforcement agency a sum equivalent to the value of the recoverable share. This section applies where there is agreement amongst the parties as to the extent of the recoverable portion of the cryptoassets. Subsection (6) also permits exclusions for legal expenses, except in Scotland.

798 Section 303Z45 describes how a judicial authority can deal with a person who holds associated property or who is an excepted joint owner but where there is no agreement under section 303Z44. If an order for forfeiture of part of the cryptoasset (including the associated property) is made, and the court considers it is "just and equitable" to do so, it may also order that the excepted joint owner's interest will be extinguished, or that the excepted joint owner's interest will be severed, and it may order that a payment be made to that individual.

799 Section 303Z46 provides that, where a judicial authority makes an order for the forfeiture of some of all of the cryptoassets in accordance with section 303Z41(4) and the law enforcement agency appeals, it may also apply for an extension of the account freezing order pending the appeal. The application continues the wallet freezing order may be made without notice.

800 Section 303Z47 provides for a right of appeal

against a forfeiture decision made under sections 303Z41 to 303Z45. The time-period for the lodging of an appeal is 30 days from the day that the court makes the order. If the appeal is upheld, it may order the release of the whole or part of the funds. If a forfeiture order is successfully appealed, and the cryptoassets are released, any interest which accrued during the time that the assets were held by the enforcement officer must also be returned to the person from whom they were seized, or the person by or for whom the crypto wallet was administered immediately before the freezing order was made.

801 Section 303Z48 makes provision for the realization or destruction of cryptoassets. Subsections (2) to (4) provide that the enforcement officer must realise the cryptoassets or make arrangements for their realisation, subject to any appeal rights against the forfeiture being exhausted. Subsection (6) provides that, where it is either not reasonably practicable for the enforcement officer to arrange for the realization of the cryptoassets in question, or where there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest (having regard in particular to how likely it is that the re-entry of the cryptoassets into circulation would facilitate criminal conduct by any person), the cryptoassets may be destroyed. The realisation of a

particular cryptoasset may be contrary to the public interest in cases where it is (or is part of a class of cryptoassets which are) used predominantly or exclusively for criminal purposes such as money laundering.

802 Section 303Z49 provides for the order in which the proceeds should be realised.

803 Section 303Z50 makes provision for the release of detained cryptoassets to their true owner. Two cases are provided for. Subsection (4) relates to a person who claims that some or all of the cryptoassets rightfully belong to them, and they were deprived of them through unlawful conduct. An example of this would be a person who claims that the cryptoassets were stolen from them. If the court is satisfied, it may order the applicant's cryptoassets to be released to that individual.

804 Subsection (6) relates to the case of any other true owner who is not the person from whom the cryptoassets was seized. Here, if the court is satisfied, the cryptoassets may be released – but only if the person from whom they were seized does not object. That proviso is intended to prevent the court from becoming involved in a complicated ownership dispute between the person from whom the cryptoassets were seized and the rightful owner of those assets. Unlike subsection (4) the court will have to be satisfied that the cash is not recoverable property or intended for use in unlawful conduct

before it can release to a claimed owner.

805 Section 303Z51 makes provision for the release of cryptoassets held in a crypto wallet to their true owner. As with section 303Z50, two cases are provided for.

806 Section 303Z52 provides that where no forfeiture is made, following seizure, or from the date upon a prohibition was imposed on the use of cryptoassets held in a crypto wallet, the person from whom the cryptoassets were seized, or the person by or for whom the crypto wallet was administered immediately before the freezing order was made, may apply to the court for compensation, where the circumstances are exceptional.

807 Section 303Z53 provides that the Director of Public Prosecutions or the Director for Public Prosecution in Northern Ireland may appear in proceedings on behalf of a constable or an accredited financial investigator, if asked to do so and if it is considered appropriate for them to do so.

