

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

ECONOMIC CRIME AND CORPORATE TRANSPARENCY BILL

Sixteenth Sitting

Tuesday 22 November 2022

(Afternoon)

CONTENTS

CLAUSES 160 to 162 agreed to.

New clauses considered.

Adjourned till Thursday 24 November at half-past Eleven o'clock.

Written evidence reported to the House.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 26 November 2022

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The Committee consisted of the following Members:

Chairs: MR LAURENCE ROBERTSON, HANNAH BARDELL, † JULIE ELLIOTT, SIR CHRISTOPHER CHOPE

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

Public Bill Committee

Tuesday 22 November 2022

(Afternoon)

[JULIE ELLIOTT *in the Chair*]

Economic Crime and Corporate Transparency Bill

2 pm

Clause 160

EXTENT

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

The Chair: With this it will be convenient to consider clauses 161 and 162 stand part.

The Minister for Security (Tom Tugendhat): It is nice to see you this afternoon, Ms Elliott. I look forward to proceeding in order for some parts of this afternoon sitting.

Clause 160 details the Bill's territorial extent. In preparing the Bill, both Ministers and officials have engaged extensively with their counterparts in the devolved Administrations to ensure that we tackle economic crime and strengthen corporate transparency across all of the United Kingdom. The measures in the Bill extend to England and Wales, Scotland, and Northern Ireland. Some of its provisions have a lesser extent, where they amend existing legislation that extends only to one or two different parts of the UK. In the opinion of the UK Government, the Bill makes some provision for areas within the devolved competence of Wales, Scotland and Northern Ireland. However, the Bill respects the devolution settlements and, where relevant, legislative consent motions are being sought from the devolved Administrations.

Clause 161 sets out procedural detail for the commencement of the Bill's provisions. It stipulates the various dates when, and conditions under which, the various sections and subsections will come into force. The Secretary of State can make regulations that set the date for certain provisions to come into force. Different days may be appointed for different purposes. The Secretary of State can also make transitional or savings provisions for regulations made under certain clauses, as set out in the Bill. Any regulations made under the clause are to be made by statutory instrument.

Clause 162 establishes that the title of the Bill once it becomes an Act will be the Economic Crime and Corporate Transparency Act. The short title is a standard clause in any Bill.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): It is a pleasure to serve under your chairship, Ms Elliott.

I have a few limited remarks to make as we approach the end of clause-by-clause consideration and before we move on to new clauses. As the Minister said, clause 160 extends the Bill to England and Wales, Scotland, and Northern Ireland. I was grateful for his comments about liaison with the Scottish Parliament and the Welsh Senedd. There are obviously current challenges in respect of the Northern Ireland Executive. I would be grateful for some clarity about how the engagement with the devolved Administrations is going, because it has been a theme, certainly during the earlier debates. It is important that we can have confidence that all the issues that are being raised in our deliberations are coming into the Bill.

Clause 161 sets out when the Bill's provisions will come into force. I am sure the Minister will want to give assurances that that will be no later than is absolutely necessary, bearing in mind the urgency of the measures. Clause 162 establishes the short title and we welcome it.

Tom Tugendhat: Different devolved Administrations have been contacted in different ways. Some of them have been written to, and I have sought conversations with some, although that has not always been achieved because of other people's diaries as well as my own. The conversation is ongoing and, although I hope the Bill will be passed soon, it will have to continue because many things are going to change over the coming years.

Question put and agreed to.

Clause 160 accordingly ordered to stand part of the Bill.

Clauses 161 and 162 ordered to stand part of the Bill.

New Clause 1

CHANGE OF ADDRESSES OF OFFICERS OF OVERSEAS COMPANIES BY REGISTRAR

"In section 1046 of the Companies Act 2006 (overseas companies: registration of particulars), after subsection (6) insert—

(6A) Where regulations under this section require an overseas company to deliver to the registrar for registration—

- (a) a service address for an officer of the company, or
- (b) the address of the principal office of an officer of the company,

the regulations may make provision corresponding or similar to any provision made by section 1097B or 1097C (rectification of register relating to service addresses or principal office addresses) or to provision that may be made by regulations made under that section."—(Kevin Hollinrake.)

Where an overseas company is required to provide a service address or principal office address for a director or secretary, this new clause enables regulations to be made conferring power on the registrar to change the address if it does not meet the statutory requirements or is inaccurate.

Brought up, and read the First time.

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Kevin Hollinrake): I beg to move, That the clause be read a Second time.

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

Government new clause 2—*Overseas companies: availability of material for public inspection etc.*

Government new clause 3—*Registered addresses of an overseas company.*

Government new clause 4—*Overseas companies: identity verification of directors.*

Kevin Hollinrake: It is always a pleasure to serve with you in the Chair, Ms Elliott. Government new clauses 1 to 4 will introduce delegated powers allowing for the application of the Companies House reform measures elsewhere in the Bill to overseas companies registered in the UK. In this context, an overseas company is one that is incorporated overseas but that has a physical establishment or branch in the UK. Under long-standing provisions in the Companies Act 2006, that presence brings with it certain obligations to register information with Companies House.

New clauses 1 to 3 allow for the making of regulations requiring overseas companies that have established a physical presence in the UK to provide an appropriate address for the overseas company, their directors or other officers, to the same standard required of domestic companies incorporated here in the UK. The aim is the same—to ensure that addresses and email addresses on the companies register are accurate and that documents sent to them will reach the companies concerned or their officers.

New clause 4 allows the application, through regulations, of identity verification requirements to directors of overseas companies operating in the UK. Through that, the Government seek to ensure that companies governed by the laws of other jurisdictions that operate in the UK are subject to identity verification requirements that are introduced by the Bill and will apply to UK companies. Regulations under the power will include requiring the delivery of statements or other information to the registrar. They will also include exemptions from identity verification on national security grounds.

The application of identity verification obligations through secondary legislation will allow the Government to adapt ID verification requirements at speed. Overseas companies who operate within the UK are only within limited control of UK law. UK legislation affecting them therefore needs to adapt more quickly to their changing circumstances than primary legislation would allow for.

Seema Malhotra: It is a pleasure to speak to the new clauses. The Minister has outlined the rationale for them, which is to bring some of the rules around overseas companies more in line with some other changes being made in the Bill. We welcome that, but I have a few questions.

New clause 1 outlines that where an overseas company is required to provide a service address or principal office address for a director or secretary, regulations can be made conferring power on the registrar to change the address if it does not meet the statutory requirements or is inaccurate. Who might determine whether the address is inaccurate? Is the expectation that the registrar finds that out or is that just about if something happens to be found out by chance? Is there any more information on how the power might be used to determine that an address is inaccurate?

