

Economic Crime and Corporate Transparency Bill

MARSHALLED
LIST OF AMENDMENTS
TO BE MOVED
IN GRAND COMMITTEE

The amendments have been marshalled in accordance with the Instruction of 8th February 2023, as follows –

Clauses 1 to 50	Clauses 148 to 167
Schedule 1	Schedule 6
Clauses 51 and 52	Clause 168
Schedule 2	Schedule 7
Clauses 53 to 92	Clause 169
Schedule 3	Schedule 8
Clauses 93 to 108	Clauses 170 to 180
Schedule 4	Schedule 9
Clauses 109 to 147	Clauses 181 to 192
Schedule 5	Title.

[Amendments marked ★ are new or have been altered]

**Amendment
No.**

Clause 1

LORD JOHNSON OF LAINSTON

- 1** Page 2, line 2, leave out from “that” to end of line 3 and insert “information contained in the register is accurate and that the register contains everything it ought to contain.”

Member’s explanatory statement

Objective 2 currently focuses on the accuracy and completeness of documents delivered to the registrar. The amendment would expand it to refer to the accuracy and completeness of the register more generally. This would, for example, be relevant not only to the acceptance of documents for registration but also to their removal.

LORD LEIGH OF HURLEY

- 2** Page 2, line 3, after “accurate” insert “and self-consistent”

Member’s explanatory statement

This amendment enhances the definition of accuracy as it applies to information submitted to the registrar.

LORD JOHNSON OF LAINSTON

3 Page 2, line 10, at end insert –

“(2) In Objective 2 the reference to “the register” includes any records kept by the registrar under any enactment.”

Member’s explanatory statement

This amendment ensures that Objective 2 as amended applies not only in relation to the register of companies but also in relation to any other registers and documents kept by the registrar under legislation.

LORD COAKER

LORD PONSONBY OF SHULBREDE

BARONESS BLAKE OF LEEDS

4★ Page 2, line 10, at end insert –

“Objective 5

Objective 5 is to act proactively by –

- (a) making full use of information, intelligence and powers available to the registrar in order to identify issues of concern regarding companies, and
 - (b) sharing information about any issues of concern regarding companies with relevant public bodies and law enforcement agencies.
- (4) In this section, an “issue of concern” includes –
- (a) inaccurate information;
 - (b) information that might create a false or misleading impression to members of the public;
 - (c) an unlawful activity.”

Member’s explanatory statement

This amendment would add an additional fifth objective which requires the register to act proactively in tackling false information and unlawful activity.

Clause 2

LORD COAKER

LORD PONSONBY OF SHULBREDE

BARONESS BLAKE OF LEEDS

5★ Page 2, line 15, at end insert –

“(2A) After subsection 1, insert –

“(1A) The memorandum must also state –

- (a) the nationality of the each subscriber, and
- (b) the country in which each subscriber is ordinarily resident.””

Member’s explanatory statement

The amendment would require a memorandum of association on the formation of a company to include the nationality and country of ordinary residence of each initial shareholder alongside their name.

LORD JOHNSON OF LAINSTON

Lord Johnson of Lainston gives notice of his intention to oppose the Question that Clause 2 stand part of the Bill.

Member's explanatory statement

New Clause (Information about subscribers)(which is inserted after Clause 4) would require an application for the formation of a company to include the full names of the subscribers and this notice is given in consequence of that.

Clause 4

LORD JOHNSON OF LAINSTON

Lord Johnson of Lainston gives notice of his intention to oppose the Question that Clause 4 stand part of the Bill.

Member's explanatory statement

The amendments made by Clause 4 are incorporated into new Clause (Information about subscribers)(which is inserted after Clause 4).

After Clause 4

LORD JOHNSON OF LAINSTON

6 Insert the following new Clause—

“Information about subscribers

- (1) The Companies Act 2006 is amended as follows.
- (2) In section 9 (registration documents)—
 - (a) after subsection (3) insert—
 - “(3A) The application must contain—
 - (a) a statement of the required information about each of the subscribers to the memorandum of association (see section 9A),
 - (b) a statement that none of the subscribers to the memorandum of association is disqualified under the directors disqualification legislation (see section 159A(2)),
 - (c) if any of them would be so disqualified but for the permission of a court to act, a statement to that effect, in respect of each of them, specifying—
 - (i) the subscriber's name,
 - (ii) the court by which permission was given, and
 - (iii) the date on which permission was given, and
 - (d) if any of them would be disqualified under the directors disqualification legislation by virtue of section 11A of the Company Directors Disqualification Act 1986 or Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002 (designated persons under sanctions legislation) but for the authority of a licence of the kind mentioned in that section or Article, a statement to that effect, in respect of each of them, specifying—
 - (i) the subscriber's name, and

After Clause 4 - continued

- (ii) the date on which it was issued and by whom it was issued.”;
- (b) after subsection (6) insert—
 - “(7) In subsection (3A)(c) “permission of a court to act” means permission of a court under a provision mentioned in column 2 of the table in section 159A(2).”.
- (3) After section 9 insert—
 - “9A Required information about the subscribers**
 - (1) The required information about a subscriber who is an individual is—
 - (a) name;
 - (b) a service address.
 - (2) The required information about a subscriber that is a body corporate, or a firm that is a legal person under the law by which it is governed, is—
 - (a) corporate or firm name;
 - (b) a service address.
 - (3) In subsection (1) “name” means the individual’s forename and surname.
 - (4) Where a subscriber is a peer or an individual usually known by a title, that title may be stated in the application for the registration of the company instead of the subscriber’s forename and surname.
 - (5) The Secretary of State may by regulations—
 - (a) amend this section so as to change the required information about a subscriber;
 - (b) repeal subsection (4).
 - (5) Regulations under this section are subject to affirmative resolution procedure.”.
- (4) In subsection 10 (statement of capital and initial shareholdings), omit subsection (3).
- (5) In subsection 11 (statement of guarantee), omit subsection (2).”

Member’s explanatory statement

This expands the information that an application for the formation of a company must include about the subscribers and confers a power to amend that information (similar powers currently exist in sections 10(3) and 11(2) of the Companies Act 2006). The clause also incorporates material from Clauses 2 and 4.

LORD VAUX OF HARROWDEN

As an amendment to Amendment 6

7

- In subsection (3), in inserted section 9A(1), after paragraph (b) insert—
 - “(c) a statement by the individual as to whether they are subscribing on behalf of, or subject to, the direction of another person, and if the individual is—
 - (i) where that person is an individual, the information set out in this subsection in relation to that individual;
 - (ii) where that person is a body corporate, the information mentioned in subsection (2) in relation to that body corporate;

After Clause 4 - continued

- (d) a statement confirming that, for any individual named in accordance with this subsection, the individual's identity has been verified (see section 1110A)."

Member's explanatory statement

The amendments in the name of Lord Vaux to this Government amendment are intended to ensure that (1) subscribers must provide information as to whether they are subscribing on their own behalf or on behalf of another party; and (2) that the identity of subscribers and the people on whose behalf they are subscribing is verified.

As an amendment to Amendment 6

- 8 In subsection (3), in inserted section 9A(2), after paragraph (b) insert –
- “(c) a statement by an officer of the body corporate whether they are subscribing on behalf of, or subject to, the direction of another person, and if they are –
- (i) where that person is an individual, the information required by subsection (1) in relation to that individual;
- (ii) where that person is a body corporate, the information required by this subsection in relation to that body corporate.
- (d) a statement confirming that, for any individual named in accordance with this subsection, the individual's identity has been verified (see section 1110A).”

Clause 6

LORD JOHNSON OF LAINSTON

- 9 Page 4, line 8, after second “permission” insert “of a court”

Member's explanatory statement

This amendment is consequential on the amendments to Clause 40 that appear in the Minister's name.

- 10 Page 4, line 9, at end insert –
- “(7) Where any of the persons named as directors would be disqualified under the directors disqualification legislation by virtue of section 11A of the Company Directors Disqualification Act 1986 or Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002 (designated persons under sanctions legislation) but for the authority of a licence of the kind mentioned in that section or Article, the statement must also include a statement to that effect, in respect of each of them, specifying –
- (a) the person's name, and
- (b) the date on which the licence was issued and by whom it was issued.”

Member's explanatory statement

This amendment is consequential on new clauses (Power to impose director disqualification sanctions), (Disqualification of persons designated under sanctions legislation: GB) and (Disqualification of persons designated under sanctions legislation: NI)(which are inserted after Clauses 36 and 38).

Clause 7

LORD JOHNSON OF LAINSTON

- 11 Page 4, line 26, at end insert “, and
 (c) if any of them would be so disqualified by virtue of section 11A of the Company Directors Disqualification Act 1986 or Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002 (designated persons under sanctions legislation) but for the authority of a licence of the kind mentioned in that section or Article, a statement to that effect, in respect of each of them, specifying—
 (i) the person’s name, and
 (ii) the date on which the licence was issued and by whom it was issued.”

Member’s explanatory statement

This amendment is consequential on new Clauses (Power to impose director disqualification sanctions), (Disqualification of persons designated under sanctions legislation: GB) and (Disqualification of persons designated under sanctions legislation: NI)(which are inserted after Clauses 36 and 38).

- 12 Page 4, line 29, after second “permission” insert “of a court”

Member’s explanatory statement

This amendment is consequential on the amendments to Clause 40 that appear in the Minister’s name.

Clause 14

LORD COAKER
 LORD PONSONBY OF SHULBREDE
 BARONESS BLAKE OF LEEDS

- 13★ Page 8, line 8, after “days” insert “and no more than 90 days”

Member’s explanatory statement

This amendment, along with other amendments, would require that, when a when a company is ordered to change its name under the provisions of this Bill (including in cases where the name is considered misleading or it may facilitate criminal activity), the company must comply with the order with between 28 and 90 days.

- 14★ Page 8, line 13, at end insert—
 “(2C) The Secretary of State must publish the details of any direction issued under subsection (2B) on the registrar’s website.”

Member’s explanatory statement

This amendment would add a requirement for the Secretary of State to publish any extension of the period of compliance set out in subsection (2B) on the Companies House website.

- 15★ Page 8, line 16, after “days” and insert “and no more than 90 days”

Member's explanatory statement

This amendment is linked to the amendment in Lord Coaker's name to Clause 14, line 8.

- 16★ Page 8, line 20, after “days” and insert “and no more than 90 days”

Member's explanatory statement

This amendment is linked to the amendment in Lord Coaker's name to Clause 14, line 8.

- 17★ Page 8, line 26, after “days” and insert “and no more than 90 days”

Member's explanatory statement

This amendment is linked to the amendment in Lord Coaker's name to Clause 14, line 8.

- 18★ Page 8, line 31, at end insert –
 “(3B) The Secretary of State must publish the details of any direction issued under subsection (3A) on the registrar's website.”

Member's explanatory statement

This amendment would require the details of any extension to the period of compliance for a change of company name set out in subsection (5) on the Companies House website.

Clause 18

LORD COAKER
 LORD PONSONBY OF SHULBREDE
 BARONESS BLAKE OF LEEDS

- 19★ Page 10, line 22, after “days” and insert “and no more than 90 days”

Member's explanatory statement

This amendment is linked to the amendment in Lord Coaker's name to Clause 14, line 8.

- 20★ Page 10, line 27, at end insert –
 “(4A) The Secretary of State must publish the details of any direction issued under subsection (4) on the registrar's website.”

Member's explanatory statement

This amendment would require the details of any extension to the period of compliance for a change of company name set out in subsection (4) on the Companies House website.