Chapter 3F: conversion of cryptoassets

808 Section 303Z54 provides for detained cryptoassets to be converted into money, on application to a relevant court. Provision is made for two distinct applicants: an enforcement officer; or the person from whom the assets were seized. In deciding whether to make an order under this section, the court must have regard to whether the

cryptoassets (as a whole) are likely to suffer a significant loss in value during the period before they are released or forfeited (including the period during which an appeal against an order for forfeiture may be made). Subsections (5) and (11) provide that any anyone likely to be impacted by a decision to convert cryptoassets into money must have the opportunity to consider the implications of such order and be able to make representations, if so desired, and the order must provide for affected people to be notified. Where the court authorises the conversion of cryptoassets, an enforcement officer is responsible for arranging for the proceeds to be paid into an interest-bearing account for safekeeping, until the conclusion of proceedings. Subsection (10) provides that if cryptoassets are converted into money after a forfeiture application under section 303Z41 has been made, but not yet decided, then the application is treated as having been made under section 303Z60. This means that the forfeiture application process does not have to re-start as a result of the conversion to money. Subsection (12) prohibits appeals against an order made for the conversion of cryptoassets.

809 Section 303Z55 makes similar provision for the conversion of cryptoassets subject to a crypto wallet freezing order into money, on application to the relevant court. Provision is made for two distinct applicants: an enforcement officer; or the person by

or for whom the crypto wallet is administered. Subsections (5) to (8) outline the process for conversion, if authorized by the court. The obligation to convert the assets, or arrange for their conversion, rests with the cryptoasset service provider that administers the wallet in question. Upon conversion, the cryptoasset service provider must then transfer the proceeds into an interest-bearing account chosen by the enforcement officer. The money will remain in the interest-bearing account until the conclusion of proceedings. Subsection (9) permits a cryptoasset service provider to deduct any costs it incurs in compliance with subsections (5) to (8).

810 Subsections (1) and (2) of section 303Z56 makes provision for how forfeited cryptoassets are to be applied, if conversion takes place after forfeiture but before they are realised or destroyed. In those cases, the converted forfeited cryptoassets are to be applied in accordance with subsections (1) and (2) of section 303Z62. Subsections (3) and (4) ensure that the right of appeal in relation to a forfeiture order over cryptoassets is continued after a conversion and that a party may appeal instead under section 303Z61.

811 Section 303Z57 provides the maximum period permitted for a judicial authority to detain the proceeds of converted cryptoassets. Subsection (4) authorises the freezing of the crypto wallet for up to

a maximum of two years from date the cryptoassets were originally detained under Chapter 3C, except that under subsection (5) the freezing order may be extended up to a maximum of three years if the court is satisfied that a request has been made for evidence to be obtained from overseas (often referred to as “mutual legal assistance”), in connection with the cryptoassets, and that request is outstanding.

812 Section 303Z58 makes provision equivalent to section 303Z57 for the detention of the proceeds of converted cryptoassets converted under section 303Z55.

813 Section 303Z59 makes provision for the release of converted cryptoassets where a relevant court is satisfied that the test for detention can no longer be met.

814 Sections 303Z60 to 303Z62 make provision for the forfeiture of converted cryptoassets.

815 Section 303Z60 provides that a judicial authority may order the forfeiture of some or all of the proceeds of converted cryptoassets, if satisfied that the funds are recoverable property or intended for use in unlawful conduct.

816 Section 303Z61 provides for a right of appeal against a forfeiture decision made under section 303Z60. The time-period for the lodging of an appeal is 30 days from the day that the court makes

the order.

817 Section 303Z62 provides for the order in which the proceeds should be realised.

818 Section 303Z63 makes provision for the release of converted cryptoassets to their true owner.

819 Section 303Z64 makes provision for a relevant court to award compensation in respect of assets detained under Chapter 3F. Where no forfeiture is made, the person from whom the cryptoassets were seized, or the person by or for whom the crypto wallet was administered immediately before the freezing order was made, may apply to the court for compensation, where the circumstances are exceptional.