New clause 2 confers a regulation-making power to require overseas companies to register information. The new clause makes it clear that the regulations can provide for the information to be withheld from public inspection and can confer a discretion on the registrar. We have had similar debates in Committee already. We will keep coming back to the question of the use of powers and

the reporting on the use of those powers, particularly where information may be withheld. Would this be an example of a new power on the withholding of information from public inspection where the number of times it is used ought to be reported on? That would not need to give away details about whom the power had applied to, but it would help give an overall view of how the powers in the Bill were being used.

Under new clause 3, new regulations would require overseas companies to provide and maintain an appropriate address and email address. Would those new regulations be subject to the affirmative procedure, assuming that they would be in secondary legislation rather than in the Bill? It was not fully clear to me whether some of these matters were included in the Bill or whether they were regulations to enable the measures to come in later. Will the Minister clarify that?

Kevin Hollinrake: I am happy to, and I thank the hon. Lady for her points. As we have said during similar discussions, the registrar will have access to information; most of the queries that she will follow up will have come through information received during the course of her duties. It does not make sense for Companies House to physically validate all addresses, but nevertheless information may well come to light through the registrar's work or the requirement for other bodies to share information with her if they feel that inaccurate information is on the register. That is how we anticipate that information will come forward.

I will not revisit the issue of national security other than to say that the power will be used sparingly and that we do not know what we do not know, so it is important that we have a provision that might be necessary in future.

Regulations under new clause 4 will correspond to regulations applying to UK companies made and debated by Parliament under the affirmative procedure. The extension to overseas companies would therefore not require additional scrutiny by Parliament and the regulations will be subject to the negative procedure.

Question put and agreed to.

New clause 1 accordingly read a Second time, and added to the Bill.

New Clause 2

OVERSEAS COMPANIES: AVAILABILITY OF MATERIAL FOR PUBLIC INSPECTION ETC

“In section 1046 of the Companies Act 2006 (overseas companies: registration of particulars), after subsection (6A) (inserted by section (Change of addresses of officers of overseas companies by registrar) of this Act) insert—

“(6B) Regulations under this section may include provision for information delivered to the registrar under the regulations to be withheld from public inspection.

(6C) The provision that may be made by regulations under this section includes provision conferring a discretion on the registrar.”—(*Kevin Hollinrake.*)

Section 1046 of the Companies Act 2006 confers a regulation-making power to require overseas companies to register information. The new clause makes it clear that the regulations can provide for the information to be withheld from public inspection and that they can confer a discretion on the registrar.

Brought up, read the First and Second time, and added to the Bill.

New Clause 3

REGISTERED ADDRESSES OF AN OVERSEAS COMPANY

“(1) The Companies Act 2006 is amended as follows.

(2) After section 1048 insert—

‘1048A Registered addresses of an overseas company

(1) The Secretary of State may by regulations make provision requiring an overseas company that is required to register particulars under section 1046 to deliver to the registrar for registration—

- (a) a statement specifying an address in the United Kingdom that is an appropriate address for the company;
- (b) a statement specifying an appropriate email address for the company.

(2) The regulations may include provision—

- (a) allowing an overseas company to change the address or email address for the time being registered for it under the regulations;
- (b) requiring an overseas company to ensure that the address or email address for the time being registered for it under the regulations is an appropriate address or appropriate email address.

(3) The regulations may include—

- (a) provision for information contained in a statement specifying an appropriate email address to be withheld from public inspection;
- (b) provision corresponding or similar to any provision made by section 1097A (rectification of register relating to a company’s registered office) or to provision that may be made by regulations made under that section.

(4) In this section—

“appropriate address” has the meaning given by section 86(2);

“appropriate email address” has the meaning given by section 88A(2).

(5) Regulations under this section are subject to negative resolution procedure.’

(3) In section 1139 (service of documents on company), for subsections (2) and (3) substitute—

‘(2) A document may be served on an overseas company whose particulars are registered under section 1046—

- (a) by leaving it at, or sending it by post to, the company’s registered address, or
- (b) by leaving it at, or sending it by post to, the registered address of any person resident in the United Kingdom who is authorised to accept service of documents on the company’s behalf.

(3) In subsection (2) “registered address”—

- (a) in relation to the overseas company, means the address for the time being registered for the company under regulations under section 1048A(1)(a);
- (b) in relation to a person other than the overseas company, means any address for the time being shown as a current address in relation to that person in the part of the register available for public inspection.”—(Kevin Hollinrake.)

Regulations under this new clause can require an overseas company to provide and maintain an appropriate address and appropriate email address. Broadly speaking, an address is appropriate if documents sent there will reach the company.

Brought up, read the First and Second time, and added to the Bill.

New Clause 4

OVERSEAS COMPANIES: IDENTITY VERIFICATION OF
DIRECTORS

“After section 1048A of the Companies Act 2006 (inserted by section (Registered addresses of overseas companies) of this Act) insert—

‘1048B Identity verification of directors

(1) This section applies in relation to an overseas company that is required to register particulars under section 1046.

(2) The Secretary of State may by regulations make provision for the purpose of ensuring that each individual who is a director of such a company—

- (a) is an individual whose identity is verified (see section 1110A), or
- (b) falls within any exemption from identity verification that may be provided for by the regulations.

(3) The regulations may include provision—

- (a) requiring the delivery of statements or other information to the registrar;
- (b) for statements or other information delivered to the registrar under the regulations to be withheld from public inspection;
- (c) applying section 167M (prohibition on director acting unless ID verified), with or without modifications;
- (d) applying section 1110D (exemption from identity verification: national security grounds), with or without modifications.

(4) Regulations under this section are subject to negative resolution procedure.”—(Kevin Hollinrake.)

Regulations under this new clause can impose identity verification requirements on the directors of overseas companies, corresponding to the requirements introduced by the Bill for directors of UK companies.

Brought up, read the First and Second time, and added to the Bill.

New Clause 5

RECTIFICATION OF REGISTER: SERVICE ADDRESSES

“(1) The Companies Act 2006 is amended as follows.

(2) After section 1097A insert—

‘1097B Rectification of register: service addresses

(1) The Secretary of State may by regulations make provision authorising or requiring the registrar to change a registered service address of a relevant person if satisfied that the address does not meet the requirements of section 1141(1) and (2).

(2) In this section—

“registered service address”, in relation to a relevant person, means the address for the time being shown in the register as the person’s current service address;

“relevant person” means—

- (a) a director of a company that is not an overseas company,
- (b) a secretary or one of the joint secretaries of a company that is not an overseas company, or
- (c) a registrable person or registrable relevant legal entity in relation to a company (within the meanings given by section 790C).

(3) The regulations may authorise or require the address to be changed on the registrar’s own motion or on an application by another person.

(4) The regulations must provide for the change in the address to be effected by the registrar proceeding as if the company had given notice under section 167H, 279H or 790LC of the change.

