



# Economic Crime and Corporate Transparency Act 2023

## 2023 CHAPTER 56

### PART 1

#### COMPANIES ETC

##### *Disqualification in relation to companies*

#### **31 Disqualification for persistent breaches of companies legislation: GB**

- (1) Section 3 of the Company Directors Disqualification Act 1986 (disqualification for persistent breaches of companies legislation) is amended as follows.
- (2) In subsection (1), for the words from “provisions of the companies legislation” to the end substitute “relevant provisions of the companies legislation (see subsection (3B))”.
- (3) In subsection (2), for “such provisions as are mentioned above” substitute “relevant provisions of the companies legislation”.
- (4) In subsection (3)—
  - (a) for “provision of that legislation” substitute “such provision”;
  - (b) after paragraph (a) (but before the “or” at the end of that paragraph) insert—
    - “(aa) a financial penalty is imposed on the person in respect of such an offence by virtue of regulations under—
      - (i) section 1132A of the Companies Act 2006, or
      - (ii) section 39 of the Economic Crime (Transparency and Enforcement) Act 2022,”.
- (5) After subsection (3A) insert—

“(3B) In this section “relevant provisions of the companies legislation” means—

- (a) any provision of the companies legislation requiring any return, account or other document to be filed with, delivered or sent, or notice of any matter to be given, to the registrar of companies,
- (b) sections 167M and 167N of the Companies Act 2006 (prohibitions on acting as director where identity not verified or where there has been a failure to notify a directorship), and
- (c) sections 790LQ and 790LR of the Companies Act 2006 (persons with significant control: ongoing duties in relation to identity verification).”

(6) For subsection (4A) substitute—

“(4A) In this section “the companies legislation” means—

- (a) the Companies Acts,
- (b) Parts A1 to 7 of the Insolvency Act 1986 (company insolvency and winding up), and
- (c) Part 1 of the Economic Crime (Transparency and Enforcement) Act 2022 (registration of overseas entities).”

### **32 Disqualification for persistent breaches of companies legislation: NI**

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

(2) In Article 6 (disqualification for persistent breaches of companies legislation)—

- (a) in paragraph (1), for the words from “provisions of the companies legislation” to the end substitute “relevant provisions of the companies legislation (see paragraph (3ZA))”;
- (b) in paragraph (2), for “such provisions as are mentioned in paragraph (1)” substitute “relevant provisions of the companies legislation”;
- (c) in paragraph (3), after sub-paragraph (a) (but before the “or” at the end of that sub-paragraph) insert—
  - “(aa) a financial penalty is imposed on the person by the registrar in respect of such an offence by virtue of regulations under—
    - (i) section 1132A of the Companies Act 2006, or
    - (ii) section 39 of the Economic Crime (Transparency and Enforcement) Act 2022,”;

(d) after paragraph (3) insert—

“(3ZA) In this Article “relevant provisions of the companies legislation” means—

- (a) any provision of the companies legislation requiring any return, account or other document to be filed with, delivered or sent, or notice of any matter to be given, to the registrar,
  - (b) sections 167M and 167N of the Companies Act 2006 (prohibitions on acting as director where identity not verified or where there has been a failure to notify a directorship), and
  - (c) sections 790LQ and 790LR of the Companies Act 2006 (persons with significant control: ongoing duties in relation to identity verification).”;
- (e) for paragraph (3A) substitute—

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“(3A) In this Article “the companies legislation” means—

- (a) the Companies Acts,
- (b) Parts 1A to 7 of the Insolvency (Northern Ireland) Order 1989 (company insolvency and winding up), and
- (c) Part 1 of the Economic Crime (Transparency and Enforcement) Act 2022 (registration of overseas entities).”

(3) In Article 25A (application of Order to registered societies), in paragraph (2)(c), for “Articles 6(1) and 8(1)” substitute “Article 6(3ZA)(a)”.

(4) In Article 25B (application of Order to credit unions), in paragraph (3)(b), for “Articles 6(1) and 8(1) references” substitute “Article 6(3ZA)(a) the reference”.

### **33 Disqualification on summary conviction: GB**

(1) Section 5 of the Company Directors Disqualification Act 1986 (disqualification on summary conviction) is amended as follows.

(2) In subsection (1), for the words from “provision of the companies legislation” to “the registrar of companies” substitute “of the relevant provisions of the companies legislation”.

(3) For subsection (3) substitute—

“(3) Those circumstances are that, during the 5 years ending with the date of the conviction, there have been no fewer than 3 relevant findings of guilt in relation to the person.