Clause 19

LORD COAKER
 LORD PONSONBY OF SHULBREDE
 BARONESS BLAKE OF LEEDS

- 21★ Page 11, line 32, after “days” and insert “and no more than 90 days”

Member's explanatory statement

This amendment is linked to the amendment in Lord Coaker's name to Clause 14, line 8.

- 22★** Page 11, line 37, at end insert –
 “(4A) The Secretary of State must publish the details of any direction issued under subsection (4) on the registrar’s website.”

Member’s explanatory statement

This amendment would require the details of any extension to the period of compliance for a change of company name set out in subsection (4) on the Companies House website.

Clause 29

LORD COAKER
 LORD PONSONBY OF SHULBREDE
 BARONESS BLAKE OF LEEDS

- 23★** Page 17, line 32, at end insert –
 “(2A) An address is not an “appropriate address” if –
 (a) it is not a place where the business of the company is regularly carried out,
 (b) the registrar, following appropriate investigation, has reasonable grounds to suspect that the company does not have permission to use the address, or
 (c) it is a PO Box address.
 (2B) The Secretary of State may by regulations make provision –
 (a) for exceptions to subsection (2A), and
 (b) for the registrar to exercise discretion to disapply subsection (2A) in exceptional cases.”

Member’s explanatory statement

This amendment seeks to clarify the Bill’s definition of an “appropriate address” for a company’s registration.

Clause 36

LORD AGNEW OF OULTON

- 24★** Page 24, line 27, at end insert –
 “**11B Designated persons: requirement to notify the registrar**
 (1) This section applies in relation to a person who becomes a designated person as defined by section 9(2) of the Sanctions and Anti-Money Laundering Act 2018 on or after the day on which section 36(2) of the Economic Crime and Corporate Transparency Act 2023 comes fully into force.
 (2) If the person changes material information relating to any company on the register in the period of three months immediately before the person becomes a designated person, the registrar must inform the Office of Financial Sanctions Implementation and the National Crime Agency of the changes made.”

Member’s explanatory statement

This amendment creates an obligation for the registrar to inform OFSI and the NCA when a person who becomes designated changes material information relating to any company on the register in the 3 months prior to designation.

LORD JOHNSON OF LAINSTON

Lord Johnson of Lainston gives notice of his intention to oppose the Question that Clause 36 stand part of the Bill.

Member's explanatory statement

New Clauses (Power to impose director disqualification sanctions) and (Disqualification of persons designated under sanctions legislation: GB) (inserted after Clause 36) would mean that it is an offence for persons subject to director disqualification sanctions to act as directors etc. in GB. This notice is given in consequence of that.

After Clause 36

LORD JOHNSON OF LAINSTON

25 Insert the following new Clause –

“Power to impose director disqualification sanctions

- (1) The Sanctions and Anti-Money Laundering Act 2018 is amended as follows.
- (2) In section 1 (power to make sanctions regulations), in subsection (5), after paragraph (a) insert –
 - “(ab) impose director disqualification sanctions (see section 3A);”.
- (3) After section 3 insert –

“3A Director disqualification sanctions

- (1) For the purposes of section 1(5)(ab) regulations “impose director disqualification sanctions” if they provide for designated persons (see section 9) to be persons subject to director disqualification sanctions for the purposes of –
 - (a) section 11A of the Company Directors Disqualification Act 1986, and
 - (b) Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002.
- (2) As to the effect of such provision, see –
 - (a) section 11A of the Company Directors Disqualification Act 1986, and
 - (b) Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002.”
- (4) In section 9 (“designated persons”) –
 - (a) in subsection (1), for “3 and 4” substitute “3 to 4”;
 - (b) in subsection (3), after “3,” insert “3A,”.
- (5) In section 15 (exceptions and licences), after subsection (3) insert –
 - “(3A) Where regulations provide for designated persons to be persons subject to director disqualification sanctions for the purposes of section 11A of the Company Directors Disqualification Act 1986 and Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002, the regulations may –
 - (a) create exceptions from subsection (1) of that section or paragraph (1) of that Article;

After Clause 36 - continued

- (b) confer power on an appropriate Minister to issue a licence to authorise a designated person to do anything that would otherwise be prohibited by subsection (1) of that section or paragraph (1) of that Article.
- (3B) Regulations may, as respects any licences provided for under subsection (3A), make any provision mentioned (in relation to licences) in subsection (3).”

Member’s explanatory statement

This Clause would allow an appropriate Minister to designate a person as subject to “director disqualification sanctions” for the purposes of section 11A of the Company Directors Disqualification Act 1986 and Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002.

26

Insert the following new Clause –

“Disqualification of persons designated under sanctions legislation: GB

- (1) The Company Directors Disqualification Act 1986 is amended as follows.
- (2) After section 11 insert –

“11A Designated persons under sanctions legislation

- (1) It is an offence for a person who is subject to director disqualification sanctions to act as a director of a company or directly or indirectly to take part in or be concerned in the promotion, formation or management of a company (but see subsection (2)).
 - (2) Subsection (1) does not apply –
 - (a) to the extent that an exception from subsection (1) has been created by virtue of section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018, or
 - (b) to anything done under the authority of a licence issued by virtue of section 15(3A) of that Act.
 - (3) It is a defence for a person charged with an offence under this section to prove that they did not know and could not reasonably have been expected to know that they were subject to director disqualification sanctions at the time at which they engaged in that conduct.
 - (4) In this section “person who is subject to director disqualification sanctions” means a person who under regulations under section 1 of the Sanctions and Anti-Money Laundering Act 2018 is a person subject to director disqualification sanctions for the purposes of this section (see section 3A of that Act).”
- (3) In section 13 (criminal penalties), after “section 11” insert “or 11A ”.
 - (4) In section 14 (offences by body corporate), for subsection (1) substitute –
 - “(1) Where –
 - (a) a body corporate is –
 - (i) guilty of an offence of acting in contravention of a disqualification order or disqualification undertaking or in contravention of section 12A or 12B, or
 - (ii) guilty of an offence under section 11A, and

After Clause 36 - continued

- (b) it is proved that the offence occurred with the consent or connivance of, or was attributable to any neglect on the part of any director, manager, secretary or other similar officer of the body corporate, or any person who was purporting to act in any such capacity,
the person, as well as the body corporate, is guilty of the offence and liable to be proceeded against and punished accordingly.”
- (5) In section 15 (personal liability for company’s debts where person acts while disqualified)–
- (a) in subsection (1)(a), after “section 11” insert “, 11A”;
 - (b) omit the “or” at the end of subsection (1)(a);
 - (c) after subsection (1)(b) insert “, or
(c) as a person who is involved in the management of the company, they act or are willing to act on instructions given in contravention of section 11A or Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002.”;
 - (d) after subsection (1) insert–
“(1A) A person who is subject to director disqualification sanctions (within the meaning of section 11A) and is involved in the management of a company is not personally responsible under subsection (1)(a) for all of the relevant debts of a company if the person proves that they did not know and could not reasonably have been expected to know that they were subject to director disqualification sanctions at the time at which they were so involved.”;
 - (e) in subsection (3)(b), after “(b)” insert “or (c)”.
- (6) In section 18 (register of disqualification orders and undertakings), in subsection (2A), after paragraph (c) insert –
- “(d) persons who are subject to director disqualification sanctions within the meaning of section 11A;
 - (e) any licences issued by virtue of section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018.”
- (7) In section 21 (interaction with Insolvency Act), in subsection (4), after “section 11” insert “, 11A”.

Member’s explanatory statement

This Clause provides that any person who has been designated as being subject to director disqualification sanctions will be committing an offence if they act as a director etc. in GB, unless they have been issued with a licence or unless an exception applies.

Clause 38

LORD JOHNSON OF LAINSTON

Lord Johnson of Lainston gives notice of his intention to oppose the Question that Clause 38 stand part of the Bill.

Member's explanatory statement

New Clauses (Power to impose director disqualification sanctions) and (Disqualification of persons designated under sanctions legislation: NI)(inserted after Clauses 36 and 38) create an offence where persons subject to director disqualification sanctions act as directors etc in NI. This notice is given in consequence of that.

After Clause 38

LORD JOHNSON OF LAINSTON

27 Insert the following new Clause—

“Disqualification of persons designated under sanctions legislation: NI

- (1) The Company Directors Disqualification (Northern Ireland) Order 2002 (S.I. 2002/3150 (N.I. 4)) is amended as follows.
- (2) After Article 15 insert—

“15A Designated persons under sanctions legislation

- (1) It is an offence for a person who is subject to director disqualification sanctions to act as a director of a company or directly or indirectly to take part in or be concerned in the promotion, formation or management of a company (but see paragraph (2)).
 - (2) Paragraph (1) does not apply—
 - (a) to the extent that an exception from paragraph (1) has been created by virtue of section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018, or
 - (b) to anything done under the authority of a licence issued by virtue of section 15(3A) of that Act.
 - (3) It is a defence for a person charged with an offence under this Article to prove that they did not know and could not reasonably have been expected to know that they were subject to director disqualification sanctions at the time at which they engaged in that conduct.
 - (4) In this Article “person who is subject to director disqualification sanctions” means a person who under regulations under section 1 of the Sanctions and Anti-Money Laundering Act 2018 is a person subject to director disqualification sanctions for the purposes of this Article (see section 3A of that Act).”
- (3) In Article 18 (criminal penalties)—
 - (a) omit “15,”;
 - (b) for “and” substitute “; and any person guilty of an offence under this Article or Article 15 or 15A”.
 - (4) In Article 19 (personal liability for company’s debts where person acts while disqualified)—
 - (a) in paragraph (1)(a), after “Article 15” insert “, 15A”;
 - (b) omit the “or” at the end of paragraph (1)(a);
 - (c) after paragraph (1)(b) insert “, or
 - (c) as a person who is involved in the management of the company, they act or are willing to act on instructions given in contravention of Article 15A or section 11A of the Company Directors Disqualification Act 1986.”;
 - (d) after paragraph (1) insert—

After Clause 38 - continued

“(1A) A person who is subject to director disqualification sanctions (within the meaning of Article 15A) and is involved in the management of a company is not personally responsible under paragraph (1)(a) for all of the relevant debts of a company if the person proves that they did not know and could not reasonably have been expected to know that they were subject to director disqualification sanctions at the time at which they were so involved.”;

(e) in paragraph (3)(b), after “(1)(b)” insert “or (c)”.

Member’s explanatory statement

This Clause provides that any person who has been designated as being subject to director disqualification sanctions will be committing an offence if they act as a director etc. in NI, unless they have been issued with a licence or unless an exception applies.

Clause 40

LORD JOHNSON OF LAINSTON

28 Page 27, line 5, column 2, after “court” insert “or the authority of a licence, or in respect of which an exception applies,”

Member’s explanatory statement

This amendment is consequential on new Clauses (Power to impose director disqualification sanctions), (Disqualification of persons designated under sanctions legislation: GB) and (Disqualification of persons designated under sanctions legislation: NI)(which are inserted after Clauses 36 and 38).

29 Page 27, leave out lines 14 to 17 and insert –

“P is subject to director disqualification sanctions within the meaning of section 11A of the Company Directors Disqualification Act 1986.

Section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018 (exceptions and licences).”

Member’s explanatory statement

This amendment is consequential on new clauses (Power to impose director disqualification sanctions) and (Disqualification of persons designated under sanctions legislation: GB)(which are inserted after Clause 36).

30 Page 28, leave out lines 11 to 15 and insert—

“P is subject to director disqualification sanctions within the meaning of Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002.

Section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018 (exceptions and licences).”