(5) The regulations may make provision as to—

- (a) who may make an application,
- (b) the information to be included in and documents to accompany an application,
- (c) the registrar requiring the company or an applicant to provide information for the purposes of determining anything under the regulations,
- (d) the notice to be given of an application or that the registrar is considering the exercise of powers under the regulations,
- (e) the notice to be given of any decision under the regulations,
- (f) the period in which objections to an application may be made,
- (g) how the registrar is to determine whether a registered service address meets the requirements of section 1141(1) and (2), including in particular the evidence, or descriptions of evidence, which the registrar may without further enquiry rely on to be satisfied that the address meets those requirements,
- (h) the referral by the registrar of any question for determination by the court,
- (i) the registrar requiring the company to provide an address to be registered as the relevant person's service address,
- (j) the nomination by the registrar of an address (a "default address") to be registered as the relevant person's service address (which need not meet the requirements of section 1141(1) and (2)),
- (k) the period for which the default address is permitted to be the relevant person's registered service address, and
- (l) when the change of address takes effect and the consequences of registration of the change (including provision similar or corresponding to section 1140(5)).

(6) The provision made by virtue of subsection (5)(k) may in particular include provision creating summary offences punishable with a fine not exceeding level 3 on the standard scale or, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

(7) The regulations must confer a right on the company to appeal to the court against any decision to change the relevant person's registered service address under the regulations.

(8) If the regulations enable a person to apply for a registered service address to be changed, they must also confer a right on the applicant to appeal to the court against a refusal of the application.

(9) On an appeal, the court must direct the registrar to register such address as the relevant person's registered service address as the court considers appropriate in all the circumstances of the case.

(10) The regulations may make further provision about an appeal and in particular—

- (a) provision about the time within which an appeal must be brought and the grounds on which an appeal may be brought;
- (b) further provision about directions by virtue of subsection (9).

(11) The regulations may include such provision applying (including applying with modifications), amending or repealing an enactment contained in this Act as the Secretary of State considers necessary or expedient in consequence of any provision made by the regulations.

(12) Regulations under this section are subject to affirmative resolution procedure.

(3) In section 1087 (material not available for public inspection), in subsection (1)(ga)—

- (a) after "1097A" insert ", 1097B";
- (b) for "company registered office" substitute "registered office, service address".—(*Kevin Hollinrake.*)

This new clause confers a regulation-making power to enable the registrar to change a person's registered service address. It is based on section 1097A of the Companies Act 2006, which makes similar provision in relation to a company's registered office.

Brought up, read the First and Second time, and added to the Bill.

2.15 pm

New Clause 6

RECTIFICATION OF REGISTER: PRINCIPAL OFFICE ADDRESSES

"(1) The Companies Act 2006 is amended as follows.

(2) After section 1097B (inserted by section (Rectification of register: service addresses) of this Act) insert—

'1097C Rectification of register: principal office addresses

(1) The Secretary of State may by regulations make provision authorising or requiring the registrar to change the address registered as the principal office of a relevant person if satisfied that the address is not in fact their principal office.

(2) In this section—

"address registered as the principal office", in relation to a relevant person, means the address for the time being shown in the register as the address of the person's current principal office;

"relevant person" means—

- (a) a director of a company that is not an overseas company,
- (b) a secretary or one of the joint secretaries of a company that is not an overseas company,
- (c) a registrable relevant legal entity in relation to a company (within the meaning given by section 790C), or
- (d) a registrable person in relation to a company (within the meaning given by section 790C) who falls within section 790C(12).

(3) The regulations may authorise or require the address to be changed on the registrar's own motion or on an application by another person.

(4) The regulations must provide for the change in the address to be effected by the registrar proceeding as if the company had given notice under section 167H, 279H or 790LC of the change.

(5) The regulations may make provision as to—

- (a) who may make an application,
- (b) the information to be included in and documents to accompany an application,
- (c) the registrar requiring the company or an applicant to provide information for the purposes of determining anything under the regulations,
- (d) the notice to be given of an application or that the registrar is considering the exercise of powers under the regulations,
- (e) the notice to be given of any decision under the regulations,
- (f) the period in which objections to an application may be made,
- (g) how the registrar is to determine whether an address registered as the principal office of a relevant person is in fact the person's principal office, including in particular the evidence, or descriptions of evidence, which the registrar may without further enquiry rely on to be satisfied that the address meets those requirements,
- (h) the referral by the registrar of any question for determination by the court,
- (i) the registrar requiring the company to provide an address to be registered as the principal office of the relevant person,

- (j) the nomination by the registrar of an address (a “default address”) to be registered as the principal office of the relevant person (which need not be the relevant person’s actual principal office),
- (k) the period for which the default address is permitted to be the address registered as the principal office of the relevant person, and
- (l) when the change of address takes effect and the consequences of registration of the change.

(6) The provision made by virtue of subsection (5)(k) may in particular include provision creating summary offences punishable with a fine not exceeding level 3 on the standard scale or, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

(7) The regulations must confer a right on the company to appeal to the court against any decision to change the address registered as the principal office of the relevant person under the regulations.

(8) If the regulations enable a person to apply for the address registered as the principal office of a relevant person to be changed, the regulations must also confer a right on the applicant to appeal to the court against a refusal of the application.

(9) On an appeal, the court must direct the registrar to register such address as the principal office of the relevant person as the court considers appropriate in all the circumstances of the case.

(10) The regulations may make further provision about an appeal and in particular—

- (a) provision about the time within which an appeal must be brought and the grounds on which an appeal may be brought;
- (b) further provision about directions by virtue of subsection (9).

(11) The regulations may include such provision applying (including applying with modifications), amending or repealing an enactment contained in this Act as the Secretary of State considers necessary or expedient in consequence of any provision made by the regulations.

(12) Regulations under this section are subject to affirmative resolution procedure.’

(3) In section 1087 (material not available for public inspection), in subsection (1)(ga)—

- ‘(a) after “1097B” (inserted by section (Rectification of register: service addresses) of this Act) insert “or 1097C”;
- (b) after “service address” (inserted by section (Rectification of register: service addresses) of this Act) insert “or principal office address”.’—(Kevin Hollinrake.)

This new clause confers a regulation-making power to enable the registrar to change the address of a person’s registered principal office. It is based on section 1097A of the Companies Act 2006, which makes similar provision in relation to a company’s registered office.

Brought up, read the First and Second time, and added to the Bill.

New Clause 7

POWER TO REQUIRE BUSINESSES TO REPORT DISCREPANCIES

‘(1) The Companies Act 2006 is amended as follows.

(2) In section 1059A (scheme of Part 35), in subsection (4), at the appropriate place insert—

“section 1110E (power to require businesses to report discrepancies),”.