820 Section 303Z65 provides that the Director of Public Prosecutions or the Director for Public Prosecution in Northern Ireland may appear in proceedings on behalf of a constable or an accredited financial investigator, if asked to do so and if it is considered appropriate for them to do so.

821 Section 303Z66 provides interpretation of the terms used in this Schedule.

Part 2 – Consequential and other amendments of the Proceeds of Crime Act 2002

822 Paragraph 2 of Schedule 7 to the Bill amends Part 5 of POCA to make various consequential

amendments to reflect the insertion of new Chapter 3C to 3F into POCA.

823 Sub-paragraph (4) of Paragraph 2 inserts new section 303Z17A into Part 5 of POCA, to make provision for the release money frozen under Chapter 3B to its true owner. Two cases are provided for. New subsection (4) relates to a person who claims that some or all of the funds rightfully belong to them, and they were deprived of them through unlawful conduct. An example of this would be a person who claims that the funds were stolen from them. If the court is satisfied, it may order the release of the funds to that individual.

824 New subsection (6) relates to the case of any other true owner who is not the person from whom the money was seized. Here, if the court is satisfied, the funds may be released – but only if the person from whom they were seized does not object. That proviso is intended to prevent the court from becoming involved in a complicated ownership dispute between the person from whom the money was seized and the rightful owner of those funds. Unlike subsection (4) the court will have to be satisfied that the funds are not recoverable property or intended for use in unlawful conduct before it can release to a claimed owner.

825 Paragraph 3 of Schedule 4 to the Bill amends Part 8 of POCA to make various consequential amendments to reflect the insertion of new Chapter

3C to 3F into POCA. These amendments introduce the concept of a “cryptoassets investigation” – defined in new subsection (3D) of section 341 - as the basis for making production orders; search and seizure warrants; and account monitoring orders available to support the new proceedings.

Schedule 8 – Economic crime offences

826 Schedule 8 sets out the offences included in the definition of “economic crime”, as defined by Clause 153 in relation to disclosures made under clauses 148 and 149.

Commencement

827 Clause 161 makes provision about when the provisions of this Bill will come into force.

Financial implications of the Bill

828 The Bill provides for the Secretary of State to consider the cost of investigation and enforcement activity when determining the level of fees to be paid to the Registrar of companies (Clause 89). The additional revenue generated is intended to be used to fund investigation and enforcement activities undertaken by Companies House and the Insolvency Service. The total amount of revenue raised will be dependent upon the level of fees set. There may be some volatility in the amounts raised depending on the number of incorporations in any one year. If more revenue is raised than can be

spent, the surplus will be surrendered to the Consolidated Fund.

829 The Bill introduces identity verification measures for those setting up, managing and controlling companies with Companies House. The Government committed to fund the associated implementation costs of these measures as part of the Spending Review 2021 and has allocated £6.1 million as the Resource Departmental Expenditure Limit (RDEL) and £10.4 million as the Capital Departmental Expenditure Limit (CDEL). There are also associated running and compliance costs. The approximate running costs are expected to be £27 million in the first year and £6.5 million per annum for each year thereafter and will be funded by the fees paid by those using Companies House services. The approximate compliance costs are expected to be £12 million in the first year and £2 million per annum each year thereafter and will be netted off against the penalties collected. The expected costs incurred as a result of these measures will vary as Companies House continue to refine the implementation options. Companies House will seek to ensure the most effective management of public money.

830 The Bill also provides for the Registrar of Companies to remove a limited partnership from the register once dissolved. Deregistering non-operational and non-compliant limited partnerships

will incur a one-off cost which will cost approximately £1.5 million. Companies House will recover this cost from existing fee income (the Consolidated Fund).

831 There will be no set up costs associated with the powers to support the recovery of cryptoassets. The cost of using the powers will be offset by the scope for recovery of the illicit proceeds. For further detail, refer to the Impact Assessment.

