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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations make provision relating to the register of overseas entities (“the register”) kept by the registrar of companies for England and Wales (“the registrar”) in accordance with Part 1 of the Economic Crime (Transparency and Enforcement) Act 2022 (c. 10). The provisions relate to financial penalties, appeals, and enforcement.

The Regulations also amend the Land Registration Act (Northern Ireland) 1970, to provide for the registration of otherwise unregistrable dispositions in Northern Ireland.

Part 2 confers power on the registrar to impose a financial penalty on a person if satisfied beyond reasonable doubt that the person has engaged in conduct amounting to an offence under Part 1 of that Act.

Regulations 4 and 5 describe the process by which the registrar may issue warning notices and penalty notices. They also set out when the registrar may issue either type of notice, the required contents and information about relevant time periods regulation 6 allows the registrar to vary or revoke the penalty notice as the registrar considers appropriate subject to certain conditions and regulation 7. Regulation 7 provides rules for imposing and calculating penalties under a penalty notice, and states that amounts recovered by the registrar under these Regulations are to be paid into the Consolidated Fund.

Part 3 makes provision for the route of appeal against a financial penalty imposed under regulations 5 or 6(3) and sets out the substantive grounds of appeal, procedural rules, and the court’s powers in relation to the appeal.

Part 4 makes provision for the enforcement of the financial penalties imposed.

Regulation 9 allows the registrar to recover the financial penalty (with any accrued interest) after the expiry of the period stated in the penalty notice, if no appeal has been brought, or, if an appeal has been determined or withdrawn. It also describes how the financial penalty is treated for recovery purposes in England and Wales, Northern Ireland, and Scotland.

Part 5 amends Schedule 8A to the Land Registration Act (Northern Ireland) 1970<sup>(1)</sup>. Schedule 8A was inserted by Schedule 5 to the Economic Crime (Transparency and Enforcement) Act 2022<sup>(2)</sup> and makes provision about the ownership of registered land by overseas entities and the registrable dispositions they make.

Regulation 10(2) inserts new paragraph 4A into Schedule 8A to the Land Registration Act (Northern Ireland) 1970.

Sub-paragraph (1) of new paragraph 4A provides that the Secretary of State may consent to the registration of a disposition that would otherwise be incapable of registration because it would be prohibited by an inhibition entered under paragraph 3 or by paragraph 4 of Schedule 8A. The Secretary of State must be satisfied that, at the time of the disposition, the person to whom it was made did not know, and could not reasonably have been expected to know, that the disposition could not be registered. The Secretary of State must also be satisfied that in all the circumstances it would be unjust for the disposition not to be registered.

Sub-paragraph (2) of new paragraph 4A provides that the Secretary of State may make regulations in connection with applications for consent under paragraph 4A(1) and these regulations may, for

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(1) 1970 c. 18.

(2) 2022 c. 10.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

example, set out who may apply, the evidence required to be produced, and time limits (paragraph 4A(3)). Such regulations are subject to the negative resolution procedure (paragraph 4A(4)).

Paragraphs (3) and (4) of regulation 10 introduce a new exception to the prohibition on registration of certain dispositions under paragraphs 3 and 4 of Schedule 8A, where the Secretary of State gives consent to registration of the disposition under new paragraph 4A.

Regulation 10(5) amends paragraph 5(1) of Schedule 8A to make clear that the possibility of obtaining consent under paragraph 4A is to be disregarded in determining whether an overseas entity breaches the prohibition on making a registrable disposition of a qualifying estate which cannot be registered under paragraphs 3 or 4 of Schedule 8A.