



**Economic Crime (Transparency and Enforcement)  
Act 2022**

**Law Society guidance for solicitors concerning  
verification**

The Law Society of England and Wales

## Economic Crime (Transparency and Enforcement) Act 2022 Law Society Guidance for solicitors concerning verification

*The Law Society of England and Wales is the independent professional body that works globally to support and represent 200,000 solicitors, promoting the highest professional standards and the rule of law.*

This guidance note concerns the implementation of the Register of Overseas Entities (the "**ROE**") introduced by Part 1 of the Economic Crime (Transparency and Enforcement) Act 2022 ("**ECTEA 2022**") and (among other instruments) the Register of Overseas Entities (Verification and Provision of Information) Regulations 2022 (SI 2022/725) (the "**Verification Regulations**").

It sets out at a high level some areas for solicitors to be aware of when considering the position they wish to take on verification in respect of the ROE, including highlighting the risks that should be considered. It is not a comprehensive summary of the ROE or of the application, verification, update and removal procedures under it.

A critical element of the ROE regime is the requirement to verify independently intangible elements such as the exercise of control. That verification is to be confirmed to Companies House and will subsequently appear on its public record. Given the drafting of the Verification Regulations, the Law Society considers that any law firm acting as a verifier will face significant challenges and expose itself to significant risk, including possible criminal prosecution, regulatory sanction, and reputational damage.

### 1. Introduction

1.1 We have long supported the Government's overarching ambition to improve transparency of ownership:

- we worked on the introduction of Part 21A of the Companies Act 2006 which introduced the register of people with significant control (the "**PSC Register**") for registered companies, and which formed the basis of similar regimes for limited liability partnerships and unregistered companies;
- we have had longstanding engagement on the application of rules against money laundering and terrorist finance;
- we have produced supporting materials for our members on the expansion of the Trust Registration Service to certain non-taxable trusts;
- we have supported the introduction of the ROE since it was first formally proposed in 2017; and
- we have been working with both BEIS and Companies House on the Companies House transformation project for many years.

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1.2 We have prepared this guidance to support members in navigating the verification procedure under the ROE during the opening phase of the regime.

1.3 We understand that BEIS will be publishing technical guidance on the ROE and additional guidance to support verification (together, the "**BEIS Guidance**") on 1 August 2022 when the ROE regime comes into force.

1.4 Whilst the BEIS Guidance will be helpful in setting out the Government's perspective towards enforcing the ROE, it does not, and cannot, override the specific provisions of the Verification Regulations. We therefore advise firms wishing to conduct verification to follow the Verification Regulations, but to be aware of BEIS' position as set out in the BEIS Guidance. **In our view following the BEIS Guidance on its own does not guarantee compliance with the law. The BEIS Guidance is non-statutory and should be read in conjunction with the Act and associated Regulations**

1.5 We have expressed significant concerns to BEIS as to the expectations which may be placed on members to verify the accuracy of information placed onto the ROE. **Members who get this wrong will leave themselves open to criminal prosecution and may be professionally negligent.** There is a real risk that members may mistakenly interpret what is required for verification under the ROE as being identical to what is required for anti-money laundering compliance client due diligence ("**CDD**") purposes. It is not. Verification is a very different process from CDD. Members should exercise extreme caution.

1.6 We anticipate that many firms will conclude that they are unable or unwilling to conduct ROE verification. This may arise for a number of reasons, including:

- the availability of appropriately experienced and jurisdictionally competent advisers;
- knowledge of the structure and nature of ownership;
- an absence of availability of reliable and independent sources of information; and
- if verifiers feel they cannot verify the accuracy of certain facts<sup>1</sup>.

1.7 Extra caution should be exercised if a solicitor is requested to conduct an ROE analysis or to carry out ROE verification for persons who are not existing clients and/or in circumstances where they do or did not have a major role in the underlying transaction.

1.8 ECTEA 2022 was passed into law within the urgent context of the invasion of Ukraine by Russia. The UK government has stated that it will introduce a second Economic Crime Bill into Parliament during the current session. That second Bill will

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<sup>1</sup> Verify and verification have the meaning given in regulation 6(6):  
verify on the basis of documents or information in either case obtained from a reliable source which is independent of the person whose identity is being verified.

