



Economic Crime and Corporate Transparency Act 2023

2023 CHAPTER 56

PART 1

COMPANIES ETC

Directors

40 Disqualified directors

- (1) The Companies Act 2006 is amended as follows.
- (2) After section 159 insert—

“159A Disqualified person not to be appointed as director

- (1) A person may not be appointed a director of a company if the person is disqualified under the directors disqualification legislation (see subsection (2)).
- (2) In the table—
 - (a) Part 1 defines “disqualified under the directors disqualification legislation” for the purposes of provisions of this Act so far as relating to—
 - (i) a company registered in England and Wales or Scotland, or
 - (ii) the delivery of a document to the registrar of companies for England and Wales or Scotland or a statement contained in such a document;
 - (b) Part 2 defines “disqualified under the directors disqualification legislation” for the purposes of provisions of this Act so far as relating to—
 - (i) a company registered in Northern Ireland, or

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- (ii) the delivery of a document to the registrar of companies for Northern Ireland or a statement contained in such a document.

For those purposes a person (P) is disqualified under the directors disqualification legislation if:

Except in the application of the provision in relation to P acting in a capacity, or doing anything, for which P has the permission of a court or the authority of a licence, or in respect of which an exception applies, by virtue of:

Part 1: England and Wales and Scotland

P is subject to a disqualification order or undertaking under the Company Directors Disqualification Act 1986.	Section 1(1), 1A(1) or 9B(4) of the 1986 Act.
Any of the circumstances mentioned in section 11 of the Company Directors Disqualification Act 1986 (bankruptcy etc) apply to P.	Section 11 of the 1986 Act.
P is subject to director disqualification sanctions within the meaning of section 11A of the Company Directors Disqualification Act 1986.	Section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018 (exceptions and licences).
Section 12 of the Company Directors Disqualification Act 1986 (disabilities on revocation of administration order against an individual) applies to P.	Section 12 of the 1986 Act.
P is subject to a disqualification order or undertaking mentioned in section 12A or 12B of the Company Directors Disqualification Act 1986 (recognition of Northern Ireland disqualification orders and undertakings).	Section 12A or 12B of the 1986 Act.
P is disqualified as mentioned in section 1184(2)(a) or (b) or is subject to a disqualification undertaking under section 1184(3).	Section 1184(5).

Part 2: Northern Ireland

P is subject to a disqualification order or undertaking under the Company Directors Disqualification (Northern Ireland) Order 2002 (S.I.2002/3150 (N.I. 4)).	Article 3(1), 4(1) or 13B(4) of the 2002 Order.
Any of the circumstances mentioned in Article 15 of the Company Directors Disqualification (Northern Ireland) Order 2002 (bankruptcy etc) apply to P.	Article 15 of the 2002 Order.

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<i>For those purposes a person (P) is disqualified under the directors disqualification legislation if:</i>	<i>Except in the application of the provision in relation to P acting in a capacity, or doing anything, for which P has the permission of a court or the authority of a licence, or in respect of which an exception applies, by virtue of:</i>
P is subject to director disqualification sanctions within the meaning of Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002.	Section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018 (exceptions and licences).
Article 16 of the Company Directors Disqualification (Northern Ireland) Order 2002 (disabilities on revocation of administration order against an individual) applies to P.	Article 16 of the 2002 Order.
P is subject to a disqualification order or undertaking mentioned in Article 17 of the Company Directors Disqualification (Northern Ireland) Order 2002 (recognition of GB disqualification orders and undertakings).	Article 17 of the 2002 Order.
P is disqualified as mentioned in section 1184(2)(a) or (b) or is subject to a disqualification undertaking under section 1184(3).	Section 1184(5).

- (3) An appointment made in contravention of this section is void.
- (4) Nothing in this section affects any liability of a person under any provision of the Companies Acts or any other enactment if the person—
- (a) purports to act as director, or
 - (b) acts as shadow director,
- although the person could not, by virtue of this section, be validly appointed as a director.”

(3) After section 169 insert—

“169A Removal from office of disqualified directors

- (1) A person who has been appointed as a director of a company ceases to hold office by virtue of that appointment if the person becomes disqualified under the directors disqualification legislation (see section 159A(2)).
- (2) Nothing in this section affects any liability of a person under any provision of the Companies Acts or any other enactment, if, having ceased to hold office by virtue of subsection (1), the person—
- (a) purports to act as director, or
 - (b) acts as shadow director.
- (3) In relation to a person appointed as a director of a company before the time when this section comes into force, the reference in subsection (1) to a person

who becomes disqualified includes a reference to a person who, at that time, is already disqualified.”