Member’s explanatory statement

This amendment is consequential on new Clauses (Power to impose director disqualification sanctions) and (Disqualification of persons designated under sanctions legislation: NI) (which are inserted after Clauses 36 and 38).

Clause 46

LORD JOHNSON OF LAINSTON

Lord Johnson of Lainston gives notice of his intention to oppose the Question that Clause 46 stand part of the Bill.

Member’s explanatory statement

The substantive effect of the amendments made by Clause 46 is incorporated into new Clause (Register of members: information to be included and powers to obtain it) (which is inserted after Clause 46).

After Clause 46

LORD JOHNSON OF LAINSTON

31 Insert the following new Clause—

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

- (1) The Companies Act 2006 is amended as follows.
- (2) In section 112 (the members of a company), at the end insert—
 - “(4) Where an individual’s name is entered in a company’s register of members but is not in the form required by section 113A, that does not affect the person becoming a member of the company by virtue of subsection (2).”
- (3) For the italic heading “General” at the beginning of Chapter 2 of Part 8 substitute “Duty to keep register”.
- (4) In section 113 (register of members)—
 - (a) for subsection (2) substitute—
 - “(2) There must be entered in the register, in respect of each person who is a member—
 - (a) the required information (see sections 113A and 113B), and
 - (b) the date on which the person was registered as a member.
 - (2A) Where a person ceases to be a member there must be entered in the register the date at which the person’s membership ceased.”;

After Clause 46 - continued

- (b) in subsection (3), omit “, with the names and addresses of the members,”;
 - (c) in subsection (5), after “show a single” insert “service”;
 - (d) in subsection (6), omit “, with the names and addresses of the members,”;
 - (e) after subsection (6) insert—
 - “(6A) Where any of the information required to be entered in a company’s register of members changes—
 - (a) that does not relieve the company from the obligation to include the old information in the register if it has not already done so,
 - (b) the old information must be retained in the register until its removal is authorised by section 121 or by court order under section 125, and
 - (c) a note must be included in the register recording the date on which the information changed and the date on which the change was entered in the register.”;
 - (f) in subsection (7), after “If” insert “, without reasonable excuse,”.
- (5) After section 113 insert—

“113A Required information about members: individuals

- (1) The required information about a member who is an individual is—
 - (a) name;
 - (b) a service address.
- (2) In this section “name” means forename and surname.
- (3) Where a member is a peer or an individual usually known by a title—
 - (a) any requirement imposed by section 113D or 113E, or by a notice under section 113F, to provide their name may be satisfied by providing their title instead;
 - (b) the title may be entered in the register of members instead of their forename and surname (and references in any enactment to the name of a person entered in a company’s register of members are to be construed accordingly).

113B Required information about members: corporate members and firms

The required information about a member that is a body corporate, or a firm that is a legal person under the law by which it is governed, is—

- (a) corporate or firm name;
- (b) a service address.

113C Power to amend the required information

- (1) The Secretary of State may by regulations—
 - (a) make provision changing the required information about a member for the purposes of this Chapter;
 - (b) repeal section 113A(3).
- (2) The provision that may be made in regulations under subsection (1)(a) includes provision amending this Chapter.

After Clause 46 - continued

- (3) The consequential provision that may be made in regulations under subsection (1)(a) by virtue of section 1292(1) also includes provision amending section 51 of the Economic Crime and Corporate Transparency Act 2023.
- (4) Regulations under subsection (1) are subject to affirmative resolution procedure.

113D Duty on new members to notify required information

- (1) A person who becomes a member of a company must provide the company with the required information about the member (see sections 113A and 113B).
- (2) Subsection (1) does not apply if or to the extent that—
 - (a) the person has already provided the information to the company, or
 - (b) the person becomes a member of the company on its incorporation and the information is contained in the application for the registration of the company.
- (3) A person must comply with this section within the period of two months beginning with the date on which the person became a member.

113E Duty on member to notify changes to required information

- (1) A person who is a member of a company must give notice to the company of any change in the required information about the member (see sections 113A and 113B).
- (2) The notice must specify the date on which the change occurred.
- (3) A person must comply with this section within the period of two months beginning with the date on which the change occurred.

113F Power for company to require information from members

- (1) A company may, for the purposes of ensuring that its register of members includes the information that it is required to include, require a member or former member of the company to provide any of the required information about the member or former member (see sections 113A and 113B).
- (2) The notice must require the recipient to comply with it within the period of one month beginning with the date on which the notice is given.

113G Failure to comply with section 113D , 113E or 113F

- (1) A person who, without reasonable excuse, fails to comply with section 113D or 113E commits an offence.
- (2) A person who, without reasonable excuse, fails to comply with a notice under section 113F commits an offence.
- (3) Where an offence under subsection (1) or (2) is committed by a firm, the offence is also committed by every officer of the firm who is in default.
- (4) A person guilty of an offence under this section is liable—
 - (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
 - (b) on summary conviction—

After Clause 46 - continued

- (i) in England and Wales, to imprisonment for a term not exceeding the general limit in a magistrates' court or a fine (or both);
- (ii) in Scotland, to imprisonment for a term not exceeding 12 months or a fine not exceeding the statutory maximum (or both) and, for continued contravention, a daily default fine not exceeding one-fifth of the statutory maximum;
- (iii) in Northern Ireland, to imprisonment for a term not exceeding 6 months or a fine not exceeding the statutory maximum (or both) and, for continued contravention, a daily default fine not exceeding one-fifth of the statutory maximum.

113H Basic false statement offences in connection with sections 113D to 113F

- (1) A person commits an offence if, in purported compliance with section 113D or 113E and without reasonable excuse, the person makes a statement that is misleading, false or deceptive in a material particular.
- (2) A person commits an offence if, in purported compliance with a notice under section 113F and without reasonable excuse, the person makes a statement that is misleading, false or deceptive in a material particular.
- (3) Where an offence under subsection (1) or (2) is committed by a firm, the offence is also committed by every officer of the firm who is in default.
- (4) A person guilty of an offence under this section is liable—
 - (a) on summary conviction in England and Wales, to a fine;
 - (b) on summary conviction in Scotland, to a fine not exceeding level 5 on the standard scale;
 - (c) on summary conviction in Northern Ireland, to a fine not exceeding level 5 on the standard scale.

113I Aggravated false statement offences in connection with sections 113D to 113F

- (1) A person commits an offence if, in purported compliance with section 113D or 113E, the person makes a statement that the person knows to be misleading, false or deceptive in a material particular.
- (2) A person commits an offence if, in purported compliance with a notice under section 113F, the person makes a statement that the person knows to be misleading, false or deceptive in a material particular.
- (3) Where an offence under subsection (1) or (2) is committed by a firm, the offence is also committed by every officer of the firm who is in default.
- (4) A person guilty of an offence under this section is liable—
 - (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
 - (b) on summary conviction—
 - (i) in England and Wales, to imprisonment for a term not exceeding the general limit in a magistrates' court or a fine (or both);
 - (ii) in Scotland, to imprisonment for a term not exceeding 12 months or a fine not exceeding the statutory maximum (or both) and, for continued contravention, a daily default fine not exceeding one-fifth of the statutory maximum;

After Clause 46 - continued

- (iii) in Northern Ireland, to imprisonment for a term not exceeding 6 months or a fine not exceeding the statutory maximum (or both) and, for continued contravention, a daily default fine not exceeding one-fifth of the statutory maximum.

Duty to keep index of members”.

- (6) Section 115 (index of members) –
- (a) is moved to after the italic heading “Duty to keep index of members” inserted by subsection (5) of this section, and
 - (b) is renumbered section 113J.
- (7) In that section as renumbered –
- (a) in subsection (1), for “names of the members of the company” substitute “names or titles of the members of the company (to be known as “the index of members’ names”)”;
 - (b) for subsection (3) substitute –
 - “(3) The index must include the same details of a person’s name or title as are entered in the register of members.”
- (8) Before section 114 insert –
- “Inspection etc of register and index of members”.*
- (9) Before section 121 insert –
- “Removal of entries from register of members”.*
- (10) In section 123 (single member companies) –
- (a) in subsection (1), omit “, with the name and address of the sole member,”;
 - (b) in subsection (2), omit “, with the name and address of the sole member”;
 - (c) in subsection (3), omit “, with the name and address of the person who was formerly the sole member”.
- (11) In section 771 (procedure on transfer being lodged), after subsection (1) insert –
- “(1A) The company may not register the transfer under subsection (1)(a) unless satisfied that it has the information that it is required to enter in its register of members in relation to the transferee.””

Member’s explanatory statement

This Clause confers a power to amend the information that must be kept in a company’s register of members. It also creates an express duty for companies to retain old information about members (eg former address information).

LORD VAUX OF HARROWDEN

As an amendment to Amendment 31

32

- In subsection (5), in inserted section 113A(1), after paragraph (b) insert –
- “(c) a statement by the individual as to whether they are holding the shares on behalf of, or subject to, the direction of another person, and if they are –

After Clause 46 - continued

- (i) where that person is an individual, the information required by this subsection in relation to that individual;
- (ii) where that person is a body corporate, the information required by section 113B in relation to that body corporate;
- (d) a statement confirming that, for any individual named in accordance with this subsection, the individual's identity has been verified (see section 1110A)."

Member's explanatory statement

The amendments in the name of Lord Vaux to this Government amendment are intended to ensure that (1) new shareholders must provide information as to whether they are holding the shares on their own behalf or on behalf of another party; and (2) that the identity of the shareholder and the people on whose behalf they are holding the shares is verified.

As an amendment to Amendment 31

33

In subsection (5), in inserted section 113B, after paragraph (b) insert—

- “(c) a statement by an officer of the body corporate as to whether they are holding the shares on behalf of, or subject to, the direction of another person, and if they are—
 - (i) where that person is an individual, the information required by section 113A in relation to that individual;
 - (ii) where that person is a body corporate, the information required by this section in relation to that body corporate.
- (d) a statement confirming that, for any individual named in accordance with paragraph (c), the individual's identity has been verified (see section 1110A).”

Clause 47

LORD JOHNSON OF LAINSTON

Lord Johnson of Lainston gives notice of his intention to oppose the Question that Clause 47 stand part of the Bill.

Member's explanatory statement

Clause 47 confers a regulation-making power on the Secretary of State to change the information that must be included in the register of members. This is incorporated into new Clause (Register of members: information to be included and powers to obtain it)(inserted after Clause 46).

Clause 49

LORD JOHNSON OF LAINSTON

34

Page 33, leave out lines 19 to 33 and insert—

- “(1) The Secretary of State may by regulations—
 - (a) require a company to refrain from using, or refrain from disclosing, individual membership information except in circumstances specified in the regulations;

Clause 49 - continued

- (b) confer power on the registrar, on application, to make an order requiring a company to refrain from using, or refrain from disclosing, individual membership information except in circumstances specified in the regulations.”

Member’s explanatory statement

This allows the Secretary of State to make regulations requiring a company to refrain from using or disclosing membership information, whether or not a member applies for protection.

- 35 Page 33, line 39, leave out “this section” and insert “subsection (1)(b)”

Member’s explanatory statement

This is consequential on the other amendment to Clause 49 that appears in the Minister’s name.

Clause 51

LORD JOHNSON OF LAINSTON

- 36 Page 35, line 16, leave out “section 46(3) comes fully into force” and insert “the appointed day”

Member’s explanatory statement

This severs the link between the operation of Clause 51 and the commencement of Clause 46. The appointed day could be later than the commencement of Clause 46, allowing a company more time to obtain the information it has to provide to the registrar.