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begin to introduce some of the amendments to the Companies Act 2006 ("**CA 2006**") for the Companies House transformation project and may also present an opportunity to clarify and correct certain unsatisfactory elements of the ROE regime<sup>2</sup>.

1.9 This document represents guidance to our members as to how ROE verification may be conducted, if they choose to do so, based on the information published so far, subject to their professional duties under the SRA Code of Conduct. We will adapt our guidance as the BEIS Guidance is published, further statutory instruments are made and the Companies House and HM Land Registry registration processes become operational.

### 2. The ROE

2.1 In England and Wales, the ROE regime applies to an overseas entity that is the registered proprietor of (i) a freehold estate, or (ii) a lease granted for a term of more than seven years from the date of grant, in either case pursuant to an application made on or after 1 January 1999 (a "**qualifying estate**"), as well as to an overseas entity that wishes to acquire a qualifying estate. It will require disclosure of corporate control of the overseas entity in a manner comparable (although not identical) to that under the PSC regime, which is defined in ECTEA 2022 as **beneficial ownership**<sup>3</sup>. There are certain very specific types of overseas entity that are outside of the scope of the legislation and are not addressed in this guidance.

2.2 Overseas entities that already hold one or more qualifying estate(s) will have six months from 1 August 2022 to file information on themselves and their beneficial owners and (in some cases) their managing officers and any trusts above the level of the overseas entity. This must therefore be completed on or before 31 January 2023, and there are criminal consequences for non-compliance.

2.3 For these existing overseas entity owners, from and including 1 February 2023, the general rule is that (subject to certain exemptions) no specified disposition (a transfer, grant of a lease for more than seven years from date of grant, or the grant of a legal charge) can be registered unless the ROE registration process was complete at the time of the relevant disposition (subject to certain exemptions).

2.4 From and including 5 September 2022, overseas entities must have completed the registration process with Companies House and obtained a Companies House-issued overseas entity ID number before they can apply to HM Land Registry to become the registered proprietor of a qualifying estate. In addition (subject to certain exemptions) from the date the relevant provisions come into force, an overseas entity which becomes entitled to be registered as proprietor of a qualifying estate after that date, but is not yet registered, must not make any specified disposition, unless the ROE registration process was complete at the time of the relevant disposition (subject to exemptions).

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<sup>2</sup> The legislation to give effect to the Companies House transformation project has not yet been drafted or formally proposed, and remains the subject [of the recent White Paper](#).

<sup>3</sup> This is defined in Part 2 of Schedule 2 to ECTEA 2022.

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2.5 New HM Land Registry forms will come into effect requiring the overseas identity ID issued by Companies House of an overseas entity that is required to register under the ROE<sup>4</sup>.

2.6 An overseas entity will not be able to apply to register on the ROE unless a **"relevant person"** has **verified the information** to be delivered to Companies House and delivered a statement in the form set out in Regulation 6 of the Verification Regulations (see the **annex** for the relevant text) to Companies House confirming this has been done. For this purpose "relevant person" includes independent legal advisers<sup>5</sup>.

2.7 Just as CA 2006 applies to all parts of the United Kingdom of Great Britain and Northern Ireland ("**UK**"), the ROE regime also applies to the whole of the UK with different schedules of ECTEA 2022 addressing the different land registration regimes across the UK:

- Schedule 3 – England and Wales
- Schedule 4 – Scotland
- Schedule 5 – Northern Ireland

2.8 This guidance is to our members and therefore only addresses the position in England and Wales.

### 3. Verification

3.1 s4 of ECTEA 2022 sets out the requirement for an overseas entity to make an application to Companies House and, together with Schedule 1 of ECTEA 2022, specifies the information to be delivered and the obligation to verify registrable beneficial owners and (where applicable) managing officers and trusts above the level of the overseas entity.

3.2 s 16 of ECTEA 2022 requires the Secretary of State to make regulations as to the verification of information to support applications for registering, updating and removing entries on the ROE. These regulations have been made in the form of the Verification Regulations.