(3A) For these purposes, there is a relevant finding of guilt in relation to the person if —

- (a) the person is convicted of an offence counting for the purposes of this section (including the offence of which the person is convicted as mentioned in subsection (2) and any other offence of which the person is convicted on the same occasion),
- (b) a financial penalty of the kind mentioned in section 3(3)(aa) is imposed on the person, or
- (c) a default order within the meaning of section 3(3)(b) is made against the person.”

(4) In subsection (4), omit paragraph (b) and the “and” before it.

(5) For subsection (4A) substitute—

“(4A) In this section “relevant provisions of the companies legislation” has the meaning given by section 3(3B).”

### **34 Disqualification on summary conviction: NI**

(1) Article 8 of the Company Directors Disqualification (Northern Ireland) Order 2002 (S.I. 2002/3150 (N.I. 4)) (disqualification on summary conviction) is amended as follows.

(2) In paragraph (1), for the words from “provision of the companies legislation” to “the registrar” substitute “of the relevant provisions of the companies legislation”.

(3) For paragraph (3) substitute—

“(3) Those circumstances are that, during the 5 years ending with the date of the conviction, there have been no fewer than 3 relevant findings of guilt in relation to the person.

(3A) For these purposes, there is a relevant finding of guilt in relation to the person if —

- (a) the person is convicted of an offence counting for the purposes of this Article (including the offence of which the person is convicted as mentioned in paragraph (2) and any other offence of which the person is convicted on the same occasion),
- (b) a financial penalty of the kind mentioned in Article 6(3)(aa) is imposed on the person, or
- (c) a default order within the meaning of Article 6(3)(b) is made against the person.”

(4) Omit paragraph (4).

(5) For paragraph (4A) substitute—

“(4A) In this Article “relevant provisions of the companies legislation” has the meaning given by Article 6(3ZA).”

### **35 Power to impose director disqualification sanctions**

(1) The Sanctions and Anti-Money Laundering Act 2018 is amended as follows.

(2) In section 1 (power to make sanctions regulations), in subsection (5), after paragraph (a) insert—

“(aa) impose director disqualification sanctions (see section 3A);”.

(3) After section 3 insert—

#### **“3A Director disqualification sanctions**

(1) For the purposes of section 1(5)(aa) regulations “impose director disqualification sanctions” if they provide for designated persons (see section 9) to be persons subject to director disqualification sanctions for the purposes of—

- (a) section 11A of the Company Directors Disqualification Act 1986, and
- (b) Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002.

(2) As to the effect of such provision, see—

- (a) section 11A of the Company Directors Disqualification Act 1986, and
- (b) Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002.”

(4) In section 9 (“designated persons”)—

- (a) in subsection (1), for “3 and 4” substitute “3 to 4”;
- (b) in subsection (3), after “3,” insert “3A,”.

(5) In section 15 (exceptions and licences), after subsection (3) insert—

“(3A) Where regulations provide for designated persons to be persons subject to director disqualification sanctions for the purposes of section 11A of the Company Directors Disqualification Act 1986 and Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002, the regulations may—

- (a) create exceptions from subsection (1) of that section or paragraph (1) of that Article;
- (b) confer power on an appropriate Minister to issue a licence to authorise a designated person to do anything that would otherwise be prohibited by subsection (1) of that section or paragraph (1) of that Article.

(3B) Regulations may, as respects any licences provided for under subsection (3A), make any provision mentioned (in relation to licences) in subsection (3).”

### **36 Disqualification of persons designated under sanctions legislation: GB**

(1) The Company Directors Disqualification Act 1986 is amended as follows.

(2) After section 11 insert—

#### **“11A Designated persons under sanctions legislation**

(1) It is an offence for a person who is subject to director disqualification sanctions to act as a director of a company or directly or indirectly to take part in or be concerned in the promotion, formation or management of a company (but see subsection (2)).

(2) Subsection (1) does not apply—

- (a) to the extent that an exception from subsection (1) has been created by virtue of section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018, or
- (b) to anything done under the authority of a licence issued by virtue of section 15(3A) of that Act.

(3) It is a defence for a person charged with an offence under this section to prove that they did not know and could not reasonably have been expected to know that they were subject to director disqualification sanctions at the time at which they engaged in that conduct.

(4) In this section “person who is subject to director disqualification sanctions” means a person who under regulations under section 1 of the Sanctions and Anti-Money Laundering Act 2018 is a person subject to director disqualification sanctions for the purposes of this section and Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002 (see section 3A of the Sanctions and Anti-Money Laundering Act 2018).”

(3) In section 13 (criminal penalties), after “section 11” insert “or 11A”.