(3) After section 1110D (inserted by section 65 of this Act) insert—

“Discrepancy reporting

1110E Power to require businesses to report discrepancies

(1) The Secretary of State may by regulations impose requirements on a person who is carrying on business in the United Kingdom (a “relevant person”)—

- (a) to obtain specified information about a customer (or prospective customer)—
 - (i) before entering into a business relationship with them, or
 - (ii) during a business relationship with them;
- (b) to identify discrepancies between information so obtained and information made publicly available by the registrar, and
- (c) to report any discrepancies to the registrar.

(2) The regulations may require the relevant person, when reporting discrepancies, to provide such other information as may be required by the regulations (including information about the relevant person).

(3) The regulations may provide for reports or other information delivered to the registrar under the regulations to be withheld from public inspection.

(4) The regulations may create offences in relation to failures to comply with requirements imposed by the regulations.

(5) The regulations may not provide for an offence created by the regulations to be punishable with imprisonment for a period exceeding—

- (a) in the case of conviction on indictment, 2 years;
- (b) in the case of summary conviction, 3 months.

(6) In this section “customer”, in relation to a person carrying out estate agency work, includes a purchaser (as well as a seller).

(7) Regulations under this section are subject to affirmative resolution procedure.”—(Kevin Hollinrake.)

This new clause allows the Secretary of State to require businesses to obtain information and carry out checks for the purposes of identifying discrepancies between that information and information made publicly available by registrar.

Brought up, read the First and Second time, and added to the Bill.

New Clause 8

SERVICE OF DOCUMENTS ON PEOPLE WITH SIGNIFICANT CONTROL

‘In section 1140 of the Companies Act 2006 (service of documents on directors, secretaries and others), in subsection (2), after paragraph (a) insert—

- “(aa) a person who is a registrable person or a registrable relevant legal entity in relation to a company (within the meanings given by section 790C);”.—(Kevin Hollinrake.)

This new clause allows documents to be served on those with significant control over a company at the registered address that appears for the person on the register.

Brought up, read the First and Second time, and added to the Bill.

New Clause 9

NATIONAL SECURITY EXEMPTION FROM IDENTITY VERIFICATION

‘After section 29 of the Limited Partnerships Act 1907 (inserted by section 129 of this Act) insert—

“National security exemption from identity verification

29A National security exemption from identity verification

(1) The Secretary of State may, by written notice given to a person, provide for one or more of the effects listed in subsection (2) to apply in relation to the person, if satisfied that to do so is necessary—

- (a) in the interests of national security, or
- (b) for the purposes of preventing or detecting serious crime.
- (2) The effects for which the notice may provide are that—
 - (a) section 8A(1C)(b) and (1F)(c)(ii) do not apply in relation to a statement naming the person as a proposed general partner's proposed registered officer;
 - (b) section 8L(3)(a)(ii) and (b)(ii) do not apply in relation to a notice naming the person as a general partner's new registered officer;
 - (c) sections 8Q(4)(b) and (7)(c)(ii) do not apply in relation to a notice naming the person as a general partner's proposed registered officer;
 - (d) where the person is a general partner's registered officer, section 8K(1)(c) does not impose any obligation on the general partner;
 - (e) section 26 (documents to be delivered by authorised corporate service providers) does not apply in relation to the delivery of documents to the registrar by the person on their own behalf or on behalf of another.
- (3) For the purposes of subsection (1)(b)—
 - (a) "crime" means conduct which—
 - (i) constitutes a criminal offence, or
 - (ii) is, or corresponds to, any conduct which, if it all took place in any one part of the United Kingdom, would constitute a criminal offence, and
 - (b) crime is "serious" if—
 - (i) the offence which is or would be constituted by the conduct is an offence for which the maximum sentence (in any part of the United Kingdom) is imprisonment for 3 years or more, or
 - (ii) the conduct involves the use of violence, results in substantial financial gain or is conduct by a large number of persons in pursuit of a common purpose."—(Kevin Hollinrake.)

This new clause allows the Secretary of State to exempt a person from certain requirements that relate to identity verification if satisfied that doing so is necessary for national security related reasons.

Brought up, read the First and Second time, and added to the Bill.

New Clause 10

POWER TO AMEND DISQUALIFICATION LEGISLATION IN RELATION TO RELEVANT ENTITIES: GB

"After section 22H of the Company Directors Disqualification Act 1986 insert—

'22I Power to amend application of Act in relation to relevant entities

- (1) The Secretary of State may by regulations amend this Act for the purpose of applying, or modifying the application of, any of its provisions in relation to relevant entities.
- (2) For that purpose, the regulations may in particular—
 - (a) extend the company disqualification conditions to include corresponding conditions relating to a relevant entity;
 - (b) limit the company disqualification conditions to remove conditions relating to a relevant entity;
 - (c) modify which company disqualification conditions can, in combination with each other, result in a person being disqualified under this Act;
 - (d) provide for any of the company disqualification conditions to result in or contribute to a person being disqualified from acting in a role or doing something in relation to a relevant entity.

(3) In this section "the company disqualification conditions" means the conditions that can result in or contribute to a person being disqualified under this Act from acting in a role or doing something in relation to any entity.

(4) In this section a "relevant entity" means—

- (a) a limited partnership registered under the Limited Partnerships Act 1907;
- (b) a limited liability partnership registered under the Limited Liability Partnerships Act 2000;
- (c) a partnership, other than a limited partnership, that is—
 - (i) constituted under the law of Scotland, and
 - (ii) a qualifying partnership within the meaning given by regulation 3 of the Partnerships (Accounts) Regulations 2008.

(5) Regulations under this section may make—

- (a) consequential, supplementary, incidental, transitional or saving provision;
- (b) different provision for different purposes.

(6) The provision which may be made by virtue of subsection (5)(a) includes provision amending provision made by or under either of the following, whenever passed or made—

- (a) an Act;
- (b) Northern Ireland legislation.

(7) Regulations under this section are to be made by statutory instrument.

(8) A statutory instrument containing 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."—(Kevin Hollinrake.)

This new clause allows the Secretary of State to make regulations applying the CDDA in relation to relevant entities, meaning that a person's conduct in relation to relevant entities would lead to disqualification, and disqualifications in other circumstances would prohibit a person from acting in relation to relevant entities.

Brought up, and read the First time.

Kevin Hollinrake: I beg to move, That the clause be read a Second time.

The Chair: With this it will be convenient to discuss Government new clause 11—*Power to amend disqualification in relation to relevant entities: NI.*

Kevin Hollinrake: Through other provisions in this Bill, a disqualified individual is prevented from acting as a general partner of a limited partnership. However, that would only cover individuals who have been disqualified for their actions as directors in a company. We also need to be able to disqualify general partners for their actions within a limited partnership. Currently, that cannot be done because the Company Directors Disqualification Act 1986 applies only to directors of companies and other limited corporate entities such as building societies and NHS foundation trusts. We would like to ensure that general partners are subject to the same requirements as directors. New clauses 10 and 11 therefore provide powers to update the 1986 Act and the Company Directors Disqualification (Northern Ireland) Order 2002 to apply to limited partnerships, limited liability partnerships and Scottish partnerships.

