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GENERAL COMMITTEES

Public Bill Committee

ECONOMIC CRIME AND CORPORATE TRANSPARENCY BILL

Thirteenth Sitting

Thursday 17 November 2022

(Morning)

CONTENTS

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Monday 21 November 2022

The Committee consisted of the following Members:

Chairs: Mr Laurence Robertson, Hannah Bardell, † Julie Elliott, Sir Christopher Chope

† Anderson, Lee *(Ashfield)* (Con)
† Ansell, Caroline *(Eastbourne)* (Con)
Byrne, Liam *(Birmingham, Hodge Hill)* (Lab)
Crosbie, Virginia *(Ynys Môn)* (Con)
† Daly, James *(Bury North)* (Con)
Hodge, Dame Margaret *(Barking)* (Lab)
† Hollinrake, Kevin *(Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy)*
† Hughes, Eddie *(Walsall North)* (Con)
† Hunt, Jane *(Loughborough)* (Con)
† Kinnock, Stephen *(Aberavon)* (Lab)
† Malhotra, Seema *(Feltham and Heston)* (Lab/Co-op)
† Mann, Scott *(Lord Commissioner of His Majesty's Treasury)*
† Morden, Jessica *(Newport East)* (Lab)
† Newlands, Gavin *(Paisley and Renfrewshire North)* (SNP)
† Stevenson, Jane *(Wolverhampton North East)* (Con)
Thewliss, Alison *(Glasgow Central)* (SNP)
Tugendhat, Tom *(Minister for Security)*

Kevin Maddison, Anne-Marie Griffiths, *Committee Clerks*

† attended the Committee

Public Bill Committee

Thursday 17 November 2022

(Morning)

[Julie Elliott *in the Chair*]

Economic Crime and Corporate Transparency Bill

Clause 119

Dissolution and winding up of limited partnerships

11.30 am

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Kevin Hollinrake): I beg to move amendment 95, in clause 119, page 105, leave out lines 8 and 9 and insert—

"'(2B) A limited partnership is dissolved if—

(a) it ceases to have any general partners,

(b) it ceases to have any limited partners, or

(c) each general partner is either insolvent or disqualified under the directors disqualification legislation (see section 8J(3)), irrespective of whether they became insolvent or disqualified before or after this subsection comes into force.';"

This amendment would mean that limited partnerships dissolve if all of the general partners are either insolvent or disqualified, rather than only dissolving if they are all insolvent. Together with amendment 96 it would mean that limited partnerships would not dissolve if all of the limited partners are insolvent.

The Chair: With this it will be convenient to discuss the following:

Government amendments 96 and 97.

Clause 119 stand part.

Clause 120 stand part.

Government new clause 30—*Duty to notify registrar of dissolution*.

Government new clause 31—*Winding up limited partnerships on grounds of public interest.*

Government new clause 32—*Winding up dissolved limited partnerships.*

Kevin Hollinrake: It is a pleasure to speak with you in the Chair, Ms Elliott.

This group of amendments and new clauses make provision about the circumstances in which limited partner ships dissolve, prescribe the winding-up responsibilities of the partners, and establish powers of the court to wind up limited partnerships. The lead amendment provides that a limited partnership is dissolved: if it ceases to have any general partners; if it ceases to have any limited partners; or where all general partners are either insolvent or disqualified under the directors disqualification legislation.

Government new clause 30 and amendments 96 and 97 concern the duty to notify the registrar of dissolution. Amendment 96 provides for who winds up a dissolved limited partnership. If there are general partners at the time it dissolves, the responsibility falls to them. If there are no general partners, the limited partners are obliged to take all reasonable steps to ensure that the firm is wound up.

The effect of new clause 30 is that when a limited partnership dissolves and has at least one general partner, they must notify the registrar of the dissolution. When there are no longer any general partners at the time of dissolution, the limited partners will be required to notify the registrar. Amendment 97 removes subsection (3) from the clause as the penalty for failing to notify the registrar of dissolution is covered by new clause 30. The rationale for the provisions is that the registrar needs to be informed of a limited partnership's dissolution so that she can reflect that in the index of limited partnerships' names which she maintains.

Government new clause 31 concerns winding up limited partnerships in the public interest. This new clause will allow the Secretary of State—in effect, the Insolvency Service—to petition the court to wind up any limited partnership in the United Kingdom, whether solvent or insolvent, and for the court to order the winding up of a limited partnership if it considers it just and equitable to do so. The Secretary of State will be able to receive information from bodies across Government, such as a law enforcement agencies or investigatory bodies, or indeed the registrar under her new information-sharing power. That will help the Secretary of State decide whether to petition the court.

Government new clause 32 allows the Secretary of State or any other person with sufficient interest to apply to the court for orders in relation to the winding up of a limited partnership. The court may make such orders if it appears to the court that a dissolved limited partnership has not been wound up properly or at all. That will ensure that dissolved limited partnerships are properly wound up in a timely manner.

The clause amends and clarifies the existing law around the winding up of limited partnerships. The changes work together with the amendments in this group to make the register more transparent. Specifically, the remaining changes in the clause, which we have not yet debated, concern the application of the actions of limited partners. They provide that a limited partnership shall not be dissolved by the bankruptcy of a partner, and remove the current provision in the Limited Partnerships Act 1907 relating to the winding up of limited partnerships.

Turning to clause 120, the Partnership Act 1890 provides that a court may dissolve a partnership when a partner is found to be suffering from "lunacy or unsound mind". Clause 120 updates that provision with references to modern definitions of "mental disorder". The clause also modernises the Limited Partnership Act 1907 by removing reference to the "lunacy" of a limited partner as being grounds for the dissolution of the partnership.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): We largely support the Government amendments, but I will ask a few questions and speak to clauses 119 and 120 stand part. As the Minister outlined, clause 119 concerns the dissolution and winding up of limited partnerships. It sets out that:

"A limited partnership is dissolved if it ceases to have a general partner or ceases to have a limited partner."

The clause also sets out what happens if a limited partnership is dissolved at a time when the firm has at least one general partner. As the Minister said, it requires the general partner to notify the registrar before they wind up the limited partnership, and it would be an offence for the partners to fail to notify the registrar of the firm's dissolution. We welcome the new provisions, but I would also welcome the Minister's thoughts on some comments made by Professor Berry in her evidence. She stated that:

"The Bill inappropriately amends partnership law to prevent automatic dissolution on the bankruptcy of a general partner in an LP… Personal liability is no guarantee of good behaviour if the partner is already insolvent, and indeed the same restriction remains on general partners of a general partnership."