832 There will be no additional cost to the SFO to use the pre-investigation powers in a wider range of cases.

833 The measure found in Clause 147, amending SAMLA to allow HMT to update the HRTC list without the need to lay an SI, has no financial implications.

834 The measures found in clauses 154 and 155, relating to legal services, do not have any financial implications.

Parliamentary approval for financial costs or for charges imposed

835 A money resolution is required for the Bill to cover expenditure in respect of new functions conferred on the Registrar of Companies.

836 A ways and means resolution is required, to cover potential increases in fees payable to the Registrar of Companies.

837 A number of provisions require sums to be paid into the Consolidated Fund, which will require paying-in cover.

Compatibility with the European Convention on Human Rights

838 The Secretary of State for the Home Department, Suella Braverman MP, has made the following statement under section 19(1)(a) of the Human Rights Act 1998:

> "In my view the provisions of the Economic Crime and Corporate Transparency Bill are compatible with the Convention rights".

839 The Government has published separate ECHR memoranda, one for Parts 1-3 of the Bill and another for the remaining Parts, with its assessment of the compatibility of the Bill's provisions with the Convention rights. These memoranda are available on the Government website.

Environment Act 2021: Section 20

840 Tom Tugendhat, Minister of State for Security, is of the view that the Bill as introduced into the House of Commons does not contain provision which, if enacted, would be environmental law for the purposes of section 20 of the Environment Act 2021. Accordingly, no statement under that section has been made.

Related documents

841 The following documents are relevant to the Bill and can be read at the stated locations:

- Economic Crime (Transparency and Enforcement) Act 2022: https://www.legislation.gov.uk/ukpga/2022/10/contents/enacted
- Corporate transparency and register reform white paper: https://www.gov.uk/government/publications/corporate-transparency-and-register-reform
- The Queen's Speech 2022: Background briefing notes: https://www.gov.uk/government/publications/queens-speech-2022-background-briefing-notes
- The cost of complacency: illicit finance and the war in Ukraine, Foreign Affairs Select Committee Report, June 2022:

  https://publications.parliament.uk/pa/cm5803/cmselect/cmfaff/168/report.html
- Economic Crime Report, Treasury Committee, January 2022:

  https://publications.parliament.uk/pa/cm5802/cmselect/cmtreasy/145/summary.html

Annex A - Territorial extent and application in the United Kingdom

Provisions	England	Wales		Scotland		Northern Ireland	
	Extends to E & W and applies to England?	Extends to E & W and applies to Wales?	Legislative Consent Motion process engaged?	Extends and applies to Scotland?	Legislative Consent Motion process engaged?	Extends and applies to Northern Ireland?	Legislative Consent Motion process engaged?
Part 1							
Clause 1	Yes	Yes	No	Yes	No	Yes	Yes
Clause 2	Yes	Yes	No	Yes	No	Yes	Yes
Clause 3	Yes	Yes	No	Yes	No	Yes	Yes
Clause 4	Yes	Yes	No	Yes	No	Yes	Yes
Clause 5	Yes	Yes	No	Yes	No	Yes	Yes
Clause 6	Yes	Yes	No	Yes	No	Yes	Yes
Clause 7	Yes	Yes	No	Yes	No	Yes	Yes
Clause 8	Yes	Yes	No	Yes	No	Yes	Yes
Clause 9	Yes	Yes	No	Yes	No	Yes	Yes
Clause10	Yes	Yes	No	Yes	No	Yes	Yes
Clause 11	Yes	Yes	No	Yes	No	Yes	Yes
Clause 12	Yes	Yes	No	Yes	No	Yes	Yes
Clause 13	Yes	Yes	No	Yes	No	Yes	Yes
Clause 14	Yes	Yes	No	Yes	No	Yes	Yes
Clause 15	Yes	Yes	No	Yes	No	Yes	Yes
Clause 16	Yes	Yes	No	Yes	No	Yes	Yes
Clause 17	Yes	Yes	No	Yes	No	Yes	Yes
Clause 18	Yes	Yes	No	Yes	No	Yes	Yes
Clause 19	Yes	Yes	No	Yes	No	Yes	Yes
Clause 20	Yes	Yes	No	Yes	No	Yes	Yes
Clause 21	Yes	Yes	No	Yes	No	Yes	Yes
Clause 22	Yes	Yes	No	Yes	No	Yes	Yes
Clause 23	Yes	Yes	No	Yes	No	Yes	Yes
Clause 24	Yes	Yes	No	Yes	No	Yes	Yes
Clause 25	Yes	Yes	No	Yes	No	Yes	Yes