(4) In section 14 (offences by body corporate), for subsection (1) substitute—

“(1) Where—

- (a) a body corporate is—

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- (i) guilty of an offence of acting in contravention of a disqualification order or disqualification undertaking or in contravention of section 12A or 12B, or
    - (ii) guilty of an offence under section 11A, and
  - (b) it is proved that the offence occurred with the consent or connivance of, or was attributable to any neglect on the part of any director, manager, secretary or other similar officer of the body corporate, or any person who was purporting to act in any such capacity, the person, as well as the body corporate, is guilty of the offence and liable to be proceeded against and punished accordingly.”
- (5) In section 15 (personal liability for company’s debts where person acts while disqualified)—
  - (a) in subsection (1)(a), after “section 11” insert “, 11A”;
  - (b) omit the “or” at the end of subsection (1)(a);
  - (c) after subsection (1)(b) insert “, or
    - (c) as a person who is involved in the management of the company, they act or are willing to act on instructions where—
      - (i) the instructions are given by a person whom they know at that time to be subject to director disqualification sanctions (within the meaning of section 11A),
      - (ii) the giving of the instructions does not fall within any exception from section 11A(1) created by virtue of section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018, and
      - (iii) the instructions are not authorised, (but see subsection (3A)).”;
  - (d) in subsection (3)(b), after “(b)” insert “or (c)”;
  - (e) after subsection (3) insert—
    - “(3A) But—
      - (a) a person who is subject to director disqualification sanctions (within the meaning of section 11A) is not personally responsible under subsection (1)(a) for any relevant debts of the company incurred at a time when the person did not know and could not reasonably have been expected to know that they were subject to director disqualification sanctions;
      - (b) a person is not personally responsible under subsection (1)(c) for any relevant debts of the company incurred at a time when the person reasonably believed that the instructions were authorised.”;
  - (f) after subsection (5) insert—
    - “(6) Subsection (7) applies where a person (“P”) at any time—
      - (a) was involved in the management of a company, and
      - (b) acted on instructions where—
        - (i) the instructions were given by a person (“D”) whom P knew at that time to be subject to director

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- disqualification sanctions (within the meaning of section 11A),
- (ii) the giving of the instructions did not fall within any exception from section 11A(1) created by virtue of section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018, and
- (iii) the instructions were not authorised,
- unless P reasonably believed at that time that the instructions were authorised.
- (7) For the purposes of this section P is presumed, unless the contrary is shown, to have been willing at any time thereafter to act on any instructions given by D.
- (8) For the purposes of this section instructions are “authorised” if they are given under the authority of a licence issued by virtue of section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018.”
- (6) In section 18 (register of disqualification orders and undertakings), in subsection (2A), after paragraph (c) insert—
- “(d) persons who are subject to director disqualification sanctions within the meaning of section 11A;
- (e) any licences issued by virtue of section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018.”
- (7) In section 21 (interaction with Insolvency Act), in subsection (4), after “section 11” insert “, 11A”.

### **37 Section 36: application to other bodies**

- (1) The Company Directors Disqualification Act 1986 is amended as follows.
- (2) In section 22A (application of Act to building societies), in subsection (3A)(a), for “and 7(2)(b)” substitute “, 7(2)(b) and 11A”.
- (3) In section 22B (application of Act to incorporated friendly societies), in subsection (3A)(a), for “and 8ZA to 8ZE” substitute “, 8ZA to 8ZE and 11A”.
- (4) In section 22C (application of Act to NHS foundation trusts), in subsection (2A)(a), for “and 7(2)(b)” substitute “, 7(2)(b) and 11A”.
- (5) In section 22E (application of Act to registered societies), in subsection (4)(f), for “and 8ZA to 8ZE” substitute “, 8ZA to 8ZE and 11A”.
- (6) In section 22F (application of Act to charitable incorporated organisations), in subsection (3), after paragraph (d) insert—
- “(da) section 11A is to be disregarded;”
- (7) In section 22G (application of Act to further education bodies), in subsection (3), after paragraph (c) insert—
- “(d) section 11A is to be disregarded.”
- (8) In section 22H (application of Act to protected cell companies), in subsection (4)(za), in subsection (4)(za), for “and 7(2)(b)” substitute “, 7(2)(b) and 11A”.



- (9) The Secretary of State may by regulations repeal any of the previous subsections of this section before the subsection is brought into force.

### **38 Disqualification of persons designated under sanctions legislation: NI**

- (1) The Company Directors Disqualification (Northern Ireland) Order 2002 ([S.I. 2002/3150 \(N.I. 4\)](#)) is amended as follows.