If I have understood correctly, amendment 95 would mean that a limited partnership is dissolved if all the general partners are either insolvent or disqualified, rather than if they are all insolvent. Taken with amendment 96, it would mean that limited partnerships would not dissolve if all the limited partners are insolvent. Amendment 96 would mean that any insolvent general partners who are not disqualified must wind up a dissolved limited partnership or take "reasonable steps" to ensure that it is wound up. If there are no general partners, the insolvent limited partners must take reasonable steps to ensure that it is wound up. We support amendments 95 and 96.

I will speak briefly to Government new clause 30 and make a few comments about amendment 97. New clause 30 would introduce a new duty on the general partners of limited partnerships to notify the registrar in the event of a dissolution. If the general partners fail to comply,

"an offence is committed by each general partner who is in default",

but

"where the general partner or limited partner is a legal entity, it does not commit an offence as a general partner or limited partner in default unless one of its managing officers is in default."

New clause 30 also states:

"Where any such offence is committed by a general partner or limited partner that is a legal entity, or any such offence is…committed by a managing officer that is a legal entity, any managing officer of the legal entity"—

are you still following this, Ms Elliott?—

"who is in default also commits the offence if—

(a) the managing officer is an individual, or

(b) the managing officer is a legal entity and one of its managing officers is in default."

Some of this speaks to the complexity of some of these structures, which is why it is important to be moving forward in this way. Although we welcome new clause 30, will the Minister expand on the regulations in relation to general partners who are legal entities? Could there be a situation in which none of the criteria needed for an offence to be committed is met when the general partner is a legal entity? Is there still a loophole?

We welcome new clause 31, which would allow a court to order the winding up of a limited partnership on a petition by the Secretary of State in the public interest. New clause 32

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

to order a winding up of the limited partnership. We believe the measures strengthen the legislation, so can the Minister comment on those two points?

Clause 120 amends the Partnership Act, specifying the provision for the dissolution of a partnership on the grounds of a partner's lunacy. It is right that we update those references to "mental disorder" within the meaning of modern legislation. However, in her written evidence to the Committee, Professor Berry makes an important point that the clause may give the impression that it

"appears to mean that mental health disorder of a limited partner is now a ground for dissolution (whereas previously it was not), which cannot be intended."

Can the Minister respond on that point as well, just to make sure that that is not a consequence in the way by Professor Berry suggested?

Kevin Hollinrake: It might be helpful if the hon. Lady shared with me Professor Berry's written comments, so I can look at it in more detail. Clearly, if a general partner is a legal entity, there is a named individual behind that. We have discussed that at length before. With that information, I will write back to her to clarify those points.

Amendment 95 agreed to.

Amendments made: 96, in clause 119, page 105, line 11, leave out paragraphs (e) to (g) and insert—

'(e) for subsections (3A) and (3B) substitute—

"(3A) If a limited partnership is dissolved at a time when the partnership has at least one general partner who is—

(a) solvent, and

(b) not disqualified under the directors disqualification legislation, the general partners at that time who are solvent and are not so disqualified must either wind up the partnership's affairs or take all reasonable steps to ensure that its affairs are wound up by a person who is not a partner at that time.

(3B) If a limited partnership is dissolved at a time when the partnership does not have a general partner who is—

(a) solvent, and

(b) not disqualified under the directors disqualification legislation, the limited partners at that time who are solvent must take all reasonable steps to ensure that the partnership's affairs are wound up by a person who is not a limited partner at that time.

(3BA) For enforcement of the duties under subsections (3A) and (3B) see section 25B."

(f) omit subsection (3C).'

This amendment means that any solvent general partners who are not disqualified must wind up a dissolved limited partnership or take reasonable steps to ensure it is wound up. If there are no such general partners, the solvent limited partners must take reasonable steps to ensure it is wound up.

Amendment 97 in clause 119, page 105, line 36, leave out subsection (3).—*(Kevin Hollinrake).*

This amendment is consequential on NC30.

Clause 119, as amended, ordered to stand part of the Bill.

Clause 120 ordered to stand part of the Bill.

Clause 121

THE REGISTER OF LIMITED PARTNERSHIPS

Question proposed, That the clause stand part of the Bill.

Kevin Hollinrake: This is a simple clause that removes outdated requirements for the registrar to file statements made by limited partnerships and issue certificates of registration for the statements filed. It brings those into line with the more modern approach for the companies register. The clause introduces a definition of the register of limited partnerships, making clear that it is part of the records the registrar holds under section 1080 of the Companies Act 2006.

Seema Malhotra: As the Minister outlined, the clause increases clarity over the inspection of the register, and we support it.

Question put and agreed to.

Clause 121 accordingly ordered to stand part of the Bill.

Clause 122

MATERIAL NOT AVAILABLE FOR PUBLIC INSPECTION

Kevin Hollinrake: I beg to move amendment 34, in clause 122, page 107, line 34, leave out "available for public inspection" and insert

"the following material available for public inspection, so far as it forms part of the register of limited partnerships".

This amendment spells out that the relevant material is only to be made unavailable for public inspection if it forms part of the register of limited partnerships.

The Chair: With this it will be convenient to discuss the following:

Government amendment 38.

Clauses 122 and 123 stand part.

Kevin Hollinrake: Clause 122 will prevent personal or confidential information, such as a partner's residential address and date of birth or a limited partnership's email address, from being disclosed to the public. That aligns the position of limited partnerships with that of companies as set out in the part 1 clauses that we have already debated.

11.45 am

Government amendment 34 inserts new wording into the clause to make it explicit that the material being referred to should not be made publicly available as material that forms part of the register of limited partnerships. Government amendment 38 amends the clause to make statements delivered to the registrar that relate to an individual being an authorised corporate service provider or an employee thereof unavailable for public inspection.

Clause 123 makes it possible for the registrar to cease making information concerning dissolved limited partnerships available to the public 20 years after the dissolution takes place. It also allows the registrar to send records that are held on dissolved limited partnerships to the Public Record Office two years after the dissolution takes place.

Seema Malhotra: Clause 122 inserts a new section into the Limited Partnerships Act, as the Minister outlined, to set out provisions for certain information that the registrar must not make available for public inspection. The Minister outlined that that could include dates of birth, residential information, and I think also email addresses, for the limited partnership.

We understand the need for the measure, and the Committee has debated previously the need to hold back information for personal security or privacy reasons, but information sharing might sometimes be necessary. We have talked about those who need access to information because they are undergoing insolvency or other proceedings. Is there a mechanism by which the Government could enable information that would ordinarily be protected to be shared with third parties where it is deemed necessary and does not threaten the integrity of the register or the privacy of limited partnerships? This does get confusing, so we are probing where the registrar may be able to share information, if there is a reason to do so in terms of preventing economic crime.