Clause 26	Yes	Yes	No	Yes	No	Yes	Yes
Clause 27	Yes	Yes	No	Yes	No	Yes	Yes
Clause 28	Yes	Yes	No	Yes	No	Yes	Yes
Clause 29	Yes	Yes	No	Yes	No	Yes	Yes
Clause 30	Yes	Yes	No	Yes	No	Yes	Yes
Clause 31	Yes	Yes	No	Yes	No	Yes	Yes
Clause 32	Yes	Yes	No	Yes	No	No	No
Clause 33	Yes	Yes	No	Yes	No	No	No
Clause 34	No	No	No	No	No	Yes	Yes
Clause 35	No	No	No	No	No	Yes	Yes
Clause 36	Yes	Yes	No	Yes	No	Yes	Yes
Clause 37	Yes	Yes	No	Yes	No	Yes	Yes
Clause 38	Yes	Yes	No	Yes	No	Yes	Yes
Clause 39	Yes	Yes	No	Yes	No	Yes	Yes
Clause 40	Yes	Yes	No	Yes	No	Yes	Yes
Clause 41	Yes	Yes	No	Yes	No	No	No
Clause 42	No	No	No	No	No	Yes	Yes
Clause 43	Yes	Yes	No	Yes	No	Yes	Yes
Clause 44	Yes	Yes	No	Yes	No	Yes	Yes
Clause 45	Yes	Yes	No	Yes	No	Yes	Yes
Clause 46	Yes	Yes	No	Yes	No	Yes	Yes
Clause 47	Yes	Yes	No	Yes	No	Yes	Yes
Clause 48	Yes	Yes	No	Yes	No	Yes	Yes
Clause 49	Yes	Yes	No	Yes	No	Yes	Yes
Clause 50	Yes	Yes	No	Yes	No	Yes	Yes
Clause 51	Yes	Yes	No	Yes	No	Yes	Yes
Clause 52	Yes	Yes	No	Yes	No	Yes	Yes
Clause 53	Yes	Yes	No	Yes	No	Yes	Yes
Clause 54	Yes	Yes	No	Yes	No	Yes	Yes
Clause 55	Yes	Yes	No	Yes	No	Yes	Yes
Clause 56	Yes	Yes	No	Yes	No	Yes	Yes
Clause 57	Yes	Yes	No	Yes	No	Yes	Yes
Clause 58	Yes	Yes	No	Yes	No	Yes	Yes
Clause 59	Yes	Yes	No	Yes	No	Yes	Yes