3.3 The core verification responsibility is contained in regulation 6 of the Verification Regulations and relates to **relevant information** as defined in regulation 5 of the Verification Regulations. An extract from the Verification Regulations (Part 2) appears in the **annex**.

3.4 Firms must now decide if it is appropriate to conduct ROE verification, whether at all or on a client-by-client basis. It is important to recognise that verification for ROE purposes is a different task to the risk-based approach that applies to CDD under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulation 2017 (as amended) (SI 2017/692) (the "**MLRs**"). Each verification

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<sup>4</sup> As contained in The Land Registration (Amendment) Rules 2022 ( SI 2022/730).

<sup>5</sup> This includes persons who may not hold a current practising certificate in England and Wales.

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process is unique depending on the nature of the client and the relevant transaction. The definition of beneficial owner under ECTEA 2022 (Schedule 2 of ECTEA 2022) is different to the definition of ultimate beneficial owner in the MLRs. Legal practices must comply with the MLRs but have a decision to make in relation to the ROE. Until now firms have not had to confirm the identity information for a public body with criminal liability for getting it wrong.

It is vital for solicitors to recognise that the definition of "beneficial owner" under ECTEA 2022 (Schedule 2, Part 2) is different from that of "beneficial owner" under the MLRs (regulations 5 and 6). A specific analysis of the ROE provisions is necessary before a ROE verification is concluded.

### 4. Who can undertake verification under the ROE?

4.1 The Verification Regulations state that only relevant persons (within the meaning of regulation 8 of the MLRs and subject to certain exclusions that are not relevant to solicitors) may conduct verification. For legal advisers, the key point to emphasise is that this includes only "independent legal professionals" based in the UK as defined in regulation 12 of the MLRs. In-house solicitors will not be able to conduct verification on the overseas entity which employs them. Verification must be conducted by a firm, a sole practitioner, other entity or individual (who may or may not be qualified) who, by way of business, provides legal or notarial services to other persons. This also means that, where the legal adviser is a firm, verification is, strictly speaking, to be conducted in the name of the firm, rather than any given individual.

4.2 Different practitioners and business support teams will need to be involved in different parts of an ROE application. For example, a firm may need to draw on the relevant expertise of its compliance, corporate, trusts and real estate teams. Legal practices must therefore take a holistic approach to dealing with ROE verification and the management of risk in relation to this. It will always be vital to keep the criminal sanctions, professional conduct consequences and reputational risk of making an incorrect verification statement in mind.

4.3 The overseas entity must provide relevant documentation including documentation relating to matters other than identity, such as the nature of control. They must provide enough information to give the verifier comfort in undertaking the verification.

4.4 This might include extracts from overseas company registers or share certificates. In our view, solicitors cannot separate identity verification from the underlying legal analysis. This includes having a detailed understanding in relation to control elements, contained in Regulation 6 of the Verification Regulations.

4.5 Solicitors should be very cautious about providing a verification service for relevant information where the underlying legal analysis has not been conducted by

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that same solicitor or legal practice unless they know that legal analysis is accurate. Even in those circumstances, the solicitor should consider carefully what evidence is needed to evidence the accuracy of that analysis.

4.6 The verification process is considered in greater detail in **Section 7**.

### 5. Independent sources of verification evidence

5.1 Under the Verification Regulations, verification must be undertaken on documents or information obtained from a reliable source independent of the person whose identity is being verified. In considering what is an independent source of information and in the absence of any further guidance at the current time, it may be appropriate for solicitors to consider CDD obtained under the MLRs, but only as a starting point.

5.2 Attention is drawn to paragraph 6.14.1 of the Legal Sector Affinity Group Anti-Money Laundering Guidance for the Legal Sector 2021, which received approval of HM Treasury on 6 July 2022. The extracted text is set out below (although it is important to note that this guidance relates specifically to the MLRs and not the ROE):

#### 6.14 Methods of verification

Verification should be completed on the basis of documents or information which come from a reliable source, independent of the client. There are a number of ways in which you may verify a client's identity including:

- obtaining or viewing original documents from a trusted and independent source (public or private);
- on a risk sensitive basis viewing copies of documents (certification of a copy may give you a higher level of confidence than an uncertified copy, but you should consider and document the risks of relying on certified copies for this);
- conducting electronic verification, through a platform that is a reliable source (i.e., secure from fraud and misuse and capable of providing an appropriate level of assurance that the person claiming a particular identity is in fact the person with that identity, to a degree that is necessary for effectively managing and mitigating any risks of money laundering and terrorist financing); or
- obtaining information from other regulated persons.

