

## SCHEDULES

### SCHEDULE 1

Section 49

#### REGISTER OF MEMBERS: CONSEQUENTIAL AMENDMENTS

- 1 The Companies Act 2006 is amended as follows.
- 2 In section 112 (the members of a company), omit subsection (3).
- 3 (1) Section 127 (register to be evidence) is amended as follows.
  - (2) The existing text becomes subsection (1).
  - (3) In that subsection “for section 128H” substitute “subsection (2)”.
  - (4) After that subsection insert—
    - “(2) The central register is prima facie evidence of any matters about which a company was required to deliver information to the registrar under Chapter 2A by virtue of an election under section 128B at any time before the repeal of that Chapter (including that section) by the Economic Crime and Corporate Transparency Act 2023.
    - (3) Subsection (2) does not apply to information required to be included in a statement under section 128B(5)(b) or in any updated statement under section 128B(6) before their repeal by that Act.
    - (4) In this section “the central register” means the register kept by the registrar (see section 1080).”
- 4 In section 129 (overseas branch registers), omit subsection (6).
- 5 In section 286 (votes of joint holders of shares), in subsection (2), omit the words from “(or” to “section 1080)”.
- 6 In section 311 (contents of notices of meetings), in subsection (3)(b)(i), omit the words from “(or” to “section 1080)”.
- 7 In section 360B (traded companies: requirements for participating in and voting at general meetings), omit subsection (5).
- 8 In section 554 (registration of allotment), omit subsection (2A).
- 9 In section 558 (when shares are allotted), omit the words from “(or” to “registrar)”.
- 10 In section 588 (liability of subsequent holders of shares), in subsection (3)(a), omit the words from “(or” to “registrar)”.
- 11 In section 605 (liability of subsequent holders of shares), in subsection (4)(a), omit the words from “(or” to “registrar)”.
- 12 In section 616 (interpretation of Chapter 7), in subsection (3), omit the words from “(or” to “registrar)”.

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- 13 In section 655 (shares no bar to damages against company), omit the words from “(or” to “registrar)”.
- 14 In section 724 (Treasury shares), in subsection (4), omit the words from “(or” to “Part 8)”.
- 15 In section 770 (registration of transfer), omit subsection (3).
- 16 In section 771 (procedure on transfer being lodged), omit subsection (2A).
- 17 In section 772 (transfer of shares on application of transferor)—
- (a) omit the words from “(or” to “Part 8)”;
  - (b) omit “(or delivery)”.
- 18 In section 786 (provision enabling or requiring arrangements to be adopted), in subsection (3)(a), omit the words from “(or” to “Part 8)”.
- 19 In section 853B (duties to notify a relevant event), omit paragraph (b).
- 20 In section 853F (duty to deliver shareholder information: non-traded companies), in subsection (1), omit paragraph (b) and the “and” before it.
- 21 In section 1028A (administrative restoration of company with share warrants), in subsection (7), omit paragraph (b) and the “or” before it.
- 22 In section 1032A (restoration by court of company with share warrants), in subsection (8), omit paragraph (b) and the “or” before it.
- 23 (1) Section 1081 (annotation of the register) is amended as follows.
- (2) Omit subsection (1A).
  - (3) In subsection (6), omit “or (1A)”.
- 24 In section 1136 (regulations about where certain company records to be kept available for inspection), in subsection (2), omit the entry for section 128D (historic register of members).
- 25 In Schedule 5 (communications by a company), in paragraph 16, omit subparagraph (3A).

## SCHEDULE 2

Section 51

### ABOLITION OF CERTAIN LOCAL REGISTERS

#### PART 1

##### REGISTER OF DIRECTORS

- 1 The Companies Act 2006 is amended as follows.
- 2 Omit—
- (a) sections 161A to 167F (register of directors etc);
  - (b) the italic heading before section 161A.
- 3 (1) Before section 168 (and before the italic heading before that section) insert—

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*“Notification of information about directors*

**167G Duty to notify registrar of change in directors**

- (1) A company must give notice to the registrar if a person—
  - (a) becomes a director of the company, or
  - (b) ceases to be a director of the company.
- (2) The notice must specify the date on which the person became or ceased to be a director of the company.
- (3) A notice under subsection (1)(a) of a person having become a director must contain—
  - (a) a statement of the required information about the new director (see sections 167J and 167K);
  - (b) a statement by the company that the person has consented to act in that capacity;
  - (c) if the person is an individual, a statement that their identity is verified (see section 1110A);
  - (d) a statement that the person is not—
    - (i) disqualified under the directors disqualification legislation (see section 159A(2)), or
    - (ii) otherwise ineligible by virtue of any enactment for appointment as a director;
  - (e) if the person would be disqualified under the directors disqualification legislation but for the permission of a court to act, a statement to that effect specifying—
    - (i) the court by which permission was given, and
    - (ii) the date on which permission was given.
  - (f) if the person would be disqualified under the directors disqualification legislation by virtue of section 11A of the Company Directors Disqualification Act 1986 or Article 15A of the Company Directors Disqualification (Northern Ireland) Order 2002 (designated persons under sanctions legislation) but for the authority of a licence of the kind mentioned in that section or Article, a statement to that effect specifying—
    - (i) the date on which the licence was issued, and
    - (ii) by whom it was issued.
- (4) In subsection (3)(e) “permission of a court to act” means permission of a court under a provision mentioned in column 2 of the table in section 159A(2).
- (5) Subsection (1)(a) does not require a company, on its incorporation, to give notice in relation to a person named as a proposed director in the statement under section 12.
- (6) A notice under this section must be given within the period of 14 days beginning with the day on which the person becomes or ceases to be a director.

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### **167H Duty to notify registrar of changes of information**

- (1) A company must give notice to the registrar of any change in the required information about a director (see sections 167J and 167K).
- (2) The notice must specify the date on which the change occurred.
- (3) A notice under this section must be given within the period of 14 days beginning with the day on which the change occurs.
- (4) Where a company gives notice of a change of a director's service address but not their residential address, the notice must contain a statement that the residential address is unchanged.

### **167I Notification of changes occurring before company's incorporation**

- (1) A company must give notice to the registrar if a person named in the statement under section 12 as a proposed director of the company did not become a director on its incorporation.
- (2) A company must give notice to the registrar of any change in the required information about a proposed director that occurred—
  - (a) after the application for the company's registration under section 9 was delivered to the registrar, but
  - (b) before the company was incorporated.
- (3) But a company is not required to give notice under subsection (2) in respect of a person if it gives notice under subsection (1) in respect of the person.
- (4) A notice under subsection (2) must specify the date on which the change occurred.
- (5) A notice under this section must be given within the period of 14 days beginning with the day on which the company was incorporated.

### **167J Required information about a director: individuals**

- (1) The required information about a director (or proposed director) who is an individual is—
  - (a) name, date of birth and nationality;
  - (b) any relevant former names;
  - (c) a service address (which may be stated as "The company's registered office");
  - (d) usual residential address;
  - (e) the part of the United Kingdom in which the individual is usually resident or, if the individual is usually resident in a country or state outside the United Kingdom, that country or state.
- (2) In subsection (1)(b) "relevant former name" means any former name other than—
  - (a) in the case of a peer, or an individual normally known by a British title, the name by which the individual was known previous to the adoption of or succession to the title, or

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- (b) in the case of any person—
  - (i) a former name which was changed or disused before the person attained the age of 16 years,
  - (ii) a former name which has been changed or disused for 20 years or more, or
  - (iii) a former name which the registrar is required to refrain from making available for public inspection or from disclosing (or both) by virtue of regulations under section 1088(1)(a) or (b).
- (3) In this section—
  - “former name” means a name by which the individual was formerly known for business purposes;
  - “name” means the individual’s forename and surname.
- (4) Where a director (or proposed director) is a peer or an individual usually known by a title, any requirement imposed by this Act to provide the individual’s name because it forms part of the required information may be satisfied by providing that title instead of the individual’s forename and surname.
- (5) The Secretary of State may by regulations—
  - (a) amend this section so as to change the required information about a director (or proposed director) who is an individual;
  - (b) repeal subsection (4).
- (6) Regulations under this section are subject to affirmative resolution procedure.

### **167K Required information about a director: corporate directors and firms**

- (1) The required information about a director (or proposed director) that is a body corporate, or a firm that is a legal person under the law by which it is governed, is—
  - (a) corporate or firm name;
  - (b) principal office;
  - (c) a service address (which may be stated as “The company’s registered office”);
  - (d) in the case of a limited company that is a UK-registered company, the registered number;
  - (e) in any other case, particulars of—
    - (i) the legal form of the body corporate or firm and the law by which it is governed, and
    - (ii) if applicable, the register in which it is entered (including details of the state) and its registration number in that register.
- (2) The Secretary of State may by regulations amend this section so as to change the required information about a director (or proposed director) of a description mentioned in subsection (1).

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- (3) Regulations under this section are subject to affirmative resolution procedure.

**167L Directors: offence of failure to notify of changes**

- (1) If a company fails, without reasonable excuse, to comply with section 167G, 167H or 167I, an offence is committed by—
- (a) the company, and
  - (b) every officer of the company who is in default.
- (2) For this purpose a shadow director is treated as an officer of the company.
- (3) A person guilty of an offence under this section is liable on summary conviction—
- (a) in England and Wales, to a fine;
  - (b) in Scotland or Northern Ireland, to a fine not exceeding level 5 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 5 on the standard scale.”
- (2) The provision that may be made under section 220(1) in connection with the coming into force of this paragraph includes—
- (a) provision requiring a company to deliver to the registrar, at the same time as a confirmation statement, a statement, in respect of any individual who became a director of the company (otherwise than on its incorporation) before the coming into force of this paragraph, confirming that the individual’s identity is verified (within the meaning of section 1110A of the Companies Act 2006), and
  - (b) provision for section 853A(1)(b)(i) of the Companies Act 2006 (as substituted by section 59 of this Act) to have effect as if it included a reference to the duty imposed by virtue of paragraph (a).
- (3) In sub-paragraph (2)—
- “confirmation statement” has the meaning given by section 853A of the Companies Act 2006;
- “the registrar” has the same meaning as in the Companies Acts (see section 1060 of the Companies Act 2006).

**PART 2**

REGISTER OF SECRETARIES

- 4 The Companies Act 2006 is amended as follows.
- 5 Omit sections 274A to 279F (register of secretaries etc) (including the italic heading before section 279A).
- 6 Before section 280 insert—

*“Notification of information about secretaries*

**279G Duty to notify registrar of change in secretary or joint secretary**

- (1) A company must give notice to the registrar if a person—
  - (a) becomes the secretary or one of the joint secretaries of the company, or
  - (b) ceases to be the secretary or one of the joint secretaries of the company.
- (2) The notice must specify the date on which the person became or ceased to be the secretary or one of the joint secretaries of the company.
- (3) A notice under subsection (1)(a) must contain—
  - (a) a statement of the required information about the secretary or joint secretary (see sections 279J and 279K), and
  - (b) a statement by the company that the person has consented to act in that capacity.
- (4) Subsection (1)(a) does not require a company, on its incorporation, to give notice in relation to a person named as the proposed secretary or one of the proposed joint secretaries of the company in the statement under section 12.
- (5) A notice under this section must be given within the period of 14 days beginning with the day on which the person becomes or ceases to be the secretary or a joint secretary.

**279H Duty to notify registrar of changes of information**

- (1) A company must give notice to the registrar of any change in the required information about the secretary or one of the joint secretaries of the company (see sections 279J and 279K).
- (2) The notice must specify the date on which the change occurred.
- (3) A notice under this section must be given within the period of 14 days beginning with the day on which the change occurs.

**279I Notification of changes occurring before company’s incorporation**

- (1) A company must give notice to the registrar if—
  - (a) a person named in the statement under section 12 as the proposed secretary of the company did not become the secretary on its incorporation, or
  - (b) a person named in the statement under section 12 as one of the proposed joint secretaries of the company become did not become one of the joint secretaries on its incorporation.
- (2) A company must give notice to the registrar of any change in the required information about a proposed secretary, or one of the proposed joint secretaries, that occurred—

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- (a) after the application for the company’s registration under section 9 was delivered to the registrar, but
  - (b) before the company was incorporated.
- (3) But a company is not required to give notice under subsection (2) in respect of a person if it gives notice under subsection (1) in respect of the person.
- (4) A notice under subsection (2) must specify the date on which the change occurred.
- (5) A notice under this section must be given within the period of 14 days beginning with the day on which the company was incorporated.

### **279J Required information about a secretary etc: individuals**

- (1) The required information about a secretary or joint secretary (or proposed secretary or joint secretary) who is an individual is—
- (a) name;
  - (b) any relevant former names;
  - (c) a service address (which may be stated as “The company’s registered office”).
- (2) In subsection (1)(b) “relevant former name” means any former name other than—
- (a) in the case of a peer, or an individual normally known by a British title, the name by which the individual was known previous to the adoption of or succession to the title, or
  - (b) in the case of any person—
    - (i) a former name which was changed or disused before the person attained the age of 16 years,
    - (ii) a former name which has been changed or disused for 20 years or more, or
    - (iii) a former name which the registrar is required to refrain from making available for public inspection or from disclosing (or both) by virtue of regulations under section 1088(1)(a) or (b).
- (3) In this section—
- “former name” means a name by which the individual was formerly known for business purposes;
  - “name” means the individual’s forename and surname.
- (4) Where a secretary or joint secretary (or proposed secretary or joint secretary) is a peer or an individual usually known by a title, any requirement of this Act to provide the individual’s name because it forms part of the required information may be satisfied by providing that title instead of the individual’s forename and surname.
- (5) The Secretary of State may by regulations—
- (a) amend this section so as to change the required information about a secretary or joint secretary (or proposed secretary or joint secretary) who is an individual;
  - (b) repeal subsection (4).



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- (6) Regulations under this section are subject to affirmative resolution procedure.

### **279K Required information about a secretary etc: corporate secretaries and firms**

- (1) The required information about a secretary or joint secretary (or proposed secretary or joint secretary) that is a body corporate, or a firm that is a legal person under the law by which it is governed, is—
- (a) corporate or firm name;
  - (b) principal office;
  - (c) a service address (which may be stated as “The company’s registered office”);
  - (d) in the case of a limited company that is a UK-registered company, the registered number;
  - (e) in any other case, particulars of—
    - (i) the legal form of the body corporate or firm and the law by which it is governed, and
    - (ii) if applicable, the register in which it is entered (including details of the state) and its registration number in that register.
- (2) The Secretary of State may by regulations amend this section so as to change the required information about a secretary or joint secretary (or proposed secretary or joint secretary) of a description mentioned in subsection (1).
- (3) Regulations under this section are subject to affirmative resolution procedure.

### **279L Firms all of whose partners are joint secretaries**

- (1) This section applies where—
- (a) all the members in a firm are joint secretaries (or proposed joint secretaries) of a company, and
  - (b) the firm is not a legal person under the law by which it is governed.
- (2) Any requirement imposed by this Act to provide the required information about the members as joint secretaries (or proposed joint secretaries) may instead be satisfied by providing the information that would be required if the firm were a legal person and the firm had been appointed as secretary.

### **279M Secretary or joint secretary: offence of failure to notify of changes**

- (1) If a company fails, without reasonable excuse, to comply with section 279G, 279H or 279I, an offence is committed by—
- (a) the company, and
  - (b) every officer of the company who is in default.
- (2) For this purpose a shadow director is treated as an officer of the company.
- (3) A person guilty of an offence under this section is liable on summary conviction—

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- (a) in England and Wales, to a fine;
- (b) in Scotland or Northern Ireland, to a fine not exceeding level 5 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 5 on the standard scale.