Amendment 34 spells out that the relevant material is to be made unavailable for public inspection only if it forms part of the register of limited partnerships. Amendment 38 will make statements required to be made when documents are delivered unavailable for public inspection. Such statements relate either to identity verification or to an individual being an authorised corporate service provider or employee of an authorised corporate service provider.

I want to ask the Minister for more detail about why that is protected information. Have the Government considered whether it would be helpful and transparent for third parties dealing with a limited partnership to know whether an individual involved in its registration is related to an ACSP? That may be particularly useful given the evidence that has already been recounted to the Committee on the increased risk of economic crime when an ACSP is involved in the registration of the company or limited partnership. This is about transparency in relation to ACSPs.

Kevin Hollinrake: As the hon. Lady sets out, the reason for some information not being made public is security—to prevent ID theft, for example. Throughout the Bill, we are giving the registrar powers to share information wherever necessary, particularly if it relates to tackling economic crime. Nothing in the Bill would prevent any information, public or private, from being shared with law enforcement agencies. That is quite clear; the Bill facilitates that.

On authorised corporate service providers, the measure relates to statements and not things such as ID verification. This is where it may be considered that a statement is not suitable for sharing with the general public, which we have discussed in previous debates.

Amendment 34 agreed to.

Amendments made: 35, in clause 122, page 107, line 34, at end insert—

"(za) any application or other document delivered to the registrar under section 8PA, 8G or 8V (changes of addresses by registrar) other than an order or direction of the court;".

This amendment would mean the documents mentioned in it are unavailable for public inspection.

Amendment 36, in clause 122, page 107, leave out lines 35 to 37.

This amendment is consequential on Amendment 30.

Amendment 37, in clause 122, page 108, line 4, at end insert—

"(ba) so much of any statement delivered to the registrar as is required to contain the information mentioned in any of the following provisions (which relate to identity verification)—

section 8A(1C)(b) or (1F)(c)(ii);

section 8L(3)(a)(ii) or (b)(ii);

section 8Q(4)(b) or (7)(c)(ii);".

This amendment would make statements relating to identity verification of registered officers unavailable for public inspection.

Amendment 38, in clause 122, page 108, line 7, at end insert—

"(ca) any statement delivered to the registrar by virtue of section 1067A(3) or (4) of the Companies Act 2006 (delivery of documents: identity verification and authorised corporate service providers);".

This amendment would make statements required to be made when documents are delivered unavailable for public inspection. The statements either relate to identity verification or to an individual being an authorised corporate service provider or employee of an authorised corporate service provider.

Amendment 39, in clause 122, page 109, line 4, leave out "and".

This amendment is consequential on Amendment 40.

Amendment 40, in clause 122, page 109, line 7, at end insert—

"(c) section 22(5) of the Economic Crime (Transparency and Enforcement) Act 2022 (extent of obligation to retain material not available for public inspection).".—*(Kevin Hollinrake.)*

This amendment is consequential on NC17.

Clause 122, as amended, ordered to stand part of the Bill.

Clause 123 ordered to stand part of the Bill.

Clause 124

Disclosure of information about partners

Question proposed, That the clause stand part of the Bill.

Kevin Hollinrake: This is another simple clause, which ensures that personal information is used only for its intended purpose and prevents personal information from being exposed to abuse. The clause prevents the registrar from disclosing personal information about partners unless, in a few limited circumstances, it is necessary to do so. In all cases, information will remain available to law enforcement.

Seema Malhotra: We support the clause. As the Minister said, it restricts the registrar from disclosing certain information unless specific conditions apply. As we have rehearsed in other debates, we acknowledge the importance of ensuring that law-abiding individuals who have provided personal information are adequately protected. I am grateful for the Minister's confirmation and clarity that that information would still be available to law enforcement officers.

I am less clear about what is proactively and reactively available, in the sense of whether it is for the registrar to make the information available or for law enforcement to request it. Perhaps the Minister could just confirm that it can work both ways.

Kevin Hollinrake: Yes, it can.

Question put and agreed to.

Clause 124 accordingly ordered to stand part of the Bill.

Clause 125

Registrar's power to confirm dissolution of limited partnership

Seema Malhotra: I beg to move amendment 163, in clause 125, page 112, line 35, leave out "power" and insert "duty".

This amendment is consequential on Amendment 164.

The Chair: With this it will be convenient to discuss the following:

Amendment 164, in clause 125, page 112, line 37, leave out "may" and insert "must".

This amendment would turn the registrar's power to confirm dissolution of limited partnerships if it has reasonable cause to believe the limited partnership has been dissolved into a duty on the registrar.

Amendment 165, in clause 125, page 113, line 15, at end insert—

"and,

(d) be published on the registrar's website and remain published on the registrar's website for a minimum of 20 years from the date on which it was first published."

This amendment would require the limited partnership dissolution notice to be published on the registrar's website and remain published for a minimum of 20 years.

Seema Malhotra: Clause 125 sets out a process for the registrar to confirm the dissolution of a limited partnership that the registrar has reasonable cause to believe has been dissolved. The registrar will be required to publish a notice stating that they believe the limited partnership is dissolved and asking for anyone to come forward with information to the contrary. While we support the clause, to enable the register to be kept up to date and for information on it to be as accurate as possible, we believe that certain elements of it could and should go further to make things more robust, and we have tabled amendments 163 to 165 to address that.

I will discuss amendments 163 and 164 together. Amendment 164 would amend the provisions setting out the registrar's power to confirm the dissolution of a limited partnership by replacing "may" with "must", such that the registrar must publish a dissolution notice and begin the dissolution process should they have reasonable cause to believe that a limited partnership has been dissolved. In short, the amendment would turn the registrar's power to confirm the dissolution of a limited partnership, if they have reasonable cause to believe that it has been dissolved, from a power into a duty.

[Seema Malhotra]

Amendment 163 is consequential on amendment 164. The explanatory notes to the Bill describe that

"there are currently thousands of limited partnerships on the register which the Registrar either knows or suspects are inactive."

The registrar's power to confirm the dissolution of these partnerships should not be optional, hence our amendments would make it a duty.

Amendment 165 would introduce a requirement that the limited partnership dissolution notice published in the *Gazette* must also be published on the registrar's website and remain published for a minimum of 20 years. This would ensure that the notice of the partnership's dissolution is transparently and clearly available to third parties who would benefit from such information. As Professor Berry set out in her written evidence:

"All dissolution/deregistration information should be shown on the Register and retained for at least 20 years. This is essential…so that third parties can fully examine the recent history of a particular participant or investigate suspicious networks."