- 37 Page 35, line 19, leave out “the day on which section 46(3) comes fully into force” and insert “the appointed day”

Member’s explanatory statement

This amendment is consequential on the amendment to Clause 51, page 35, line 16, which is tabled in the Minister’s name.

- 38 Page 35, line 44, at end insert –
 ““the appointed day” means such day as the Secretary of State may by regulations appoint for the purposes of this section;”

Member’s explanatory statement

This amendment is consequential on the amendment to Clause 51, page 35, line 16, which is tabled in the Minister’s name.

After Clause 51

LORD AGNEW OF OULTON

- 39★ Insert the following new Clause –

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

- (1) A person who controls 5% or more of the shares in a company must declare that fact to the registrar.

After Clause 51 - continued

- (2) The duty in subsection (1) applies whether the person controls the shares directly or indirectly.
- (3) The registrar may impose a penalty on any person who fails to comply with the duty in subsection (1).
- (4) Subsection (5) applies where –
 - (a) a person has made a declaration under subsection (1), and
 - (b) the registrar has identified a matter of concern under subsection 1062A(1A) of the Companies Act 2006 in relation to the person or the declaration.
- (5) The registrar must –
 - (a) verify the identity of the person, and
 - (b) verify the number of shares the person claims to control.”

Member’s explanatory statement

This creates a duty of disclosure on shareholders holding more than 5% of shares in a company. Non-compliance may incur a penalty. The registrar must verify the declarant’s identity, and the number of shares they control by cross referencing against other documents, such as company records. The reference to 1062A(1A) relates to the amendment tabled by Lord Agnew to Clause 90, page 69, line 27.

Schedule 2

LORD JOHNSON OF LAINSTON

40 Page 177, line 26, at end insert –

- “(f) if the person would be disqualified under the directors disqualification legislation by virtue of section 11A of the Company Directors Disqualification Act 1986 or Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002 (designated persons under sanctions legislation) but for the authority of a licence of the kind mentioned in that section or Article, a statement to that effect specifying –
- (i) the date on which the licence was issued, and
 - (ii) by whom it was issued.”

Member’s explanatory statement

This amendment is consequential on new Clauses (Power to impose director disqualification sanctions), (Disqualification of persons designated under sanctions legislation: GB) and (Disqualification of persons designated under sanctions legislation: NI) (which are inserted after Clauses 36 and 38).

41 Page 177, line 27, after second “permission” insert “of a court”

Member’s explanatory statement

This amendment is consequential on the amendments to Clause 40 that appear in the Minister’s name.

After Clause 53

LORD JOHNSON OF LAINSTON

42 Insert the following new Clause—

“False statements about persons with significant control

- (1) Schedule 1B to the Companies Act 2006 (enforcement of disclosure requirements in relation to persons with significant control) is amended as follows.
- (2) In paragraph 13, in sub-paragraph (1), omit paragraph (b) and the “or” before it.
- (3) In paragraph 14, in sub-paragraph (1), omit paragraph (b) and the “or” before it.
- (4) After paragraph 14 insert—
“False statements: basic offence

- 14A(1) A person commits an offence if, in purported compliance with a notice under section 790D or 790E or in purported compliance with a duty imposed by section 790G or 790H, and without reasonable excuse, the person makes a statement that is misleading, false or deceptive in a material particular.
- (2) Where the person is a legal entity, an offence is also committed by every officer of the entity who is in default.
 - (3) A person guilty of an offence under this paragraph is liable on summary conviction—
 - (a) in England and Wales, to a fine;
 - (b) in Scotland, to a fine not exceeding level 5 on the standard scale;
 - (c) in Northern Ireland, to a fine not exceeding level 5 on the standard scale.

False statements: aggravated offence

- 14B(1) A person commits an offence if, in purported compliance with a notice under section 790D or 790E or in purported compliance with a duty imposed by section 790G or 790H, the person makes a statement that the person knows is misleading, false or deceptive in a material particular.
- (2) Where the person is a legal entity, an offence is also committed by every officer of the entity who is in default.
 - (3) A person guilty of an offence under this paragraph is liable—
 - (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
 - (b) on summary conviction—
 - (i) in England and Wales, to imprisonment for a term not exceeding the general limit in a magistrates’ court or to a fine (or both);
 - (ii) in Scotland, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);

After Clause 53 - continued

- (iii) in Northern Ireland, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum (or both).”

Member’s explanatory statement

This is about the provision of false or misleading information about persons with significant control. The current offences require the prosecution to prove knowledge or recklessness in all cases. The amendment replaces that with a strict liability offence (not dependent on knowledge) and an aggravated offence (where there is knowledge).

LORD AGNEW OF OULTON

43★

Insert the following new Clause –

“Checks on persons with significant control status

After section 790LP of the Companies Act 2006 (inserted by section 63 of this Act) insert –

“790LQ Duty to check person of significant control status

- (1) This section applies when a registrable person’s identity is verified under section 1110A(1) and a risk assessment carried out under section 1062A(1A) has identified a matter of concern in relation to the registrable person.
- (2) The registrar must take steps to ascertain whether the registerable person is acting on behalf of another person in regard to the company.

790LR Duty of registrar to cross-check identity of person with significant control

- (1) This section applies where –
 - (a) the registrar has received –
 - (i) the information required by section 853G(6) (duty to deliver shareholder information: certain traded companies), or
 - (ii) relevant membership information as required by section 51(2) (membership information: one-off confirmation statement) of the Economic Crime and Corporate Transparency Act 2023, and
 - (b) the risk assessment carried out under section 1062A(1A) has identified a matter of concern in relation to any of the information in paragraph (a).
- (2) The registrar must carry out a further assessment to establish whether the people notified to the registrar as persons with significant control of the company are people notified to the registrar as holding at least 5% shares of the company, and if not whether the reason for the discrepancy is that the company is involved in economic crime.”

Member’s explanatory statement

This amendment requires the Registrar to cross-check statements attesting to the identity of the Person of Significant Control (PSC) against company records and to verify the ‘status’ of beneficial owners (i.e. if the person declared is, in fact, the PSC rather than a nominee). The reference to 1062A(1A) relates to the amendment tabled by Lord Agnew to Clause 90, page 69, line 27.

44★ Insert the following new Clause—

“Disclosure of shares held by nominee

After section 660 of the Companies Act 2006 (treatment of shares held by nominee) insert—

“660A Disclosure of shares held by nominee

- (1) Any person holding shares in a limited company in relation to which section 660 applies must disclose that fact to the registrar.
- (2) The registrar may impose a penalty on any person who fails to comply with subsection (1).
- (3) Any regulations made under section 1132A apply to any penalty imposed under this section.”

Member’s explanatory statement

This amendment mandates companies to disclose whether their shareholders are acting as nominees. Nominee shareholders protect the identity of the beneficiary of the shareholding. This measure will help mitigate the risk of abuse through nominee shareholders. Failure to comply would incur a penalty.

Clause 54

LORD LEIGH OF HURLEY

45 Page 38, line 40, at end insert—

- “(6) Electronic documents delivered to the registrar under this section must comply as to accuracy, completeness and consistency with the registrar’s requirements.”

Member’s explanatory statement

This amendment creates an obligation for documents delivered to satisfy the registrar’s requirements as to digital formatting.

LORD SARFRAZ

Lord Sarfraz gives notice of his intention to oppose the Question that Clause 54 stand part of the Bill.

Member’s explanatory statement

This removes additional filing requirements for micro-entities.

Clause 55

LORD LEIGH OF HURLEY

46 Page 39, line 30, at end insert—

- “(7) Electronic documents delivered to the registrar under this section must comply as to accuracy, completeness and consistency with the registrar’s requirements.”

Member’s explanatory statement

This amendment creates an obligation for documents delivered to satisfy the registrar’s requirements as to digital formatting.

After Clause 56

LORD LEIGH OF HURLEY

47 Insert the following new Clause—

“Correct formatting of electronic content

- (1) The Companies Act 2006 is amended as follows.
- (2) In section 445 (filing obligations of medium-sized companies), after subsection (6A) insert—
 - “(6B) Electronic documents delivered to the registrar under this section must comply as to accuracy, completeness and consistency with the registrar’s requirements.”
- (3) In section 446 (filing obligations of unquoted companies), after subsection (4A) insert—
 - “(4B) Electronic documents delivered to the registrar under this section must comply as to accuracy, completeness and consistency with the registrar’s requirements.”
- (4) In section 447 (filing obligations of quoted companies), after subsection (5) insert—
 - “(6) Electronic documents delivered to the registrar under this section must comply as to accuracy, completeness and consistency with the registrar’s requirements.””

Member’s explanatory statement

This amendment creates an obligation for documents delivered to satisfy the registrar’s requirements as to digital formatting.

Clause 64LORD VAUX OF HARROWDEN
LORD COLGRAIN

48 Page 48, line 8, at end insert “and included in the register, including the name of the authorised corporate service provider who has made the verification statement”

Member’s explanatory statement

This amendment is intended to ensure that the identity of the authorised corporate service provider who makes the verification statement is included in the verification statement and on the register.

LORD AGNEW OF OULTON

49★ Page 48, line 13, at end insert—

- “(2A) No verification statement may be made by an authorised corporate service provider unless—
 - (a) the Treasury has laid before Parliament a report confirming that the Treasury’s reform of the UK’s anti-money laundering supervisory regime, as set out in the “Review of the UK’s AML/CFT regulatory and supervisory regime” published by the Treasury in June 2022, has been completed and implemented, and

Clause 64 - *continued*

- (b) the registrar has put in place a risk-based approach to review the work of authorised corporate service providers which includes spot checks of providers' data to ensure providers are properly and accurately carrying out processes to verify identification documents and other data submitted by authorised corporate service providers."

Member's explanatory statement

This amendment suspends the ability for ACSPs to carry out ID checks until the supervisory regime is reformed (by inserting a condition that the relevant sub-clause does not to come into effect until the reform currently under review by Treasury is implemented).

LORD COAKER

LORD PONSONBY OF SHULBREDE

BARONESS BLAKE OF LEEDS

50★

Page 48, line 13, at end insert –

- “(2A) The Secretary of State must by regulations make provision for the evidence required to verify an individual’s identity for the purposes of subsection (2)(a) to include –
- (a) an identity document with a photograph of the individual’s face, and
 - (b) an identity document issued by a recognised official authority.
- (2B) In subsection (2A)(b), “recognised official authority” includes –
- (a) a department or agency of UK government;
 - (b) a department or agency of any of the devolved nations;
 - (c) a department or agency of the government of another country.”

Clause 65

LORD AGNEW OF OULTON

51★

Page 53, line 29, leave out from beginning of line to end of line 15 on page 54 and insert –

“1098H Duty to provide information

- (1) The registrar must carry out a risk assessment every three years in relation to any authorised corporate service provider to establish whether verification of identity by the authorised corporate service provider is likely to give rise to a risk of economic crime.
- (2) If the risk assessment identifies a real risk of economic crime, the registrar may –
 - (a) require an authorised corporate service provider to provide information to the registrar, or
 - (b) require a person who ceases to be an authorised corporate service provider by virtue of section 1098F –
 - (i) to notify the registrar within three months of ceasing to be authorised;

Clause 65 - continued

- (ii) to provide the registrar with such information relating to the circumstances by virtue of which the person so ceased as may be requested by the registrar within three months of ceasing to be authorised.
- (3) The registrar may require information to be provided on request, on the occurrence of an event or at regular intervals.
- (4) The circumstances that may be specified under section 1098F(2) or 1098G(1) (ceasing to be an authorised corporate service provider and suspension) include failure to comply with a requirement under subsection (2)(a).
- (5) A person who fails to comply with a requirement to provide information under this section commits an offence.
- (6) An offence under this section is punishable on summary conviction by—
 - (a) in England and Wales, a fine;
 - (b) in Scotland and 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.”