##### 6.14.1 Independent sources

You need a reliable source(s) to verify your client's identity, which is independent of the client e.g. a passport or driver's license, or, in the case of a corporate entity, evidence of registration from the relevant registry or reputable company services provider.

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You are permitted to use a wider range of sources when verifying the identity of the beneficial owner and understanding the ownership and control structure of the client.

Sometimes only the client or their representatives will be able to provide you with this information. You may consider whether the documents or information should be certified as accurate by a professional regulated for AML to an equivalent standard.

R28(9) confirms that the register of people with significant control, or the confirmation statement, which is published on the Companies House website, cannot be solely relied upon for the purpose of identifying or verifying the identity of the beneficial owner of a company or LLP client. Remember, if you are not satisfied with the information you have on the identity of your client/beneficial owner, you should not undertake business with that client, (or cease business if an existing client) as per the requirements of R31.

Documents should be in date if an expiry date is given, and recently dated (taking a risk-based approach) if no expiry date is given. Expired documents should not be relied upon in the absence of any others but may be useful in support.

[Anti-money laundering guidance for the legal sector | The Law Society](#)

*NOTE references to R28(9) and R31 are to the corresponding regulations of the MLRs.*

### 5.3 BEIS' view on verification under the ROE regime is that:

- the onus is on the overseas entity to provide the relevant person with, or direct them to, documents and information from reliable sources which are independent from the person whose identity is being verified, so they can perform verification checks;
- when reviewing documents and information the expectation will be that relevant persons take a common-sense approach, based on reasonable judgement and scepticism, rather than a forensic one; and
- having taken the above approach (unless there is good reason to the contrary), documents and information set out in the table included in the BEIS guidance could be accepted without the need to carry out further investigation.



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It is vital to recognise that the MLRs provide for verification to be undertaken using a reasonable and risk-based approach. Unfortunately, at the current time a reasonable and risk-based approach is not provided for in the Verification Regulations. Therefore, verification under the ROE is fundamentally different to verification under the MLRs.

5.4 Solicitors must recognise that many central registries do not always hold complete, accurate and up-to-date information. A holistic approach should be taken, considering all relevant sources and the reliability thereof. Solicitors will need detailed knowledge to determine whether the evidence they have seen is both reliable and independent. In the event of any uncertainty, the information should not be verified.

5.5 We hope the second Economic Crime Bill will allow the legislative opportunity for a reasonable and risk-based approach to ROE verification to be incorporated into ECTEA 2022 and the Verification Regulations.

### 6. Firms need to be pre-registered with Companies House

6.1 Companies House will require relevant persons to register as an approved verifier before they can verify information under the ROE regime. This effectively becomes an additional condition to an overseas entity making an ROE registration application. Once registered an approved verifier will be issued with an assurance code (similar to a Companies House authentication code), which they must then use to complete the verification process. The procedure is not complex, but it will create a delay in the application process.

6.3 Each relevant person (which, for a legal practice, will be the firm itself and not an individual solicitor) wishing to be a verifier will be assigned only one assurance code. Moreover, each verifier must give the name of one individual with overall responsibility for identity checks. The forms for registration require this, however the Verification Regulations do not require such a person to be designated. Firms that wish to become approved verifiers must decide who (if anyone) is best placed to serve as this individual. This will vary from firm-to-firm but we understand that Companies House expects this to be someone such as Head of Risk or Compliance, Compliance Officer for Legal Practice (COLP) or Money Laundering Compliance Officer (MLCO). Depending on the size and nature of a relevant persons there might be no-one in such a role. This process is detailed in Registrar's Rules.

<https://www.gov.uk/guidance/register-an-overseas-entity>

### 7. The verification procedure

7.1 An ROE application<sup>6</sup> comprises five elements:

- A legal and factual analysis as to who (if anyone) is a registrable **beneficial owner**, a registrable **managing officer** or a registrable **trust**.