It is an important principle that innocent third parties should be able to access all information about former participants following the dissolution of a limited partnership. I would be grateful for the Minister's comments.

Gavin Newlands (Paisley and Renfrewshire North) (SNP): It is a pleasure finally to speak in the Committee. It would be an exaggeration to call me the second chair of the SNP; I am more the office junior to my hon. Friend the Member for Glasgow Central, given her knowledge on these matters. I do not intend to repeat much of what was said by the hon. Member for Feltham and Heston, whose amendments I support.

I will make a wider point about power versus duty. In pretty much every Bill Committee I have sat on—perhaps it is something to do with the Bills—amendments have been tabled that seek to replace powers with duties. We all know that there are so many Government agencies and bodies that have lots of powers that are rarely, if ever, used. I have yet to hear a robust response from a Minister as to why we should not replace a power with a duty. Perhaps we will hear one—it may be the first time ever—when the Minister gets to his feet, but I highly doubt it.

In general, the Bill is good, and it enables Companies House and the Secretary of State to do a lot of vital and long overdue work. Sadly, it does not compel them to do enough. That is my issue, and that is why I support the amendments.

12 noon

Kevin Hollinrake: The quick answer to the hon. Gentleman's comment is that we believe in people using their judgment. The registrar, who we believe to be a competent person, should use her judgment in these cases. It may not always be proportionate in the circumstances to issue a notice of dissolution. However, I am grateful for the amendments.

The Bill allows the registrar to remove a limited partnership from the index of names without going through the dissolution notice process if she is absolutely certain that the partnership was dissolved, resulting in its deregistration. Amendments 163 and 164 would compel the registrar to publish a notice warning of dissolution, and then a notice confirming dissolution within two months if she reasonably believes that a limited partnership is dissolved. The registrar, despite being certain that the limited partnership was dissolved, would be forced to go through the warning notice and representation-seeking process to confirm that. It would unnecessarily take longer for the registrar to deregister a limited partnership that she was certain had been dissolved.

Furthermore, the process of issuing a dissolution notice attracts a cost. Were the registrar to issue a warning notice, wait for representations and then issue a dissolution notice each and every time she had reasonable cause to believe that a limited partnership had dissolved, the cost may be significant. The registrar should therefore be given flexibility to use her judgment to determine whether to begin the dissolution notice process on a case-by-case basis.

I support the intentions of the hon. Members for Feltham and Heston and for Aberavon, through amendment 165, to increase transparency and bring clarity to the register concerning limited partnerships that are dissolved. The Bill already requires the registrar to issue the notice of dissolution in the *Gazette*, which is a matter of public record and can be accessed by the public indefinitely. That information will also be added to a limited partnership's record, with the information being made available to the public for 20 years, either on the register or through the public records office. The information would therefore already be in the public domain. However, I would like to explore with Companies House the feasibility and costs associated with also publishing that information on its website, as the hon. Members have suggested. I will return to them on that point.

Seema Malhotra: I thank the Minister for his comments, which I welcome, and I thank SNP colleagues for their support.

I will reflect on the Minister's comments in relation to amendments 163 and 164. Obviously, we want to look at proportionality of resources alongside the management of risk and the effectiveness of provisions. I will not press the amendments to a Division today.

In relation to the Minister's comments on amendment 165, I welcome his taking our suggestion away to look at it, and I look forward to hearing from him in due course. Perhaps he could produce a short note to confirm how the Government might want to move forward with our suggestion. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to consider clauses 126 and 127 stand part.

Kevin Hollinrake: Clause 125 will allow the registrar to confirm that a limited partnership is dissolved where she has reasonable cause to believe that it is, and to remove the name of the dissolved firm from the index of limited partnerships that she maintains. It is important that limited partnerships and interested parties are given sufficient notice of the potential dissolution, allowing

them to make representations to the registrar if they object. The registrar will therefore be required to publish a notice of her intention to dissolve the limited partnership in the *Gazette* and to notify the limited partnership of her intention. After a period of not less than two months, the registrar may publish a second notice in the *Gazette*, which will effectively dissolve the limited partnership, if it is not dissolved already, and let it be deregistered.

Within a period of six years from dissolution, a dissolved limited partnership's former general partner may apply to the registrar for the partnership to be revived if they bring the limited partnership's information up to date and pay any fines or penalties that are owed. The Secretary of State, any partner or any person with an interest in the limited partnership may also apply to the court for the limited partnership to be revived. We expect that confirmation of dissolution power to dramatically reduce the number of limited partnerships that are currently registered. A more accurate and up-to-date register will give clarity to the public and law enforcement about the number of active limited partnerships.

Clause 126 will, within a six-month period following commencement of the Act, allow the registrar to publish a notice in the *Gazette* that limited partnerships are dissolved without having to follow the warning notice and representation-gathering process. This will immediately dissolve those limited partnerships that failed to comply in the six-month transitional period with the requirement to supply the registrar with information required under the Bill.

Clause 127 allows limited partnerships that are not dissolved to deregister and, should the partners want to, continue as general partnerships without the need to wind up the affairs of the firm. All partners in the limited partnership must agree to the deregistration process. That avoids both the potentially protracted process of dissolving and winding up the limited partnership before it becomes a different entity, and the associated administrative burden that would fall upon the registrar.

Seema Malhotra: We discussed clause 125 previously, but it is perhaps helpful to summarise it. Labour supports the clause. It would insert proposed new sections 18 to 24 into the Limited Partnerships Act 1907. They would give the registrar the power to publish a warning notice if she has reasonable cause to believe that a limited partnership has been dissolved. In the absence of any information to the contrary being received within two months, the registrar would have the power to publish a dissolution notice, and the partnership would be dissolved. The proposed new sections also provide for a process for applications to the registrar or court to revive a limited partnership if certain conditions are met.

Clause 126 is a transitional provision. It provides that if the registrar exercises the powers in clause 125 during the six-month period—is it during the six-month period or after it?—after the Bill comes into force, she can publish a notice stating that she has reasonable cause to believe that a limited partnership has been dissolved without having to comply with the warning notice or notification provisions. Will the Minister clarify whether the power applies within the six months or after the six months?

Clause 127 inserts a proposed new section into the Limited Partnerships Act to allow limited partnerships that want to cease to exist to apply to the registrar to be removed if all the partners agree to deregister the partnership. Will the Minister assure the Committee that the clause will not enable limited partnerships involved in wrongdoing and economic crime to voluntarily dissolve before any scrutiny or investigation into them? Will there be safeguards against that occurring?