*Person acting in dual capacity”.*

### PART 3

#### REGISTER OF PEOPLE WITH SIGNIFICANT CONTROL

7 The Companies Act 2006 is amended as follows.

8 In section 790A (overview of Part)—

- (a) in paragraph (b), for “keep the register required by Chapter 3” substitute “notify the registrar of the information in accordance with Chapter 2A”;
- (b) for paragraphs (c) and (d) substitute—
  - “(c) Chapter 2A requires companies to notify the registrar of information relating to persons with significant control;”.

9 In section 790C (key terms), omit subsection (10).

10 After section 790C insert—

#### “790CA References to “confirmation” etc of information

For the purposes of this Part a company has had confirmation of—

- (a) a person’s status as a registrable person or a registrable relevant legal entity in relation to the company,
- (b) the required particulars of a person (see section 790K), or
- (c) any other information about a person,

if the person has supplied that information to the company whether or not in pursuance of any duty imposed by this Part (and references to a company obtaining confirmation of information are to be read accordingly).”

11 For sections 790D and 790E substitute—

#### “790CB Duty to find out about persons with significant control

A company to which this Part applies must take reasonable steps to find out if there is anyone who is a registrable person or a registrable relevant legal entity in relation to the company and, if so, to identify them.

#### 790D Company’s duty to give notices to persons with significant control

- (1) A company to which this Part applies must give a notice to a person under this section if—
  - (a) the company knows or has cause to believe that the person is a registrable person or a registrable relevant legal entity in relation to the company, but
  - (b) the company has not had confirmation of the person’s status as a registrable person or registrable relevant legal entity or has not had

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confirmation of all of the required particulars of the person (see section 790K).

- (2) The notice must require the person—
  - (a) to inform the company whether the person is a registrable person or a registrable relevant legal entity in relation to the company, and
  - (b) if they are, to give the company all of the required particulars of the person (see section 790K).
- (3) The notice must require the person to whom it is given to comply with the notice by no later than the end of the period of one month beginning with the day on which it is given.
- (4) The company must give the notice—
  - (a) as soon as reasonably practicable after the company becomes subject to the duty to give a notice under this section, and
  - (b) in any event before the end of the period of 14 days beginning with the day on which the company becomes so subject.
- (5) A company is not required to give a notice under this section to a person if—
  - (a) the application for the registration of the company contained a statement of initial significant control naming the person as someone who would, on the company’s incorporation, become a registrable person or a registrable relevant legal entity in relation to the company, and
  - (b) the company has no cause to believe that at any time since its incorporation the person has ceased to be a registrable person or a registrable relevant legal entity in relation to the company.
- (6) The Secretary of State may by regulations make further provision about the giving of notices under this section, including provision about their form and content and the manner in which they must be given.
- (7) Regulations under subsection (6) are subject to negative resolution procedure.

#### **790DA Obtaining information from third parties**

- (1) A company to which this Part applies may give a notice to a person under this section if it knows or has cause to believe that the person—
  - (a) knows the identity of someone who falls within subsection (2), or
  - (b) knows the identity of someone likely to have that knowledge.
- (2) The persons who fall within this subsection are—
  - (a) a registrable person in relation to the company;
  - (b) a relevant legal entity in relation to the company;
  - (c) an entity which would be a relevant legal entity in relation to the company but for the fact that section 790C(6)(b) does not apply in respect of it.
- (3) A company must give a notice under subsection (1) to a person (“a third party”) if the company—

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- (a) knows or has cause to believe that a person is a registrable person or a registrable relevant legal entity in relation to the company (“a suspected PSC”),
  - (b) is under a duty to give the suspected PSC a notice under section 790D but does not have the information that it needs in order to contact them, and
  - (c) knows or has cause to believe that the third party—
    - (i) knows the identity of the suspected PSC, or
    - (ii) knows the identity of someone likely to have that knowledge.
- (4) A notice under subsection (1) must require the person to whom it is given (“the recipient”)—
- (a) to inform the company whether the recipient knows the identity of any person who—
    - (i) falls within subsection (2), or
    - (ii) is likely to know the identity of anyone who falls within subsection (2), and
  - (b) if the recipient does, to give the company any information within the recipient’s knowledge that would allow the company to contact each such person.
- (5) The notice must require the person to whom it is given to comply with the notice by no later than the end of the period of one month beginning with the day on which it is given.
- (6) A person to whom a notice under subsection (1) is given is not required by that notice to disclose any information in respect of which a claim to legal professional privilege (in Scotland, to confidentiality of communications) could be maintained in legal proceedings.
- (7) The Secretary of State may by regulations make further provision about the giving of notices under this section, including provision about their form and content and the manner in which they must be given.
- (8) Regulations under subsection (7) are subject to negative resolution procedure.
- (9) In this section a reference to knowing the identity of a person includes knowing information from which that person can be identified.

### **790E Company’s duty to find out about changes in PSC information**

- (1) This section applies if a company—
- (a) knows or has cause to believe that there has been a change in the required particulars of a registrable person or a registrable relevant legal entity in relation to the company (see section 790K), but
  - (b) has not had confirmation that the change has occurred or has not had confirmation of all of the information that the company would need to include in a notice of the change under section 790LD(1) or 790LE(1).
- (2) The company must give the person a notice requiring the person—

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- (a) to inform the company whether the change has occurred, and
  - (b) if it has, to give the company the information that the company would need to include in a notice of the change under section 790LD(1) or 790LE(1).
- (3) The notice must require the person to whom it is given to comply with the notice by no later than the end of the period of one month beginning with the day on which it is given.
- (4) The company must give the notice—
  - (a) as soon as reasonably practicable after the company becomes subject to the duty to give a notice under subsection (2), and
  - (b) in any event before the end of the period of 14 days beginning with the day on which the company becomes so subject.
- (5) The Secretary of State may by regulations make further provision about the giving of notices under this section, including provision about their form and content and the manner in which they must be given.
- (6) Regulations under subsection (5) are subject to negative resolution procedure.

#### **790EA Company's duty to find out about persons ceasing to be PSCs**

- (1) This section applies if a company —
  - (a) knows or has cause to believe that a person has ceased to be a registrable person or a registrable relevant legal entity in relation to the company, but
  - (b) has not had confirmation that the person has ceased to be a registrable person or a registrable relevant legal entity in relation to the company or has not had confirmation of the date on which the person so ceased.
- (2) The company must give the person a notice requiring the person—
  - (a) to inform the company whether the person has ceased to be a registrable person or a registrable relevant legal entity in relation to the company, and
  - (b) if the person has, to inform the company of the date on which the person so ceased.
- (3) The notice must require the person to whom it is given to comply with the notice by no later than the end of the period of one month beginning with the day on which it is given.
- (4) The company must give the notice—
  - (a) as soon as reasonably practicable after the company becomes subject to the duty under subsection (2), and
  - (b) in any event before the end of the period of 14 days beginning with the day on which the company becomes so subject.
- (5) The Secretary of State may by regulations make further provision about the giving of notices under this section, including provision about their form and content and the manner in which they must be given.

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- (6) Regulations under subsection (5) are subject to negative resolution procedure.

**790EB Company’s duty to notify failure to comply with notices**

- (1) A company must notify the registrar if a person fails to comply with a notice given by the company under section 790D, 790DA, 790E or 790EA within the period specified in it.
- (2) The notice must be given within the period of 14 days beginning with the end of the period specified in the notice under section 790D, 790DA, 790E or 790EA.

**790EC Company’s duty to notify of late compliance with notices**

- (1) A company must notify the registrar if a person who has failed to comply with a notice given by the company under section 790D, 790DA, 790E or 790EA within the period specified in it subsequently complies.
- (2) The notice must be given within the period of 14 days beginning with the day on which the person complied with the notice under section 790D, 790DA, 790E or 790EA.”

- 11 In section 790F (failure by company to comply with information duties), for subsection (1) substitute—

“(1) If a company fails, without reasonable excuse, to comply with a duty under section 790CB, 790D, 790DA(3), 790E, 790EA, 790EB or 790EC to take steps or give a notice, an offence is committed by—

- (a) the company, and  
(b) every officer of the company who is in default.”

- 12 For sections 790G and 790H substitute—

**“790G Duty to notify company on becoming PSC**

- (1) This section applies to a person if—
- (a) the person knows that they are a registrable person or a registrable relevant legal entity in relation to a company,
- (b) the material in the register that is available for public inspection does not indicate the person’s status as a registrable person or registrable relevant legal entity in relation to the company, and
- (c) the person—
- (i) has not informed the company of the person’s status as a registrable person or registrable relevant legal entity in relation to the company, or
- (ii) has not given the company all of the required particulars of the person (see section 790K).
- (2) The person must—
- (a) inform the company of the person’s status as a registrable person or registrable relevant legal entity in relation to the company, and
- (b) give the company the required particulars (see section 790K).

*Status: This is the original version (as it was originally enacted).*

- (3) The person must comply with the duty in subsection (2) before the end of the period of one month beginning with the day on which the conditions in subsection (1) are met.

#### **790H Duty to notify company of changes in PSC information**

- (1) This section applies to a person if—
  - (a) the person knows that they are a registrable person or a registrable relevant legal entity in relation to a company,
  - (b) there has been a change in the required particulars of the person (see section 790K) and the person knows that to be the case, and
  - (c) the person has not informed the company of the change or has not given the company all of the information that the company would need to include in a notice of the change under section 790LD(1) or 790LE(1).
- (2) The person must—
  - (a) inform the company of the change, and
  - (b) give the company the information that the company would need to include in a notice of the change under section 790LD(1) or 790LE(1).
- (3) The person must comply with the duty in subsection (2) before the end of the period of one month beginning with the day on which the conditions in subsection (1) are met.

#### **790HA Duty to notify company of ceasing to be a PSC**

- (1) This section applies to a person if—
  - (a) the person knows that they have ceased to be a registrable person or a registrable relevant legal entity in relation to a company,
  - (b) the material in the register that is available for public inspection does not indicate the person as having ceased to be a registrable person or a registrable relevant legal entity in relation to a company, and
  - (c) the person has not informed the company of having ceased to be a registrable person or a registrable relevant legal entity in relation to the company or has not informed the company of the date on which the person so ceased.
- (2) The person must inform the company—
  - (a) that the person has ceased to be a registrable person or a registrable relevant legal entity in relation to the company, and
  - (b) of the date on which the person so ceased.
- (3) The person must comply with the duty in subsection (2) before the end of the period of one month beginning with the day on which the conditions in subsection (1) are met.”

13 In section 790I (enforcement of disclosure requirements), for the words from “a notice” to the end substitute “—

- (a) a notice under section 790D, 790DA, 790E or 790EA, or
- (b) a duty under section 790G, 790H or 790HA.”

14 After section 790I insert—

*“Power to impose further duties*

**790IA Power to impose further duties involving nominee shareholders**

- (1) The Secretary of State may by regulations make further provision for the purpose of enabling a company to which this Part applies to find out about anyone who has become or ceased to be a person who is—
  - (a) a registrable person in relation to the company by virtue of shares being held by a nominee, or
  - (b) a registrable relevant legal entity in relation to the company by virtue of shares being held by a nominee.
- (2) The regulations may, in particular—
  - (a) impose obligations on a company with a view to obtaining—
    - (i) information about whether a person has become or ceased to be a nominee shareholder;
    - (ii) if they have, information about: (A) the shareholding; (B) the nominee; (C) the person for whom the nominee holds or held the shares;
    - (iii) any other information required by the regulations;
  - (b) impose obligations on others (including nominees or former nominees) with a view to providing the company with—
    - (i) information of a kind described in paragraph (a)(i) or (ii);
    - (ii) any other information required by the regulations.
- (3) The regulations may, in particular, make provision similar or corresponding to any of the preceding provisions of this Chapter.
- (4) The provision that may be made by regulations under subsection (1) includes provision amending this Chapter.
- (5) Regulations under this section are subject to affirmative resolution procedure.”

15 In section 790J (power to make exemptions)—

- (a) in subsection (2)(a), for “790D(2) or 790E” substitute “[790D](#), [790E](#) or [790EA](#)”;
- (b) in subsection (2)(c), for “790D(5)” substitute “[790DA](#)”;
- (c) in subsection (2)(d), for “and 790H” substitute “, [790H](#) and [790HA](#)”;
- (d) in subsection (2)(e) for “section 790M” substitute “any of sections [12A](#), [790LA](#), [790LC](#), [790LD](#), [790LE](#), [790LF](#), [790LG](#), [790LH](#)”.

16 (1) Section 790K (required particulars) is amended as follows.

- (2) In subsection (1), omit paragraph (i) and the “and” before it.
- (3) In subsection (2), after paragraph (b) insert—
 

“(ba) a service address,”.
- (4) In subsection (3)—
  - (a) in paragraph (b), omit “registered or”;



*Status: This is the original version (as it was originally enacted).*

- (b) after paragraph (b) insert—  
“(ba) a service address.”

(5) For subsection (4) substitute—

“(4) In this section “name”, in relation to an individual, means the individual’s forename and surname.

(4A) Where an individual is a peer or an individual usually known by a title, any requirement imposed by this Act to provide the individual’s name because it forms part of the required particulars under this section may be satisfied by providing that title instead of the individual’s forename and surname.”

17 In section 790L (required particulars: power to amend), for subsection (1) substitute—

“(1) The Secretary of State may by regulations—

(a) amend section 790K so as to change the “required particulars” in relation to—

(i) an individual who is a registrable person;

(ii) a person in relation to which this Part has effect by virtue of section 790C(12) as if the person were an individual;

(iii) a registrable relevant legal entity;

(b) repeal section 790K(4A).”

18 After section 790L insert—

## “CHAPTER 2A

### DUTY TO NOTIFY REGISTRAR OF PERSONS WITH SIGNIFICANT CONTROL AND ID VERIFICATION

#### *Duty to notify registrar of persons with significant control*

#### **790LA Duty to notify registrar of confirmed persons with significant control**

(1) A company must give a notice to the registrar if it has had confirmation of—

(a) a person’s status as a registrable person or a registrable relevant legal entity in relation to the company, and

(b) the required particulars of the person (see section 790K).

(2) A notice under subsection (1) must contain a statement of the required particulars.

(3) A notice under subsection (1) must be given within the period of 14 days beginning with the day on which the company had confirmation as mentioned in that subsection.

(4) A company is not required to give a notice under this section in relation to a person if—

(a) the application for the registration of the company contained a statement of initial significant control naming the person as someone who would, on the company’s incorporation, become a registrable

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*Status: This is the original version (as it was originally enacted).*

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person or a registrable relevant legal entity in relation to the company, and

- (b) the company has no cause to believe that at any time since its incorporation the person has ceased to be a registrable person or a registrable relevant legal entity in relation to the company.
- (5) Nothing in section 126 (notice of trusts not receivable by registrar) affects the duty to give a notice under this section (or the receipt of that notice by the registrar).

#### **790LB Option to provide ID verification information in notice of change**

- (1) A notice under section 790LA(1) that relates to a registrable person may include a statement that the person’s identity is verified (see section 1110A).
- (2) A notice under section 790LA(1) that relates to a registrable relevant legal entity may include a statement that—
  - (a) specifies the name of one of its relevant officers (within the meaning given by section 790LO(6)) who is an individual and whose identity is verified, and
  - (b) confirms that the individual’s identity is verified.
- (3) If the notice includes a statement under subsection (2), it must be accompanied by a statement by the individual confirming that the individual is a relevant officer of the registrable relevant legal entity.
- (4) To find out what happens if the option in subsection (1) or (2) is not exercised, see sections 790LM and 790LO.
- (5) In subsection (1) “registrable person” does not include a person mentioned in section 790C(12)(a) to (d).

