



Economic Crime (Transparency and Enforcement) Act 2022

2022 CHAPTER 10

PART 1

REGISTRATION OF OVERSEAS ENTITIES

Obtaining, updating and verifying information

12 Identifying registrable beneficial owners

- (1) An overseas entity must comply with this section before—
 - (a) making an application under section 4 for registration;
 - (b) complying with the updating duty under section 7;
 - (c) making an application under section 9 for removal.
- (2) The overseas entity must take reasonable steps—
 - (a) to identify any registrable beneficial owners in relation to the entity, and
 - (b) if it identifies any, to obtain, for the purposes of the application under section 4 or 9 or for the purposes of complying with the updating duty under section 7—
 - (i) the required information about each registrable beneficial owner, and
 - (ii) in respect of any registrable beneficial owner who is a trustee, the required information about the trust.
- (3) The steps that an overseas entity must take include giving an information notice under this section to any person that it knows, or has reasonable cause to believe, is a registrable beneficial owner in relation to the entity.
- (4) An information notice under this section is a notice requiring the person to whom it is given—
 - (a) to state whether or not the person is a registrable beneficial owner in relation to the overseas entity,

- (b) if the person is a registrable beneficial owner, to confirm or correct any of the required information about the person that is specified in the notice and to supply any of the required information that the notice states the overseas entity does not already have, and
 - (c) if the person is a registrable beneficial owner by virtue of being a trustee, to confirm or correct any of the required information about the trust that is specified in the notice and to supply any of the required information about the trust that the notice states the overseas entity does not already have.
- (5) An information notice under this section must require the person to whom it is given to comply with the notice within the period of one month beginning with the day on which it is given.

13 Additional powers to obtain information

- (1) An overseas entity may give a person an information notice under this section if it knows or has reasonable cause to believe that the person knows the identity of—
- (a) a person who is a registrable beneficial owner in relation to the overseas entity,
 - (b) any legal entity not falling within paragraph (a) that is a beneficial owner in relation to the overseas entity, or
 - (c) a person likely to have knowledge of the identity of a person within paragraph (a) or (b).
- (2) An information notice under this section is a notice requiring the addressee—
- (a) to state whether or not the addressee knows the identity of a person within paragraph (a), (b) or (c) of subsection (1), and
 - (b) if so—
 - (i) to supply any information that the addressee has that might help the overseas entity to identify that person, and
 - (ii) to state whether that information is being supplied with the knowledge of the person to whom it relates.
- (3) An information notice under this section must require the person to whom it is given to comply with the notice within the period of one month beginning with the day on which it is given.
- (4) A person given a notice under subsection (1) is not required by that notice to disclose any information in respect of which a claim to legal professional privilege or, in Scotland, confidentiality of communications, could be maintained in legal proceedings.
- (5) In this section a reference to knowing the identity of a person includes knowing information from which that person can be identified.

14 Sections 12 and 13: supplementary

- (1) The Secretary of State may by regulations make further provision about the giving of notices under section 12 or 13, including provision about the form and content of any such notices and the manner in which they must be given.
- (2) Regulations under subsection (1) are subject to the negative resolution procedure.

15 Failure to comply with notice under section 12 or 13

- (1) A person who, without reasonable excuse, fails to comply with a notice under section 12 or 13 commits an offence.
- (2) A person who is given a notice under section 12 or 13 commits an offence if, in purported compliance with the notice, the person—
 - (a) makes a statement that the person knows to be false in a material particular, or
 - (b) recklessly makes a statement that is false in a material particular.
- (3) Where an offence under subsection (1) or (2) is committed by a legal entity, the offence is also committed by every officer of the entity who is in default.
- (4) A person does not commit an offence under subsection (1), or under subsection (3) as it applies in relation to subsection (1), if the person proves that the requirement to give information was frivolous or vexatious.
- (5) A person guilty of an offence under this section is liable—
 - (a) on summary conviction in England and Wales, to imprisonment for the maximum summary term for either-way offences or a fine (or both);
 - (b) on summary conviction in Scotland, to imprisonment for a term not exceeding 12 months or a fine not exceeding the statutory maximum (or both);
 - (c) on summary conviction in Northern Ireland, to imprisonment for a term not exceeding 6 months or a fine not exceeding the statutory maximum (or both);
 - (d) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both).
- (6) In subsection (5)(a) “the maximum summary term for either-way offences” means—
 - (a) in relation to an offence committed before the time when paragraph 24(2) of Schedule 22 to the Sentencing Act 2020 comes into force, 6 months;
 - (b) in relation to an offence committed after that time, 12 months.

16 Verification of registrable beneficial owners and managing officers

- (1) The Secretary of State must by regulations make provision requiring the verification of information before an overseas entity—
 - (a) makes an application under section 4 for registration;
 - (b) complies with the updating duty under section 7;
 - (c) makes an application under section 9 for removal.
- (2) Regulations under this section may, among other things, make provision—
 - (a) about the information that must be verified;
 - (b) about the person by whom the information must be verified;
 - (c) requiring a statement, evidence or other information to be delivered to the registrar for the purposes of sections 4(1)(c), 7(1)(d) and 9(1)(e).
- (3) The first regulations under this section must be made so as to come into force before any applications may be made under section 4(1).
- (4) Regulations under this section are subject to the negative resolution procedure.