Kevin Hollinrake: On the hon. Lady's point of clarification, it is after the six-month period.

On the hon. Lady's latter point, about the dissolution of a company, will she clarify what question she wants me to address?

Seema Malhotra: I am very happy to. Clause 127 enables limited partnerships to apply to be deregistered if all partners agree. My question relates to the potential opportunity that that provides a partnership where there has been wrongdoing or economic crime and the deregistration is an attempt to avoid scrutiny or investigation. Are there any safeguards around that? Will checks take place if partners apply to voluntarily deregister under the provisions of the clause?

Kevin Hollinrake: That is a fair point. Off the top of my head, I would say that that might be a red flag and the registrar would look in more detail into the parties related to the deregistration, but I will write to the hon. Lady to provide further detail on that point.

Question put and agreed to.

Clause 125 accordingly ordered to stand part of the Bill.

Clauses 126 and 127 ordered to stand part of the Bill.

Clause 128

Delivery of documents relating to limited partnerships

Seema Malhotra: I beg to move amendment 166, in clause 128, page 117, leave out lines 7 to 23 and insert—

"(1) An individual may not deliver a document under a provision listed in subsection (4) to the registrar on their own behalf unless—

(a) the individual's identity is verified (see section 1110A which, for the purposes of this section, will apply to limited partnerships as it applies to companies), or

(b) the individual falls within any exemption that may be specified in regulations made by the Secretary of State for the purposes of this paragraph.

(2) An individual may not deliver documents to the registrar on behalf of another person unless—

(a) the individual's identity is verified (see section 1110A),

(b) the individual is an authorised corporate service provider,

(c) the individual is an employee of an authorised corporate service provider and is acting in the course of their employment, or

(d) the individual falls within any exemption that may be specified in regulations made by the Secretary of State for the purposes of this paragraph.

(3) A document delivered to the registrar by an individual on their own behalf must be accompanied by—

(a) a statement that the individual's identity is verified, or

(b) a statement that the individual falls within an exemption specified in regulations under subsection (1)(b).

(3A) A document delivered to the registrar by an individual on behalf of another person must be accompanied by—

(a) a statement that the individual's identity is verified and that they have the person's authority to deliver the document,

(b) a statement that the individual is an authorised corporate service provider and that they have the person's authority to deliver the document,

(c) a statement that the individual is an employee of an authorized corporate service provider and is acting in the course of their employment and that the authorised corporate service provider has the person's authority to deliver the document, or

(d) a statement that the individual falls within an exemption specified in regulations under subsection (2)(d) and that they have the person's authority to deliver the document.

(3B) Regulations under subsection (1)(b) or (2)(d) are subject to affirmative resolution procedure."

It is a pleasure to move the amendment tabled by my right hon. Friend the Member for Barking. The clause sets out that certain documents relating to a limited partnership can be delivered to the registrar only by an authorised corporate service provider. The documents include, but are not limited to, applications for registration, changes of address, changes relating to partners, and confirmation of statements.

We are concerned by the provisions set out in the clause, particularly those on allowing documents relating to limited partnerships to be submitted only by ACSPs, given the concerns that have been raised about economic crime committed through ACSPs. As a result, we support amendment 166, which would expand beyond just ACSPs the range of people who can deliver documents relating to limited partnerships. It would remove the provision in the clause that mandates that only ACSPs can deliver such documents and replace it with new provisions.

12.15 pm

The amendment speaks for itself. In sum, rather than prohibiting the use of other individuals in relation to limited partnerships, the amendment provides a common-sense compromise by allowing individuals who have had their identity verified to submit documents relating to limited partnerships on their own behalf. Without the amendment, the Bill will enable company officers to submit identify-verified documents on their own behalf, but not the officers and partners of limited partnerships. Will the Minister expand on the Government's reasoning for not allowing limited partnerships the same registration mechanisms as companies?

I do not need to remind the Minister of the potential wrongdoing or risks that have been identified in relation to the use of ACSPs for registering purposes. I refer him to Nick Van Benschoten of UK Finance, who, when giving evidence to the Committee, stated:

"we need a much more cautious approach in relation to the reliability of that service."—[*Official Report, Economic Crime and Corporate Transparency Public Bill Committee,* 25 October 2022; c. 13, Q14.]

Surely, it makes sense to consider inserting provisions into the Bill to ensure that limited partnerships can, like companies, have documents registered by their own officers rather than only by ACSPs. I will be grateful for the Minister's response.

Kevin Hollinrake: I am happy to provide that clarification. I thank the right hon. Member for Barking, who is not present today, for her amendment. The measures in part 2 are intended to tackle the role of limited partnerships in global money laundering schemes. Clause 128 ensures that key documents pertaining to limited partnerships can be submitted only by an authorised corporate service provider. The key is that those providers must be registered with the registrar and supervised for anti-money laundering purposes. Doing so will give the registrar a clear audit trail of who has been setting up and providing corporate services to limited partnerships, and enable that audit trail to be shared with AML supervisors.

The hon. Member for Feltham and Heston is absolutely right to say that there are question marks over corporate service providers. We know that, and we recognise those comments from UK Finance. That is why the Treasury is undertaking the consultation on how we can improve the supervision of corporate service providers, which certainly needs to be done. As I have said many times, corporate service providers can be major accountants that are bona fide organisations; the hon. Lady refers to the minority of corporate service providers that we do need to better regulate and supervise. That body of work is currently being undertaken.

We think the approach of requiring ACSPs to provide the documentation, which is more restrictive than the filing options for limited companies, is appropriate given both the relatively low numbers of limited partnerships created each year and the fact that they are used chiefly by the investment sector, which routinely uses agents. The amendment would require individuals to submit documents if their identity was verified, but it would remove the requirement for individuals to be relevant persons under the money laundering regulations. I do not think that would be the right approach. It would mean that they would not, for example, have the obligation to conduct due diligence checks on those on whose behalf they were acting or to adhere to record-keeping requirements, and they would not be supervised for anti-money laundering purposes.

Clause 128 will serve not just to better support supervision but as a prompt for better supervision, so I invite the hon. Member for Feltham and Heston to withdraw the amendment.

Seema Malhotra: I thank the Minister for his remarks. This is an important debate. I am not sure that we have exhausted it today, and we may not, but it strikes me that the Minister's main argument—that the volume of registrations might be less—is not the strongest. I wish to look further at what he said about who and what would fall under anti-money laundering regulations and whether the amendment could reduce some of the scrutiny and controls in that respect. I do not believe that would necessarily be the case if we were effectively allowing individuals to submit documents on their own behalf if they wished to do so.