#### **790LC Duty to notify registrar of unconfirmed persons with significant control**

- (1) A company must give a notice to the registrar if—
  - (a) it knows or has cause to believe that a person has become a registrable person or a registrable relevant legal entity in relation to the company, but
  - (b) it has not yet had confirmation as mentioned in section 790LA(1).
- (2) The notice must state that fact.
- (3) A notice under subsection (1) must be given within the period of 14 days beginning with the day on which the company first knows or has cause to believe that the person has become a registrable person or a registrable relevant legal entity in relation to the company.
- (4) Nothing in this section requires a company, on its incorporation, to give a notice in relation to a person included in the statement of initial significant control under section 12A.

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*Status: This is the original version (as it was originally enacted).*

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### *Duty to notify registrar of changes in required particulars*

#### **790LD Duties to notify of changes in required particulars**

- (1) A company must give a notice to the registrar if it—
  - (a) has had confirmation that there has been a change in the required particulars of a registrable person, or a registrable relevant legal entity, in relation to the company (see section 790K), and
  - (b) has had confirmation of how the required particulars have changed and the date on which they changed.
- (2) The notice must state—
  - (a) the change in the required particulars, and
  - (b) the date on which the change occurred.
- (3) A notice under subsection (1) must be given within the period of 14 days beginning with the day on which the company had confirmation as mentioned in that subsection.
- (4) Nothing in section 126 (notice of trusts not receivable by registrar) affects the duty to give a notice under this section (or the receipt of that notice by the registrar).

#### **790LE Duty to notify of pre-incorporation changes in required particulars**

- (1) A company must give a notice to the registrar if it—
  - (a) has had confirmation that there was a pre-incorporation change in the required particulars of a proposed PSC (see section 790K), and
  - (b) has had confirmation of how the required particulars have changed and the date on which they changed.
- (2) But a company is not required to give a notice under subsection (1) in respect of a person if it has given a notice under section 790LG in respect of the person.
- (3) A notice under subsection (1) must state—
  - (a) the change in the required particulars, and
  - (b) the date on which the change occurred.
- (4) A notice under subsection (1) must be given within the period of 14 days beginning with the day on which the company had confirmation as mentioned in that subsection.
- (5) In this section—
  - “pre-incorporation change” means a change that occurred—
    - (a) after the application for the registration of the company was delivered to the registrar, but
    - (b) before the company was incorporated;
  - “proposed PSC”, in relation to a company, means a person who was named in a statement under section 12A(1)(a) as a person who would, on the company’s incorporation, become a registrable person or registrable relevant legal entity in relation to the company.

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*Status: This is the original version (as it was originally enacted).*

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*Duty to notify registrar of person ceasing to be person with significant control etc*

**790LF Duty to notify registrar when person ceases to have significant control**

- (1) A company must give a notice to the registrar if it—
  - (a) has had confirmation that a person has ceased to be a registrable person or a registrable relevant legal entity in relation to it, and
  - (b) has had confirmation of the date on which the person so ceased.
- (2) A notice under subsection (1) must state—
  - (a) the person's name and service address, and
  - (b) the date on which the person ceased to be a registrable person or a registrable relevant legal entity in relation to the company.
- (3) A notice under subsection (1) must be given within the period of 14 days beginning with the day on which the company had confirmation as mentioned in that subsection.

**790LG Notification of someone not becoming person with significant control on incorporation**

- (1) A company must give a notice to the registrar if it knows that a person named in the statement under section 12A(1)(a) as a person who would, on the company's incorporation, become a registrable person or a registrable relevant legal entity did not so become.
- (2) A notice under subsection (1) must be given within the period of 14 days beginning with the day on which the company has the knowledge mentioned there.

**790LH Duty to notify registrar if company ceases to have persons with significant control**

- (1) A company must give a notice to the registrar if it knows or has cause to believe that—
  - (a) there has at some time been a person who is a registrable person or registrable relevant legal entity in relation to the company, and
  - (b) there has ceased to be anyone who is a registrable person or registrable relevant legal entity in relation to the company.
- (2) A notice under subsection (1) must —
  - (a) state that the company has that knowledge or cause to believe, and
  - (b) specify the date on which the company first had that knowledge or cause to believe.
- (3) A notice under subsection (1) must be given within the period of 14 days beginning with the day on which the company first had the knowledge or cause to believe mentioned in that subsection.

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*Status: This is the original version (as it was originally enacted).*

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### **790LI Power to create further duties to notify information**

- (1) The Secretary of State may by regulations impose further duties on a company to deliver information to the registrar about—
  - (a) registrable persons, or registrable relevant legal entities, in relation to the company (including information about whether it has any);
  - (b) compliance with Chapter 2 by the company or any person to whom the company has given a notice under that Chapter (including provision requiring a company to provide the registrar with a copy of any such notice, whether on request or otherwise).
- (2) The provision that may be made by regulations under subsection (1) includes provision amending this Part.
- (3) The consequential provision that may be made by regulations under subsection (1) by virtue of section 1292(1) also includes provision amending any other provision of this Act.
- (4) Regulations under this section are subject to affirmative resolution procedure.

### **790LJ Persons with significant control: offence of failure to notify**

- (1) If a company fails, without reasonable excuse, to comply with section 790LA, 790LC, 790LD, 790LE, 790LF, 790LG or 790LH, or regulations under section 790LI, an offence is committed by—
  - (a) the company, and
  - (b) every officer of the company who is in default.
- (2) For this purpose a shadow director is treated as an officer of the company.
- (3) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

### **790LK Power of court to order company to remedy defaults or delay**

- (1) Where a company makes default in complying with section 790LA, 790LC, 790LD, 790LE, 790LF, 790LG or 790LH, or regulations under section 790LI, an application may be made to the court for an order requiring the company to deliver to the registrar the information (or statements) necessary to rectify the position.
- (2) The application may be made by—
  - (a) any person aggrieved by the default,
  - (b) any member of the company, or
  - (c) any person who is a registrable person or a registrable relevant legal entity in relation to the company.
- (3) On an application under subsection (1) the court may either refuse the application or may make the order and order the company to pay any damages sustained by any party aggrieved.

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- (4) On an application under subsection (1) the court may decide—
- (a) any question as to whether the name of any person who is a party to the application should or should not be included in or omitted from information delivered to the registrar under this Chapter about persons who are a registrable person or a registrable relevant legal entity in relation to the company, and
  - (b) any question necessary or expedient to be decided for rectifying the position.
- (5) Nothing in this section affects a person’s rights under section 1094 or 1096 (rectification of register).

#### **790LL Information as to whether information has been delivered**

- (1) A person may request a company to tell the person whether all of the information that it is required to deliver to the registrar under this Chapter has been delivered.
- (2) The company must comply with the request within the period of 14 days beginning with the day on which the request is made.
- (3) If the company fails, without reasonable excuse, to do so, an offence is committed by—
  - (a) the company, and
  - (b) every officer of the company who is in default.
- (4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (5) Subsection (1) does not apply in relation to information if the company is aware that, by virtue of regulations under section 1088, the registrar is required to refrain from making that information available for public inspection.”

19 Omit Chapters 3 and 4 of Part 21A (company registers of people with significant control etc).

20 (1) Schedule 1B (enforcement of disclosure requirements in relation to persons with significant control) is amended as follows.

(2) In each of the following provisions, for “or 790E” substitute “, 790DA, 790E or 790EA” —

- (a) paragraph 1(1)(a) and (3)(a);
- (b) paragraph 8(3)(a);
- (c) paragraph 11(a) and (b);
- (d) paragraph 12(2)(b).

(3) For paragraphs 13 and 14 substitute—

#### *“Offence of failing to comply with notices*

- 13 (1) A person to whom a notice under section 790D, 790DA, 790E or 790EA is addressed commits an offence if the person fails, without reasonable excuse, to comply with the notice.

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- (2) Where the person is a legal entity, the offence is also committed by every officer of the entity who is in default.
- (3) A person guilty of an offence under this paragraph is liable—
  - (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
  - (b) on summary conviction—
    - (i) in England and Wales, to imprisonment for a term not exceeding the general limit in a magistrates' court or a fine (or both);
    - (ii) in Scotland, to imprisonment for a term not exceeding 12 months or a fine not exceeding the statutory maximum (or both);
    - (iii) in Northern Ireland, to imprisonment for a term not exceeding 6 months or a fine not exceeding the statutory maximum (or both).

*Offence of failing to provide information*

- 14 (1) A person commits an offence if the person fails, without reasonable excuse, to comply with a duty under section [790G](#), [790H](#) or [790HA](#).
- (2) Where the person is a legal entity, the offence is also committed by every officer of the entity who is in default.
- (3) A person guilty of an offence under this paragraph is liable—
  - (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
  - (b) on summary conviction—
    - (i) in England and Wales, to imprisonment for a term not exceeding the general limit in a magistrates' court or a fine (or both);
    - (ii) in Scotland, to imprisonment for a term not exceeding 12 months or a fine not exceeding the statutory maximum (or both);
    - (iii) in Northern Ireland, to imprisonment for a term not exceeding 6 months or a fine not exceeding the statutory maximum (or both).

*False statements: basic offence*

- 14A (1) A person commits an offence if, in purported compliance with a notice under section [790D](#), [790DA](#), [790E](#) or [790EA](#) or in purported compliance with a duty imposed by section [790G](#), [790H](#) or [790HA](#), and without reasonable excuse, the person makes a statement that is misleading, false or deceptive in a material particular.
- (2) Where the person is a legal entity, the offence is also committed by every officer of the entity who is in default.
- (3) A person guilty of an offence under this paragraph is liable on summary conviction—

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- (a) in England and Wales, to a fine;
- (b) in Scotland, to a fine not exceeding level 5 on the standard scale;
- (c) in Northern Ireland, to a fine not exceeding level 5 on the standard scale.

*False statements: aggravated offence*

- 14B (1) A person commits an offence if, in purported compliance with a notice under section 790D, 790DA, 790E or 790EA or in purported compliance with a duty imposed by section 790G, 790H or 790HA, the person makes a statement that the person knows is misleading, false or deceptive in a material particular.
- (2) Where the person is a legal entity, the offence is also committed by every officer of the entity who is in default.
- (3) A person guilty of an offence under this paragraph is liable—
- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
  - (b) on summary conviction—
    - (i) in England and Wales, to imprisonment for a term not exceeding the general limit in a magistrates’ court or to a fine (or both);
    - (ii) in Scotland, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
    - (iii) in Northern Ireland, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum (or both).”

## PART 4

### CONSEQUENTIAL AMENDMENTS

- 21 The Companies Act 2006 is amended as follows.
- 22 (1) Section 12 (statement of proposed officers) is amended as follows.
- (2) In subsection (1), for “particulars of” substitute “information about”.
- (3) For subsection (2) substitute—
- “(2) For the required information—
- (a) in relation to proposed directors, see sections 167J and 167K;
  - (b) in relation to proposed secretaries or joint secretaries, see sections 279J and 279K.”
- 23 In section 12A (statement of initial significant control), for subsection (1) substitute—
- “(1) The statement of initial significant control required to be delivered to the registrar must—



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- (a) state whether, on incorporation, there will be anyone who is either a registrable person or a registrable relevant legal entity in relation to the company, and
  - (b) include the required particulars of any such person.”
- 24 (1) Section 95 (statement of proposed secretary) is amended as follows.
  - (2) In subsection (1), for “particulars of” substitute “information about”.
  - (3) For subsection (2) substitute—
    - “(2) For the required information in relation to proposed secretaries or joint secretaries, see sections 279J and 279K.”
- 25 (1) Section 156 (direction requiring company to make appointment of director) is amended as follows.
  - (2) In subsections (4)(b) and (5), for “section 167” substitute “section 167G”.
  - (3) After subsection (5) insert—
    - “(5A) Nothing in subsection (4) or (5) affects the duty imposed by section 167G to give notice within the period mentioned in subsection (6) of that section.”
- 26 In section 156B (power to provide for exceptions from requirement that each director to be a natural person), omit subsection (5).
- 27 In section 156C (existing director who is not a natural person), for subsections (3) to (5) substitute—
  - “(3) If it appears to the registrar that, as a result of subsection (2), a company should have given notice under section 167G of a person having ceased to be a director but has failed to do so, the registrar must include a note in the register recording that fact.”
- 28 In section 853B (duties to notify a relevant event)—
  - (a) for paragraph (c) substitute—
    - “(c) the duty to give notice of a change as mentioned in section 167G or 167H (changes in directors or required information about a director);”;
  - (b) omit paragraph (d);
  - (c) for paragraph (e) substitute—
    - “(e) the duty to give notice of a change as mentioned in section 279G or 279H (change in secretary or joint secretaries or in required information about a secretary or joint secretary);”;
  - (d) omit paragraphs (f) and (fa);
  - (e) for paragraph (g) substitute—
    - “(g) the duty to deliver anything as mentioned in section 790LA, 790LC, 790LD, 790LE, 790LF, 790LG or 790LH (information about persons with significant control);”.
- 29 In section 1079B (duty to notify directors), in subsections (1)(b) and (2)(b), for “section 167 or 167D” substitute “section 167G”.

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- 30 In section 1136 (regulations about where certain company records to be kept available for inspection), in subsection (2), omit—  
“section 162 (register of directors);”  
“section 275 (register of secretaries);”  
“section 790M (register of people with significant control over a company);”  
“section 790Z (historic PSC register);”.
- 31 In paragraph 4 of Schedule 5 (communications by a company)—  
(a) in sub-paragraph (1)(d), for “the company’s register of directors” substitute “the register”;  
(b) omit sub-paragraph (1A).
- 32 In Schedule 8 (index of defined expressions), omit the entries relating to—  
“the central register”;  
“PSC register”;  
“register of directors”;  
“register of directors’ residential addresses”;  
“register of secretaries”.

### SCHEDULE 3

Section 94

#### DISCLOSURE OF INFORMATION: CONSEQUENTIAL AMENDMENTS

##### *Companies Act 2006*

- 1 The Companies Act 2006 is amended as follows.
- 2 In section 242 (protected information: restriction on disclosure by registrar), in subsection (3)—  
(a) omit the “or” at the end of paragraph (a);  
(b) at the end of paragraph (b) insert “, or  
(c) as permitted by section 1110F (general powers of disclosure by the registrar).”
- 3 (1) Section 243 (permitted disclosure by the registrar) is amended as follows.  
(2) For subsection (2) substitute—  
“(2) The registrar may disclose protected information to a credit reference agency.”  
(3) In subsection (7), omit—  
(a) the definition of “public authority”;  
(b) the “and” before that definition.

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

- 4 The Economic Crime (Transparency and Enforcement) Act 2022 is amended as follows.
- 5 In section 40 (sharing of information by HMRC), in subsection (1), omit “or the registrar”.

- 6 In section 44 (interpretation), in subsection (1), at the end of the definition of “document”, insert “and references to delivering a document are to be read in accordance with section 1114(1)(b) of the Companies Act 2006”.

## SCHEDULE 4

Section 110

### REQUIRED INFORMATION

After section 38 of the Limited Partnerships Act 1907 (inserted by section 151 of this Act) insert the following as a Schedule to that Act—

#### “SCHEDULE

### REQUIRED INFORMATION

#### **PART 1**

##### INTRODUCTION

- 1 In this Schedule—
- (a) Part 2 sets out the required information about a partner (or proposed partner) for the purposes of sections 8A, 8R, 8S and 8T,
  - (b) Part 3 sets out the required information about a registered officer (or proposed registered officer) for the purposes of sections 8A, 8L, 8M and 8R, and
  - (c) Part 4 sets out the required information about a named contact (or proposed named contact) for the purposes of sections 8A, 8L, 8N, 8O and 8R.

