



HOUSE OF COMMONS
LONDON SW1A 0AA

27th March 2022

Dear Constance,

RE: REGISTER OF OVERSEAS ENTITIES

Thank you for your recent correspondence in respect of economic crime and money laundering in the UK. I have read your comments on this important issue with interest.

Like you, I stand in complete opposition to President Putin's horrific, unjust, war on Ukraine. The regime's grotesque actions cannot be allowed to succeed, and I applaud my ministerial colleagues for so quickly legislating, through the *Economic Crime (Transparency and Enforcement) Act* to crack down on dirty money in the UK and tackle corrupt elites, who so often underpin Putin's leadership.

The new Register of Overseas Entities will require anonymous foreign owners of UK property to reveal their real identities to ensure criminals cannot hide behind secretive chains of shell companies, setting a new global standard for transparency. Entities who do not declare their 'beneficial owner' will face restrictions over selling their property, and those who break the rules could face up to five years in prison, or a daily fine of £2,500.

I am aware that a number of constituents have written to me regarding calls to shorten the transition period for overseas entities to comply with the new register to 28 days. While I appreciate the sentiment behind this suggestion, I think the Government has struck the correct balance between cracking down on money laundering through UK property as quickly as possible, while also giving people who hold their property in overseas entities for legitimate reasons appropriate time to comply with the new requirements.

An unexplained wealth order (UWO) is an investigatory order placed on a respondent whose assets appear disproportionate to their income, to explain the origins of their wealth. Under the reforms to UWOs, those who hold property in the UK in a trust will be brought within scope and the definition of an asset's 'holder' will be expanded to ensure individuals can't hide behind opaque shell companies and foundations.

The reforms will also remove key barriers to the use of UWOs by increasing the time available to law enforcement to review material provided in response to a UWO and reforming cost rules to protect law enforcement agencies from incurring substantial legal costs if they bring a reasonable case that is ultimately unsuccessful.

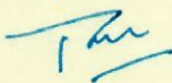


Furthermore, the Treasury will also be able to intensify sanctions enforcement by introducing a more wide-ranging 'strict civil liability test' for monetary penalties, rather than the current one which requires firms to have knowledge or a 'reasonable cause to suspect' sanctions are being breached. This will make it easier for the Office for Financial Sanctions Implementation to impose significant fines.

These measures form part of a wider package of legislative proposals to tackle illicit finance, which will be introduced in Parliament in the coming months, including reforming Companies House and introducing new powers to seize crypto assets more easily.

I hope with this response I have provided reassurance to you that the UK continues to play a world leading role in the response to Russia's appalling actions in Ukraine and that the Government is taking all the steps necessary to tackle the scourge of economic crime.

Once again, thank you for having taken the time to contact me and if I can ever be of any further assistance to you then please do not hesitate to contact me again.

With best wishes,


**TOM PURSGLOVE MP
MEMBER OF PARLIAMENT
CORBY & EAST NORTHAMPTONSHIRE**