It would be worth our coming back to this issue. I do not intend to press the amendment to a vote, and I am sure that my right hon. Friend the Member for Barking will also want to reflect on the Minister's comments, but we remain concerned about the delivery of documents relating to limited partnerships. I recognise what the Minister said, but I also appreciate—he will know this from his work on these issues in the past—the concerns about trust and company service providers and ACSPs. If we can make the provision a little stronger and a little more in line with the way the process works for companies,

and if we push the argument just a little further and there is not as strong a downside as the Minister believes, it may be worth coming back to this issue. I will reflect on it with my right hon. Friend. On that basis, I intend to withdraw the amendment.

Kevin Hollinrake: Just to clarify, my argument was not that smaller numbers of limited partnerships are being set up and therefore the risk is less. It is quite the opposite: we know that limited partnerships have been involved in economic crime so we think the risk is greater. That is why we want to put in an extra layer of scrutiny. We believe that introducing somebody who is supervised under the AML regulations provides that extra level of scrutiny and an extra level of check and balance in the process. That is our basic argument.

Seema Malhotra: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment made: 41, in clause 128, page 117, line 39, leave out from beginning to end of line 16 on page 118.
—(Kevin Hollinrake.)

This amendment is consequential on NC9.

Question proposed, That the clause, as amended, stand part of the Bill.

Kevin Hollinrake: Clause 128 is another simple clause. It ensures that key documents pertaining to limited partnerships can be submitted only by an authorised corporate service provider. I have already set out why clause 128 is so important in making limited partnerships and their partners subject to a greater level of scrutiny than they are currently exposed to.

Seema Malhotra: As the Minister has outlined, clause 128 inserts into the Limited Partnerships Act proposed new sections 26 and 27, which require applications for registration and documentation of changes to be submitted by an ACSP. We have had a useful debate to which I am sure we will return.

Proposed new section 27 gives the Secretary of State the power to disapply section 26 if that is necessary
"in the interests of national security"
or
"for the purposes of preventing or detecting serious crime".
We did not go into this exemption in much detail and the Minister may have some further comments on it. The ideas of national security and preventing or detecting serious crime are quite broad; perhaps the Minister could comment on some of the circumstances in which he sees the power being used by the Secretary of State and whether this might be an example of where the use of the power and the number of times it is used should be reported through some mechanism to Parliament.

The Chair: I remind everybody that we are discussing clause 128.

Seema Malhotra: Yes, that is in clause 128.

Kevin Hollinrake: We have debated the same issue at length on a number of occasions. We feel they are proportionate powers to hand the Secretary of State and will be used very rarely.

Question put and agreed to.

Clause 128, as amended, accordingly ordered to stand part of the Bill.

Clause 129

General false statement offences

Question proposed, That the clause stand part of the Bill.

Kevin Hollinrake: Clause 129 simply introduces two false statement offences—basic and aggravated—into the Limited Partnerships Act. The offences mirror those in the Companies Act and the Economic Crime (Transparency and Enforcement) Act 2022. The Committee has supported this approach when debating other clauses.

Seema Malhotra: I thank the Minister for his remarks. I just want to clarify for the record that clause 128 was confusing, Ms Elliott, because I was talking about proposed new sections 26 and 27, which are in clause 128. I hope that has cleared that up.

Clause 129 relates to general false statement offences. As the Minister said, the clause introduces two levels of offences relating to the submission of a false, misleading or deceptive document or statement to the registrar. That is absolutely right. Proposed new section 28 defines offences where such submissions are made without reasonable excuse and proposed new section 29 defines aggravated offences where such submissions are made knowingly. In each case, where an offence is committed by a legal entity, every managing officer of the entity will also be deemed to have committed the offence. We welcome the new offences and support the clause.

Question put and agreed to.

Clause 129 accordingly ordered to stand part of the Bill.

Clause 130

Service on a limited partnership

Question proposed, That the clause stand part of the Bill.

Kevin Hollinrake: Clause 130 specifies how documents may be served at the registered office for the purposes of the Limited Partnerships Act. The clause is necessary to ensure that the registrar or another body can serve documents to a limited partnership's registered address with assurances that they will be received. It is in line with the principles we discussed in part 1 of the Bill.

Seema Malhotra: I thank the Minister for his comments. We support this straightforward clause. It inserts a new section in the Limited Partnerships Act to enable documents to be served on the limited partnership by leaving them at or sending them to their registered office. We welcome and support the clause.

Question put and agreed to.

Clause 130 accordingly ordered to stand part of the Bill.

Clause 131

APPLICATION OF COMPANY LAW

Kevin Hollinrake: I beg to move amendment 42, in clause 131, page 120, line 18, leave out

"any Act, whenever passed or made"

and insert

"either of the following, whenever passed or made—

(a) an Act;

(b) Northern Ireland legislation."

This would allow for consequential amendments to be made to Northern Ireland legislation if the power inserted by clause 131 of the Bill is exercised to apply company law to limited partnerships, for example amendments to the Company Directors Disqualification (Northern Ireland) Order 2002.

The Chair: With this it will be convenient to discuss the following:

Clauses 131 to 133 stand part.

New clause 48—*Application of Part XIV of the Companies Act 1985 to limited partnerships*—

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

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

Kevin Hollinrake: To set the context, clause 131 permits the application of company law to limited partnerships where that provision of company law is similar to, or corresponds to, limited partnership law. That will ensure that when company law is amended over time, the corresponding limited partnership law can be amended alongside it, making it easier to keep company law and limited partnership law aligned. To ensure the appropriate level of parliamentary scrutiny, the regulation-making power in the clause will be subject to the procedure applied to the company law that it will adapt. Government amendment 42 amends clause 131 so that the Company Directors Disqualification (Northern Ireland) Order 2002 can be updated to apply to limited partnerships, so that we can disqualify general partners for their actions within a limited partnership.

Turning to clause 132, there is some ambiguity as to whether a limited partnership that is registered in Scotland, or one that is in business in Scotland but registered elsewhere in the UK, has legal personality distinct from its partners. That has significant consequences as the partnerships that are legal persons distinct from their partners can, for example, enter into contracts and own property in their own right. The clause clarifies that only those limited partnerships that have been registered by the registrar for Scotland are legal persons distinct from their partners. That puts beyond doubt the fact that limited partnerships that have their principal base of business in Scotland but are not registered in Scotland are not legal persons in their own right—the place of registration is determinative.