(4) In Schedule 8 (index of defined expressions), at the appropriate place insert—

“disqualified under the directors disqualification legislation | section 159A(2)”.

41 Section 40: amendments to clarify existing corresponding provisions

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

(2) In section 156C (existing director who is not a natural person)—

- (a) in subsection (2), for “be a director” substitute “hold office by virtue of that appointment”;
- (b) after subsection (2) insert—

“(2A) Nothing in this section affects any liability of a person under any provision of the Companies Acts or any other enactment, if, having ceased to hold office by virtue of subsection (2), the person—

- (a) purports to act as director, or
- (b) acts as shadow director.”

(3) In section 158 (power to provide for exceptions from minimum age requirement)—

- (a) in subsection (3), after “office” insert “by virtue of that appointment”;
- (b) after subsection (3) insert—

“(3A) Nothing in subsection (3) affects any liability of a person under any provision of the Companies Acts or any other enactment, if, having ceased to hold office by virtue of that subsection, the person—

- (a) purports to act as director, or
- (b) acts as shadow director.”

(4) Omit section 159 (which is spent).

42 Repeal of power to require additional statements

In the Companies Act 2006—

- (a) omit section 1189 (power to require additional statements in connection with disqualified person becoming director or secretary);
- (b) in sections 1190(1) and 1191(1) (further provision and offences), omit “or 1189”.

43 Prohibition on director acting unless ID verified

After section 167L of the Companies Act 2006 (inserted by Schedule 2 to this Act) insert—

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“Directors: duties relating to ID verification and notification

167M Prohibition on director acting unless ID verified

- (1) An individual must not act as a director of a company unless the individual’s identity is verified (see section 1110A).
- (2) A company must ensure that an individual does not act as a director unless the individual’s identity is verified (see section 1110A).
- (3) A person who contravenes subsection (1) commits an offence.
- (4) If a company contravenes subsection (2) an offence is committed by—
 - (a) the company, and
 - (b) every officer of the company who is in default.

For this purpose a shadow director is treated as an officer of the company.

- (5) A person guilty of an offence under this section is liable on summary conviction—
 - (a) in England and Wales, to a fine;
 - (b) in Scotland or Northern Ireland, to a fine not exceeding level 5 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 5 on the standard scale.
- (6) The only consequences of contravening subsections (1) and (2) are the offences provided for by this section (so that, for example, a contravention does not in any way affect the validity of an individual’s acts as a director).”

44 Prohibition on acting unless directorship notified

After section 167M of the Companies Act 2006 (inserted by section 43 of this Act) insert—

“167N Prohibition on acting unless directorship notified

- (1) This section applies where—
 - (a) a person has become a director of a company otherwise than on its incorporation, and
 - (b) notice under section 167G of the person having done so has not been given within the period mentioned in subsection (6) of that section.
- (2) The person may not act as a director of the company until notice is given under section 167G.
- (3) A person who contravenes subsection (2) commits an offence.
- (4) Where the offence is committed by a firm, every officer of the firm who is in default also commits the offence.
- (5) It is a defence for a person charged with an offence under this section to prove that they reasonably believed that notice had been given under section 167G.

- (6) A person guilty of an offence under this section is liable on summary conviction—
- (a) in England and Wales, to a fine;
 - (b) in Scotland or Northern Ireland, to a fine not exceeding level 5 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 5 on the standard scale.
- (7) The only consequence of a contravention of subsection (2) is the offence provided for by this section (so that, for example, a contravention does not in any way affect the validity of a person’s acts as a director).”

45 Registrar’s power to change a director’s service address

For section 246 of the Companies Act 2006 substitute—

“246 Putting the address on the public record

- (1) If the registrar decides in accordance with section 245 that a director’s usual residential address is to be put on the public record, the registrar must proceed as if each relevant company had given notice under section 167H—
 - (a) stating a change in the director’s service address, and
 - (b) stating the director’s usual residential address as their new service address.
- (2) The registrar must give notice of having done so—
 - (a) to the director, and
 - (b) to every relevant company.
- (3) The notice must state the date of the registrar’s decision to put the director’s usual residential address on the public record.
- (4) Where a director’s usual residential address has been put on the public record by the registrar under this section, for the period of five years beginning with the date of the registrar’s decision no service address may be registered for the director other than their usual residential address (but see subsection (5)).
- (5) Subsection (4)—
 - (a) does not limit the service address that may be registered for the director under regulations under section 1097B (rectification of register), and
 - (b) ceases to apply in relation to the director if a new service address is registered for the director under those regulations.
- (6) In this section “relevant company” means each company given notice under section 245(2)(b).”