Member’s explanatory statement

This amendment requires Companies House to request and review documents as part of the ID checks carried out by Authorised Corporate Service Providers (ACSPs). It will help ensure that there are sanctions for ACSPs who do not operate professionally and ethically.

After Clause 65

LORD COAKER
LORD PONSONBY OF SHULBREDE
BARONESS BLAKE OF LEEDS

52★ Insert the following new Clause—

“Report on the authorisation of foreign corporate service providers

- (1) Within one year of the day on which this Act is passed, the Secretary of State must publish a report on the authorisation of foreign corporate service providers.
- (2) The report in subsection (1) must include but is not limited to—
 - (a) the number of authorised corporate service providers with a head office based in a territory outside the United Kingdom,
 - (b) the number of foreign corporate service providers authorised as set out in section 1098I(1) of the Companies Act 2006, and
 - (c) the number of foreign corporate service providers identified in subsection (2)(b) by territory.”

Member's explanatory statement

This new Clause creates an obligation for the Secretary of State to publish a report into the number of Authorised Corporate Service Providers with a head office based outside the United Kingdom and the number of foreign corporate service providers authorised by the regulations set out in new section 1098I(1) of the Companies Act 2006.

Clause 67

LORD VAUX OF HARROWDEN
BARONESS BOWLES OF BERKHAMSTED
LORD COLGRAIN

53 Page 56, line 12, leave out subsection (3)

Member's explanatory statement

Clause 67(3) would make any statements of a person's unique identifier (or that they have not been allocated one) unavailable for public inspection. This amendment would reverse that so that the numbers are available for public inspection.

Clause 68

LORD VAUX OF HARROWDEN
BARONESS BOWLES OF BERKHAMSTED
BARONESS BENNETT OF MANOR CASTLE

54 Page 56, line 21, leave out paragraph (b)

Member's explanatory statement

Clause 68 in the Bill makes the verification statements unavailable for public inspection. This amendment would reverse that and make them available for public inspection, thereby allowing (in conjunction with the amendment to Clause 64, page 48, line 8, in the name of Lord Vaux) the identity of the authorised corporate service provider who has made the verification statement to be publicly identifiable.

Clause 77

LORD LEIGH OF HURLEY

55 Page 60, line 34, after "be" insert "incomplete or not self-consistent or"

Member's explanatory statement

This amendment enhances the definition of accuracy as it applies to information submitted to the registrar.

Clause 81

LORD JOHNSON OF LAINSTON

56 Page 62, line 14, leave out from "any" to end of line 20 and insert "information contained in a document received by the registrar falls within section 1080(1)(a)."

Member's explanatory statement

This amendment enables the registrar to require a person to provide information not only to determine whether the document is properly delivered but more generally to determine whether it is a document that must be registered.

Clause 82

LORD LEIGH OF HURLEY

- 57 Page 63, line 40, leave out from beginning to the first “the” on line 41 and insert “incomplete, not self-consistent, or inconsistent with other information held by or available to the registrar,”

Member’s explanatory statement

This amendment enhances the definition of accuracy, and (alongside the amendment in the name of Lord Leigh to page 63, line 44) ensures consistency with Clause 77 in relation to the information to which it applies.

- 58 Page 63, line 44, leave out from “be” to “and” on line 45 and insert “incomplete, not self-consistent or inconsistent with other information held by or available to the registrar,”

Member’s explanatory statement

This amendment enhances the definition of accuracy, and (alongside the amendment in the name of Lord Leigh to page 63, line 40) ensures consistency with Clause 77 in relation to the information to which it applies.

Clause 89

LORD JOHNSON OF LAINSTON

- 59 Page 68, line 31, at end insert –
“(1A) The Secretary of State may by regulations make provision requiring the registrar –
(a) not to make available for public inspection any information on the register relating to an individual;
(b) to refrain from disclosing information on the register relating to an individual except in specified circumstances.”

Member’s explanatory statement

This allows the Secretary of State to make regulations requiring the registrar to refrain from using or disclosing information relating to an individual irrespective of whether the individual makes an application.

- 60 Page 68, line 32, leave out “The regulations” and insert “Regulations under subsection (1)”

Member’s explanatory statement

This is consequential on the amendment to Clause 89, page 68, line 31 that appears in the Minister’s name.

- 61 Page 69, line 3, at end insert “or (1A)(b)”

Member’s explanatory statement

This is consequential on the amendment to Clause 89, page 68, line 31 that appears in the Minister’s name.

62 Page 69, line 7, after “(1)(b)” insert “or (1A)(b)”

Member’s explanatory statement

This is consequential on the amendment to Clause 89, page 68, line 31 that appears in the Minister’s name.

Clause 90

LORD AGNEW OF OULTON

63★ Page 69, line 27, at end insert –

- “(1A) As part of the risk-based approach under subsection (1), the registrar must carry out a risk assessment to identify where the information it holds might give rise to a matter of concern.
- (1B) Where the assessment identifies a matter of concern, the registrar must –
- (a) carry out whatever further analysis it considers necessary, and
 - (b) share any evidence of unlawful activity it identifies with the relevant law enforcement agency.
- (1C) For the purposes of this section, a “matter of concern” includes –
- (a) inaccurate information,
 - (b) information that might create a false or misleading impression,
 - or
 - (c) evidence of economic crime.”

Member’s explanatory statement

This amendment creates the “risk-based approach” on which hinge other amendments introduced in the name of Lord Agnew. It informs the ways in which the Registrar can decide the cases it must investigate, based on a number of criteria.

After Clause 91

LORD COAKER

LORD PONSONBY OF SHULBREDE

BARONESS BLAKE OF LEEDS

64★ Insert the following new Clause –

“Reporting requirements

- (1) The Secretary of State must publish an annual report assessing whether the powers available to the Secretary of State and the registrar are sufficient to enable the registrar to achieve its objectives under section 1081A of the Companies Act 2006 (inserted by section 1 of this Act).
- (2) Each report must –
 - (a) make a recommendation as to whether further legislation should be brought forward in response to the report,
 - (b) provide a breakdown of the registrar’s annual expenditure,
 - (c) provide a recommendation as to whether charges for fees for the incorporation of a company should be amended,
 - (d) contain the details of the steps the registrar has taken to promote the registrar’s objectives under this Act,

After Clause 91 - continued

- (e) provide annual data on the number of companies that have been struck off by the registrar, the number of companies that have been required to change names by the registrar, the number of fines and the average and total amount of fines the registrar has issued, the number of criminal convictions made, and of cases of suspected unlawful activity identified by the registrar as a result of the registrar's powers as set out in this Act,
 - (f) provide annual data on the number of cases referred by the registrar to law enforcement bodies and anti-money laundering supervisors,
 - (g) provide annual data on the total number of company incorporations to the registrar, and the number of company incorporations by authorised corporate service providers to the registrar, and
 - (h) detail all instances in which exemption powers have been used by the Secretary of State, as introduced by this Act.
- (3) The first report must be published within one year of this Act being passed.
 - (4) A further report must be published at least once a year.
 - (5) The Secretary of State must lay a copy of each report before each House of Parliament."

65★ Insert the following new Clause—

“Fees and penalties

- (1) Section 1063 (fees payable to registrar) of the Companies Act 2006 is amended in accordance with subsections (2) to (4).
- (2) Before subsection (1) insert—
 - “(A1) The registrar must charge a fee of at least £100 for the incorporation of a company.
 - (B1) The Secretary of State must once a year amend the fee in subsection (A1) to reflect inflation.”
- (3) In subsection (1)—
 - (a) after “fees” insert “other than the fee in subsection (A1)”;
 - (b) in paragraph (a), after “functions” insert “other than the incorporation of a company”.
- (4) In subsection (5), in paragraphs (a) and (b) after “regulations” insert “or subsection (A1)”.
- (5) The Secretary of State must lay before each House of Parliament a report examining the case for fees paid under section 1063 of the Companies Act 2006 being paid into a fund established for the purposes of tackling economic crime.
- (6) The report must also examine the case for penalties received by the registrar under section 1132A of that Act (power to make provision for financial penalties) being paid into the same fund.
- (7) The report must be laid before each House of Parliament within six months of this Act being passed.”

Clause 94

LORD JOHNSON OF LAINSTON

66 Page 72, line 40, leave out from beginning to end of line 10 on page 73 and insert –

- “(1) The Secretary of State may by regulations –
- (a) require a company to refrain from using, or refrain from disclosing, relevant PSC particulars except in circumstances specified in the regulations;
 - (b) confer power on the registrar, on application, to make an order requiring a company to refrain from using, or refrain from disclosing, relevant PSC particulars except in circumstances specified in the regulations.”

Member’s explanatory statement

This brings the drafting of the amendments made by Clause 89 into line with the drafting of the amendment to Clause 49, page 33, line 19 that appears in the Minister’s name.

67 Page 73, line 19, leave out “this section” and insert “subsection (1)(b)”

Member’s explanatory statement

This is consequential on the amendment to Clause 94, page 72, line 40 that appears in the Minister’s name.

After Clause 99

LORD WALLACE OF SALTAIRE

68 Insert the following new Clause –

“Overseas companies: international co-operation

Within six months of the day on which this Act is passed, the Secretary of State must report to Parliament on what arrangements with foreign states and international organisations have been agreed to verify information about overseas companies within the scope of this Act, and the identity of their directors.”

Member’s explanatory statement

Verification of information about companies and directors based overseas will require co-operation with foreign governments and with organisations responsible for monitoring cross-border finance, trade and crime. This amendment seeks to probe that the government is putting such arrangements in place, and will report them to Parliament.

Clause 102

LORD AGNEW OF OULTON

LORD CROMWELL

LORD GARNIER

BARONESS BOWLES OF BERKHAMSTED

69 Page 79, line 20, leave out “the Consolidated Fund” and insert “a fund established by the Secretary of State for the purposes of tackling economic crime (see section 1132B)”

Member's explanatory statement

This amendment ensures that fines imposed by Companies House go to the economic crime fund rather than the Consolidated Fund (The Treasury). The principle of ring-fenced fines has been agreed with the Treasury in previous instances such as The Gambling Commission (2017), Ofwat (2019), The Information Commissioner (2022), and The Environment Agency (2022).

70 Page 79, line 23, at end insert –

“1132B Fund for the purposes of tackling economic crime

- (1) The Secretary of State must by regulations establish a fund for the purposes of tackling economic crime, into which penalties received by the registrar under section 1132A will be paid.
- (2) The regulations must specify the purposes for which the fund may be used, which must include funding the activities of law enforcement agencies in tackling economic crime.
- (3) Regulations under this section are subject to negative resolution procedure.”

Member's explanatory statement

This amendment creates a fund for the purposes of tackling economic crime, and says that any penalties imposed by the registrar should go into that fund, available for all economic crime fighting agencies such as the NCA, SFO etc.

After Clause 102

LORD AGNEW OF OULTON
LORD CROMWELL
LORD GARNIER
BARONESS BOWLES OF BERKHAMSTED

71 Insert the following new Clause –

“Retention of fees by economic crime enforcement agencies

- (1) The Secretary of State must report to Parliament on the case for incorporation fees for companies being paid into the fund established for the purpose of tackling economic crime under section 1132B of the Companies Act 2006.
- (2) The report must be laid before each House of Parliament within three months of this Act being passed.”