Seema Malhotra: It is a pleasure to say a few words in support of new clauses 10 and 11. New clause 10 introduces new provisions allowing the Secretary of State to make regulations applying the Company Directors

[Seema Malhotra]

Disqualification Act to relevant entities. The new clause outlines that these relevant entities include limited partnerships and Scottish limited partnerships. New clause 11 has the same effect and applies the same principles to the context of Northern Ireland. We welcome the new clauses, especially given our calls in Committee to extend directors disqualification criteria to limited partnerships.

Kevin Hollinrake: I have nothing further to add.

Question put and agreed to.

New clause 10 accordingly read a Second time, and added to the Bill.

New Clause 11

POWER TO AMEND DISQUALIFICATION LEGISLATION IN RELATION TO RELEVANT ENTITIES: NI

“(1) The Company Directors Disqualification (Northern Ireland) Order 2002 (S.I. 2002/3150 (N.I. 4)) is amended as follows.

(2) In Article 2(2) (interpretation), for the definition of ‘regulations’ substitute—

“‘regulations’, except in Articles 13D and 25D, means regulations made by the Department subject (except in Article 23(3)) to negative resolution;’.

(3) After Article 25C insert—

‘25D Power to amend application of Order in relation to relevant entities

(1) The Secretary of State may by regulations amend this Order for the purpose of applying, or modifying the application of, any of its provisions in relation to relevant entities.

(2) For that purpose, the regulations may in particular—

- (a) extend the company disqualification conditions to include corresponding conditions relating to a relevant entity;
- (b) limit the company disqualification conditions to remove conditions relating to a relevant entity;
- (c) modify which company disqualification conditions can, in combination with each other, result in a person being disqualified under this Order;
- (d) provide for any of the company disqualification conditions to result in or contribute to a person being disqualified from acting in a role or doing something in relation to a relevant entity.

(3) In this Article “the company disqualification conditions” means the conditions that can result in or contribute to a person being disqualified under this Order from acting in a role or doing something in relation to any entity.

(4) In this Article a “relevant entity” means—

- (a) a limited partnership registered under the Limited Partnerships Act 1907;
- (b) a limited liability partnership registered under the Limited Liability Partnerships Act 2000;
- (c) a partnership, other than a limited partnership, that is—
 - (i) constituted under the law of Scotland, and
 - (ii) a qualifying partnership within the meaning given by regulation 3 of the Partnerships (Accounts) Regulations 2008.

(5) Regulations under this Article may make consequential, supplementary, incidental, transitional or saving provision.

(6) The provision which may be made by virtue of paragraph (5) includes provision amending provision made by or under either of the following, whenever passed or made—

(a) an Act;

(b) Northern Ireland legislation.

(7) Regulations under this Article are to be made by statutory instrument.

(8) A statutory instrument containing regulations under this Article may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.”—(*Kevin Hollinrake.*)

This new clause allows the Secretary of State to make regulations applying the CDD(NI)O 2002 in relation to relevant entities, meaning that a person’s conduct in relation to relevant entities would lead to disqualification, and disqualifications in other circumstances would prohibit a person from acting in relation to relevant entities.

Brought up, read the First and Second time, and added to the Bill.

New Clause 12

REQUIRED INFORMATION ABOUT OVERSEAS ENTITIES: ADDRESS INFORMATION

“In the following provisions of Schedule 1 to the Economic Crime (Transparency and Enforcement) Act 2022 (which refer to an entity’s registered or principal office) omit ‘registered or’—

paragraph 2(1)(c);

paragraph 5(1)(b);

paragraph 6(1)(d);

paragraph 7(1)(b).”—(*Kevin Hollinrake.*)

This new clause would mean that the required information that must be provided about an overseas entity, a corporate registrable beneficial owner or managing officer includes its principal office in all cases, rather than there being an option to provide its registered or principal office.

Brought up, and read the First time.

Kevin Hollinrake: I beg to move, That the clause be read a Second time.

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

Government new clause 13—*Registration of information about land.*

Government new clause 14—*Registration of information about managing officers: age limits.*

Government new clause 15—*Registrable beneficial owners: cases involving trusts.*

Government new clause 21—*Enforcement of requirement to register: updated language about penalties etc.*

Kevin Hollinrake: All the new clauses relate to the register of overseas entities. New clause 12 will mean that the required information that must be provided about an overseas entity, a corporate registrable beneficial owner or a managing officer will always include its principal office, rather than there merely being an option to provide its registered or principal office. The new clause will improve the quality of the information provided and align with the information required about other types of legal entities.

New clause 14 will ensure that overseas entities that provide the details of a managing officer who is under the age of 16, or who is a legal entity, must also provide details of a person who is more than 16 years old. This is to ensure that there is a person who can be contacted about the overseas entity, in addition to the relevant person who verified the information. It is possible that

in jurisdictions outside the UK, individuals younger than 16 may be allowed to act as company directors, secretaries or equivalents. Directors of UK companies are required to be at least 16 years of age, so the new clause provides consistency by requiring the contact details of someone who is at least 16 years of age.

New clause 21 will update the language about penalties for non-compliance in section 34 of the Economic Crime (Transparency and Enforcement) Act 2022 to reflect changes made by the Judicial Review and Courts Act 2022. It will ensure consistency with the wording used in other clauses in the Bill.

New clause 13 will require overseas entities to include the title number for relevant interests in land that they hold in their application for registration, both when providing an update and when applying to be removed from the register. Overseas entities that are already registered will be required to provide this information when they next provide an update or, if sooner, when they apply to be removed from the register. The collection of this information will improve the effectiveness of the register and will help law enforcement agencies with their investigations. The information will not be made publicly available because the Government do not consider that to be appropriate, given privacy concerns.

Let me turn new clause 15. In advance of the launch of the register, the Register of Overseas Entities (Delivery, Protection and Trust Services) Regulations 2022 were made. Regulation 14 specified the circumstances in which a legal entity trustee is deemed to be “subject to its own disclosure requirements”.

By virtue of a legal entity trustee being a registrable beneficial owner, the overseas entity must provide the required information about the trust and persons connected to it, such as beneficiaries, settlors and interested persons.

Dame Margaret Hodge (Barking) (Lab): This is an issue for clarification, because it impacts on whether we move our new clause 59. Will the information that we are now going to get about trustees and beneficiaries be made public? Will it be open to the public in the same way as other information about beneficial owners is open to the public? I ask because that is what our new clause would achieve.

Kevin Hollinrake: I will deal with that, if I can, as I go through. Essentially, trusts are often there to protect the identity of vulnerable persons, so I am not sure that the provision will do what the right hon. Member wants to do in her new clause, but we can probably discuss that when we discuss her new clause.