#### **PART 2**

##### PARTNERS

#### **Individuals**

- 2 (1) Where a partner (or proposed partner) is an individual, the required information about the partner is—
- (a) name, date of birth and nationality;
  - (b) any relevant former names;
  - (c) usual residential address;
  - (d) the part of the United Kingdom in which the individual is usually resident or, if the individual is usually resident in a country or state outside the United Kingdom, that country or state;
  - (e) in the case of a general partner, a service address (which may be stated as “The limited partnership’s registered office”).
- (2) In sub-paragraph (1)(b) “relevant former name” means any former name other than—

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- (a) in the case of a peer, or an individual normally known by a British title, the name by which the individual was known previous to the adoption of or succession to the title, or
  - (b) in the case of any person, a former name which—
    - (i) was changed or disused before the person attained the age of 16 years, or
    - (ii) has been changed or disused for 20 years or more.
- (3) In this paragraph—  
 “former name” means a name by which the individual was formerly known for business purposes;  
 “name” means the individual’s forename and surname.
- (4) Where a partner (or proposed partner) who is an individual is a peer or an individual usually known by a title, any requirement imposed by this Act to provide the individual’s name because it forms part of the required information may be satisfied by providing that title instead of the individual’s forename and surname.

### Legal entities

- 3 Where a partner (or proposed partner) is a legal entity, the required information about the partner is—
- (a) name;
  - (b) principal office;
  - (c) a service address (which may be stated as “The limited partnership’s registered office”);
  - (d) the legal form of the entity and the law by which it is governed;
  - (e) in the case of a general partner, any register in which the general partner is entered (including details of the state) and, if applicable, its registration number in that register.

## PART 3

### REGISTERED OFFICERS

- 4 (1) The required information about a registered officer (or proposed registered officer) is—
- (a) name, date of birth and nationality;
  - (b) any relevant former names;
  - (c) usual residential address;
  - (d) the part of the United Kingdom in which the individual is usually resident or, if the individual is usually resident in a country or state outside the United Kingdom, that country or state;
  - (e) a service address (which may be stated as “The limited partnership’s registered office”).
- (2) In sub-paragraph (1)(b) “relevant former name” has the meaning given by paragraph 2(2).
- (3) In this paragraph “former name” and “name” have the meanings given by paragraph 2(3).

- (4) Where a registered officer (or proposed registered officer) who is an individual is a peer or an individual usually known by a title, any requirement imposed by this Act to provide the individual's name because it forms part of the required information may be satisfied by providing that title instead of the individual's forename and surname.

## PART 4

### NAMED CONTACTS

- 5 (1) The required information about a named contact (or proposed named contact) is—
- (a) name;
  - (b) usual residential address;
  - (c) email address.
- (2) In this paragraph “name” has the meaning given by paragraph 2(3).”

## SCHEDULE 5

Section 152

### LIMITED PARTNERSHIPS: CONSEQUENTIAL AMENDMENTS

- 1 The Limited Partnerships Act 1907 is amended as follows.
- 2 Before section 1 (short title) insert—
- “Short title and interpretation”.*
- 3 Before section 4 (definition and constitution of limited partnership) insert—
- “Definition and constitution of limited partnership”.*
- 4 Before section 6 (modifications of general law in case of limited partnerships) insert—
- “Application of other laws to limited partnerships”.*
- 5 Before section 8 (duty to register and designate) insert—
- “Registration and designation”.*
- 6 Before section 15 (the registrar) insert—
- “The registrar”.*

*Status: This is the original version (as it was originally enacted).*

## SCHEDULE 6

Section 163

### DUTY TO DELIVER INFORMATION ABOUT CHANGES IN BENEFICIARIES

1 The Economic Crime (Transparency and Enforcement) Act 2022 is amended as follows.

2 (1) Section 7 (updating duty) is amended as follows.

(2) In subsection (1)(a) and (b), for “statement and information mentioned” substitute “statements and information mentioned”.

(3) In subsection (3)—

(a) omit the “and” at the end of paragraph (a);

(b) at the end of paragraph (b) insert “, and

(c) the statement in row 1 of the table set out in subsection (4A), or the statement and information listed in row 2 of that table.”

(4) In subsection (4)—

(a) omit the “and” at the end of paragraph (a);

(b) at the end of paragraph (b) insert “, and

(c) in the case where the information provided under subsection (1)(b) includes information that a person who ceased to be a registrable beneficial owner was a trustee, the statement in row 1 of the table set out in subsection (4A), or the statement and information listed in row 2 of that table.”

(5) After subsection (4) insert—

“(4A) This is the table referred to in subsections (3)(c) and (4)(c)—

	<i>Statement</i>	<i>Information</i>
1	A statement that the entity has no reasonable cause to believe that anyone became or ceased to be a beneficiary under the trust at a time during the update period when the trustee was a registrable beneficial owner of the overseas entity.	
2	A statement that the entity has reasonable cause to believe that at least one person became or ceased to be a beneficiary under the trust at a time during the update period when the trustee was a registrable beneficial owner of the overseas entity.	<ol style="list-style-type: none"> <li>1. The information specified in paragraph 8(1)(d) of Schedule 1 about each such person, or so much of that information as the entity has been able to obtain.</li> <li>2. The date on which that person became or ceased to be a beneficiary under the trust, if the entity has been able to obtain that information.”</li> </ol>

(6) For subsections (6) and (7) substitute—

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“(6) Any statements required by subsection (1)(a) or (b) must relate to the state of affairs as at the end of the update period.

(7) Any information—

(a) required by subsection (1)(a) or (b) as a result of a person having become or ceased to be a beneficiary under a trust, or

(b) required by subsection (1)(b) as a result of a person having become or ceased to be a registrable beneficial owner of an overseas entity, must relate to the time when the person so became or so ceased.

(7A) Any other information required by subsection (1)(a) must relate to the state of affairs as at the end of the update period.”

3 (1) Section 9 (application for removal) is amended as follows.

(2) In subsection (1)(b) and (c), for “statement and information mentioned” substitute “statements and information mentioned”.

(3) In subsection (3)—

(a) omit the “and” at the end of paragraph (a);

(b) at the end of paragraph (b) insert “, and

(c) the statement in row 1 of the table set out in subsection (4A), or the statement and information listed in row 2 of that table.”

(4) In subsection (4)—

(a) omit the “and” at the end of paragraph (a);

(b) at the end of paragraph (b) insert “, and

(c) in the case where the information provided under subsection (1)(c) includes information that a person who ceased to be a registrable beneficial owner was a trustee, the statement in row 1 of the table set out in subsection (4A), or the statement and information listed in row 2 of that table.”

(5) After subsection (4) insert—

“(4A) This is the table referred to in subsections (3)(c) and (4)(c)—

	<i>Statement</i>	<i>Information</i>
1	A statement that the entity has no reasonable cause to believe that anyone became or ceased to be a beneficiary under the trust at a time during the relevant period when the trustee was a registrable beneficial owner of the overseas entity.	
2	A statement that the entity has reasonable cause to believe that at least one person became or ceased to be a beneficiary under the trust at a time during the relevant period when the trustee was a registrable beneficial owner of the overseas entity.	1. The information specified in paragraph 8(1)(d) of Schedule 1 about each such person, or so much of that information as the entity has been able to obtain.

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<i>Statement</i>	<i>Information</i>
	2. The date on which that person became or ceased to be a beneficiary under the trust, if the entity has been able to obtain that information.”

(6) In subsection (6), for “subsection (2)” substitute “this section”.

(7) For subsections (7) and (8) substitute—

“(7) Any statements required by subsection (1)(b) or (c) must relate to the state of affairs as at the time of the application for removal.

(8) Any information—

(a) required by subsection (1)(b) or (c) as a result of a person having become or ceased to be a beneficiary under a trust, or

(b) required by subsection (1)(c) as a result of a person having become or ceased to be a registrable beneficial owner of an overseas entity, must relate to the time when the person so became or so ceased.

(8A) Any other information required by subsection (1)(b) must relate to the state of affairs as at the time of the application for removal.”

4 For section 12 substitute—

**“12 Duty to take steps to obtain information**

(1) Before making an application for registration under section 4(1) an overseas entity must take reasonable steps to obtain all of the information that it is required to deliver to the registrar under that section if it is able to obtain it.

(2) Before complying with the updating duty under section 7 an overseas entity must take reasonable steps to obtain all of the information that it is required to deliver to the registrar under that section if it is able to obtain it.

(3) Before making an application for removal under section 9 an overseas entity must take reasonable steps to obtain all of the information that it is required to include in the application if it is able to obtain it.

(4) The steps that an overseas entity must take by virtue of subsection (1), (2) or (3) include giving a notice to any person that it knows, or has reasonable cause to believe, is a registrable beneficial owner in relation to the entity, requiring the person—

(a) to state whether or not they are such a person, and

(b) if they are, to provide or confirm information of the kind mentioned in subsection (1), (2) or (3) so far as relating to the person, or a trust of which they are or were a trustee.

(5) The steps that an overseas entity must take by virtue of subsection (2) or (3) also include giving a notice to any person that it knows, or has reasonable cause to believe, has ceased to be a registrable beneficial owner in relation to the entity during the update period (within the meaning of section 7) or relevant period (within the meaning of section 9), requiring the person—



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- (a) to state whether or not they are such a person, and
    - (b) if they are, to provide or confirm information of the kind mentioned in subsection (2) or (3) so far as relating to the person, or a trust of which they are or were a trustee.
  - (6) A notice under subsection (4) or (5) must require the person to whom it is given to comply with the notice within the period of one month beginning with the day on which it is given.
  - (7) A person given a notice under subsection (4) or (5) is not required by that notice to disclose any information in respect of which a claim to legal professional privilege or, in Scotland, confidentiality of communications, could be maintained in legal proceedings.”
- 5 In section 13, at the end insert—
- “(6) A reference in this section to a person who is a registrable beneficial owner in relation to an overseas entity includes, in connection with the obtaining of information required by section 7(1)(b), 9(1)(c) or 42(1)(c)(i), a reference to a person who has ceased to be a registrable beneficial owner.”
- 6 After section 17 insert—
- “17A Exceptions to duty to provide change of beneficiary information**
- (1) The Secretary of State may by regulations provide for exceptions to the requirement to deliver information by virtue of section 7(3)(c) or (4)(c) or 9(3)(c) or (4)(c).
  - (2) The Secretary of State must consult the Scottish Ministers before making regulations under subsection (1) that contain provision that would be within the legislative competence of the Scottish Parliament if contained in an Act of that Parliament.
  - (3) The Secretary of State must consult the Department of Finance in Northern Ireland before making regulations under subsection (1) that contain provision that—
    - (a) would be within the legislative competence of the Northern Ireland Assembly if contained in an Act of that Assembly, and
    - (b) would not, if contained in a Bill for an Act of the Northern Ireland Assembly, result in the Bill requiring the consent of the Secretary of State under section 8 of the Northern Ireland Act 1998.
  - (4) Regulations under subsection (1) are subject to the negative resolution procedure.”
- 7 In section 43 (transitional information), after subsection (1) insert—
- “(1A) In subsection (1) the reference to section 12 is to that section as it had effect before the amendments made by Schedule 6 to the Economic Crime and Corporate Transparency Act 2023 (duty to deliver information about changes in beneficiaries).”
- 8 In section 44 (interpretation), omit subsection (2).

## SCHEDULE 7

Section 174

### OVERSEAS ENTITIES: FURTHER INFORMATION FOR TRANSITIONAL CASES

- 1       The Economic Crime (Transparency and Enforcement) Act 2022 is amended as follows.
- 2       In section 16 (verification of registrable beneficial owners and managing officers), in subsection (1), after paragraph (c) insert—
- “(d) complies with the duty under Schedule 6 (duty to deliver further information about transitional period).”
- 3       After section 43 insert—

#### “43A Duty to deliver further information for transitional cases

- Schedule 6 (duty to deliver further information for transitional cases) imposes further duties on overseas entities to deliver information.”
- 4       After Schedule 5 insert—

## “SCHEDULE 6

### DUTY TO DELIVER FURTHER INFORMATION FOR TRANSITIONAL CASES

#### **Application of this Schedule**

- 1       (1) This Schedule applies in relation to an overseas entity if—
- (a) the entity—
- (i) is registered as an overseas entity when this Schedule comes into force or has been so registered at any earlier time, and
- (ii) was registered as the proprietor of a relevant interest in land in England and Wales or Scotland at any time during the relevant period, or
- (b) the entity has committed an offence under paragraph 5 of Schedule 3 or paragraph 10 of Schedule 4 (duty to register as overseas entity in certain transitional cases).
- (2) For the purposes of sub-paragraph (1)—
- (a) an overseas entity is registered as the proprietor of a relevant interest in land in England and Wales if the entity is registered in the register of title kept under the Land Registration Act 2002 as the proprietor of a qualifying estate within the meaning of Schedule 4A to that Act;
- (b) an overseas entity is registered as the proprietor of a relevant interest in land in Scotland if the entity—
- (i) is entered, on or after 8 December 2014, as proprietor in the proprietorship section of the title sheet for a plot of land that is registered in the Land Register of Scotland,
- (ii) in relation to a lease that was recorded in the General Register of Sasines or registered in the Land Register of Scotland before that date is, by virtue of an assignation

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of the lease registered in the Land Register of Scotland on or after that date, the tenant under the lease, or  
(iii) is the tenant under a lease that was registered in the Land Register of Scotland on or after that date.

- (3) Expressions used in sub-paragraph (2)(b) are to be construed in accordance with section 9(11) and (12).
- (4) In this Schedule “the relevant period” means the period—
- (a) beginning with 28 February 2022;
  - (b) ending with 31 January 2023.

### **Duty to deliver statements and information**

- 2 (1) The overseas entity must deliver to the registrar—
- (a) any statements or information required by—
    - paragraph 3 (changes in beneficial ownership of overseas entity),
    - paragraph 4 (information about trusts and changes in beneficiaries under trusts), and
    - paragraph 5 (information about changes in trusts in which beneficial owners trustees),
  - (b) a statement that the entity has complied with paragraph 8 of this Schedule (duty to take steps to obtain information),
  - (c) anything required by regulations under section 16 (verification of information) to be delivered to the registrar, and
  - (d) the name and contact details of an individual who may be contacted about the statements and information.
- (2) If an overseas entity is registered as an overseas entity when this Schedule comes into force it must deliver the statements and information required by this Schedule—
- (a) at the same time as it delivers the statements and information required by section 7 on the first occasion after the end of the period of 3 months beginning with the day on which this Schedule comes into force, or
  - (b) if it applies under section 9 for removal before then, at the same time as it delivers the statements and information required by that section.
- (3) If an overseas entity is not registered as an overseas entity when this Schedule comes into force it must deliver the statements and information required by this Schedule within the period of 3 months beginning when it comes into force.

### **Information about changes in beneficial ownership**

- 3 (1) The overseas entity must deliver to the registrar the statement in row 1 of the following table or the statement and information listed in row 2.

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	<i>Statement</i>	<i>Information</i>
1	A statement that the entity has no reasonable cause to believe that anyone became or ceased to be a registrable beneficial owner during the relevant period.	
2	A statement that the entity has reasonable cause to believe that at least one person became or ceased to be a registrable beneficial owner during the relevant period.	<ol style="list-style-type: none"> <li>1. The required information about each person who became or ceased to be a registrable beneficial owner during the relevant period, or so much of that information as the entity has been able to obtain.</li> <li>2. The date on which each of them became or ceased to be a registrable beneficial owner, if the entity has been able to obtain that information.</li> </ol>

(2) Where the information provided under sub-paragraph (1) includes information that the person who became or ceased to be a registrable beneficial owner was a registrable beneficial owner by virtue of being a trustee (see paragraphs 3(1)(f) and 5(1)(h) of Schedule 1), the overseas entity must also deliver to the registrar—

- (a) the required information about the trust or so much of that information as the overseas entity has been able to obtain, and
- (b) a statement as to whether the entity has any reasonable cause to believe that there is required information about the trust that it has not been able to obtain.