Clause 60	Yes	Yes	No	Yes	No	Yes	Yes
Clause 61	Yes	Yes	No	Yes	No	Yes	Yes
Clause 62	Yes	Yes	No	Yes	No	Yes	Yes
Clause 63	Yes	Yes	No	Yes	No	Yes	Yes
Clause 64	Yes	Yes	No	Yes	No	Yes	Yes
Clause 65	Yes	Yes	No	Yes	No	Yes	Yes
Clause 66	Yes	Yes	No	Yes	No	Yes	Yes
Clause 67	Yes	Yes	No	Yes	No	Yes	Yes
Clause 68	Yes	Yes	No	Yes	No	Yes	Yes
Clause 69	Yes	Yes	No	Yes	No	Yes	Yes
Clause 70	Yes	Yes	No	Yes	No	Yes	Yes
Clause 71	Yes	Yes	No	Yes	No	Yes	Yes
Clause 72	Yes	Yes	No	Yes	No	Yes	Yes
Clause 73	Yes	Yes	No	Yes	No	Yes	Yes
Clause 74	Yes	Yes	No	Yes	No	Yes	Yes
Clause 75	Yes	Yes	No	Yes	No	Yes	Yes
Clause 76	Yes	Yes	No	Yes	No	Yes	Yes
Clause 77	Yes	Yes	No	Yes	No	Yes	Yes
Clause 78	Yes	Yes	No	Yes	No	Yes	Yes
Clause 79	Yes	Yes	No	Yes	No	Yes	Yes
Clause 80	Yes	Yes	No	Yes	No	Yes	Yes
Clause 81	Yes	Yes	No	Yes	No	Yes	Yes
Clause 82	Yes	Yes	No	Yes	No	Yes	Yes
Clause 83	Yes	Yes	No	Yes	No	Yes	Yes
Clause 84	Yes	Yes	No	Yes	No	Yes	Yes
Clause 85	Yes	Yes	No	Yes	No	Yes	Yes
Clause 86	Yes	Yes	No	Yes	No	Yes	Yes
Clause 87	Yes	Yes	No	Yes	No	Yes	Yes
Clause 88	Yes	Yes	No	Yes	No	Yes	Yes
Clause 89	Yes	Yes	No	Yes	No	Yes	Yes
Clause 90	Yes	Yes	No	Yes	No	Yes	Yes
Clause 91	Yes	Yes	No	Yes	No	Yes	Yes
Clause 92	Yes	Yes	No	Yes	No	Yes	Yes
Clause 93	Yes	Yes	No	Yes	No	Yes	Yes

Clause 94	Yes	Yes	No	Yes	No	Yes	Yes
Clause 95	Yes	Yes	No	Yes	No	Yes	Yes
Clause 96	Yes	Yes	No	Yes	No	Yes	Yes
Clause 97	Yes	Yes	No	Yes	No	No	No
Clause 98	No	No	No	No	No	Yes	Yes
Schedule 1	Yes	Yes	No	Yes	No	Yes	Yes
Schedule 2	Yes	Yes	No	Yes	No	Yes	Yes
Schedule 3	Yes	Yes	No	Yes	No	Yes	Yes
Part 2							
Clause 99	Yes	Yes	No	Yes	No	Yes	Yes
Clause 100	Yes	Yes	No	Yes	No	Yes	Yes
Clause 101	Yes	Yes	No	Yes	No	Yes	Yes
Clause 102	Yes	Yes	No	Yes	No	Yes	Yes
Clause 103	Yes	Yes	No	Yes	No	Yes	Yes
Clause 104	Yes	Yes	No	Yes	No	Yes	Yes
Clause 105	Yes	Yes	No	Yes	No	Yes	Yes
Clause 106]	Yes	Yes	No	Yes	No	Yes	Yes
Clause 107	Yes	Yes	No	Yes	No	Yes	Yes
Clause 108	Yes	Yes	No	Yes	No	Yes	Yes
Clause 109	Yes	Yes	No	Yes	No	Yes	Yes
Clause 110	Yes	Yes	No	Yes	No	Yes	Yes
Clause 111	Yes	Yes	No	Yes	No	Yes	Yes
Clause 112	Yes	Yes	No	Yes	No	Yes	Yes
Clause 113	Yes	Yes	No	Yes	No	Yes	Yes
Clause 114	Yes	Yes	No	Yes	No	Yes	Yes
Clause 115	Yes	Yes	No	Yes	No	Yes	Yes
Clause 116	Yes	Yes	No	Yes	No	Yes	Yes
Clause 117	No	No	No	Yes	No	No	No
Clause 118	Yes	Yes	No	Yes	No	Yes	Yes
Clause 119	Yes	Yes	No	Yes	No	Yes	Yes
Clause 120	Yes	Yes	No	Yes	No	Yes	Yes
Clause 121	Yes	Yes	No	Yes	No	Yes	Yes
Clause 122	Yes	Yes	No	Yes	No	Yes	Yes
Clause 123	Yes	Yes	No	Yes	No	Yes	Yes