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<sup>6</sup> The verification procedure is contained in Part 2 of the Verification Regulations.

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- If there are any registrable beneficial owners, a legal and factual analysis as to the nature of each beneficial owner's control and serving notices under s12 (and possibly s13) and allowing up to a month for replies.
- Identity verification.<sup>7</sup>
- Submitting the confirmation of verification to Companies House.
- Making the application to Companies House to register the overseas entity.

7.2 Subject to internal procedures, anyone within a relevant person may deal with the application to register the overseas entity. However, we recommend that a solicitor who intends to advise on the legal analyses above should be someone with a solid understanding of the ROE regime (for which an understanding of the PSC regime would also be helpful), trust law and overseas corporate forms. If a legal practice does not possess the relevant expertise to conduct analysis and to provide advice in respect of the ROE, they should decline to act.

7.3 Particular care must be exercised if the legal system and/or the language in which it is written is not one with which the relevant solicitor or legal practice has sufficient expertise in.

7.4 Unless a legal adviser is also qualified in the relevant overseas jurisdiction, they may not be competent to support ROE verification. Anyone concerned about this should contact the Solicitors Regulation Authority to get a view as to the risk of breaching the [SRA Code of Conduct](#), particularly Rules 3.2 and 1.4.

7.5 Verification is valid for the period of three months beginning with the day on which the relevant person verifies the information. An application which is not finalised within that period will require fresh verification. The Verification Regulations clarify that "verify" means to verify on the basis of documentation or information obtained from a reliable source which is independent of the person whose identity is being verified.

7.6 The relevant person must provide an approved statement in the manner required by Regulation 6 of the Verification Regulations confirming:

- that the relevant person has undertaken the verification of the relevant information and that such verification has complied with the requirements of the Verification Regulations and ECTEA 2022; and
- the names of the registrable beneficial owner(s) and, as the case may be, the managing officer(s) for whom identity verification has been carried out, but, where it has not been possible to obtain full names, so much of that information as it has been possible to obtain.

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<sup>7</sup> It is important to note that the Verification Regulations appear to require verification of more than just identity. For example, under ECTEA 2022, the "required information" for a beneficial owner as listed in Schedule 1 (which the Verification Regulations require be verified) includes "which of the conditions in paragraph 6 of schedule 2 is met in relation to the registrable beneficial owner and a statement as to why that condition is met".

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7.7 Regulation 6(6)(b) of the Verification Regulations makes it clear that verification must be on the basis of documents or information obtained from a reliable source independent of the person whose identity is being verified. If there are matters that must be verified but there is no information or document available<sup>8</sup> that is both reliable and independent, the relevant person will not be able to verify that matter. This would be problematic for the overseas entity seeking registration and, unless reliable and independent documentation could be produced, would effectively freeze its in scope UK real estate assets, preventing it from effecting dispositions. In some cases this will leave it at risk of criminal liability at the end of the transitional period and prevent it applying to HM Land Registry to register acquisitions..

7.8 The application must state the name of an individual at the relevant person with overall responsibility for identity checks. We foresee the potential for applications for registering an overseas entity to be rejected where the name of the individual does not match the name of the individual given by the relevant person in its application to register as a verifier. We therefore recommend including the name of the same individual in both instances.

7.9 The relevant person must also provide a service address and a contact email address, plus any additional information as required by the ROE portal.

### 8. Legal responsibilities

8.1 A person who, without reasonable excuse, delivers (or causes to be delivered) a document to Companies House<sup>9</sup> that is misleading, false or deceptive, commits a crime under the general false statement offence (s32 of ECTEA 2022) and will be liable to a fine. If the person knows the document is misleading, false or deceptive, they may also face up to twelve months' imprisonment. It is important to note that this criminal liability is likely to extend to situations where a legal practice enters information on the register on behalf of a client without acting as verifier.

8.2 An analysis of the nature of control is a legal exercise that requires an analysis of other laws in addition to those of England and Wales. The Verification Regulations restrict the list of relevant persons who are permitted to conduct verification to those doing business within the United Kingdom, thereby excluding many of those who may be jurisdictionally competent.