Dame Margaret Hodge: So it does not do it.

Kevin Hollinrake: Without regulation 14, if the corporate trustee were not subject to its own disclosure requirements, the overseas entity would have to “look through” the legal entity trustee to find a registrable beneficial owner higher up the chain of ownership. But in the situations we are talking about it is information about the trust that is wanted, rather than information about the ownership or control of the legal entity trustee. Currently, regulation 14 therefore ensures that Companies House, His Majesty’s Revenue and Customs and law enforcement agencies receive the information about the trust and persons

connected to it, which I think may be the point that the right hon. Member raises and which is much more useful to meet the aims of the register.

New clause 15 goes further by ensuring that a legal entity acting as a trustee is always a registrable beneficial owner whether or not it is “subject to its own disclosure requirements” and even if there is another registrable beneficial owner further down a chain of ownership. This maximises the transparency in respect of the involvement of a legal entity trust in a chain of ownership.

The provisions also provide a power to expand the description of persons who are registrable beneficial owners where the overseas entity is part of a chain of entities that includes a trustee. It is appropriate to have a power to expand the description, given that there may be complex arrangements that attempt to circumvent the requirements. The provisions revoke regulation 14 because it is no longer needed.

Seema Malhotra: It is a pleasure to make a few remarks on the new clauses which, certainly from the way the Minister has outlined them, are welcome, in that they require more information and transparency around overseas entities. We welcome all the new clauses in that regard. I do not propose to go through them—the Minister went through them in considerable detail—but I have a few comments.

On new clause 13—in fact, in relation to all the new clauses—we welcome the additional transparency. I make the point again that a particular reason for that is the large-scale abuse that we know has occurred and occurs through these rather opaque offshore corporate structures.

On new clause 14, it is welcome to have the threshold at 16 years old, but I want to clarify what that means. Can there technically be a managing officer who is under 16 but an individual who is over 16 and is a contact on their behalf? It would be helpful to know whether there could still technically be an officer who was 12, 13 or 14. It would be useful to have clarity on that.

On closing the potential loophole of beneficial owners avoiding scrutiny by acting as a trustee, it is important to have the information. I want to clarify whether it should be the same amount of information about those who have been avoiding scrutiny as trustees. Will that information be published so that third parties can search it and investigate for themselves?

2.30 pm

Kevin Hollinrake: As I understand it, somebody under the age of 16 could be the managing officer, but we still require somebody over the age of 16 to be contactable. That is how we square that particular circle. It is not in our gift to legislate for how other jurisdictions describe directors of companies.

Forgive me, but I missed the hon. Lady’s second point. If she could restate it, I will try to address it.

Seema Malhotra: My second comment was about trustee information. New clause 15 expands the definition of “registrable beneficial owners” in part 1 of the Economic Crime (Transparency and Enforcement) Act 2022 in relation to an entity one of whose beneficial owners is a

[Seema Malhotra]

trustee, such that the beneficial owner may be included. There is also a power to expand that definition further. It looks like it is closing a potential loophole that enables beneficial owners to avoid scrutiny through acting as a trustee. The question was about whether the new information about trustees will also be published, whether there will be full transparency and whether it will be searchable by any interested parties.

Kevin Hollinrake: Okay. That was a similar point to the one made by the right hon. Member for Barking. No, we do not feel that is right. We do not believe that trust information should be made publicly available, given that trusts are often used to protect vulnerable people. I reassure the hon. Lady that that information will be shareable with HMRC, law enforcement and other persons with functions of a public nature once the relevant regulations have been made.

Question put and agreed to.

New clause 12 accordingly read a Second time, and added to the Bill.

New Clause 13

REGISTRATION OF INFORMATION ABOUT LAND

“In Schedule 1 to the Economic Crime (Transparency and Enforcement) Act 2022 (required information), in paragraph 2—

(a) in sub-paragraph (1), after paragraph (g) insert—

‘(h) if the entity is the registered proprietor of one or more qualifying estates in land in England and Wales, the title number of each of them;

(b) if the entity is the registered owner of one or more qualifying estates in Northern Ireland, the folio number in respect of each of them;

(c) if the entity is—

(i) entered as proprietor in the proprietorship section of the title sheet for one or more plots of land that are registered in the Land Register of Scotland, or

(ii) the tenant under one or more leases registered in the Land Register of Scotland,

the title number of the title sheet, in respect of each of them, in which the entity’s interest is registered.’;

(b) after sub-paragraph (2) insert—

‘(3) In sub-paragraph (1)(h)—

“registered proprietor”, in relation to a qualifying estate, means the person entered as proprietor of the estate in the register of title kept by the Chief Land Registrar;

“qualifying estate” has the meaning given by paragraph 1 of Schedule 4A to the Land Registration Act 2002.

(4) In sub-paragraph (1)(i)—

“registered owner”, in relation to a qualifying estate, means the person registered in the register kept under the Land Registration Act (Northern Ireland) 1970 (c. 18 (N.I.)) as the owner of the estate;

“qualifying estate” has the meaning given by paragraph 1 of Schedule 8A to the Land Registration Act (Northern Ireland) 1970.

(5) In sub-paragraph (1)(j)—

(a) “lease”, “plot of land” and “proprietor” have the meanings given by section 113(1) of the Land Registration etc. (Scotland) Act 2012;

(b) the reference to an entity’s being entered as proprietor in the proprietorship section of a title sheet is a reference to the name of the entity being so entered.”—(Kevin Hollinrake.)

This new clause requires an overseas entity, when applying for registration in the register of overseas entities or providing an update, to include the title number etc for relevant interests in land held by it. For entities already registered, it will operate when they next provide an update.

Brought up, read the First and Second time, and added to the Bill.

New Clause 14

REGISTRATION OF INFORMATION ABOUT MANAGING OFFICERS: AGE LIMITS

“(1) Schedule 1 to the Economic Crime (Transparency and Enforcement) Act 2022 (applications: required information) is amended as follows.

(2) In paragraph 6(1), after paragraph (f) insert—

‘(g) if the officer is under the age of 16 years old, the name and contact details of an individual who is at least 16 years old and is willing to be contacted about the officer.’

(3) In paragraph 7(1), for paragraph (g) substitute—

‘(g) the name and contact details of an individual who is at least 16 years old and is willing to be contacted about the officer.’—(Kevin Hollinrake.)

This new clause means that, where an application for registration as an overseas entity is required to provide details of a managing officer, there will be a requirement to include the name of an individual who is at least 16 years old and is willing to be contacted about the officer (unless the officer is an individual of at least that age).

Brought up, read the First and Second time, and added to the Bill.

New Clause 15

REGISTRABLE BENEFICIAL OWNERS: CASES INVOLVING TRUSTS

“(1) Schedule 2 to the Economic Crime (Transparency and Enforcement) Act 2022 (registrable beneficial owners) is amended in accordance with subsections (2) to (5).

