



Economic Crime and Corporate Transparency Bill

Day 1 - (Lords) Report Stage Amendments

In the wake of Russia's war in Ukraine, the Economic Crime and Corporate Transparency Bill is a crucial contribution to improving the UK's armoury for tackling dirty money. However, key loopholes remain in the Bill.

The **first part of this briefing** includes amendments expected to be addressed at Report Stage (Day 1) on Tuesday 20th June that would close key loopholes. (The full text of these amendments can be found in the Annex.)

The **second part of this briefing** contains brief overviews of key amendments expected on Report Stage (Day 2), on Tuesday 27th June. Please note - There will be a separate forthcoming amendment briefing ahead of Day 2, including the full amendment texts.

Report Stage (Day 1) – Tuesday 20th June

1) Tightening up Companies House reform / CLAUSE 46 / LORD VAUX OF HARROWDEN

These amendments would tighten up Companies House reform and improve the integrity of the UK company register.

The first amendment would require a person or firm holding shares as a nominee to declare whether or not that is the case, and to provide the details of the person or persons on whose behalf, or under whose control the shares are held. This would assist the company in identifying Persons of Significant Control, and would introduce an offence for a nominee who did not declare themselves as such.

The second amendment would require verification of shareholders owning 5% or more in a company, which would improve the overall accuracy of information published by the Registrar without incurring an undue burden on the private sector. Currently, shareholder information in the company register is extremely limited, incomplete, unverified, and difficult to access.

2) Trusts and Register of Overseas Entities / AFTER CLAUSE 172 / LORD AGNEW OF OULTON

This amendment would help to prevent trusts in the Register of Overseas Entities being used as an opaque vehicle for illicit finance by enabling Companies House to publish information about parties to trusts in this Register. The Register was introduced last year to prevent high-end money laundering through UK property, but only the name of the trustee is currently published, which restricts public access to who owns and controls the underlying properties.

The Government's amendment in relation to trusts in the Register of Overseas Entities is a welcome recognition of this loophole, but is itself insufficient for closing it. The Government's amendment provides the Secretary of State with the power to require the registrar to disclose some information about trusts upon application, but does not state a) that the Secretary of State *will* use this power b) what information can be acquired upon application or c) who can apply to acquire that information.

Failing to close this loophole undermines the spirit of the legislation and the intentions of this Bill. Lord Agnew’s alternative amendment closes this loophole, enabling investigators to analyse the Register for criminal activity while preventing additional burdens being placed on Companies House.

3) Register of Overseas Entities / AFTER CLAUSE 160 / LORD VAUX OF HARROWDEN

These amendments would close a major loophole in the Register of Overseas Entities and strengthen the Register’s overall accuracy.

The first amendment would extend the definition of registerable beneficial owners to include arrangements in which individuals own property through nominee arrangements, such as overseas wealth management companies, to ensure the owners of the assets are named in the Register rather than the owners of the wealth management companies. Law firms are describing this currently as a ‘lacuna’ in the law that ‘would seem to defeat the purpose of the legislation’.

The second amendment would bring update requirements for changes in the Register of Overseas Entities in line with requirements for the Persons of Significant Control (PSC) regime.

Civil Society Contacts for the above 3 topic areas:

Transparency International – Rose Zussman (rose.zussman@transparency.org.uk)

Report Stage (Day 2) – Tuesday 27th June (separate full amendment briefing forthcoming)

1) Asset Seizure / LORD ALTON OF LIVERPOOL

This amendment requires persons designated under sanctions to disclose all assets they own or control in the UK. Failure to disclose such assets is defined as a form of sanctions evasion, which is already criminalised under UK law, and which could result in asset recovery under the Proceeds of Crime Act.

Civil Society Contacts:

Spotlight on Corruption - James Bolton-Jones (james@spotlightcorruption.org)

RUSI – Maria Nizzero (marian@rusi.org)

2) ‘Failure to Prevent’ offences / LORD GARNIER

This amendment would tighten and enhance the government’s very welcome new “failure to prevent” fraud offence.

Civil Society Contacts: Spotlight on Corruption - James Bolton-Jones (james@spotlightcorruption.org)

3) Cost-capping / LORD AGNEW OF OULTON

The high costs law enforcement agencies can face when trying to recover assets from deep-pocketed criminals and kleptocrats creates a chilling effect. This amendment extends cost-caps beyond Unexplained Wealth Orders to all civil recovery cases involving economic crime, while retaining robust safeguards for improper action taken by authorities.

Annex: Full text of Report Stage (Day 1) Amendments

1) Tightening up Companies House Reform

Page 36, line 14, at end insert—

“113BA Required information about members: nominees

The required information about a member includes a statement by the individual, or where the member is a body corporate, or a firm under the law by which it is governed, by an officer of that body corporate or firm, as to whether or not they are holding the shares on behalf of, or subject to the direction of, another person or persons, and if they are—

(a) where any such person is an individual, the information required by section 113A in relation to that individual;

(b) where any such person is a body corporate or firm that is a legal person under the law by which it is governed, the information required by this section in relation to that body corporate or firm.

Page 36, line 14, at end insert—

“113BA Required information about members: shareholding threshold

If the member, or any person identified in accordance with section (Required information about members: nominees) (Required information about members: nominees), holds more than 5% of any class of share or more than 5% of the total voting rights, required information also includes a statement confirming that the member’s and such person’s identity has been verified (see section 1110A).”

2) Trusts and Register of Overseas Entities

Insert the following new Clause—

“Publication of information about trustees

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

3) Register of Overseas Entities

Insert the following new Clause—

“Persons with control over qualifying estates

(1) Schedule 2 of the Economic Crime (Transparency and Enforcement) Act 2022 is amended as follows.

(2) In paragraph 6 the existing text becomes sub-paragraph (1).

(3) At the end of paragraph 6 insert—

“Condition 6 is that X has the right to exercise, or actually exercises, significant influence or control over any qualifying estate held by Y.

(2) For the purposes of this Schedule, “qualifying estate” has the meaning given by paragraph 1 of Schedule 4A to the Land Registration Act 2002.””

Insert the following new clause -

“Updating the register of overseas entities

(1) The Economic Crime (Transparency and Enforcement) Act 2002 is amended as follows.

(2) In section 7, after subsection (8) insert—

(8A) A registered overseas entity must, as soon as reasonably possible and in any event within 14 days of becoming aware of any change, deliver to the registrar details of any change to the information that has been previously provided to the registrar in accordance with section 4 or, if information has been previously delivered to the registrar under this section, any change to the latest information provided under this section, including the date such change occurred.

(8B) A registered overseas entity must deliver to the registrar the information required in accordance with subsection (8A), or deliver to the registrar a statement that there has been no change to the information currently held on the register, no more than 14 days prior to the acquisition or disposal of any qualifying estate in the United Kingdom, and may not acquire or dispose of a qualifying estate in the United Kingdom unless such information or statement has been delivered no more than 14 days prior to the acquisition or disposal.

(8C) For the purposes of this section, “qualifying estate” has the meaning given by paragraph 1 of Schedule 4A to the Land Registration Act 2002.

(3) In section 8, at the end of subsection (3) omit “(1).”