8.3 Legal practices may be asked by their client (and possibly potential clients) to conduct verification for the purposes of the ROE with limited knowledge and understanding of the beneficial ownership position. **No-one should make a verification statement without being satisfied that the statement is true, and backed up by reliable, appropriate and independent evidence.** Although law firms fall within the categories of relevant persons permitted to conduct verification under the Verification Regulations, **a law firm does not need to conduct verification if it does not wish to and should not do so if it does not possess the requisite specific expertise or information to enable it to verify on the basis**

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<sup>8</sup> For example, actual or "de facto" control under conditions 4 and 5 and when used in the context of controlling voting rights and joint arrangements

<sup>9</sup> Being the Registrar of Companies for England and Wales.

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**required by the Verification Regulations.** Clients are free to instruct other relevant persons who may be more comfortable to conduct verification.

8.4 An ROE analysis will necessarily require consideration of laws other than those of England and Wales and therefore local advice may be required. You may wish to consider obtaining the advice of local counsel. Costs and timing considerations must therefore be taken into account. However, under the legislation, if any of the analysis, information and documentation you rely on proves to be incorrect, fraudulent or inaccurate, you may be criminally liable<sup>10</sup> (s32 of ECTEA 2022)<sup>11</sup>.

8.5 Solicitors are also reminded that Regulation 8 of the Verification Regulations requires a relevant person to hold copies of material obtained for the purposes of conducting verification for a period of five years.

## **9. How solicitors might manage the risks**

9.1 Solicitors should consider carefully:

- what information they are able to verify; and
- the circumstances in which they are prepared to do so.

9.2 Solicitors should approach verification with diligence and caution, only verifying that which is within their actual knowledge or is based on a wholly reliable and independent source.

9.3 It may be possible to verify some parts of the relevant information, such as a person's name, date of birth and nationality, through existing CDD procedures. However, for other information, such as which of the beneficial ownership conditions apply and details of any registrable trusts, existing CDD procedures will not suffice, and the legal adviser will need to obtain and hold more extensive documentation. Unless a solicitor is certain that this further information results in their having actual knowledge of beneficial ownership and other matters to be verified, they must not verify.

9.4 While CDD information, supported by ongoing monitoring as required by the MLRs should support some of the ROE analysis, the ROE applies a different test using different information. CDD information might therefore need to be refreshed sooner than would otherwise be the case. It is important to note that CDD information will not, on its own, be sufficient to form the basis of the information required for verification under ECTEA 2022 and the Verification Regulations.

9.5 When deciding whether and how to verify information, legal advisers will need to consider various things, including:

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<sup>10</sup> Where a firm verifies incorrect information, it may face adverse reputational and professional conduct consequences, even where it is not prosecuted for a criminal offence.

<sup>11</sup> We have asked the UK government to clarify whether there will be further specific comfort included in prosecution guidelines that following the BEIS Guidance a person may rely upon the reasonable excuse defence under s32 ECTEA 2022.

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- the extent to which they can rely on information already obtained through CDD procedures;
- the extent to which that information can be disclosed under data protection law and/or applied for a different purpose to that for which it was provided;
- whether they need to repeat those checks (for example, because it was undertaken some time ago or the independent legal adviser has become aware of changes);
- whether they are qualified to advise on the operation of laws of the relevant jurisdiction(s); and
- what reliable and independent evidence is available.

9.6 In addition, any firm or sole practitioner considering offering verification services should check whether these services would be covered by their professional indemnity insurance. It is important to note that if the lawyer or the firm conducting the verification commits a criminal offence under the Verification Regulations, insurance will not alleviate the criminal liability, professional conduct consequences and potential damage to reputation.

9.7 From the first anniversary of its first registration there will be a duty on each overseas entity on the register to update its ROE information<sup>12</sup>. Each of the considerations set out in this communication apply equally when a solicitor is considering supporting an overseas entity in complying with the duty to update Companies House on any changes to its registrable beneficial owners. Verification by a relevant person must also be undertaken prior to an overseas entity complying with this annual updating duty.