(2) In paragraph 3 (legal entities), in paragraph (b), after ‘(see Part 3)’ insert ‘or is a beneficial owner of the overseas entity by virtue of being a trustee’.

(3) In paragraph 8 (beneficial owners exempt from registration), after paragraph (b) insert—

‘(ba) the person is not a beneficial owner of the overseas entity by virtue of being a trustee.’.

(4) For the heading of Part 6 substitute ‘Powers to amend this Schedule’.

(5) Before paragraph 25 insert—

‘Expansion of meaning of “registrable beneficial owner” where trusts in view

24A (1) The Secretary of State may by regulations amend this Schedule so as to expand the description of persons who are registrable beneficial owners of an overseas entity in circumstances where the overseas entity is part of a chain of entities that includes a trustee.

(2) For these purposes an overseas entity is part of a chain of entities that includes a trustee if there is a legal entity which is a beneficial owner of it by virtue of being a trustee.

(3) Regulations under this paragraph are subject to the affirmative resolution procedure.

Power to amend thresholds etc'.

(6) Regulation 14 of the Register of Overseas Entities (Delivery, Protection and Trust Services) Regulations 2022 (S.I. 2022/870) (description of legal entity subject to its own disclosure requirements) is revoked.”—(Kevin Hollinrake.)

This new clause expands the definition of “registrable beneficial owner” in Part 1 of the Economic Crime (Transparency and Enforcement) Act 2022 in relation to an entity one of whose beneficial owners is a trustee. There is also a power to further expand the definition.

Brought up, read the First and Second time, and added to the Bill.

New Clause 16

MATERIAL UNAVAILABLE FOR PUBLIC INSPECTION:
VERIFICATION INFORMATION

“In section 16 of the Economic Crime (Transparency and Enforcement) Act 2022 (verification of registrable beneficial owners and managing officers), in subsection (2), after paragraph (c) insert—

“(d) requiring the registrar not to make available for public inspection certain information delivered to the registrar by virtue of the regulations.”—(Kevin Hollinrake.)

Section 16 of the Economic Crime (Transparency and Enforcement) Act 2022 confers power to make regulations about identity verification. This new clause allows the regulations to provide that information provided under the regulations is protected from public inspection.

Brought up, read the First and Second time, and added to the Bill.

New Clause 17

MATERIAL UNAVAILABLE FOR PUBLIC INSPECTION

“For sections 22 to 24 of the Economic Crime (Transparency and Enforcement) Act 2022 substitute—

“22 *Material unavailable for inspection*

(1) The following material must not, so far as it forms part of the register, be made available by the registrar for public inspection—

- (a) so much of any application or other document delivered to the registrar under section 4, 7 or 9 as is required to contain—
 - (i) protected date of birth information;
 - (ii) protected residential address information;
 - (iii) protected trusts information;
 - (iv) the name or contact details of an individual provided for the purposes of section 4(1)(d), 7(1)(e) or 9(1)(f) or paragraph 6(1)(g) or 7(1)(g) of Schedule 1;
 - (v) an overseas entity’s email address (see paragraph 2(1)(e) of Schedule 1);
 - (vi) any title numbers or folio numbers in respect of land (see paragraph 2(1)(h), (i) and (j) of Schedule 1);
- (b) any information that regulations under section 16 provide is not to be made available for public inspection;
- (c) the following—
 - (i) any application or other document delivered to the registrar under regulations under section 25 (regulations protecting material), other than information provided by virtue of section 25(4);
 - (ii) any information which regulations under section 25 require not to be made available for public inspection;
- (d) any application or other document delivered to the registrar under section 28 (administrative removal of material from the register);
- (e) any court order under section 30 (rectification of the register under court order) that the court has directed under section 31 is not to be made available for public inspection;

(f) any statement delivered to the registrar by virtue of section 1067A(3) or (4) of the Companies Act 2006 (delivery of documents: identity verification requirements etc);

(g) any statement made in accordance with regulations made by virtue of section 1082(2)(c) of the Companies Act 2006 (statement of unique identifier);

(h) any document provided to the registrar under section 1092A of the Companies Act 2006 (power to require further information);

(i) any email address, identification code or password deriving from a document delivered for the purpose of authorising or facilitating electronic filing procedures or providing information by telephone;

(j) any record of the information contained in a document (or part of a document) mentioned in any of the previous paragraphs of this subsection;

(k) any other material excluded from public inspection by or under any other enactment.

(2) In this section—

“protected date of birth information” means information as to the day of the month (but not the month or year) on which an individual who is a registrable beneficial owner or managing officer of an overseas entity was born;

“protected residential address information” means information as to the usual residential address of an individual who is a registrable beneficial owner or managing officer of an overseas entity;

“protected trusts information” means the required information about a trust (see sections 4(3), 7(3) and (4) and 9(3) and (4)).

(3) Information about a registrable beneficial owner or managing officer does not cease to be protected date of birth information or protected residential address information when they cease to be a registrable beneficial owner or managing officer.

(4) Where subsection (1), or a provision referred to in subsection (1), imposes a restriction by reference to material deriving from a particular description of document (or part of a document), that does not affect the availability for public inspection of the same information contained in material derived from another description of document (or part of a document) in relation to which no such restriction applies.

(5) The registrar need not retain material to which subsection (1) applies for longer than appears to the registrar reasonably necessary for the purposes for which the material was delivered to the registrar.

23 *Disclosure of protected information*

(1) The registrar must not disclose protected date of birth information, protected residential address information or protected trusts information unless—

(a) the disclosure is permitted by section 1110F of the Companies Act 2006 (general powers of disclosure by the registrar), or

(b) the information is required to be made available for public inspection (as a result of being contained in a document, part of a document, or record to which section 22(1) does not apply).

(2) In this section the following have the meaning given by section 22(2)—

“protected date of birth information”;

“protected residential address information”;

“protected trusts information”.”—(Kevin Hollinrake.)

This new clause replicates for the register of overseas entities a number of changes made by the Bill in relation to companies. It also extends the list of information unavailable for public inspection.

Brought up, read the First and Second time, and added to the Bill.

New Clause 18

PROTECTION OF INFORMATION

“For section 25 of the Economic Crime (Transparency and Enforcement) Act 2022 substitute—

‘25 Power to make regulations protecting material

(1) The Secretary of State may by regulations make provision requiring the registrar, on application—

- (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;
- (c) not to make available for public inspection any address on the register that is not information to which paragraph (a) applies;
- (d) to refrain from disclosing any such address except in specified circumstances.

(2) The regulations may make provision as to—

- (a) who may make an application;
- (b) the grounds on which an application may be made;
- (c) the information to be included in and documents to accompany an application;
- (d) the notice to be given of an application and of its outcome;
- (e) how an application is to be determined;
- (f) the duration of, and procedures for revoking, any restrictions on the making of information available for public inspection or its disclosure.