- (2) After Article 15 insert—

#### **“15A Designated persons under sanctions legislation**

- (1) It is an offence for a person who is subject to director disqualification sanctions to act as a director of a company or directly or indirectly to take part in or be concerned in the promotion, formation or management of a company (but see paragraph (2)).
- (2) Paragraph (1) does not apply—
- (a) to the extent that an exception from paragraph (1) has been created by virtue of section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018, or
  - (b) to anything done under the authority of a licence issued by virtue of section 15(3A) of that Act.
- (3) It is a defence for a person charged with an offence under this Article to prove that they did not know and could not reasonably have been expected to know that they were subject to director disqualification sanctions at the time at which they engaged in that conduct.
- (4) In this Article “person who is subject to director disqualification sanctions” means a person who under regulations under section 1 of the Sanctions and Anti-Money Laundering Act 2018 is a person subject to director disqualification sanctions for the purposes of this Article and section 11A of the Company Directors Disqualification Act 1986 (see section 3A of the Sanctions and Anti-Money Laundering Act 2018).”
- (3) In Article 18 (criminal penalties)—
- (a) omit “15.”;
  - (b) for “and” substitute “; and any person guilty of an offence under this Article or Article 15 or 15A”.
- (4) In Article 19 (personal liability for company’s debts where person acts while disqualified)—
- (a) in paragraph (1)(a), after “Article 15” insert “, 15A”;
  - (b) omit the “or” at the end of paragraph (1)(a);
  - (c) after paragraph (1)(b) insert “, or
    - (c) as a person who is involved in the management of the company, they act or are willing to act on instructions where—
      - (i) the instructions are given by a person whom they know at that time to be subject to director



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- disqualification sanctions (within the meaning of Article 15A),
  - (ii) the giving of the instructions does not fall within any exception from Article 15A(1) created by virtue of section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018, and
  - (iii) the instructions are not authorised, (but see paragraph (3A)).”;
  - (d) in paragraph (3)(b), after “(1)(b)” insert “or (c)”;
  - (e) after paragraph (3) insert—
    - “(3A) But—
    - (a) a person who is subject to director disqualification sanctions (within the meaning of Article 15A) is not personally responsible under paragraph (1)(a) for any relevant debts of the company incurred at a time when the person did not know and could not reasonably have been expected to know that they were subject to director disqualification sanctions;
    - (b) a person is not personally responsible under paragraph (1)(c) for any relevant debts of the company incurred at a time when the person reasonably believed that the instructions were authorised.”;
  - (f) in paragraph (5), in the closing words, after “given” insert “by”;
  - (g) after paragraph (5) insert—
    - “(6) Paragraph (7) applies where a person (“P”) at any time—
    - (a) was involved in the management of a company, and
    - (b) acted on instructions where—
      - (i) the instructions were given by a person (“D”) whom P knew at that time to be subject to director disqualification sanctions (within the meaning of Article 15A),
      - (ii) the giving of the instructions did not fall within any exception from Article 15A(1) created by virtue of section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018, and
      - (iii) the instructions were not authorised,unless P reasonably believed at that time that the instructions were authorised.
  - (7) For the purposes of this Article P is presumed, unless the contrary is shown, to have been willing at any time thereafter to act on any instructions given by D.
  - (8) For the purposes of this Article instructions are “authorised” if they are given under the authority of a licence issued by virtue of section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018.”
- (5) In Article 22 (register of disqualification orders and undertakings), in paragraph (3), after sub-paragraph (c) insert—

- “(d) persons who are subject to director disqualification sanctions within the meaning of Article 15A;
- (e) any licences issued by virtue of section 15(3A) of the Sanctions and Anti-Money Laundering Act 2018 that authorise such a person to do anything that would otherwise be prohibited by Article 15A(1).”

### **39 Section 38: application to other bodies**

- (1) The Company Directors Disqualification (Northern Ireland) Order 2002 ([S.I. 2002/3150 \(N.I. 4\)](#)) is amended as follows.
- (2) In Article 24D (application of Order to building societies), in paragraph (3A)(a), for “and 10(2)(b) and (5A)” substitute “, 10(2)(b) and (5A) and [15A](#)”.
- (3) In Article 25 (application of Order to incorporated friendly societies), in paragraph (3A)(a), for “and 11A to 11E” substitute “, 11A to 11E and [15A](#)”.
- (4) In Article 25A (application of Order to registered societies), in paragraph (2)(g), for “and 11A to 11E” substitute “, 11A to 11E and [15A](#)”.
- (5) In Article 25B (application of Order to credit unions), in paragraph (3)(c), for “and 11A to 11E” substitute “, 11A to 11E and [15A](#)”.
- (6) In Article 25C (application of Order to protected cell companies), in paragraph (4)(za), for “and 10(2)(b) and (5A)” substitute “, 10(2)(b) and (5A) and [15A](#)”.
- (7) The Secretary of State may by regulations repeal any of the previous subsections of this section before the subsection is brought into force.