9.8 Solicitors carrying out a property acquisition on behalf of a client to whom the ROE might apply should consider ensuring they are protected by clear professional engagement terms, setting out responsibility (or not) for the submission and verification of an ROE application. If a law firm decides to conduct ROE verification for a client, it may also be useful to clearly state whether this is for the initial application or may also include the annual updating of the ROE.

9.9 We therefore recommend that solicitors consider the following:

<b>Do</b>	
<b>1.</b>	Ensure that there is top-level agreement as to how you or your legal practice will deliver ROE verification, including whether you or your legal practice is in a position to conduct verification at all.
<b>2.</b>	Put in place rigorous internal procedures for the approval of ROE verification requests.

<sup>12</sup> A process not dissimilar to the confirmation statement, save that this update is only required annually.

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3.	Consider asking for fresh copies of CDD information for the purposes of an ROE application and consider running this through third-party verification software (if that is your usual practice for CDD purposes). ROE verification may require an update to CDD information sooner than would otherwise be the case.
4.	Ensure that an appropriately qualified and experienced solicitor checks the substance of the application and the nature of control. Consider obtaining overseas legal advice.
5.	Consider requiring an up-to-date structure chart (the structure and manner of control may have changed since CDD or a PSC Register analysis was conducted).
6.	Take reasonable steps to build the evidence base behind your verification.
7.	Consider obtaining a certificate from an independent source to confirm the factual position. Check the information given to you: do not blindly rely upon it.
8.	As appropriate, secure local law advice as to the nature of control to support any ROE analysis.
9.	Act within your own area of expertise. Sometimes an ROE analysis will be very simple and sometimes it will be extremely complicated, it all depends upon the facts.
<b>Don't</b>	
1.	Simply recycle existing CDD information for the purposes of ROE verification without critically analysing the veracity, age and extent of that information against the requirements of the ROE regime.
2.	Rely on information provided to you which is not from an independent and reliable source. This is very important where your client is the person being verified. Depending upon the circumstances your client may be considered independent of the beneficial owner for relevant verification checks.
3.	Carry out verification of the underlying legal analysis unless you have a competent understanding for that jurisdiction of corporate structures and trust law, including share ownership, voting control, board composition, the terms on which trust property is held and the underlying law.
4.	Conduct any verification without liaising with your Compliance Officer for Legal Practice/Money Laundering Compliance officer (as applicable) and those within your legal practice who have been responsible for CDD and compliance with the MLRs in respect of that client.

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<b>5.</b>	Do anything if you are not comfortable with it, particularly if it is not within your area of expertise or knowledge.
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9.10 There should be no presumption that law firms will conduct verification for ROE purposes. It is anticipated that many firms will not conduct ROE verification. It is also recognised that for many firms it will not be appropriate to conduct ROE verification. This may arise for a number of reasons, including the availability of appropriately experienced and jurisdictionally competent solicitors, knowledge of the structure and nature of ownership and the availability of independent sources of information from a reliable source. Caution should be exercised if a solicitor is requested to conduct an ROE analysis or to carry out ROE verification for persons who are not existing clients.

### 10. Links to legislation

<b>ECTEA 2022</b>	<a href="https://legislation.gov.uk/ukpga/2022/25">Economic Crime (Transparency and Enforcement) Act 2022 (legislation.gov.uk)</a>
<b>Register Regulations</b>	<a href="https://legislation.gov.uk/uksi/2022/1000">The Register of Overseas Entities (Delivery, Protection and Trust Services) Regulations 2022</a>
<b>Verification Regulations</b>	<a href="https://legislation.gov.uk/uksi/2022/1000">The Register of Overseas Entities (Verification and Provision of Information) Regulations 2022 (legislation.gov.uk)</a>
<b>MLRs</b>	<a href="https://legislation.gov.uk/uksi/2017/1000">The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (legislation.gov.uk)</a>
<b>CA 2006</b>	<a href="https://legislation.gov.uk/ukpga/2006/46">Companies Act 2006 (legislation.gov.uk)</a>

### 11. Legal disclaimer

11.1 This guidance has been prepared by the Company Law Committee of The Law Society of England and Wales with the support of other experts from the Money Laundering Task Force and the Conveyancing and Land Law Committee.