(3) Provision under subsection (2)(e) or (2)(f) may in particular—

- (a) confer a discretion on the registrar;
- (b) provide for a question to be referred to a person other than the registrar for the purposes of determining the application or revoking the restrictions.

(4) Regulations under subsection (1)(a) or (1)(c) may provide that information is not to be made unavailable for public inspection unless the person to whom it relates provides such alternative information as may be specified.

(5) The circumstances that may be specified under subsection (1)(b) or (d) by way of an exception to a restriction on disclosure include circumstances where the court has made an order, in accordance with the regulations, authorising disclosure.

(6) Regulations under subsection (1)(b) or (d) may not require the registrar to refrain from disclosing information under section 1110F of the Companies Act 2006 (general powers of disclosure by the registrar).

(7) Regulations under this section may impose a duty on the registrar to publish, in relation to such periods as may be specified—

- (a) details of how many applications have been made under the regulations and how many of them have been allowed, and
- (b) such other details in connection with applications under the regulations as may be specified in the regulations.

(8) Regulations under this section are subject to affirmative resolution procedure.”—(*Kevin Hollinrake.*)

This new clause replicates for the register of overseas entities the provision made by clause 87 of the Bill in relation to companies.

Brought up, read the First and Second time, and added to the Bill.

New Clause 19

RESOLVING INCONSISTENCIES IN THE REGISTER

“(1) Section 27 of the Economic Crime (Transparency and Enforcement) Act 2022 (resolving inconsistencies in the register) is amended as follows.

(2) For subsections (1) and (2) substitute—

“(1) Where it appears to the registrar that the information contained in a document delivered to the registrar by an overseas entity in connection with the register is inconsistent with other information contained in records kept by the registrar under section 1080 of the Companies Act 2006, the registrar may give notice to the overseas entity to which the document relates—

- (a) stating in what respects the information contained in it appears to be inconsistent with other information in records kept by the registrar under section 1080 of the Companies Act 2006, and
- (b) requiring the overseas entity, within the period of 14 days beginning with the date on which the notice is issued, to take all such steps as are reasonably open to it to resolve the inconsistency by delivering replacement or additional documents or in any other way.

(2) The notice must state the date on which it is issued.’

(3) In the heading, omit ‘in the register’.”—(*Kevin Hollinrake.*)

This new clause makes changes for the purpose of resolving inconsistencies in information relating to overseas entities that corresponds to the changes made by clause 81 of the Bill in relation to companies.

Brought up, read the First and Second time, and added to the Bill.

New Clause 20ADMINISTRATIVE REMOVAL OF MATERIAL FROM
REGISTER

“(1) In the Economic Crime (Transparency and Enforcement) Act 2022—

(a) for section 28 substitute—

‘28 Administrative removal of material from the register

(1) The registrar may remove from the register anything that appears to the registrar to be—

- (a) a document, or material derived from a document, accepted under section 1073 of the Companies Act 2006 (power to accept documents not meeting requirements for proper delivery), or
- (b) unnecessary material as defined by section 1074 of the Companies Act 2006.

(2) The power to remove material from the register under this section may be exercised—

- (a) on the registrar’s own motion, or
- (b) on an application made in accordance with regulations under section 28A(2).

(3) The Secretary of State may by regulations provide that the registrar’s power to remove material from the register under this section following an application is limited to material of a description specified in the regulations.

(4) Regulations under this section are subject to the negative resolution procedure.

28A Further provision about removal of material from the register

(1) The Secretary of State must by regulations make provision for notice to be given in accordance with the regulations where material is removed from the register under section 28 otherwise than on an application.

(2) The Secretary of State must by regulations make provision in connection with the making and determination of applications for the removal of material from the register under section 28.

(3) The provision that may be made under subsection (2) includes provision as to—

- (a) who may make an application,
- (b) the information to be included in and documents to accompany an application,
- (c) the notice to be given of an application and of its outcome,
- (d) a period in which objections to an application may be made, and
- (e) how an application is to be determined, including provision as to evidence that may be relied upon by the registrar for the purposes of satisfying the test in section 28(1).

(4) The provision that may be made by virtue of subsection (3)(e) includes provision as to circumstances in which—

- (a) evidence is to be treated by the registrar as conclusive proof that the test in section 28(1) is met, and
- (b) the power of removal must be exercised.

(5) Regulations under this section are subject to the negative resolution procedure.;

- (b) omit sections 29 and 29A (application to rectify register and resolution of discrepancies).

(2) In section 1073 of the Companies Act 2006 (power to accept documents not meeting requirements for proper delivery), in subsection (6)(a), after ‘section 1094A(1)’ (inserted by section 82 of this Act) insert—

‘or any corresponding provision of any other enactment’.—(*Kevin Hollinrake.*)

This new clause replicates for the register of overseas entities the changes that clause 82 of the Bill makes in relation to the register of companies.

Brought up, read the First and Second time, and added to the Bill.

New Clause 21

ENFORCEMENT OF REQUIREMENT TO REGISTER:

UPDATED LANGUAGE ABOUT PENALTIES ETC

“(1) The Economic Crime (Transparency and Enforcement) Act 2022 is amended as follows.

(2) In section 34 (power to require overseas entity to register if it owns certain land)—

- (a) in subsection (4)(a), for ‘the maximum summary term for either-way offences’ substitute ‘a term not exceeding the general limit in a magistrates’ court’;
- (b) omit subsection (5).

(3) In section 36 (meaning of ‘daily default fine’) after ‘applies for’ insert ‘the’.—(*Kevin Hollinrake.*)

This new clause updates the penalty provision for the offence in section 34 of the Economic Crime (Transparency and Enforcement) Act 2022 to reflect changes made by the Judicial Review and Courts Act 2022. This ensures consistency with the language that clauses 136 and 137 introduce into the 2022 Act.

Brought up, read the First and Second time, and added to the Bill.

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

2.38 pm

Adjourned till Thursday 24 November at half-past Eleven o'clock.

Written evidence reported to the House

ECCTB 21 Mark Hardy

ECCTB 22 Elspeth Berry, Associate Professor of Law, Nottingham Law School (further/second supplementary submission)

ECCTB 23 Mastercard

ECCTB 24 Legal Services Board

ECCTB 25 Professor John Heathershaw, University of Exeter, & Thomas Mayne, University of Oxford (supplementary submission)

ECCTB 26 Letter from Kevin Hollinrake MP, Minister for Enterprise, Markets and Small Business, at the Department for Business, Energy and Industrial Strategy, dated 21 November 2022, re: Clarifications from Economic Crime and Corporate Transparency Bill Public Bill Committee, Day 5, Thursday 17 November

ECCTB 27 Peters and Peters Solicitors LLP