(3) Statements required by this paragraph to be delivered to the registrar must relate to the time when they are delivered.

(4) Information required by this paragraph to be delivered to the registrar as a result of a person having become or ceased to be a registrable beneficial owner must relate to the state of affairs when the person became or ceased to be a registrable beneficial owner.

(5) For the required information, see Schedule 1.

#### **Information about trusts and changes in beneficiaries**

- 4 (1) The overseas entity must deliver to the registrar—
  - (a) a statement that the entity has no reasonable cause to believe that there is any person who, at the end of the relevant period, was a registrable beneficial owner of the entity by virtue of being a trustee, or
  - (b) a statement that the entity has reasonable cause to believe that there is at least one such person.

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- (2) Where a statement is delivered under sub-paragraph (1)(b) the overseas entity must also deliver to the registrar —
- (a) the required information about each trust (a “relevant trust”) by virtue of which a trustee was a registrable beneficial owner of the entity at the end of the relevant period,
  - (b) in relation to each relevant trust, a statement as to whether the entity has any reasonable cause to believe that there is required information about the trust that it has not been able to obtain, and
  - (c) in relation to each relevant trust, the statement in row 1 of the table set out in sub-paragraph (3), or the statement and information listed in row 2 of that table.
- (3) This is the table referred to in sub-paragraph (2)(c)—

	<i>Statement</i>	<i>Information</i>
1	A statement that the entity has no reasonable cause to believe that anyone became or ceased to be a beneficiary under the trust during the relevant period.	
2	A statement that the entity has reasonable cause to believe that at least one person became or ceased to be a beneficiary under the trust during the relevant period.	<ol style="list-style-type: none"> <li>1. The information specified in paragraph 8(1)(d) of Schedule 1 about each person who became or ceased to be a beneficiary under the trust during the relevant period, or so much of that information as the entity has been able to obtain.</li> <li>2. The date on which each of them became or ceased to be a beneficiary under the trust, if the entity has been able to obtain that information.</li> </ol>

- (4) Statements required by this paragraph to be delivered to the registrar must relate to the time when they are delivered.
- (5) Information required by sub-paragraph (2)(a) to be delivered to the registrar must relate to the state of affairs at the end of the relevant period.
- (6) Information required by sub-paragraph (2)(c) to be delivered to the registrar as a result of a person having become or ceased to be a beneficiary under a trust must relate to the state of affairs when the person became or ceased to be a beneficiary.
- (7) For the required information, see Schedule 1.

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### **Information about changes in trusts of which registrable beneficial owners trustees**

- 5 (1) The overseas entity must deliver to the registrar—
- (a) a statement that the entity has no reasonable cause to believe that there is any person who—
    - (i) at the end of the relevant period, was a registrable beneficial owner of the entity by virtue of being a trustee of a trust,
    - (ii) at any time during the relevant period was a registrable beneficial owner by virtue of being a trustee of a different trust, and
    - (iii) at the end of the relevant period was not a registrable beneficial owner of the entity by virtue of being a trustee of the trust mentioned in sub-paragraph (ii), or
  - (b) a statement that the entity has reasonable cause to believe that there is at least one such person.
- (2) Where a statement is delivered under sub-paragraph (1)(b) the overseas entity must deliver to the registrar—
- (a) the required information about each trust by virtue of which a trustee was a registrable beneficial owner of the entity at any time during the relevant period, or so much of that information as the overseas entity has been able to obtain, and
  - (b) in relation to each such trust, a statement as to whether the entity has any reasonable cause to believe that there is required information about the trust that it has not been able to obtain.
- (3) Statements required by this paragraph to be delivered to the registrar must relate to the time when they are delivered.
- (4) Information required by sub-paragraph (2)(a) to be delivered to the registrar must relate to the state of affairs—
- (a) at the beginning of the relevant period, if the registrable beneficial owner was a trustee of the trust at that time, and
  - (b) otherwise, at the time at which the registrable beneficial owner became a trustee of the trust.
- (5) For the required information, see Schedule 1.

### **Compliance by confirmation of information previously provided**

- 6 A requirement imposed by paragraphs 2 to 5 to provide information may be met (in whole or in part) by confirming information previously provided.

### **Failure to comply with this Schedule**

- 7 Section 8 (offence of failure to comply with updating duty) applies in relation to a failure to comply with a duty imposed by paragraphs 2 to 5 of this Schedule as it applies in relation to a failure to comply with section 7.

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### **Obtaining information**

- 8 (1) An overseas entity must comply with this paragraph before complying with the requirements imposed by paragraphs 2 to 5.
- (2) The entity must take reasonable steps—
- (a) to identify anyone who became or ceased to be a registrable beneficial owner during the relevant period, and
  - (b) if it identifies any such person, to obtain—
    - (i) the information mentioned in row 2 of column 2 of the table in paragraph 3(1), and
    - (ii) in the case of anyone mentioned in paragraph 3(2), the information mentioned there.
- (3) The entity must take reasonable steps—
- (a) to identify any person who, at the end relevant period, was a registrable beneficial owner by virtue of being a trustee, and
  - (b) if it identifies any such person, to obtain —
    - (i) the information mentioned in paragraph 4(2)(a) about the relevant trust,
    - (ii) information as to whether anyone became or ceased to be a beneficiary under the relevant trust during the relevant period (a “relevant beneficiary”), and
    - (iii) the information mentioned in row 2 of column 2 of the table in paragraph 4(3) in relation to any relevant beneficiary.
- (4) The entity must take reasonable steps—
- (a) to identify any person who falls within paragraph 5(1)(a)(i) to (iii), and
  - (b) if it identifies any such person, to obtain the information mentioned in paragraph 5(2)(a).
- (5) The steps that an overseas entity must take by virtue of this paragraph include giving an information notice under this paragraph to any person that it knows, or has reasonable cause to believe, falls within sub-paragraph (2)(a), (3)(a) or (4)(a).
- (6) An information notice under this paragraph is a notice requiring the recipient to provide the information mentioned in sub-paragraph (2)(b), (3)(b) or (4)(b).
- (7) Sections 15 to 15B (offences) apply in relation to information notices under this paragraph as they apply in relation to information notices under section 12.

### **Power to exclude descriptions of registrable beneficial owner**

- 9 (1) The Secretary of State may by regulations provide that, for the purposes of any provision of this Schedule specified in the regulations, a person of a description so specified is not to be treated as a registrable beneficial owner of an overseas entity.

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- (2) No regulations may be made under sub-paragraph (1) after the end of the period of two years beginning with the day on which the Economic Crime and Corporate Transparency Act 2023 is passed.
- (3) The Secretary of State must consult the Scottish Ministers before making regulations under sub-paragraph (1) that contain provision that would be within the legislative competence of the Scottish Parliament if contained in an Act of that Parliament.
- (4) Regulations under sub-paragraph (1) are subject to the negative resolution procedure.”

## SCHEDULE 8

Section 179

### CRYPTOASSETS: CONFISCATION ORDERS

#### PART 1

#### ENGLAND AND WALES

##### *Introductory*

- 1 Part 2 of the Proceeds of Crime Act 2002 (confiscation: England and Wales) is amended as follows.

##### *Seizure of property*

- 2 In section 47B (conditions for exercise of seizure powers)—
  - (a) in subsection (2), omit paragraph (b);
  - (b) in subsection (3), omit paragraph (b).
- 3 (1) Section 47C (power to seize property) is amended as follows.
  - (2) In subsection (2), after “not” insert “under subsection (1)”.
  - (3) After subsection (5) insert—
    - “(5A) On being satisfied as mentioned in section 47B(1) an appropriate officer may seize any free property if the officer has reasonable grounds for suspecting that it is a cryptoasset-related item.
    - (5B) A “cryptoasset-related item” is an item of property that is, or that contains or gives access to information that is, likely to assist in the seizure under subsection (1) of any cryptoasset.
    - (5C) The circumstances in which a cryptoasset is “seized” for the purposes of subsection (1) include circumstances in which it is transferred into a crypto wallet controlled by the appropriate officer.
    - (5D) If an appropriate officer is lawfully on any premises, the officer may, for the purpose of—
      - (a) determining whether any property is a cryptoasset-related item, or



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- (b) enabling or facilitating the seizure under subsection (1) of any cryptoasset,

require any information which is stored in any electronic form and accessible from the premises to be produced in a form in which it can be taken away and in which it is visible and legible, or from which it can readily be produced in a visible and legible form.

- (5E) But subsection (5D) does not authorise an appropriate officer to require a person to produce information which the person would be entitled to refuse to provide on grounds of legal professional privilege in proceedings in the High Court.

- (5F) Where an appropriate officer has seized a cryptoasset-related item under subsection (5A), they may use any information obtained from it for the purpose of—

- (a) identifying or gaining access to a crypto wallet, and
- (b) by doing so, enabling or facilitating the seizure under subsection (1) of any cryptoassets.”

- 4 In section 47R (release of property), in subsection (3)(b), at the end insert “or (5A)”.

#### *Detention and release of property*

- 5 In section 47K (further detention pending making of restraint order), after subsection (4) insert—

“(5) Exempt property seized under section 47C(5A) may be detained under subsections (2) and (3) only with the approval of a senior officer.

- (6) In subsection (5)—

“exempt property” has the meaning given in section 47C(4) (reading references there to the defendant as references to the person by whom the property is held);

“senior officer” has the meaning given in section 47G(3) (and for this purpose, the powers under subsections (2) and (3) to detain property are to be treated as exercised by the appropriate officer who seized the property).”

- 6 In section 47L (further detention pending variation of restraint order), after subsection (3) insert—

“(4) Exempt property seized under section 47C(5A) may be detained under subsections (2) and (3) only with the approval of a senior officer.

- (5) In subsection (4)—

“exempt property” has the meaning given in section 47C(4) (reading references there to the defendant as references to the person by whom the property is held);

“senior officer” has the meaning given in section 47G(3) (and for this purpose, the powers under subsections (2) and (3) to detain property are to be treated as exercised by the appropriate officer who seized the property).”

- 7 (1) Section 47M (further detention in other cases) is amended as follows.

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(2) In subsection (2)(b), omit “(within the meaning of section 47C(4))”.

(3) After subsection (2) insert—

“(2A) A magistrates’ court may by order extend the period for which the property may be detained under section 47J if satisfied that—

- (a) any of the conditions in section 47B is met (reading references in that section to the officer as references to the court),
- (b) the property is free property, and
- (c) there are reasonable grounds for suspecting that the property is a cryptoasset-related item.

(2B) An order under subsection (2A) may not be made in respect of exempt property unless the court is satisfied that the person applying for the order is working diligently and expeditiously—

- (a) to determine whether the property is a cryptoasset-related item, or
- (b) if it has already been determined to be such an item, to seize any related cryptoassets under section 47C(1).

(2C) An order under subsection (2A) may not extend the period for which the property may be detained beyond the period of—

- (a) six months beginning with the date of the order, or
- (b) in the case of exempt property, 14 days beginning with that date.

This does not prevent the period from being further extended by another order under this section.

(2D) The period of 14 days referred to in subsection (2C)(b) is to be calculated in accordance with section 47H(7) (reading the reference there to 48 hours as a reference to 14 days).”

(4) In subsection (6), after “section” insert “—

“exempt property” has the meaning given in section 47C(4) (reading references there to the defendant as references to the person by whom the property is held);”.

8 In section 47R (release of property), after subsection (5) insert—

“(6) If a cryptoasset-related item which has been released is not claimed within the period of a year beginning with the date on which it was released, the appropriate officer may—

- (a) retain the item and deal with it as they see fit,
- (b) dispose of the item, or
- (c) destroy the item.

(7) The powers in subsection (6) may be exercised only—

- (a) where the appropriate officer has taken reasonable steps to notify—
  - (i) the person from whom the item was seized, and
  - (ii) any other persons who the appropriate officer has reasonable grounds to believe have an interest in the item, that the item has been released, and
- (b) with the approval of a senior officer.

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*Status: This is the original version (as it was originally enacted).*

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- (8) “Senior officer” in subsection (7)(b) has the meaning given in section 47G(3).
- (9) Any proceeds of a disposal of the item are to be paid into the Consolidated Fund.”

*Property held by persons subject to confiscation orders: destruction, realisation etc*

- 9 In section 10A (determination of extent of defendant’s interest in property), in subsection (3)(a), after “realisation” insert “or destruction”.
- 10 (1) Section 51 (powers of enforcement receiver) is amended as follows.
  - (2) In subsection (2), at the end insert—
    - “(e) so far as the property consists of cryptoassets, power to destroy the property.”
  - (3) In subsection (8)(a), for “or (c)” substitute “, (c) or (e)”.
  - (4) After subsection (9) insert—
    - “(9A) The court may confer the power mentioned in subsection (2)(e) only where—
      - (a) it is not reasonably practicable to realise the cryptoassets in question, or
      - (b) there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest, having regard in particular to how likely it is that the entry of the cryptoassets into general circulation would facilitate criminal conduct by any person.
    - (9B) An order conferring that power—
      - (a) must set out the court’s assessment of the market value of the cryptoassets to which it relates;
      - (b) may confer power to destroy the cryptoassets only to the extent that their market value, as set out in the order, is less than or equal to the amount remaining to be paid under the confiscation order.
    - (9C) If the receiver destroys any cryptoassets in the exercise of that power, the defendant is to be treated as having paid, towards satisfaction of the confiscation order, an amount equal to the market value, as set out in the order, of the cryptoassets which have been destroyed.”
- 11 (1) Section 67 (seized money) is amended as follows.
  - (2) In subsection (1)(b), for “bank or a building society” substitute “relevant financial institution”.
  - (3) In subsection (5A)—
    - (a) for “a bank or building society” substitute “a relevant financial institution”;
    - (b) for “the bank or building society” substitute “the relevant financial institution”.
  - (4) In subsection (6), for “bank or building society” substitute “relevant financial institution”.

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*Status: This is the original version (as it was originally enacted).*

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- (5) In subsection (7A), for “bank or building society” substitute “relevant financial institution”.
- (6) In subsection (8)—
- (a) in paragraph (a) of the definition of “appropriate person”, for the words from “a bank” to the end substitute “a relevant financial institution, the relevant financial institution”;
  - (b) at the appropriate places insert—
    - ““electronic money institution” has the same meaning as in the Electronic Money Regulations 2011 (S.I. 2011/99) (see regulation 2 of those Regulations);”;
    - ““payment institution” means an authorised payment institution or a small payment institution (each as defined in regulation 2 of the Payment Services Regulations 2017 (S.I. 2017/752));”;
    - ““relevant financial institution” means a bank, a building society, an electronic money institution or a payment institution;”.
- (7) For the heading substitute “Money”.
- 12 After section 67 insert—

#### **“67ZA Cryptoassets**

- (1) This section applies to cryptoassets which—
  - (a) are held by a person, and
  - (b) are held in a crypto wallet administered by a UK-connected cryptoasset service provider,
 but only so far as the cryptoassets are free property.
- (2) Subsection (3) applies if—
  - (a) a confiscation order is made against a person holding cryptoassets to which this section applies, and
  - (b) a receiver has not been appointed under section 50 in relation to the cryptoassets.
- (3) A magistrates’ court may order the UK-connected cryptoasset service provider which administers the crypto wallet in which the cryptoassets are held—
  - (a) to realise the cryptoassets, or a portion of the cryptoassets having a specified value,
  - (b) to pay the proceeds of that realisation to the designated officer for the court on account of, and up to a maximum of, the amount payable under the confiscation order, and
  - (c) to the extent that the proceeds of the realisation exceed the amount payable under the confiscation order, to pay the excess to an appropriate officer identified in the order.