Member's explanatory statement

This requires the Secretary of State to report on the case for the retention of fees into the fund established for the purposes of tackling economic crime.

After Clause 106

LORD AGNEW OF OULTON
 LORD CROMWELL
 LORD GARNIER
 BARONESS BOWLES OF BERKHAMSTED

72

Insert the following new Clause—

“Reporting requirement (registrar’s objectives)

- (1) The Secretary of State must publish an annual report assessing whether the powers available to the Secretary of State and the registrar are sufficient to enable the registrar to achieve its objectives under section 1081A of the Companies Act 2006 (inserted by section 1) (registrar’s objectives to promote integrity of registers etc).
- (2) Each report under subsection (1) must—
 - (a) make a recommendation as to whether further legislation should be brought forward in response to the report;
 - (b) provide a breakdown of the registrar’s annual expenditure;
 - (c) contain the details of the steps the registrar has taken to promote the registrar’s objectives under this Act;
 - (d) provide annual data on—
 - (i) the number of companies that have been struck off by the registrar,
 - (ii) the number and value of fines the registrar has issued,
 - (iii) the number of criminal convictions made, and number of cases of suspected unlawful activity identified by the registrar, as a result of the registrar’s powers as set out in this Act,
 - (iv) the number of cases referred by the registrar to law enforcement bodies and anti-money-laundering supervisors, and
 - (v) the total number of company incorporations to the registrar, and the number of company incorporations by authorised corporate service providers to the registrar;
 - (e) detail all instances in which exemption powers have been used by the Secretary of State, as introduced by this Act; and
 - (f) confirm that the registrar has sufficient financial resources to meet its objectives as set out in this Act.
- (3) The first report must be published within one year of this Act being passed.
- (4) A further report must be published at least once a year.
- (5) The Secretary of State must lay a copy of each report before Parliament.”

Member’s explanatory statement

This amendment is intended to help ensure that the objectives set out in the Bill are being delivered by the Registrar and that the performance of Companies House receives full and regular scrutiny.

LORD AGNEW OF OULTON

73★ Insert the following new Clause—

“Publication of information about trustees

In section 22(1) of the Economic Crime (Transparency and Enforcement) Act 2022 (material unavailable for inspection), omit paragraph (c).”

Member’s explanatory statement

This amendment would enable Companies House to publish the names of parties to trusts which own Overseas entities in the Register of Overseas Entities. Currently Companies House collects this information but does not publish it.

After Clause 133

LORD AGNEW OF OULTON

74★ Insert the following new Clause—

“Limited partnerships: registration of persons of significant control

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

Member’s explanatory statement

This amendment creates an obligation on the Secretary of State to make new provisions for Limited Partnerships to be brought into the PSC register. This is intended to improve transparency in relation to Limited Partnerships in line with companies.

After Clause 147

LORD AGNEW OF OULTON

75★ Insert the following new Clause—

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

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

Member's explanatory statement

This amendment requires Limited Partnerships to have at least one partner as a natural person, not all as corporate entities. This brings LPs in line with companies who are mandated to have at least one natural person as a director.

76★ Insert the following new Clause—

“Limited liability partnerships required to have at least one member who is a natural person

- (1) A limited liability partnership must have at least one member who is a natural person.
- (2) This requirement is met if the office of member is held by a natural person as a corporation sole or otherwise by virtue of an office.”

Member's explanatory statement

This amendment requires Limited Liability Partnerships to have at least one partner as a natural person, not all as corporate entities. This brings LLPs in line with companies who are mandated to have at least one natural person as a director.

After Clause 155

LORD JOHNSON OF LAINSTON

77 Insert the following new Clause—

“Verification of registrable beneficial owners and managing officers

- (1) Section 16 of the Economic Crime (Transparency and Enforcement) Act 2022 (verification of registrable beneficial owners and managing officers) is amended as follows.
- (2) In subsection (2)—
 - (a) after paragraph (a) insert—
 - “(aa) about how the information is to be verified (including provision about the kinds or sources of evidence to be used);
 - (ab) about the standard to which verification is to be carried out;”;
 - (b) after paragraph (b) insert—
 - “(ba) about the records that must be kept in connection with verification;”.
- (2) After subsection (2) insert—
 - “(2A) Regulations under this section may create offences in relation to failures to comply with requirements imposed by virtue of subsection (2)(ba).
 - (2B) The regulations must provide for any such offence to be punishable—
 - (a) on summary conviction in England and Wales, by a fine;
 - (b) on summary conviction in Scotland, by a fine not exceeding level 5 on the standard scale;
 - (c) on summary conviction in Northern Ireland, by a fine not exceeding level 5 on the standard scale.”

Member's explanatory statement

This amendment makes it clear that regulations about verification can make provision about how it is carried out and the standard to which it is carried out. It also allows requirements imposed about the retention of records to be enforced by the creation of a summary-only offence.

After Clause 169

LORD FOX

78★ Insert the following new Clause—

“Review of definition of cryptoassets

Within 18 months of the day on which this Act is passed the Secretary of State must lay before Parliament the report of a review of the adequacy of the definitions of cryptoassets contained in this Act.”

Member's explanatory statement

This amendment would require the Secretary of State to review the adequacy of the definitions of cryptoassets contained in this Act.

After Clause 174

LORD AGNEW OF OULTON

79★ Insert the following new Clause—

“HMRC anti-money laundering function

After section 5 of the Commissioners for Revenue and Customs Act 2005 (Commissioners' initial functions), insert—

“5A Commissioners' anti-money laundering functions

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

Member's explanatory statement

This amendment introduces a priority for HMRC to exercise its AML supervisory role. Having such a duty would ensure that HMRC fills an enforcement gap by generating more action against the promoters of aggressive tax avoidance schemes and the enablers of economic crimes in order to deter wrongdoing.

After Clause 176

LORD THOMAS OF GRESFORD
 LORD CROMWELL
 LORD AGNEW OF OULTON
 THE LORD BISHOP OF ST ALBANS

80 Insert the following new Clause—

“Strategic lawsuits against public participation

- (1) It is an offence for a person or entity without reasonable excuse to threaten civil litigation against another person or entity with intent to suppress the publication of any information likely to be relevant to the investigation of an economic crime.
- (2) A person guilty of an offence under this section is liable—
 - (a) on summary conviction in England and Wales, to a fine;
 - (b) on summary conviction in Scotland or Northern Ireland, to a fine not exceeding the statutory maximum;
 - (c) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both).”

Member’s explanatory statement

This amendment introduces a new criminal offence to deal with groundless threats in pursuance of SLAPPS in order to suppress investigations into economic crimes.

Clause 180

LORD ETHERTON
 LORD VERDIRAME

81 Page 164, line 33, leave out paragraph (a) and insert—

“(a) constitutes the offences of fraud, false accounting, money laundering or offences under any binding sanctions regime, whether at common law or in primary or secondary legislation,”

Member’s explanatory statement

This amendment provides for a shorter and more focused definition of “economic crime” than is presently to be found in Clause 180(1)(a) and Schedule 9.

82 Page 164, line 34, leave out “a listed” and insert “such an”

Member’s explanatory statement

This amendment is consequential to the amendment to the definition of “economic crime” in Clause 180(1)(a) at page 64, line 33.

83 Page 164, line 37, leave out “a listed” and insert “such an”

Member’s explanatory statement

This amendment is consequential to the amendment to the definition of “economic crime” in Clause 180(1)(a) at page 64, line 33.

- 84 Page 164, line 38, leave out from “constitute” to “if” in line 39 and insert “an offence specified in paragraphs (a) to (c)”

Member’s explanatory statement

This amendment is consequential to the amendment to the definition of “economic crime” in clause 180(1)(a) at page 64, line 33.

After Clause 180

LORD ALTON OF LIVERPOOL

- 85 After Clause 187, insert the following new Clause –

“Duty to disclose funds and economic resources

After section 16 of the Sanctions and Anti-Money Laundering Act 2018, insert –

“16A Duty to disclose funds and economic resources

- (1) Any regulations made under section 1 must, for the purposes of preventing an offence under those regulations, make provision requiring designated persons –
 - (a) to report to the Treasury or another competent authority, within three months after such regulations are made or within three months from the date of designation, whichever is the latest, the funds or economic resources that –
 - (i) are currently held, owned or controlled by them within the United Kingdom, and
 - (ii) were held, owned or controlled by them within the United Kingdom six months prior to the date of designation, and
 - (b) to cooperate with the Treasury or other competent authority in any verification of such information.
- (2) A failure to comply with a requirement in subsection (1) may be considered as participation in activities the object or effect of which is (whether directly or indirectly) to circumvent such requirement.
- (3) Where a designated person has been convicted of an offence by virtue of subsection (2), a court proceeding under section 6, 92 or 156 of the Proceeds of Crime Act 2002 (confiscation orders) must consider such person as benefitting by the value of any assets concealed through such criminal conduct.
- (4) Assets concealed as a result of a failure to comply with a requirement in subsection (1) constitute recoverable property for purposes of Part 5 of the Proceeds of Crime Act 2002.
- (5) Regulations under subsection (1) may also be made in relation to a person who is subject to an International Criminal Court warrant for an offence that would constitute an economic crime in the United Kingdom.””

After Clause 180 - continued

LORD AGNEW OF OULTON

86★ Insert the following new Clause—

“Suspicious Activity Reporting: risk rating

In subsection 339 of the Proceeds of Crime Act 2002 (form and manner of disclosures relating to money laundering), after subsection (1) insert—

“(1ZA) An order under subsection (1) must prescribe that a risk rating be included as part of the disclosure.””

Member’s explanatory statement

This amends the Proceeds of Crime Act so that suspicious activity reports filed include a risk rating element in their disclosure. This would reform the SARs regime to ensure quality over quantity and so prioritising SARs that need investigation.

Schedule 9LORD ETHERTON
LORD VERDIRAME

The above-named Lords give notice of their intention to oppose the Question that Schedule 9 be the Ninth Schedule to the Bill.

Member’s explanatory statement

In consequence of the proposed redefinition of “economic crime” in clause 180(1) of the Bill, Schedule 9 is redundant.

Clause 181BARONESS STOWELL OF BEESTON
LORD CROMWELL
LORD FAULKS
THE LORD BISHOP OF ST ALBANS

87 Page 165, line 37, at end insert—

“(iii) the failure is in relation to the use or threat of using litigation against another person or entity which has the intention or effect of suppressing the publication of information, or of removing information already published, likely to be relevant to the prevention or detection of economic crime, or”

Member’s explanatory statement

This amendment allows the SRA to set its own fining limit for breach of the Solicitors Act 1974 or Law Society rules relating to abuses of legal processes (SLAPPs) to suppress reporting on economic crime.

88 Page 165, line 41, at end insert –

“(c) for professional misconduct as referred to in subsection (1)(b), where the misconduct is in relation to the use or threat of using litigation against another person or entity with intent to suppress the publication of information, or of removing information already published, likely to be relevant to the prevention or detection of economic crime.”

Member’s explanatory statement

This amendment allows the SRA to set its own fining limit for professional misconduct relating to abuses of legal processes (SLAPPs) to suppress reporting on economic crime.

After Clause 182

BARONESS STOWELL OF BEESTON
LORD CROMWELL

89★ Insert the following new Clause –

“Payment of legal fees using proceeds of crime

In section 327 of the Proceeds of Crime Act 2002 (concealing etc), after subsection (1) insert –

“(1A) Subsection (1) applies to solicitors and other legal services practitioners who receive criminal property as payment for legal services, where these services are provided in relation to the use or threat of using, litigation against another person or entity which has the intention or effect of suppressing the publication of information, or of removing information already published, likely to be relevant to the prevention or detection of economic crime.””

