The Economic Crime and Corporate Transparency Bill by *Paul Mylvaganam, Barrister at Wyeth Thomas Chambers* (20th June 2023)

The proposed Economic Crime and Corporate Transparency Bill has three main objectives:

- Prevent organised criminals, fraudsters, kleptocrats and terrorists from using companies and other corporate entities to abuse the UK's open economy.
- Strengthen the UK's broader response to economic crime and support enterprise by enabling Companies House to deliver a better service for over four million UK companies.
- Improve the reliability of its data to inform business transactions and lending decisions across the economy.

The Bill was introduced following the Economic Crime (Transparency and Enforcement) Act 2022, which was fast-tracked through Parliament in March 2022 in response to Russia's invasion of Ukraine, as the Government committed to introducing a second economic crime bill in the 2022-2023 session of Parliament.

- **Part 1** of the Bill (as introduced, clauses 1 to 98, and now clauses 1 to 107) would seek to deliver the "biggest upgrade to Companies House" since the UK first introduced a register of companies in 1844. Anti-corruption group Transparency International (TI) said the reforms were "much-needed" but left gaps such as by failing to prohibit UK companies from being controlled by "opaque offshore companies".
- **Part 2** proposes reforms to limited partnerships, bringing their reporting arrangements into alignment with those of registered companies.
- **Part 3** of the Bill would amend the EC (TE) Act to maintain consistency with changes to the Companies Act 2006 made by Part 1 of the Bill and make minor and technical changes.
- **Part 4** would amend the Proceeds of Crime Act 2002 to explicitly apply criminal and civil asset recovery powers to crypto assets.
- **Part 5** makes several discrete changes relating to money laundering, terrorist financing and legal services regulation.

The Bill amends the statutory fining limit for the Solicitors Regulation Authority (SRA) - it will be removed, allowing the SRA to set its own limits on financial penalties imposed for economic crime disciplinary matters. The Law Society has raised concerns about the government's proposal to allow the SRA the ability to impose limitless financial penalties for economic crime disciplinary matters. However, by way of comparison, the Serious Fraud Office's (SFO) deferred prosecution agreement process has led the SFO to declare that it has contributed over £1.3 billion to the Treasury since 2016, four times its cost to the taxpayer. **Therefore, the hope is that the proposed unlimited fines will act as an important deterrent for the professionals who facilitate economic crime. The scale of the task is highlighted when** it was reported in February 2022, that of the £1.5 billion worth of property bought by Russians accused of corruption or links to the Kremlin, over £800 million worth is held by companies in Britain's tax havens. Data until December 2022, shows fraud now accounts for 40% of all crime in England and Wales, with estimates suggesting it could cost billions of pounds each year.

Peers and MPs are urged to:

- Streamline the enforcement action in the Bill through measures that standardise the response to economic crime and fraud both nationally and regionally.
- Create measures that ensure greater accountability of regulatory bodies that oversee the response to economic crime and fraud, with consideration towards introducing the role of an Economic Crime Commissioner to provide a focal point for accountability and implementation of the Bill.

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