Clause 124	Yes	Yes	No	Yes	No	Yes	Yes
Clause 125	Yes	Yes	No	Yes	Yes	Yes	Yes
Clause 126	Yes	Yes	No	Yes	Yes	Yes	Yes
Clause 127	Yes	Yes	No	Yes	Yes	Yes	Yes
Clause 128	Yes	Yes	No	Yes	No	Yes	Yes
Clause 129	Yes	Yes	No	Yes	No	Yes	Yes
Clause 130	Yes	Yes	No	Yes	No	Yes	Yes
Clause 131	Yes	Yes	No	Yes	No	Yes	Yes
Clause 132	Yes	Yes	No	Yes	No	Yes	Yes
Clause 133	Yes	Yes	No	Yes	No	Yes	Yes
Clause 134	Yes	Yes	No	Yes	No	Yes	Yes
Schedule 4	Yes	Yes	No	Yes	No	Yes	Yes
Schedule 5	Yes	Yes	No	Yes	No	Yes	Yes
Part 3							
Clause 135	Yes	Yes	No	Yes	No	Yes	Yes
Clause 136	Yes	Yes	No	Yes	No	Yes	Yes
Clause 137	Yes	Yes	No	Yes	No	Yes	Yes
Clause 138	Yes	Yes	No	Yes	No	Yes	Yes
Clause 139	Yes	Yes	No	Yes	Yes	Yes	Yes
Clause 140	Yes	Yes	No	Yes	Yes	Yes	Yes
Part 4							
Clause 141	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Clause 142	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Schedule 6	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Schedule 7	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Part 5							
Clause 143	Yes	Yes	No	Yes	No	Yes	No
Clause 144	Yes	Yes	No	Yes	No	Yes	No
Clause 145	Yes	Yes	No	Yes	No	Yes	No
Clause 146	Yes	Yes	No	Yes	No	Yes	No
Clause 147	Yes	Yes	No	Yes	No	Yes	No
Clause 148	Yes	Yes	No	Yes	Yes	Yes	Yes
Clause 149	Yes	Yes	No	Yes	Yes	Yes	Yes
Clause 150	Yes	Yes	No	Yes	Yes	Yes	Yes

Clause 151	Yes	Yes	No	Yes	Yes	Yes	Yes
Clause 152	Yes	Yes	No	Yes	Yes	Yes	Yes
Clause 153	Yes	Yes	No	Yes	Yes	Yes	Yes
Clause 154	Yes	Yes	No	No	No	No	No
Clause 155	Yes	Yes	No	No	No	No	No
Clause 156	Yes	Yes	No	Yes	Yes	Yes	Yes
Clause 157	Yes	Yes	No	Yes	No	Yes	Yes
Sch 8	Yes	Yes	No	Yes	Yes	Yes	Yes

Subject matter and legislative competence of devolved legislatures

842 In the opinion of the UK Government, this Bill has areas within the devolved competence of Wales, Scotland and Northern Ireland. Company law and limited partnerships is transferred to Northern Ireland, but reserved for Scotland and Wales. Insolvency law is devolved to Northern Ireland and Scotland. Land law is devolved to Scotland and Northern Ireland, but reserved for Wales. Justice matters are devolved to Scotland and Northern Ireland, but reserved for Wales. Certain criminal offences that are relevant to confiscation, civil recovery and information sharing relate to matters which are devolved to Northern Ireland or Scotland.

Economic Crime and Corporate Transparency Bill
EXPLANATORY NOTES

These Explanatory Notes relate to the Economic Crime and Corporate Transparency Bill as introduced in the House of Commons on 22 September 2022 (Bill 154).

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