Member’s explanatory statement

This amendment means that criminal property may not be used to pay legal fees in order to pursue SLAPP cases which seek to stifle reporting on economic crime.

Clause 183

LORD ETHERTON
LORD VERDIRAME

90 Page 167, leave out line 39 and insert –

“(i) subject to legal professional privilege and the professional principles, promoting the prevention and detection of legal activity which involves facilitation or collusion in economic crime.”

Member’s explanatory statement

This amendment focuses the new regulatory objective on the facilitation of, or collusion in, economic crime by the legal adviser or advocate but subject to the fundamental common law constitutional principle of legal professional privilege (which entitles the client to maintain confidentiality in certain communications with their legal representative) and the professional principles described in section 1(3) of the Legal Services Act 2007 (which, among other things, require the legal representative to act in the best interests of their client).

After Clause 185

BARONESS BOWLES OF BERKHAMSTED
 LORD VAUX OF HARROWDEN
 BARONESS BENNETT OF MANOR CASTLE

91 Insert the following new Clause—

“Regulatory failure to prevent economic crime and failure to prevent facilitation of economic crime

- (1) The Secretary of State may by regulations—
 - (a) confer on any supervisory or regulatory bodies a duty to prevent economic crime and to prevent facilitation of economic crime within their supervisory or regulatory scope;
 - (b) establish an offence of—
 - (i) regulatory failure to prevent economic crime; and
 - (ii) regulatory failure to prevent the facilitation of economic crime.
- (2) Regulations must be made within 18 months of the day on which this Act is passed conferring duties under subsection (1)(a) and creating offences under subsection (1)(b) in respect of—
 - (a) OFCOM and other regulators of communication platforms including telecommunications;
 - (b) financial services regulators;
 - (c) the Financial Reporting Council in respect of auditors;
 - (d) the Solicitors Regulation Authority and other relevant regulators of legal representatives;
 - (e) the Institute of Chartered Accountants in England and Wales and other relevant regulators of accountants.
- (3) Regulations must be made in respect of any other regulator that notifies the Secretary of State that they wish to be bound by such duties, within 18 months of such notification.
- (4) Regulations under this section may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.”

After Clause 187

BARONESS KRAMER
 BARONESS ALTMANN
 THE LORD BISHOP OF ST ALBANS

92 Insert the following new Clause—

“Whistleblowing: economic crime

- (1) Whistleblowing is defined for the purposes of this section as any disclosure of information suggesting that, in the reasonable opinion of the whistleblower, an economic crime—
 - (a) has occurred,
 - (b) is occurring, or
 - (c) is likely to occur.

After Clause 187 - continued

- (2) The Secretary of State must by regulations made by statutory instrument, within the period of 12 months beginning with the day on which this Act is passed, set up a body corporate, to be known as the Office for Whistleblowers, to receive reports of whistleblowing as defined in subsection (1).
- (3) Regulations under subsection (2) may not be made unless a draft of the statutory instrument containing them has been laid before, and approved by, each House of Parliament.
- (4) The Office for Whistleblowers must—
 - (a) protect whistleblowers from detriment resulting from their whistleblowing,
 - (b) ensure that disclosures by whistleblowers are investigated, and
 - (c) escalate information and evidence of wrongdoing outside of its remit to such other appropriate authority as the regulations may provide or otherwise as the Office may determine.
- (5) The objectives of the Office for Whistleblowers are—
 - (a) to encourage and support whistleblowers to make whistleblowing reports,
 - (b) to provide an independent, confidential and safe environment for making and receiving whistleblowing information,
 - (c) to provide information and advice on whistleblowing, and
 - (d) to act on evidence of detriment to the whistleblower according to such guidance as may be set out by the Secretary of State in the regulations.
- (6) The Office for Whistleblowers must report annually to Parliament on the exercise of its duties, objectives and functions.”

Member’s explanatory statement

This amendment would require the Secretary of State to set up an Office for Whistleblowers to receive reports of whistleblowing in relation to economic crime.

LORD HUNT OF KINGS HEATH
BARONESS RITCHIE OF DOWNPATRICK

93

Insert the following new Clause—

“Unexplained Wealth Orders and Vulnerable Adults

- (1) The Secretary of State must commission a report each year on Unexplained Wealth Orders where the wealth or property in question was obtained through economic crime.
- (2) The report must record all cases where Unexplained Wealth Orders have been used in the previous year and revealed cases where property or wealth has been taken from—
 - (a) older people;
 - (b) people living with disabilities;
 - (c) people who use adult social care;
 - (d) adults who lack mental capacity.

After Clause 187 - continued

- (3) This first report must be laid before each House of Parliament one year after this Act is passed.
- (4) Thereafter it must be produced annually.”

Member’s explanatory statement

This amendment probes current data kept by the government on property and wealth obtained through economic crime being taken from vulnerable adults.

BARONESS MORGAN OF COTES
LORD VAUX OF HARROWDEN
BARONESS BOWLES OF BERKHAMSTED
LORD GARNIER

94★

Insert the following new Clause—

“Failure to prevent facilitation of fraud

- (1) A relevant body (“B”) is guilty of an offence if a person (“P”) uses a service provided by B to commit, or to attempt to commit, fraud as defined in the Fraud Act 2006, and B is not the victim of the fraud.
- (2) B is guilty of an offence whether or not B benefited or would have benefited from the fraud committed or attempted by P.
- (3) It is a defence for B to prove that when the fraud was committed or attempted by P, B had in place such procedures it was reasonable in all the circumstances to expect to detect and prevent the use of its services for the purposes of committing fraud, or that it could not reasonably have known that its services were being used for such purposes.
- (4) For the purposes of this section “relevant body” means—
 - (a) a body which is incorporated under the law of any part of the United Kingdom and which carries on a business (whether there or elsewhere),
 - (b) any other body corporate (wherever incorporated) which carries on a business, or part of a business, in any part of the United Kingdom,
 - (c) a partnership which is formed under the law of any part of the United Kingdom and which carries on a business (whether there or elsewhere), or
 - (d) any other partnership (wherever formed) which carries on a business, or part of a business, in any part of the United Kingdom.
- (5) For the purposes of this section, a trade or profession is a business.
- (6) If an offence is committed by a relevant body and it is proved that the offence—
 - (a) has been committed with the consent or connivance of an officer of the relevant body, or
 - (b) is attributable to any neglect on the part of an officer of the relevant body,
 the officer (as well as the relevant body) commits the offence and is liable to be proceeded against and punished accordingly.
- (7) In relation to a relevant body which is a body corporate, “officer” means—

After Clause 187 - continued

- (a) a director, manager, associate, secretary or other similar officer, or
- (b) a person purporting to act in any such capacity.

In paragraph (a) “director”, in relation to a body corporate whose affairs are managed by its members, means a member of the body corporate.

- (8) In relation to a partnership which is not regarded as a body corporate under the law under which it is formed, “officer” means –
 - (a) a partner, or
 - (b) a person purporting to act as a partner.
- (9) A relevant body guilty of an offence under this section is liable –
 - (a) on conviction on indictment, to a fine;
 - (b) on summary conviction in England and Wales, to a fine;
 - (c) on summary conviction in Scotland or Northern Ireland, to a fine not exceeding the statutory maximum.”

Member’s explanatory statement

This amendment is intended to fulfil the recommendation of the House of Lords Committee into the Fraud Act 2006 and Digital Fraud to introduce a new corporate criminal offence of “failure to prevent fraud” across all sectors that are used by fraudsters.

LORD FAULKS
LORD GARNIER

95

Insert the following new Clause –

“Unexplained Wealth Orders

- (1) The Secretary of State must commission a report each year on Unexplained Wealth Orders where the wealth or property in question was obtained through economic crime.
- (2) The report must record all cases where such Unexplained Wealth Orders have been commenced or concluded in the previous year.
- (3) The report must include details of –
 - (a) the amount of money and the nature and value of any assets recovered,
 - (b) the total costs incurred in obtaining or seeking to obtain such Unexplained Wealth Orders, and
 - (c) the total costs recovered where such Unexplained Wealth Orders have been obtained.
- (4) The first report must be laid before each House of Parliament one year after this Act is passed.
- (5) Thereafter it must be produced annually.”

After Clause 187 - continued

LORD GARNIER
 LORD FAULKS
 LORD AGNEW OF OULTON
 BARONESS BENNETT OF MANOR CASTLE

96 Insert the following new Clause—

“Failure to Prevent an Economic Criminal Offence

- (1) A relevant body (“B”) is guilty of an offence if a person commits an economic criminal offence when acting in the capacity of a person associated with B.
- (2) For the criminal purposes of this Clause—
 - “economic criminal offence” means any of the offences listed in Schedule 9.
 - “relevant body” and “acting in the capacity of a person associated with B” have the same meaning as in section 44 of the Criminal Finances Act 2017.
- (3) It is a defence for B to prove that, when the economic criminal offence was committed—
 - (a) B had in place such prevention procedures as it was reasonable in all the circumstances to expect B to have in place, or
 - (b) it was not reasonable in all the circumstances to expect B to have any prevention procedures in place.
- (4) In subsection (3) “prevention procedures” means procedures designed to prevent persons acting in the capacity of a person associated with B from committing an economic criminal offence.
- (5) A relevant body guilty of an offence under this section is liable—
 - (a) on conviction on indictment, to a fine;
 - (b) on summary conviction in England and Wales, to a fine;
 - (c) on summary conviction in Scotland or Northern Ireland, to a fine not exceeding the statutory maximum.
- (6) It is immaterial for the purposes of this section whether—
 - (a) any relevant conduct of a relevant body, or
 - (b) any conduct which constitutes part of a listed offence,
 takes place in the United Kingdom or elsewhere.
- (7) The Chancellor of the Exchequer and the Secretary of State must prepare and publish guidance about procedures that relevant bodies can put in place to prevent persons acting in the capacity of an associated person from committing an economic criminal offence.”

Member’s explanatory statement

This new Clause would create a corporate offence of failing to prevent economic crime, defined by reference to the offences listed in Schedule 9.

LORD GARNIER
LORD AGNEW OF OULTON

97 Insert the following new Clause –

“Failure to Prevent an Economic Criminal Offence

- (1) A relevant body (“B”) is guilty of an offence if a person commits an economic criminal offence when acting in the capacity of a person associated with B.
- (2) For the purposes of this Clause –
 - “economic criminal offence” means one of the following –
 - (a) a common law offence of conspiracy to defraud;
 - (b) an offence under section 1, 6 or 7 of the Fraud Act 2006;
 - (c) an offence under section 1, 17 or 20 of the Theft Act 1968 (theft, false accounting and destruction of documents);
 - (d) an offence under section 993 of the Companies Act 2006 (fraudulent trading);
 - (e) an offence under sections 346, 397 and 398 of the Financial Services and Markets Act 2000 (providing false statements to auditors, misleading statements, and misleading the FCA);
 - (f) an offence under sections 327, 328 and 329 of the Proceeds of Crime Act 2002 (concealing criminal property, facilitating acquisition, acquisition and use of criminal property).
 - “relevant body” and “acting in the capacity of a person associated with B” have the same meaning as in section 44 of the Criminal Finances Act 2017.
- (3) It is a defence for B to prove that, when the economic criminal offence was committed –
 - (a) B had in place such prevention procedures as it was reasonable in all the circumstances to expect B to have in place, or
 - (b) it was not reasonable in all the circumstances to expect B to have any prevention procedures in place.
- (4) In subsection (3) “prevention procedures” means procedures designed to prevent persons acting in the capacity of a person associated with B from committing a economic criminal offence.
- (5) A relevant body guilty of an offence under this section is liable –
 - (a) on conviction on indictment, to a fine;
 - (b) on summary conviction in England and Wales, to a fine;
 - (c) on summary conviction in Scotland or Northern Ireland, to a fine not exceeding the statutory maximum.
- (6) It is immaterial for the purposes of this section whether –
 - (a) any relevant conduct of a relevant body, or
 - (b) any conduct which constitutes part of a listed offence takes place in the United Kingdom or elsewhere.
- (7) The Chancellor of the Exchequer and the Secretary of State must prepare and publish guidance about procedures that relevant bodies can put in place to prevent persons acting in the capacity of an associated person from committing an economic criminal offence.”