“Appropriate officer” has the same meaning as in section 41A.

- (4) A person applying for an order under subsection (3) must give notice of the application to the UK-connected cryptoasset service provider.

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*Status: This is the original version (as it was originally enacted).*

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- (5) Where the crypto wallet in which the cryptoassets are held is administered on behalf of someone other than the person against whom the confiscation order is made, a magistrates' court—
- (a) may make an order under subsection (3) only if the extent of the person's interest in the money has been determined under section 10A, and
  - (b) must have regard to that determination in deciding what is the appropriate order to make.
- (6) If a UK-connected cryptoasset service provider fails to comply with an order under subsection (3)—
- (a) the magistrates' court may order it to pay an amount not exceeding £5,000, and
  - (b) for the purposes of the Magistrates' Courts Act 1980 the sum is to be treated as adjudged to be paid by a conviction of the court.
- (7) In order to take account of changes in the value of money the Secretary of State may by order substitute another sum for the sum for the time being specified in subsection (6)(a).
- (8) Where a UK-connected cryptoasset service provider—
- (a) is required by an order under subsection (3) to realise a portion of cryptoassets having a specified value, but
  - (b) on realising cryptoassets under the order, obtains proceeds of an amount which differs from that value,
- it does not fail to comply with the order solely because of that difference in value, provided that it took reasonable steps to obtain proceeds equal to the value specified.

### **67ZB Meaning of “UK-connected cryptoasset service provider”**

- (1) “UK-connected cryptoasset service provider” in section 67ZA means a cryptoasset service provider which—
- (a) is acting in the course of business carried on by it in the United Kingdom,
  - (b) has terms and conditions with the persons to whom it provides services which provide for a legal dispute to be litigated in the courts of a part of the United Kingdom,
  - (c) holds in the United Kingdom any data relating to the persons to whom it provides services, or
  - (d) meets the condition in subsection (2).
- (2) The condition in this subsection is that—
- (a) the cryptoasset service provider has its registered office or, if it does not have one, its head office in the United Kingdom, and
  - (b) the day-to-day management of the provider's business is the responsibility of that office or another establishment maintained by it in the United Kingdom.
- (3) “Cryptoasset service provider” in subsections (1) and (2) includes a cryptoasset exchange provider and a custodian wallet provider; and for this purpose—

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*Status: This is the original version (as it was originally enacted).*

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“cryptoasset exchange provider” means a firm or sole practitioner who by way of business provides one or more of the following services, including where the firm or sole practitioner does so as creator or issuer of any of the cryptoassets involved—

- (a) exchanging, or arranging or making arrangements with a view to the exchange of, cryptoassets for money or money for cryptoassets;
- (b) exchanging, or arranging or making arrangements with a view to the exchange of, one cryptoasset for another;
- (c) operating a machine which utilises automated processes to exchange cryptoassets for money or money for cryptoassets;

“custodian wallet provider” means a firm or sole practitioner who by way of business provides services to safeguard, or to safeguard and administer—

- (a) cryptoassets on behalf of its customers, or
- (b) private cryptographic keys on behalf of its customers in order to hold, store and transfer cryptoassets.

(4) In the definition of “cryptoasset exchange provider” in subsection (3), “cryptoasset” includes a right to, or interest in, a cryptoasset.

(5) The Secretary of State may by regulations amend the definitions in subsection (3) (including by amending subsection (4)).”

13 After section 67A insert—

**“67AA Destruction of seized cryptoassets**

- (1) This section applies to cryptoassets which are held by a person and which have been seized by an appropriate officer under a relevant seizure power.
- (2) A magistrates’ court may by order authorise an appropriate officer to destroy the cryptoassets if—
  - (a) a confiscation order is made against the person by whom the cryptoassets are held,
  - (b) a receiver has not been appointed under section 50 in relation to the cryptoassets, and
  - (c) either—
    - (i) it is not reasonably practicable to realise the cryptoassets, or
    - (ii) there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest, having regard in particular to how likely it is that the entry of the cryptoassets into general circulation would facilitate criminal conduct by any person.
- (3) An order under this section—
  - (a) must set out the court’s assessment of the market value of the cryptoassets to which it relates;
  - (b) may authorise the destruction of cryptoassets only to the extent that their market value, as set out in the order, is less than or equal to the amount remaining to be paid under the confiscation order.

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*Status: This is the original version (as it was originally enacted).*

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- (4) Before making an order under this section, the court must give persons who hold interests in the cryptoassets a reasonable opportunity to make representations to it.
- (5) If cryptoassets held by a person are destroyed following an order under this section, the person is to be treated as having paid, towards satisfaction of the confiscation order, an amount equal to the market value, as set out in the order, of the cryptoassets which have been destroyed.
- (6) In this section “appropriate officer” and “relevant seizure power” have the same meaning as in section 41A.”
- 14 (1) Section 67C (sections 67A and 67B: appeals) is amended as follows.
- (2) In subsection (1), for “67A” substitute “67ZA(3), 67A(3) or 67AA(2)”.
- (3) In subsection (2), for “67A” substitute “67ZA(3), 67A(3) or 67AA(2)”.
- (4) In subsection (3), for “67A(2)(a)” substitute “67ZA(2)(a), 67A(3)(a) or 67AA(2)(a) (as applicable)”.
- (5) In the heading, for “67A and” substitute “67ZA to”.
- 15 In section 67D (proceeds of realisation), in subsection (1)(b), after “section” insert “67ZA or”.
- 16 For the italic heading before section 67, substitute “Enforcement: money, cryptoassets and personal property”.
- 17 In section 69 (powers of court and receiver etc), after subsection (2) insert—
- “(2A) Subsection (2)(a) does not apply to—
- (a) the power conferred on a court by paragraph (e) of section 51(2) (which enables the court to give a receiver the power to destroy cryptoassets),
- (b) a power conferred on a receiver by virtue of that paragraph, or
- (c) the power conferred on a magistrates’ court by section 67AA (power to order destruction of cryptoassets).”

#### *Interpretation and miscellaneous provision*

- 18 After section 84 insert—

#### **“84A Cryptoassets etc**

- (1) “Cryptoasset” means a cryptographically secured digital representation of value or contractual rights that uses a form of distributed ledger technology and can be transferred, stored or traded electronically.
- (2) “Crypto wallet” means—
- (a) software,
- (b) hardware,
- (c) a physical item, or
- (d) any combination of the things mentioned in paragraphs (a) to (c),

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which is used to store the cryptographic private key that allows cryptoassets to be accessed.

- (3) “Cryptoasset-related item” has the meaning given in section 47C(5B).
- (4) The circumstances in which a cryptoasset is taken to be “destroyed” include circumstances where it is—
- (a) disposed of,
  - (b) transferred, or
  - (c) otherwise dealt with,
- in such a way as to ensure, or to make it virtually certain, that it will not be the subject of any further transactions or be dealt with again in any other way.
- (5) The Secretary of State may by regulations amend the definitions of “cryptoasset” and “crypto wallet” in this section.”

## PART 2

### SCOTLAND

#### *Introductory*

- 19 Part 3 of the Proceeds of Crime Act 2002 (confiscation: Scotland) is amended as follows.

#### *Seizure of property*

- 20 In section 127B (conditions for exercise of seizure powers)—
- (a) in subsection (2), omit paragraph (b);
  - (b) in subsection (3), omit paragraph (b).
- 21 (1) Section 127C (power to seize property) is amended as follows.
- (2) In subsection (2), after “not” insert “under subsection (1)”.
- (3) After subsection (5) insert—
- “(5A) On being satisfied as mentioned in section 127B(1) an appropriate officer may seize any free property if the officer has reasonable grounds for suspecting that it is a cryptoasset-related item.
- (5B) A “cryptoasset-related item” is an item of property that is, or that contains or gives access to information that is, likely to assist in the seizure under subsection (1) of any cryptoasset.
- (5C) The circumstances in which a cryptoasset is “seized” for the purposes of subsection (1) include circumstances in which it is transferred into a crypto wallet controlled by the appropriate officer.
- (5D) If an appropriate officer is lawfully on any premises, the officer may, for the purpose of—
- (a) determining whether any property is a cryptoasset-related item, or
  - (b) enabling or facilitating the seizure under subsection (1) of any cryptoasset,



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*Status: This is the original version (as it was originally enacted).*

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require any information which is stored in any electronic form and accessible from the premises to be produced in a form in which it can be taken away and in which it is visible and legible, or from which it can readily be produced in a visible and legible form.

(5E) But subsection (5D) does not authorise an appropriate officer to require a person to produce any items subject to legal privilege (as defined in section 412).

(5F) Where an appropriate officer has seized a cryptoasset-related item under subsection (5A), they may use any information obtained from it for the purpose of—

- (a) identifying or gaining access to a crypto wallet, and
- (b) by doing so, enabling or facilitating the seizure under subsection (1) of any cryptoassets.”

22 In section 127Q (release of property), in subsection (3)(b), at the end insert “or (5A)”.

#### *Detention and release of property*

23 In section 127K (further detention pending making of restraint order), after subsection (4) insert—

“(5) Exempt property seized under section 127C(5A) may be detained under subsections (2) and (3) only with the approval of a senior officer.

(6) In subsection (5)—

“exempt property” has the meaning given in section 127C(4) (reading references there to the accused as references to the person by whom the property is held);

“senior officer” has the meaning given in section 127G(3) (and for this purpose, the powers under subsections (2) and (3) to detain property are to be treated as exercised by the appropriate officer who seized the property).”

24 In section 127L (further detention pending variation of restraint order), after subsection (3) insert—

“(4) Exempt property seized under section 127C(5A) may be detained under subsections (2) and (3) only with the approval of a senior officer.

(5) In subsection (4)—

“exempt property” has the meaning given in section 127C(4) (reading references there to the accused as references to the person by whom the property is held);

“senior officer” has the meaning given in section 127G(3) (and for this purpose, the powers under subsections (2) and (3) to detain property are to be treated as exercised by the appropriate officer who seized the property).”

25 (1) Section 127M (further detention in other cases) is amended as follows.

(2) In subsection (2)(b), omit “(within the meaning of section 127C(4))”.

(3) After subsection (2) insert—

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*Status: This is the original version (as it was originally enacted).*

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“(2A) The sheriff may by order extend the period for which the property may be detained under section 127J if satisfied that—

- (a) any of the conditions in section 127B is met (reading references in that section to the officer as references to the sheriff),
- (b) the property is free property, and
- (c) there are reasonable grounds for suspecting that the property is a cryptoasset-related item.

(2B) An order under subsection (2A) may not be made in respect of exempt property unless the sheriff is satisfied that the person applying for the order is working diligently and expeditiously—

- (a) to determine whether the property is a cryptoasset-related item, or
- (b) if it has already been determined to be such an item, to seize any related cryptoassets under section 127C(1).

(2C) An order under subsection (2A) may not extend the period for which the property may be detained beyond the period of—

- (a) six months beginning with the date of the order, or
- (b) in the case of exempt property, 14 days beginning with that date.

This does not prevent the period from being further extended by another order under this section.

(2D) The period of 14 days referred to in subsection (2C)(b) is to be calculated in accordance with section 127H(7) (reading the reference there to 48 hours as a reference to 14 days).”

(4) In subsection (6), after “section” insert “—

“exempt property” has the meaning given in section 127C(4) (reading references there to the accused as references to the person by whom the property is held);”.

26 In section 127Q (release of property), after subsection (5) insert—

“(6) If a cryptoasset-related item which has been released is not claimed within the period of a year beginning with the date on which it was released, the appropriate officer may—

- (a) retain the item and deal with it as they see fit,
- (b) dispose of the item, or
- (c) destroy the item.

(7) The powers in subsection (6) may be exercised only—

- (a) where the appropriate officer has taken reasonable steps to notify—
  - (i) the person from whom the item was seized, and
  - (ii) any other persons who the appropriate officer has reasonable grounds to believe have an interest in the item, that the item has been released, and
- (b) with the approval of a senior officer.

(8) “Senior officer” in subsection (7)(b) has the meaning given in section 127G(3).

- (9) Any proceeds of a disposal of the item are to be paid into the Scottish Consolidated Fund.”

*Property held by persons subject to confiscation orders: destruction, realisation etc*

- 27 (1) Section 128 (enforcement administrators) is amended as follows.
- (2) In subsection (6), at the end insert—
- “*(d)* so far as the property consists of cryptoassets, power to destroy the property.”
- (3) In subsection (11)(a), for “or (c)” substitute “, (c) or (d)”.
- (4) After subsection (13) insert—
- “(13A) The court may confer the power mentioned in subsection (6)(d) only where—
- (a) it is not reasonably practicable to realise the cryptoassets in question, or
- (b) there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest, having regard in particular to how likely it is that the entry of the cryptoassets into general circulation would facilitate criminal conduct by any person.
- (13B) An order conferring that power—
- (a) must set out the court’s assessment of the market value of the cryptoassets to which it relates;
- (b) may confer power to destroy the cryptoassets only to the extent that their market value, as set out in the order, is less than or equal to the amount remaining to be paid under the confiscation order.
- (13C) If the administrator destroys any cryptoassets in the exercise of that power, the accused is to be treated as having paid, towards satisfaction of the confiscation order, an amount equal to the market value, as set out in the order, of the cryptoassets which have been destroyed.”
- 28 (1) Section 131ZA (seized money) is amended as follows.
- (2) In subsection (1)(b), for “bank or building society” substitute “relevant financial institution”.
- (3) In subsection (7), for “bank or building society” substitute “relevant financial institution”.
- (4) In subsection (9)—
- (a) in paragraph (a) of the definition of “appropriate person”, for the words from “a bank” to the end substitute “a relevant financial institution, the relevant financial institution”;
- (b) at the appropriate places insert—
- ““electronic money institution” has the same meaning as in the Electronic Money Regulations 2011 (S.I. 2011/99) (see regulation 2 of those Regulations);”;

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*Status: This is the original version (as it was originally enacted).*

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““payment institution” means an authorised payment institution or a small payment institution (each as defined in regulation 2 of the Payment Services Regulations 2017 (S.I. 2017/752));”;

““relevant financial institution” means a bank, a building society, an electronic money institution or a payment institution;”.

(5) For the heading substitute “Money”.

29 After section 131ZA insert—

**“131ZB Cryptoassets**

- (1) This section applies to cryptoassets which—
  - (a) are held by a person, and
  - (b) are held in a crypto wallet administered by a UK-connected cryptoasset service provider,
 but only so far as the cryptoassets are free property.
- (2) Subsection (3) applies if—
  - (a) a confiscation order is made against a person holding cryptoassets to which this section applies, and
  - (b) an administrator has not been appointed under section 128 in relation to the cryptoassets.
- (3) The sheriff may order the UK-connected cryptoasset service provider which administers the crypto wallet in which the cryptoassets are held—
  - (a) to realise the cryptoassets, or a portion of the cryptoassets having a specified value,
  - (b) to pay the proceeds of that realisation to the appropriate clerk of court on account of, and up to a maximum of, the amount payable under the confiscation order, and
  - (c) to the extent that the proceeds of the realisation exceed the amount payable under the confiscation order, to pay the excess to an appropriate officer identified in the order.
- (4) In subsection (3)—
 

“appropriate clerk of court” means the sheriff clerk of the sheriff court responsible for enforcing the confiscation order under section 211 of the Procedure Act as applied by section 118(1);

“appropriate officer” has the same meaning as in section 120A.
- (5) An order under subsection (3) may be made—
  - (a) on the application of the prosecutor, or
  - (b) by the sheriff of the sheriff’s own accord.
- (6) Where a UK-connected cryptoasset service provider—
  - (a) is required by an order under subsection (3) to realise a portion of cryptoassets having a specified value, but
  - (b) on realising cryptoassets under the order, obtains proceeds of an amount which differs from that value,

it does not fail to comply with the order solely because of that difference in value, provided that it took reasonable steps to obtain proceeds equal to the value specified.