Clause 133 provides that regulation-making powers can also make consequential, supplementary, incidental, transitional and saving provisions. It sets out definitions for negative and affirmative procedures. I am happy to let Opposition Members speak to their amendment before I respond.

Seema Malhotra: It is a pleasure to speak to new clause 48, which would extend the investigations regime under part XIV of the Companies Act 1985 to include limited partnerships. The new clause simply applies to limited partnerships the investigation regimes that companies are currently subject to. We have heard throughout the Committee's debate on part 2 of the Bill how limited partnerships can be used as a vehicle for economic crime. We have raised numerous concerns, reports and consultations by this Government and other agencies that identify the risk of economic crime through limited partnerships and Scottish limited partnerships. As a result, new clause 48 provides a simple mechanism for applying more scrutiny and transparency to limited partnerships—something I am sure the Government will agree is important. I would be grateful for the Minister's response on this matter. I hope the Minister will consider the strong reasons for bringing in this new clause.

Kevin Hollinrake: On new clause 48, it is of course right that Companies House should have the necessary powers to investigate wrongdoing by limited partnerships. I am fully signed up to improving transparency and scrutiny, as the shadow Minister knows. One thing we want to avoid, though, is duplication. I will set out why I think the amendment is unnecessary on that basis.

The provisions set out in part XIV of the Companies Act 1985 allow the Secretary of State to appoint investigators to conduct investigations into companies' affairs. Part XIV applies to companies, overseas companies, and limited liability partnerships. All of these are bodies corporate with independent legal personality. In these cases, it makes sense to have powers to investigate the conduct of the people running them to ensure that they cannot hide behind the independent legal personality of the entity itself.

In contrast, where a limited partnership has no separate legal personality, the conduct of its partners is unshielded. They can already be investigated for fraudulent and other unlawful conduct under existing criminal law and prosecuted accordingly. Where a partner in a limited partnership is itself a company, the provisions of part XIV would already apply to them. It is therefore unnecessary to extend the investigations regime under part XIV in its entirety to limited partnerships, as this amendment would.

Nevertheless, I welcome and am happy to consider suggestions that help us to root out wrongdoers and deal with them appropriately. I have asked my officials to consider which of the measures in part XIV of the 1985 Act there might be a case for refashioning to bolster the authorities' ability to investigate limited partnerships and those concerned in their management.

Seema Malhotra: I thank the Minister for his very helpful response to new clause 48. I think it is the right way forward to be considering the provisions in part XIV of the Companies Act 1985 that might be relevant and applicable, so that we do not duplicate what may be on statute elsewhere. The easiest way to keep this issue on record for further debate would be for the Minister to come back to me in writing once officials have had a chance to make their assessment. We would be grateful for that.

Clause 131 sets out provision for regulations to be made by the Secretary of State to facilitate the continuing alignment of partnership law with general company law. We support this, and the discussion we have just had is in alignment with that principle. We also support amendment 42. Clause 132 sets out provisions to make it clear that a limited partnership registered in any part of the UK other than Scotland does not have an independent legal personality, even if its principal place of business is in Scotland. The location of registration is the determining factor. It would be helpful if the Minister spoke to this measure, so that we are clear on the reasons behind it. Clause 133 inserts new section 28 into the Limited Partnerships Act 1907 and sets out the general provisions for regulations that can be made under that Act and that the power to make regulations will be exercisable by SI.

I also just wanted to clarify the process by which regulations will be made, because I think they are subject to negative procedure rather than positive resolution procedure. I just wondered why the Government have made that decision about these regulations.

Kevin Hollinrake: In terms of the situation with Scotland, it can be confusing for third parties—it might be a bank, for example; opening a bank account—to understand the difference between a business that is operating in Scotland and has a base there, and one that is registered as a Scottish limited partnership. This measure is trying to clarify in law the difference between the two, to try to ensure that the right questions are asked in those circumstances. That is the basis for this clarification.

If I may, I will write to the hon. Lady to say why we have determined that regulations made under the negative or affirmative procedure should be treated in the way she describes.

Amendment 42 agreed to.

Clause 131, as amended, ordered to stand part of the Bill.

Clauses 132 and 133 ordered to stand part of the Bill.

Clause 134

LIMITED PARTNERSHIPS: FURTHER AMENDMENTS

Question proposed, That the clause stand part of the Bill.

The Chair: With this, it will be convenient to consider that schedule 5 be the Fifth schedule to the Bill.

Kevin Hollinrake: Clause 134 omits section 17 of the Limited Partnerships Act 1907, which gives a power to the Board of Trade to make rulings relating to the registrar's functions, including duties, forms and performance of officers. This is because section 1068 of the Companies Act 2006 contains a power for the registrar to impose requirements about the form, authentication and manner of delivery for documents, which renders section 17 of the 1907 Act unnecessary.

Schedule 5 adds new headings to the 1907 Act to ensure that the legislation flows coherently. These reflect the new provisions inserted into the 1907 Act by this Bill.

Seema Malhotra: I am grateful to the Minister for laying that out. As he outlined, clause 134 omits section 17 of the Limited Partnerships Act 1907 and introduces schedule 5 to that Act, which makes consequential amendments. We have no issues with or comments to make on this clause.

Question put and agreed to.

Clause 134 accordingly ordered to stand part of the Bill.

Schedule 5 agreed to.

Clause 135

REGISTER OF OVERSEAS ENTITIES

Question proposed, That the clause stand part of the Bill.

Kevin Hollinrake: The clauses that we will now debate in part 3 of the Bill make amendments to the Economic Crime (Transparency and Enforcement) Act 2022, which establishes the register of overseas entities. The amendments all serve either to either address issues identified post-implementation or to align the ECTE Act with similar provisions in companies legislation, for instance provisions relating to false statement offences.

The ECTE Act requires overseas entities that own or intend to own land in the United Kingdom to register their beneficial owners with Companies House in certain circumstances. The ROE opened for registrations on 1 August 2022. Section 3 of the ECTE Act currently states that the register is to consist of the following:

"a list of registered overseas entities…documents delivered to the registrar under this Part or regulations made under it, or otherwise in connection with the register, and…any other information required to be included in the register by this Part or regulations made under it."

12.45 pm

Clause 135 amends section 3(2)(b) of the 2022 Act to clarify that the register will consist of documents delivered to the registrar under the Companies Act 2006, as well as under the ECTE Act—for example, responses to an information notice sent under proposed new section 1092A of the Companies Act, which is inserted by this Bill. That form of wording is clearer than the previous wording,

"or otherwise in connection to the register".

The clause will clarify the contents of the register of overseas entities by addressing an issue over the clarity of the current drafting identified post implementation.

