Economic Crime and Corporate Transparency Act

General Features



22 November 2023

Members will be interested to know that on 26 October 2023 the Economic Crime and Corporate Transparency Act received Royal Assent. This act brings reforms to Companies House and limited partnerships, improved information sharing between businesses and law enforcement and greater powers to the National Crime Agency.

Companies House Reforms

The Economic Crime and Corporate Transparency Act (ECCTA) brings enhanced powers to Companies House including the implementation of identity verification checks for:

- all new and existing UK company directors;
- people with significant control; and
- those delivering documents to the Companies House register.

Verification can either be undertaken directly via Companies House or via an indirect route through an Authorised Corporate Service Provider (ACSP). ACSPs will deliver documents on behalf of clients and provide confirmation of identity verification to Companies House. To provide ACSP services to clients, agents must be registered with a supervisory body for Anti-Money Laundering (AML) purposes and already have an existing duty to carry out customer due diligence checks on clients.

These updates will bring improvements to the quality of information on the company register and seek to prevent bad actors from fraudulently setting up companies under false information.

As the Act will introduce a verified public register of beneficial ownership and improve the accuracy and reliability of Companies House information, AML supervised firms may find this a useful resource for customer due diligence processes in the future, though firms should be aware that these measures will not be introduced right away.

Further reforms aim to tackle the misuse of limited partnerships and Scottish limited partnerships.

Cryptoassets

There will also be changes to law enforcement agencies' powers in relation to seizing and recovering cryptoassets which are proceeds of crime or associated with illicit activity through amendments to the Proceed of Crime Act 2002.

Improvements to information sharing

Currently, there are limitations in the information that businesses in the AML regulated can share between each other.

The ECCTA seeks to improve information sharing measures through disapplying civil liability for breaches of confidentiality in certain situations when sharing customer information for the purpose of preventing, investigating and detecting economic crime.

This Act removes the requirement for a Suspicious Activity Report to have been submitted for an information order to be obtained by the National Crime Agency's

Financial Intelligence Unit.

Failure to prevent fraud offence, strategic lawsuits against public participation and reforms to corporate criminal liability laws

A new criminal offence has been introduced, the ‘failure to prevent fraud offence’. Organisations will be accountable for failing to prevent fraud committed by employees, if the organisation profits from the fraud and did not have reasonable measures to prevent this in place.

There have also been reforms to hold businesses criminally liable in their own right for economic crimes, as well as changes to Strategic Lawsuits Against Public Participation (SLAPPs) which involve economic crimes.

Further information can be found on the GOV.UK website (tinyurl.com/ynnrz6yc) and the ATT (tinyurl.com/bdd47ak9) and CIOT (tinyurl.com/5by9k4af) websites.

Chelsea Hayward *chayward@ciot.org.uk*