### **131ZC Meaning of “UK-connected cryptoasset service provider”**

- (1) “UK-connected cryptoasset service provider” in section 131ZB means a cryptoasset service provider which—
  - (a) is acting in the course of business carried on by it in the United Kingdom,
  - (b) has terms and conditions with the persons to whom it provides services which provide for a legal dispute to be litigated in the courts of a part of the United Kingdom,
  - (c) holds in the United Kingdom any data relating to the persons to whom it provides services, or
  - (d) meets the condition in subsection (2).
- (2) The condition in this subsection is that—
  - (a) the cryptoasset service provider has its registered office or, if it does not have one, its head office in the United Kingdom, and
  - (b) the day-to-day management of the provider’s business is the responsibility of that office or another establishment maintained by it in the United Kingdom.
- (3) “Cryptoasset service provider” in subsections (1) and (2) includes a cryptoasset exchange provider and a custodian wallet provider; and for this purpose—

“cryptoasset exchange provider” means a firm or sole practitioner who by way of business provides one or more of the following services, including where the firm or sole practitioner does so as creator or issuer of any of the cryptoassets involved—

  - (a) exchanging, or arranging or making arrangements with a view to the exchange of, cryptoassets for money or money for cryptoassets;
  - (b) exchanging, or arranging or making arrangements with a view to the exchange of, one cryptoasset for another;
  - (c) operating a machine which utilises automated processes to exchange cryptoassets for money or money for cryptoassets;

“custodian wallet provider” means a firm or sole practitioner who by way of business provides services to safeguard, or to safeguard and administer—

  - (a) cryptoassets on behalf of its customers, or
  - (b) private cryptographic keys on behalf of its customers in order to hold, store and transfer cryptoassets.
- (4) In the definition of “cryptoasset exchange provider” in subsection (3), “cryptoasset” includes a right to, or interest in, a cryptoasset.
- (5) The Secretary of State may by regulations amend the definitions in subsection (3) (including by amending subsection (4)).

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*Status: This is the original version (as it was originally enacted).*

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- (6) The Secretary of State must consult the Scottish Ministers before making regulations under subsection (5).”

30 After section 131A insert—

**“131AA Destruction of seized cryptoassets**

- (1) This section applies to cryptoassets which are held by a person and which have been seized by an appropriate officer under a relevant seizure power.
- (2) The sheriff may by order authorise an appropriate officer to destroy the cryptoassets if—
- (a) a confiscation order is made against the person by whom the cryptoassets are held,
  - (b) an administrator has not been appointed under section 128 in relation to the cryptoassets, and
  - (c) either—
    - (i) it is not reasonably practicable to realise the cryptoassets, or
    - (ii) there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest, having regard in particular to how likely it is that the entry of the cryptoassets into general circulation would facilitate criminal conduct by any person.
- (3) An order under this section may be made—
- (a) on the application of the prosecutor, or
  - (b) by the sheriff of the sheriff’s own accord.
- (4) An order under this section—
- (a) must set out the sheriff’s assessment of the market value of the cryptoassets to which it relates;
  - (b) may authorise the destruction of cryptoassets only to the extent that their market value, as set out in the order, is less than or equal to the amount remaining to be paid under the confiscation order.
- (5) Before making an order under this section, the sheriff must give persons who hold interests in the cryptoassets a reasonable opportunity to make representations to it.
- (6) If cryptoassets held by a person are destroyed following an order under this section, the person is to be treated as having paid, towards satisfaction of the confiscation order, an amount equal to the market value, as set out in the order, of the cryptoassets which have been destroyed.
- (7) In this section “appropriate officer” and “relevant seizure power” have the same meaning as in section 120A.”

31 (1) Section 131C (sections 131A and 131B: appeals) is amended as follows.

(2) In subsection (1), for “131A” substitute “131A(3)”.

(3) After subsection (1) insert—

“(1A) If a sheriff decides not to make an order under section 131ZB(3) or 131AA(2), the prosecutor may appeal to the Court of Session.”

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*Status: This is the original version (as it was originally enacted).*

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- (4) In subsection (2), for “131A” substitute “131ZB(3), 131A(3) or 131AA(2)”.
- (5) In subsection (3), for “131A(2)(a)” substitute “131ZB(2)(a), 131A(2)(a) or 131AA(2)(a) (as applicable)”.
- (6) In the heading, for “131A and” substitute “131ZB to”.
- 32 In section 131D (proceeds of realisation), in subsection (1)(b), after “section” insert “131ZB or”.
- 33 For the italic heading before section 131ZA, substitute “Enforcement: money, cryptoassets and personal property”.
- 34 Omit the italic heading before section 131A.
- 35 In section 132 (powers of court and administrator etc), after subsection (2) insert—
- “(2A) Subsection (2)(a) does not apply to—
- (a) the power conferred on a court by paragraph (d) of section 128(6) (which enables the court to give an administrator the power to destroy cryptoassets),
  - (b) a power conferred on an administrator by virtue of that paragraph, or
  - (c) the power conferred on the sheriff by section 131AA (power to order destruction of cryptoassets).”

#### *Interpretation and miscellaneous provision*

- 36 After section 150 insert—

#### **“150A Cryptoassets etc**

- (1) “Cryptoasset” means a cryptographically secured digital representation of value or contractual rights that uses a form of distributed ledger technology and can be transferred, stored or traded electronically.
- (2) “Crypto wallet” means—
- (a) software,
  - (b) hardware,
  - (c) a physical item, or
  - (d) any combination of the things mentioned in paragraphs (a) to (c),
- which is used to store the cryptographic private key that allows cryptoassets to be accessed.
- (3) “Cryptoasset-related item” has the meaning given in section 127C(5B).
- (4) The circumstances in which a cryptoasset is taken to be “destroyed” include circumstances where it is—
- (a) disposed of,
  - (b) transferred, or
  - (c) otherwise dealt with,
- in such a way as to ensure, or to make it virtually certain, that it will not be the subject of any further transactions or be dealt with again in any other way.

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- (5) The Secretary of State may by regulations amend the definitions of “cryptoasset” and “crypto wallet” in this section.
- (6) The Secretary of State must consult the Scottish Ministers before making regulations under subsection (5).”

### PART 3

#### NORTHERN IRELAND

##### *Introductory*

- 37 Part 4 of the Proceeds of Crime Act 2002 (confiscation: Northern Ireland) is amended as follows.

##### *Seizure of property*

- 38 In section 195B (conditions for exercise of seizure powers)—
- (a) in subsection (2), omit paragraph (b);
  - (b) in subsection (3), omit paragraph (b).
- 39 (1) Section 195C (power to seize property) is amended as follows.
- (2) In subsection (2), after “not” insert “under subsection (1)”.
  - (3) After subsection (5) insert—
    - “(5A) On being satisfied as mentioned in section 195B(1) an appropriate officer may seize any free property if the officer has reasonable grounds for suspecting that it is a cryptoasset-related item.
    - (5B) A “cryptoasset-related item” is an item of property that is, or that contains or gives access to information that is, likely to assist in the seizure under subsection (1) of any cryptoasset.
    - (5C) The circumstances in which a cryptoasset is “seized” for the purposes of subsection (1) include circumstances in which it is transferred into a crypto wallet controlled by the appropriate officer.
    - (5D) If an appropriate officer is lawfully on any premises, the officer may, for the purpose of—
      - (a) determining whether any property is a cryptoasset-related item, or
      - (b) enabling or facilitating the seizure under subsection (1) of any cryptoasset,
 require any information which is stored in any electronic form and accessible from the premises to be produced in a form in which it can be taken away and in which it is visible and legible, or from which it can readily be produced in a visible and legible form.
    - (5E) But subsection (5D) does not authorise an appropriate officer to require a person to produce information which the person would be entitled to refuse to provide on grounds of legal professional privilege in proceedings in the High Court.



(5F) Where an appropriate officer has seized a cryptoasset-related item under subsection (5A), they may use any information obtained from it for the purpose of—

- (a) identifying or gaining access to a crypto wallet, and
- (b) by doing so, enabling or facilitating the seizure under subsection (1) of any cryptoassets.”

40 In section 195R (release of property), in subsection (3)(b), at the end insert “or (5A)”.

#### *Detention and release of property*

41 In section 195K (further detention pending making of restraint order), after subsection (4) insert—

“(5) Exempt property seized under section 195C(5A) may be detained under subsections (2) and (3) only with the approval of a senior officer.

(6) In subsection (5)—

“exempt property” has the meaning given in section 195C(4) (reading references there to the defendant as references to the person by whom the property is held);

“senior officer” has the meaning given in section 195G(3) (and for this purpose, the powers under subsections (2) and (3) to detain property are to be treated as exercised by the appropriate officer who seized the property).”

42 In section 195L (further detention pending variation of restraint order), after subsection (3) insert—

“(4) Exempt property seized under section 195C(5A) may be detained under subsections (2) and (3) only with the approval of a senior officer.

(5) In subsection (4)—

“exempt property” has the meaning given in section 195C(4) (reading references there to the defendant as references to the person by whom the property is held);

“senior officer” has the meaning given in section 195G(3) (and for this purpose, the powers under subsections (2) and (3) to detain property are to be treated as exercised by the appropriate officer who seized the property).”

43 (1) Section 195M (further detention in other cases) is amended as follows.

(2) In subsection (2)(b), omit “(within the meaning of section 195C(4))”.

(3) After subsection (2) insert—

“(2A) A magistrates’ court may by order extend the period for which the property may be detained under section 195J if satisfied that—

- (a) any of the conditions in section 195B is met (reading references in that section to the officer as references to the court),
- (b) the property is free property, and
- (c) there are reasonable grounds for suspecting that the property is a cryptoasset-related item.

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(2B) An order under subsection (2A) may not be made in respect of exempt property unless the court is satisfied that the person applying for the order is working diligently and expeditiously—

- (a) to determine whether the property is a cryptoasset-related item, or
- (b) if it has already been determined to be such an item, to seize any related cryptoassets under section 195C(1).

(2C) An order under subsection (2A) may not extend the period for which the property may be detained beyond the period of—

- (a) six months beginning with the date of the order, or
- (b) in the case of exempt property, 14 days beginning with that date.

This does not prevent the period from being further extended by another order under this section.

(2D) The period of 14 days referred to in subsection (2C)(b) is to be calculated in accordance with section 195H(7) (reading the reference there to 48 hours as a reference to 14 days).”

(4) In subsection (6), after “section” insert “—

“exempt property” has the meaning given in section 195C(4) (reading references there to the defendant as references to the person by whom the property is held);”.

44 In section 195R (release of property), after subsection (5) insert—

“(6) If a cryptoasset-related item which has been released is not claimed within the period of a year beginning with the date on which it was released, the appropriate officer may—

- (a) retain the item and deal with it as they see fit,
- (b) dispose of the item, or
- (c) destroy the item.

(7) The powers in subsection (6) may be exercised only—

- (a) where the appropriate officer has taken reasonable steps to notify—
  - (i) the person from whom the item was seized, and
  - (ii) any other persons who the appropriate officer has reasonable grounds to believe have an interest in the item, that the item has been released, and
- (b) with the approval of a senior officer.

(8) “Senior officer” in subsection (7)(b) has the meaning given in section 195G(3).

(9) Any proceeds of a disposal of the item are to be paid into the Consolidated Fund.”

*Property held by persons subject to confiscation orders: destruction, realisation etc*

45 In section 160A (determination of extent of defendant’s interest in property), in subsection (3)(a), after “realisation” insert “or destruction”.

46 (1) Section 199 (powers of enforcement receiver) is amended as follows.

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- (2) In subsection (2), at the end insert—
- “(e) so far as the property consists of cryptoassets, power to destroy the property.”
- (3) In subsection (8)(a), for “or (c)” substitute “, (c) or (e)”.
- (4) After subsection (9) insert—
- “(9A) The court may confer the power mentioned in subsection (2)(e) only where—
    - (a) it is not reasonably practicable to realise the cryptoassets in question, or
    - (b) there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest, having regard in particular to how likely it is that the entry of the cryptoassets into general circulation would facilitate criminal conduct by any person.
  - “(9B) An order conferring that power—
    - (a) must set out the court’s assessment of the market value of the cryptoassets to which it relates;
    - (b) may confer power to destroy the cryptoassets only to the extent that their market value, as set out in the order, is less than or equal to the amount remaining to be paid under the confiscation order.
  - “(9C) If the receiver destroys any cryptoassets in the exercise of that power, the defendant is to be treated as having paid, towards satisfaction of the confiscation order, an amount equal to the market value, as set out in the order, of the cryptoassets which have been destroyed.”
- 47 (1) Section 215 (seized money) is amended as follows.
- (2) In subsection (1)(b), for “bank or a building society” substitute “relevant financial institution”.
- (3) In subsection (5A)—
- (a) for “a bank or building society” substitute “a relevant financial institution”;
  - (b) for “the bank or building society” substitute “the relevant financial institution”.
- (4) In subsection (6), for “bank or building society” substitute “relevant financial institution”.
- (5) In subsection (7A), for “bank or building society” substitute “relevant financial institution”.
- (6) In subsection (8)—
- (a) in paragraph (a) of the definition of “appropriate person”, for the words from “a bank” to the end substitute “a relevant financial institution, the relevant financial institution”;
  - (b) at the appropriate places insert—
    - ““electronic money institution” has the same meaning as in the Electronic Money Regulations 2011 (S.I. 2011/99) (see regulation 2 of those Regulations);”;

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““payment institution” means an authorised payment institution or a small payment institution (each as defined in regulation 2 of the Payment Services Regulations 2017 (S.I. 2017/752));”;

““relevant financial institution” means a bank, a building society, an electronic money institution or a payment institution;”.

(7) For the heading substitute “Money”.

48 After section 215 insert—

**“215ZA Cryptoassets**

- (1) This section applies to cryptoassets which—
  - (a) are held by a person, and
  - (b) are held in a crypto wallet administered by a UK-connected cryptoasset service provider,
 but only so far as the cryptoassets are free property.
- (2) Subsection (3) applies if—
  - (a) a confiscation order is made against a person holding cryptoassets to which this section applies, and
  - (b) a receiver has not been appointed under section 198 in relation to the cryptoassets.
- (3) A magistrates’ court may order the UK-connected cryptoasset service provider which administers the crypto wallet in which the cryptoassets are held—
  - (a) to realise the cryptoassets, or a portion of the cryptoassets having a specified value,
  - (b) to pay the proceeds of that realisation to the appropriate chief clerk on account of, and up to a maximum of, the amount payable under the confiscation order, and
  - (c) to the extent that the proceeds of the realisation exceed the amount payable under the confiscation order, to pay the excess to an appropriate officer identified in the order.
- (4) In subsection (3)—
 

“appropriate chief clerk” has the same meaning as in section 202(7);

“appropriate officer” has the same meaning as in section 195A.
- (5) A person applying for an order under subsection (3) must give notice of the application to the UK-connected cryptoasset service provider.
- (6) Where the crypto wallet in which the cryptoassets are held is administered on behalf of someone other than the person against whom the confiscation order is made, a magistrates’ court—
  - (a) may make an order under subsection (3) only if the extent of the person’s interest in the money has been determined under section 160A, and
  - (b) must have regard to that determination in deciding what is the appropriate order to make.