Member's explanatory statement

This new Clause would create a corporate offence of failing to prevent economic crime, defined by reference to certain offences listed in subsection (2).

98

Insert the following new Clause –

“Failure to prevent criminal financial offences in the UK

- (1) A relevant body (“B”) is guilty of an offence if a person commits a criminal financial offence when acting in the capacity of a person associated with B.
- (2) It is a defence for B to prove that, when the criminal financial offence was committed –
 - (a) B had in place such prevention procedures as it was reasonable in all the circumstances to expect B to have in place, or
 - (b) it was not reasonable in all the circumstances to expect B to have any prevention procedures in place.
- (3) In subsection (2) “prevention procedures” means procedures designed to prevent persons acting in the capacity of a person associated with B from committing criminal financial offences.
- (4) For the purposes of this Clause –

“criminal financial offence” means an offence listed in Part 2 of Schedule 17 to the Crime and Courts Act 2013 or, one of the offences listed below –

 - (a) an offence under section 1, 6 or 7 of the Fraud Act 2006;
 - (b) an offence under section 1, 17 or 20 of the Theft Act 1968;
 - (c) an offence under section 993 of the Companies Act 2006;
 - (d) an offence under section 327, 328 and 329 of the Proceeds of Crime Act 2002;
 - (e) the common law offence of conspiracy to defraud;

“relevant body” has the same meaning as in section 44 of the Criminal Finances Act 2017.
- (5) A relevant body guilty of an offence under this section is liable –
 - (a) on conviction on indictment, to a fine;
 - (b) on summary conviction in England, to a fine;
 - (c) on summary conviction in Scotland or Northern Ireland, to a fine not exceeding the statutory maximum.
- (6) It is immaterial for the purposes of this section whether –
 - (a) any relevant conduct of a relevant body, or
 - (b) any conduct which constitutes part of a relevant criminal financial offence,

takes place in the United Kingdom or elsewhere.”

Member's explanatory statement

This New Clause would create an offence of failing to prevent any financial offence listed in Part 2 of Schedule 17 of the Crime and Courts Act 2013.

99

Insert the following new Clause—

“Offence of failure to prevent fraud (including false accounting), money laundering or sanctions evasion

- (1) A relevant commercial organisation (“C”) is guilty of an offence under this section where—
 - (a) a person (“A”) associated with C commits a fraud (including false accounting), sanctions evasion offence or an act of money laundering, or aids and abets a fraud, sanctions evasion offence or act of money laundering, intending—
 - (i) to confer a business advantage on C, or
 - (ii) to confer a benefit on a person to whom A provides services on behalf of C, and
 - (b) fails to prevent the activity set out in paragraph (a).
- (2) C does not commit an offence where C can prove that the conduct detailed in subsection (1)(a) was intended to cause harm to C.
- (3) It is a defence for C to prove that, at the relevant time, C had in place procedures that were reasonable in all the circumstances and which were designed to prevent persons associated with C from undertaking the conduct detailed in subsection (1)(a).
- (4) For the purposes of this section “relevant commercial organisation” means—
 - (a) a body which is incorporated under the law of any part of the United Kingdom and which carries on a business (whether there or elsewhere),
 - (b) any other body corporate (wherever incorporated) which carries on a business, or part of a business, in any part of the United Kingdom,
 - (c) a partnership which is formed under the law of any part of the United Kingdom and which carries on a business (whether there or elsewhere), or
 - (d) any other partnership (wherever formed) which carries on a business, or part of a business, in any part of the United Kingdom, and
 - (e) for the purposes of this section, a trade or profession is a business.
- (5) The relevant offences referred to in 1(a) are—
 - (a) fraud including—
 - (i) sections 2, 3, 4 and 11 of the Fraud Act 2006;
 - (ii) section 17 of the Theft Act 1968;
 - (iii) section 993 of the Companies Act 2006;
 - (iv) section 111A of the Social Security Administration Act 1992;
 - (v) section 170 Custom and Excise Management Act 1979;
 - (vi) the common law offence of cheating the public revenue;
 - (b) money laundering including sections 327, 328, 329 and 330 of the Proceeds of Crime Act 2002;
 - (c) sanctions evasion including the offences laid out at paragraph 21 of Schedule 9.”

Member’s explanatory statement

This new Clause introduces a new criminal corporate offence for failure to prevent fraud (including false accounting), sanctions evasion, and money laundering, by aligning it with other corporate criminal offence.

100 Insert the following new Clause –

“Corporate attribution for (or amendment to identification doctrine relating to) economic crime offences

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

Member’s explanatory statement

This new Clause reforms the “identification doctrine”, so that a body corporate commits an economic crime offence where the offence is committed with the consent, connivance or neglect of a senior manager or senior managers.

101 Insert the following new Clause –

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

- (1) A person (“S”) commits an offence if –
 - (a) at a time when S is a senior manager or corporate officer of a corporate body (“C”), S –
 - (i) takes, or agrees to the taking of, a decision by or on behalf of the corporate body as to the way in which the business of the corporate body is conducted, and
 - (ii) fails to take any steps that S could take to prevent such a decision being taken;
 - (b) at the time of the decision, S is aware of a risk that the implementation of the decision may lead to the commission of an offence of money laundering, fraud (including false accounting), sanctions evasion, bribery or tax evasion, and
 - (c) the implementation of the decision causes C to commit such an offence.
- (2) For the purposes of this section –
 - (a) an individual is a “senior manager” of a corporate body if the individual plays a significant role in –

After Clause 187 - continued

- (i) the making of decisions about how the entity’s relevant activities are to be managed or organised, or
 - (ii) the actual managing or organising of the entity’s relevant activities,
- (b) “officer”, in relation to a body corporate, means –
- (i) a director, manager, associate, secretary or other similar officer, or
 - (ii) a person purporting to act in any such capacity;
- (c) in paragraph (b)(i) “director”, in relation to a body corporate whose affairs are managed by its members, means a member of the body corporate.
- (3) A person guilty of an offence under this section is liable –
- (a) on summary conviction –
 - (i) in England and Wales, to imprisonment for a term not exceeding 12 months (or 6 months, if the offence was committed before the commencement of section 154(1) of the Criminal Justice Act 2003) or a fine, or both;
 - (ii) in Scotland, to imprisonment for a term not exceeding 12 months or a fine not exceeding the statutory maximum, or both;
 - (iii) in Northern Ireland, to imprisonment for a term not exceeding 6 months or a fine not exceeding the statutory maximum, or both;
 - (b) on conviction on indictment, to imprisonment for a term not exceeding 7 years or a fine, or both.”

Member’s explanatory statement

This new clause introduces direct criminal liability for corporate officers who take a decision, or fail to take a decision, that knowingly results in an offence being committed.

LORD WALLACE OF SALTIRE
BARONESS BENNETT OF MANOR CASTLE

102

Insert the following new Clause –

“Home Office review of the Tier 1 (Investor) visa scheme: publication

Within a day of the day on which this Act is passed, the Secretary of State must publish in full the findings of the Home Office review of the Tier 1 (Investor) visa scheme which relate to economic crime.”

Member’s explanatory statement

This amendment would require the Home Office to publish findings of their review of the Tier 1 (Investor) visa scheme.

LORD HAIN
 BARONESS WHEATCROFT
 BARONESS ALTMANN
 LORD OATES

103 Insert the following new Clause—

“International Anti-Corruption Court

- (1) Within six months of the passing of this Act, the Secretary of State must seek to begin negotiations with international partners to establish an International Anti-Corruption Court (IACC).
- (2) It is to be the objective of the Secretary of State in the negotiations to secure that the IACC has the following purposes—
 - (a) to hear cases of international economic corruption, and
 - (b) to sentence persons to appropriate punishment for international economic corruption.
- (3) The Secretary of State must lay a report before each House of Parliament within a year of the passing of this Act on the progress of the negotiations.
- (4) In this section “international economic corruption” means offences which if committed in the United Kingdom would constitute an offence mentioned in paragraph 15 of Schedule 9.”

LORD FOX

104★ Insert the following new Clause—

“Duty to report on economic crime resourcing and performance

- (1) The Director General of the National Crime Agency must—
 - (a) prepare a report on the resourcing and staffing of its work to counter economic crime, and its performance tackling economic crime, and
 - (b) send it to the Secretary of State as soon as practicable after this section comes into force.
- (2) The Director General must prepare and send to the Secretary of State further reports on these topics annually.
- (3) Each report must include, in particular—
 - (a) the total annual budget and number of staff allocated to economic crime for each unit within the National Crime Agency,
 - (b) the number of investigations, arrests, prosecutions and convictions relating to economic crime for each unit within the National Crime Agency, and
 - (c) other relevant data including, but not limited to, cases per year broken down by—
 - (i) type and outcome,
 - (ii) number of restraint or confiscation orders obtained, and
 - (iii) value of assets confiscated.
- (4) Each report must include, for the purposes of comparison, relevant statistics of economic crime in other countries.
- (5) Reporting on international economic crime under subsections (3)(b) and (c) must provide a breakdown by the income classification of the countries affected.

After Clause 187 - continued

- (6) The Director General must publish every report under this section—
- (a) as soon as practicable after they send it to the Secretary of State, and
 - (b) in such manner as they consider appropriate.”

Member’s explanatory statement

This amendment places a duty on the Director General of the NCA to prepare an annual report on the NCA’s resourcing and performance relating to economic crime.

LORD CROMWELL

105★ Insert the following new Clause—

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

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

Member’s explanatory statement

This amendment enables the target of a SLAPP to use as a defence the disclosure of information in the public interest likely to be relevant to the investigation of economic crime.

106★ Insert the following new Clause—

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

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

Member’s explanatory statement

This amendment enables the court to strike out a case which can reasonably be understood as having the purpose of suppressing the disclosure or publication of information likely to be relevant to the investigation of an economic crime.

Clause 189

LORD JOHNSON OF LAINSTON

107 Page 173, line 37, at end insert –

“(4A) But subsection (4) does not apply to a statutory instrument that only contains regulations appointing the appointed day for the purposes of section 51.”

Member’s explanatory statement

This amendment ensures that the regulation-making power to specify an appointed day for the purposes of Clause 51 is not subject to any procedural requirements since it is similar to a commencement power.

Clause 190LORD WALLACE OF SALTAIRE
BARONESS BENNETT OF MANOR CASTLE

108 Page 174, line 2, at end insert –

“(3) This Act extends to –

- (a) the Channel Islands,
- (b) the Isle of Man, and
- (c) the British overseas territories.”

Economic Crime and Corporate Transparency Bill

MARSHALLED
LIST OF AMENDMENTS
TO BE MOVED
IN GRAND COMMITTEE

23 March 2023