11.2 The purpose is to assist solicitors in dealing with verification under the ROE, including deciding whether to verify or not. No solicitor should feel compelled to verify information and no solicitor should do so if not completely satisfied as to the accuracy of the information.

11.3 Readers of this guidance should form a personal view as to what evidence is required in order to substantiate the accuracy of information that requires verification.

11.4 Nothing contained within this document represents legal advice to any person, nor does it represent a comprehensive statement of the law. Accordingly, it should not be relied on as such.

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11.5 The contents of this guidance have been provided to the stakeholders for the ROE implementation at both BEIS and Companies House, but it has not been endorsed or approved by either BEIS or Companies House.

Dated: 29 July 2022



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**Detail of the Relevant Information: Part 2 of the Verification Regulations**

**PART 2**

**Verification**

**Verification: general**

6.—(1) An overseas entity may only undertake a relevant activity after a relevant person has verified the relevant information.

(2) Where a relevant person verifies information under paragraph (1), the verification is valid for the period of three months beginning with the day on which the relevant person verifies the information.

(3) Where a relevant person—

(a) has verified relevant information on behalf of an overseas entity; and

(b) delivers the relevant information to the registrar themselves,

they must deliver the statement referred to in paragraph (5) at the same time.

(4) Where a relevant person—

(a) has verified relevant information on behalf of an overseas entity; and

(b) does not deliver that relevant information to the registrar themselves,

they must deliver the statement referred to in paragraph (5) to the registrar within 14 days of that information being delivered to the registrar.

(5) The statement is a statement to the registrar providing—

(a) confirmation that—

(i) the relevant person has undertaken the verification of the relevant information; and

(ii) that verification has complied with the requirements of these Regulations and the ECTEA;

(b) the date on which the verification was undertaken;

(c) the names of the registrable beneficial owners, and as the case may be, the managing officers whose identity has been verified, but where it has not been possible to obtain full names, so much of that information as it has been possible to obtain;

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- (d) the relevant person's service address;
- (e) the relevant person's email address;
- (f) the name of the relevant person's supervisory authority;
- (g) where available, the relevant person's registration number, or a copy of the certification details, given to the relevant person by their supervisory authority; and
- (h) the name of the individual with overall responsibility for identity checks, where that is different to the name of the relevant person.

(6) For the purposes of this regulation—

(a) “supervisory authority” in relation to any relevant person, means the supervisory authority specified for such a person by regulation 7 of the Money Laundering Regulations;

(b) “verify” means verify on the basis of documents or information in either case obtained from a reliable source which is independent of the person whose identity is being verified, and “verified” and “verification” are to be interpreted accordingly;

(c) documents issued or made available by an official body are to be regarded as being independent of a person even if they are provided or made available to the relevant person by or on behalf of that person.

### **Verification: individuals**

7.—(1) This regulation applies where a relevant person seeks to verify relevant information relating to an individual.

(2) A relevant person must not be—

- (a) a family member of the individual;
- (b) a known close associate of the individual;
- (c) the same individual as the information relates to.

(3) An individual's family members include—

- (a) their spouse or civil partner;
- (b) any other person (whether of a different sex or the same sex) with whom the individual lives as partner in an enduring family relationship;
- (c) their grandparent or grandchild, sister, brother, aunt or uncle, or nephew or niece;
- (d) their children or step-children;

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- (e) the spouses or civil partners of those children or step-children;
  - (f) any other person (whether of a different sex or the same sex) with whom any of those children or step-children lives as partner in an enduring family relationship;
  - (g) the children or step-children of a person within paragraph (b) (and who are not children or step-children of the individual) who live with the individual and have not attained the age of 18;
  - (h) their parents.
- (4) A known close associate of an individual means—
- (a) an individual known to have joint beneficial ownership of a legal entity or a legal arrangement or any other close business relations with the individual;
  - (b) an individual who has sole beneficial ownership of a legal entity or a legal arrangement which is known to have been set up for the benefit of the individual.

#### **Retention of information**

8.—(1) This regulation applies in respect of any material provided to a relevant person by or on behalf of an overseas entity for the purpose of verifying relevant information.

(2) The relevant person must keep copies of the material mentioned in paragraph (1) for the period of five years beginning with the day on which that person verifies the information.