Stephen Kinnock (Aberavon) (Lab): It is a pleasure to serve under your chairmanship, Ms Elliott. I want to make a few general points about registers of beneficial ownership and have a number of questions for the Minister, as a preamble to commenting on clause 135 specifically. Registers of beneficial ownership are not, of course, a new concept. We have had one for UK companies, namely the people of significant control register, since 2016. In that year, David Cameron made what would turn out to be the first of many promises to introduce a register of overseas owners of UK property, meaning that for the first time

"foreign companies that already hold or want to buy property in the UK will be forced to reveal who really owns them".

Yet here we are, six and a half years and four Prime Ministers later, still discussing how to implement the register. After years of kicking the can down the road, it

[Stephen Kinnock]

took the Russian invasion of Ukraine to jolt the Government into action. The first of this year's economic crime Bills, now the Economic Crime (Transparency and Enforcement) Act, provided the legislative basis for the register of overseas entities, which at long last went live on 1 August.

As much as I welcome the fact that the register is now up and running, it remains very much a work in progress. The legislation passed earlier this year was rushed through on an expedited timetable, with just two weeks of debate. The need to amend what was clearly a hastily drafted law is reflected in the changes set out in clauses 135 to 140. Before addressing the substance of the clauses, it is worth taking stock of what progress has been made in setting up the register and, more importantly, what more needs to be done. According to Government figures, some 32,000 overseas companies are required to register with Companies House by 31 January. Between them, those companies own almost 100,000 properties in the UK. It was the Minister himself, in his previous incarnation as a Back Bencher, who argued forcefully back in March for the transition period during which those 32,000 companies would be required to register to be limited to six months.

Now that we have reached the halfway point in the process, I asked the Minister in written questions how many companies have now registered. Members might have reasonably expected the number to be somewhere in the region of 16,000, or half of the 32,000 total required. Imagine my surprise and disappointment when the Minister replied to my written question saying that, in fact, only 3,214 entities had registered as of last week; in other words, just 10% of those required. If progress were to continue at such a sluggish rate, the register would not be completed until 2025. I therefore ask the Minister whether he has a magic wand, and whether he intends to use it to ensure that the remaining 90% of companies comply with the registration requirement in the next three months.

I will also ask the Minister what he thinks is the reason for the astonishingly low number of registrations to date. But the answer to that question is in fact clear: the failure of the Government to enact the new law until the situation became urgent due to the war in Ukraine meant that the regulations and statutory guidance were sloppily drafted without consultation, leaving the entire framework riddled with holes and shrouded in uncertainty.

I hope the Minister will take the opportunity we have today to clarify some of the issues. Companies House has written to entities to inform them that they need to register, but the data used to contact them came from the Land Registry. That data is, in many cases, out of date. What assessment have the Government made of the accuracy of the contact information provided by the Land Registry? What steps is the Minister taking to ensure that everyone who is expected to register is at least made aware of the requirement in time for them to apply ahead of the 31 January deadline?

Will the Minister also confirm what additional resources, if any, have been made available to Companies House to support the introduction of the register? How many staff are now working to support its implementation? What preparations are the Government making to deal with companies that fail to comply before the deadline? Specifically, how will Companies House identify such companies and work quickly to impose the financial and criminal penalties that the Government have provided for? Will the Minister explain how the Government plan to deal with companies whose beneficial ownership cannot be verified? His Department's guidance says that entities that claim to have no beneficial owner should provide information without a "managing officer", but that term is not defined in the guidance. Can the Minister shed some light on this?

Clause 135 makes what appear to be minor technical changes to the wording of documentation to be held as part of the register. To the extent that those changes help ensure that the information on the register is giving as complete and as accurate a picture of companies beneficial ownership as possible, the changes are welcomed by the Opposition.

Kevin Hollinrake: I very much value the hon. Gentleman's comments and reflections. There is no doubt at all that the measures are a work in progress; that is one of the reasons behind the Bill, of course. I enjoyed answering his questions in writing and we will no doubt correspond further on such matters. He is right to scrutinise the activities of Companies House, which I have sought to do as well.

Let me give a few facts that may help the hon. Gentleman. As of today, there are 3,893 registrations; that is a more up-to-date figure than the one I gave him on 11 November, which was about 3,500. That equates to about 400 in the past six or seven days, which illustrates that the number of registrations is increasing significantly. We always thought that there would be a last-minute rush to file because, as the hon. Gentleman knows, there are significant penalties for not doing so: up to £2,500 per day and a prison sentence of up to five years. That is the risk that those who do not comply are taking, which is pretty significant, so we always thought that there would be a last-minute rush.

To answer one or two of his other questions, eight people are working full time on the register of overseas entities and 20 are trained to handle registrations. They are deployed relevant to workload. There is no current backlog at His Majesty's Revenue and Customs in this regard. A managing officer is defined in the Act as being akin to a director, secretary or manager.

Stephen Kinnock: On that point about staffing, I think the Minister's point is that there will be a last-minute rush. Is he confident that the current staffing levels are sufficient to cope with that last-minute rush—that surge?

Kevin Hollinrake: I am not intimately involved in the management of the register. It would be interesting to see and that is a fair point. I will write to the hon. Gentleman. I have asked Companies House to provide us with that information, which it has done, about the activities it is undertaking to pursue people who have not yet completed their registration. We will continue to do that. In the meantime, I am happy to write to the hon. Gentleman on the points he has raised and, indeed, on his further point about making sure that we have enough staff to deal with the last-minute rush that we anticipate.

Stephen Kinnock: I thank the Minister for that. Does he have any thoughts on the interface between the Land Registry and the register of beneficial owners? It appears that a lot of the information on the Land Registry is seriously outdated. What steps are being taken to address that challenge, and does he see a risk in the communication between them?

Kevin Hollinrake: I do not see there being a risk of a lack of communication; they seem to be working together adequately. There is no doubt that some information is out of date. Many overseas entities have not kept their address details up to date, and many letters have been returned as undeliverable. Companies House is undertaking open-source research to try to identify up-to-date addresses, and we are working with stakeholders to raise awareness of the requirements and the deadline.

Companies House is used to dealing with large number of registrations, and we believe it can handle much larger volumes than it is receiving. The hon. Gentleman has asked some detailed questions and made some salient points that I want to follow up with Companies House in order to make sure that we can maintain the register properly, and I suggest we correspond on that basis.

Question put and agreed to.

Clause 135 accordingly ordered to stand part of the Bill.

Ordered, That further consideration be now adjourned. *—(Scott Mann.)*

12.56 pm

Adjourned till this day at Two o'clock.