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- (7) If a UK-connected cryptoasset service provider fails to comply with an order under subsection (3)—
- (a) the magistrates’ court may order it to pay an amount not exceeding £5,000, and
  - (b) for the purposes of the Magistrates’ Courts (Northern Ireland) Order 1981 (S.I. 1981/1675 (N.I. 26)) the sum is to be treated as adjudged to be paid by a conviction of the court.
- (8) In order to take account of changes in the value of money the Department of Justice in Northern Ireland may by order substitute another sum for the sum for the time being specified in subsection (7)(a).
- (9) Where a UK-connected cryptoasset service provider—
- (a) is required by an order under subsection (3) to realise a portion of cryptoassets having a specified value, but
  - (b) on realising cryptoassets under the order, obtains proceeds of an amount which differs from that value,
- it does not fail to comply with the order solely because of that difference in value, provided that it took reasonable steps to obtain proceeds equal to the value specified.

### **215ZB Meaning of “UK-connected cryptoasset service provider”**

- (1) “UK-connected cryptoasset service provider” in section 215ZA means a cryptoasset service provider which—
- (a) is acting in the course of business carried on by it in the United Kingdom,
  - (b) has terms and conditions with the persons to whom it provides services which provide for a legal dispute to be litigated in the courts of a part of the United Kingdom,
  - (c) holds in the United Kingdom any data relating to the persons to whom it provides services, or
  - (d) meets the condition in subsection (2).
- (2) The condition in this subsection is that—
- (a) the cryptoasset service provider has its registered office or, if it does not have one, its head office in the United Kingdom, and
  - (b) the day-to-day management of the provider’s business is the responsibility of that office or another establishment maintained by it in the United Kingdom.
- (3) “Cryptoasset service provider” in subsections (1) and (2) includes a cryptoasset exchange provider and a custodian wallet provider; and for this purpose—
- “cryptoasset exchange provider” means a firm or sole practitioner who by way of business provides one or more of the following services, including where the firm or sole practitioner does so as creator or issuer of any of the cryptoassets involved—
- (a) exchanging, or arranging or making arrangements with a view to the exchange of, cryptoassets for money or money for cryptoassets;

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- (b) exchanging, or arranging or making arrangements with a view to the exchange of, one cryptoasset for another;
  - (c) operating a machine which utilises automated processes to exchange cryptoassets for money or money for cryptoassets;
- “custodian wallet provider” means a firm or sole practitioner who by way of business provides services to safeguard, or to safeguard and administer—
- (a) cryptoassets on behalf of its customers, or
  - (b) private cryptographic keys on behalf of its customers in order to hold, store and transfer cryptoassets.
- (4) In the definition of “cryptoasset exchange provider” in subsection (3), “cryptoasset” includes a right to, or interest in, a cryptoasset.
- (5) The Secretary of State may by regulations amend the definitions in subsection (3) (including by amending subsection (4)).
- (6) The Secretary of State must consult the Department of Justice in Northern Ireland before making regulations under subsection (5).”

49 After section 215A insert—

**“215AA Destruction of seized cryptoassets**

- (1) This section applies to cryptoassets which are held by a person and which have been seized by an appropriate officer under a relevant seizure power.
- (2) A magistrates’ court may by order authorise an appropriate officer to destroy the cryptoassets if—
  - (a) a confiscation order is made against the person by whom the cryptoassets are held,
  - (b) a receiver has not been appointed under section 198 in relation to the cryptoassets, and
  - (c) either—
    - (i) it is not reasonably practicable to realise the cryptoassets, or
    - (ii) there are reasonable grounds to believe that the realisation of the cryptoassets would be contrary to the public interest, having regard in particular to how likely it is that the entry of the cryptoassets into general circulation would facilitate criminal conduct by any person.
- (3) An order under this section—
  - (a) must set out the court’s assessment of the market value of the cryptoassets to which it relates;
  - (b) may authorise the destruction of cryptoassets only to the extent that their market value, as set out in the order, is less than or equal to the amount remaining to be paid under the confiscation order.
- (4) Before making an order under this section, the court must give persons who hold interests in the cryptoassets a reasonable opportunity to make representations to it.
- (5) If cryptoassets held by a person are destroyed following an order under this section, the person is to be treated as having paid, towards satisfaction of

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the confiscation order, an amount equal to the market value, as set out in the order, of the cryptoassets which have been destroyed.

(6) In this section “appropriate officer” and “relevant seizure power” have the same meaning as in section 190A.”

- 50 (1) Section 215C (sections 215A and 215B: appeals) is amended as follows.
- (2) In subsection (1), for “215A” substitute “215ZA(3), 215A(3) or 215AA(2)”.
- (3) In subsection (2), for “215A” substitute “215ZA(3), 215A(3) or 215AA(2)”.
- (4) In subsection (3), for “215A(2)(a)” substitute “215ZA(2)(a), 215A(2)(a) or 215AA(2)(a) (as applicable)”.
- (5) In the heading, for “215A and” substitute “215ZA to”.
- 51 In section 215D (proceeds of realisation), in subsection (1)(b), after “section” insert “215ZA or”.
- 52 For the italic heading before section 215, substitute “Enforcement: money, cryptoassets and personal property”.
- 53 In section 217 (powers of court and receiver etc), after subsection (2) insert—
- “(2A) Subsection (2)(a) does not apply to—
- (a) the power conferred on a court by paragraph (e) of section 199(2) (which enables the court to give a receiver the power to destroy cryptoassets),
  - (b) a power conferred on a receiver by virtue of that paragraph, or
  - (c) the power conferred on a magistrates’ court by section 215AA (power to order destruction of cryptoassets).”

#### *Interpretation and miscellaneous provision*

- 54 After section 232 insert—

#### **“232A Cryptoassets etc**

- (1) “Cryptoasset” means a cryptographically secured digital representation of value or contractual rights that uses a form of distributed ledger technology and can be transferred, stored or traded electronically.
- (2) “Crypto wallet” means—
- (a) software,
  - (b) hardware,
  - (c) a physical item, or
  - (d) any combination of the things mentioned in paragraphs (a) to (c), which is used to store the cryptographic private key that allows cryptoassets to be accessed.
- (3) “Cryptoasset-related item” has the meaning given in section 195C(5B).
- (4) The circumstances in which a cryptoasset is taken to be “destroyed” include circumstances where it is—
- (a) disposed of,

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- (b) transferred, or
  - (c) otherwise dealt with,
- in such a way as to ensure, or to make it virtually certain, that it will not be the subject of any further transactions or be dealt with again in any other way.
- (5) The Secretary of State may by regulations amend the definitions of “cryptoasset” and “crypto wallet” in this section.
  - (6) The Secretary of State must consult the Department of Justice in Northern Ireland before making regulations under subsection (5).”

## PART 4

### REGULATIONS

- 55 (1) Section 459 of the Proceeds of Crime Act 2002 is amended as follows.
- (2) In subsection (4), after paragraph (a) insert—
- “(azza) regulations under—
- (i) section 67ZB(5) or 84A(5);
  - (ii) section 131ZC(5) or 150A(5);
  - (iii) section 251ZB(5) or 232A(5);”.
- (3) After subsection (6ZA) insert—
- “(6ZAA) No regulations may be made by the Secretary of State under any of the following provisions unless a draft of the regulations has been laid before Parliament and approved by a resolution of each House--
- (a) section 67ZB(5) or 84A(5);
  - (b) section 131ZC(5) or 150A(5);
  - (c) section 251ZB(5) or 232A(5).”

## SCHEDULE 9

Section 180

### CRYPTOASSETS: CIVIL RECOVERY

## PART 1

### AMENDMENTS OF PART 5 OF THE PROCEEDS OF CRIME ACT 2002

- 1 In Part 5 of the Proceeds of Crime Act 2002 (civil recovery of the proceeds etc of unlawful conduct), after section 303Z19 insert—



## “CHAPTER 3C

### RECOVERY OF CRYPTOASSETS: SEARCHES, SEIZURE AND DETENTION

#### *Definitions*

#### **303Z20 Definitions**

- (1) In this Part—
- (a) “cryptoasset” means a cryptographically secured digital representation of value or contractual rights that uses a form of distributed ledger technology and can be transferred, stored or traded electronically;
  - (b) “crypto wallet” means—
    - (i) software,
    - (ii) hardware,
    - (iii) a physical item, or
    - (iv) any combination of the things mentioned in subparagraphs (i) to (iii),which is used to store the cryptographic private key that allows cryptoassets to be accessed.
- (2) The Secretary of State may by regulations amend the definitions of “cryptoasset” and “crypto wallet” in this section.
- (3) The Secretary of State must consult the Scottish Ministers and the Department of Justice before making regulations under subsection (2).
- (4) In this Chapter—
- (a) “enforcement officer” means—
    - (i) an officer of Revenue and Customs,
    - (ii) a constable,
    - (iii) an SFO officer, or
    - (iv) an accredited financial investigator who falls within a description specified in an order made for the purposes of this Chapter by the Secretary of State or the Welsh Ministers under section 453;
  - (b) “senior officer” means—
    - (i) an officer of Revenue and Customs of a rank designated by the Commissioners for His Majesty’s Revenue and Customs as equivalent to that of a senior police officer of at least the rank of inspector,
    - (ii) a senior police officer of at least the rank of inspector,
    - (iii) the Director of the Serious Fraud Office,
    - (iv) the Director General of the National Crime Agency or any other National Crime Agency officer authorised by the Director General (whether generally or specifically) for this purpose, or

- (v) an accredited financial investigator who falls within a description specified in an order made for the purposes of this Chapter by the Secretary of State or the Welsh Ministers under section 453.

### *Searches*

#### **303Z21 Searches**

- (1) If an enforcement officer—
  - (a) is lawfully on any premises, and
  - (b) has reasonable grounds for suspecting that there is on the premises a cryptoasset-related item,
 the enforcement officer may search for the cryptoasset-related item there.
- (2) For the purposes of this Chapter, a “cryptoasset-related item” is an item of property that is, or that contains or gives access to information that is, likely to assist in the seizure under this Part of cryptoassets that—
  - (a) are recoverable property, or
  - (b) are intended by any person for use in unlawful conduct.
- (3) The powers conferred by subsection (6) are exercisable by an enforcement officer if—
  - (a) the enforcement officer has reasonable grounds for suspecting that there is a cryptoasset-related item in a vehicle,
  - (b) it appears to the officer that the vehicle is under the control of a person (the suspect) who is in or in the vicinity of the vehicle, and
  - (c) the vehicle is in a place falling within subsection (4).
- (4) The places referred to in subsection (3)(c) are—
  - (a) a place to which, at the time of the proposed exercise of the powers, the public or any section of the public has access, on payment or otherwise, as of right or by virtue of express or implied permission, and
  - (b) any other place to which at that time people have ready access but which is not a dwelling.
- (5) But if the vehicle is in a garden or yard or other land occupied with and used for the purposes of a dwelling, the enforcement officer may exercise the powers conferred by subsection (6) only if the enforcement officer has reasonable grounds for believing—
  - (a) that the suspect does not reside in the dwelling, and
  - (b) that the vehicle is not in the place in question with the express or implied permission of a person who resides in the dwelling.
- (6) The powers conferred by this subsection are—
  - (a) power to require the suspect to permit entry to the vehicle;
  - (b) power to require the suspect to permit a search of the vehicle.
- (7) If an enforcement officer has reasonable grounds for suspecting that a person (the suspect) is carrying a cryptoasset-related item, the enforcement officer may require the suspect—

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- (a) to permit a search of any article the suspect has with them;
  - (b) to permit a search of the suspect's person.
- (8) The powers conferred by subsections (6) and (7) are exercisable only so far as the enforcement officer thinks it necessary or expedient.
- (9) An enforcement officer may—
- (a) in exercising powers conferred by subsection (6), detain the vehicle for so long as is necessary for their exercise;
  - (b) in exercising powers conferred by subsection (7)(b), detain the suspect for so long as is necessary for their exercise.
- (10) The powers conferred by this section are exercisable by an SFO officer or an accredited financial investigator only in relation to the following—
- (a) premises in England, Wales or Northern Ireland (in the case of subsection (1));
  - (b) vehicles and suspects in England, Wales or Northern Ireland (in the case of subsection (6));
  - (c) suspects in England, Wales or Northern Ireland (in the case of subsection (7)).

### **303Z22 Searches: supplemental provision**

- (1) The powers conferred by section 303Z21 are exercisable only so far as reasonably required for the purpose of finding a cryptoasset-related item.
- (2) Section 303Z21 does not require a person to submit to an intimate search or strip search (within the meaning of section 164 of the Customs and Excise Management Act 1979).

### **303Z23 Prior approval**

- (1) The powers conferred by section 303Z21 may be exercised only with the appropriate approval unless, in the circumstances, it is not practicable to obtain that approval before exercising the power.
- (2) The appropriate approval means the approval of a judicial officer or (if that is not practicable in any case) the approval of a senior officer.
- (3) A judicial officer means—
  - (a) in relation to England and Wales and Northern Ireland, a justice of the peace;
  - (b) in relation to Scotland, the sheriff.
- (4) If the powers are exercised without the approval of a judicial officer in a case where—
  - (a) no property is seized by virtue of section 303Z26, or
  - (b) any property so seized is not detained for more than 48 hours (calculated in accordance with section 303Z27),the relevant officer who exercised the power must give a written report to the appointed person.

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- (5) But the duty in subsection (4) does not apply if, during the course of exercising the powers conferred by section 303Z21, the enforcement officer seizes cash by virtue of section 294 or property by virtue of section 303J and the cash or property so seized is detained for more than 48 hours (calculated in accordance with section 295(1B) or 303K(5)).
- (6) A report under subsection (4) must give particulars of the circumstances which led the relevant officer to believe that—
- (a) the powers were exercisable, and
  - (b) it was not practicable to obtain the approval of a judicial officer.
- (7) In this section and in section 303Z24 the appointed person means—
- (a) in relation to England and Wales, a person appointed by the Secretary of State;
  - (b) in relation to Scotland, a person appointed by the Scottish Ministers;
  - (c) in relation to Northern Ireland, a person appointed by the Department of Justice.
- (8) The appointed person must not be a person employed under or for the purposes of a government department or of the Scottish Administration; and the terms and conditions of the person’s appointment, including any remuneration or expenses to be paid to the person, are to be determined by the person making the appointment.

### **303Z24 Report on exercise of powers**

- (1) As soon as possible after the end of each financial year, the appointed person must prepare a report for that year.
- (2) “Financial year” means—
- (a) the period beginning with the day on which this section came into force and ending with the next 31 March (which is the first financial year), and
  - (b) each subsequent period of 12 months beginning with 1 April.
- (3) The report must give the appointed person’s opinion as to the circumstances and manner in which the powers conferred by section 303Z21 are being exercised in cases where the enforcement officer who exercised them is required to give a report under section 303Z23(4).
- (4) In the report, the appointed person may make any recommendations they consider appropriate.
- (5) The appointed person must send a copy of the report to whichever of the Secretary of State, the Scottish Ministers or the Department of Justice appointed the person.
- (6) The Secretary of State must lay a copy of any report the Secretary of State receives under this section before Parliament and arrange for it to be published.
- (7) The Scottish Ministers must lay a copy of any report they receive under this section before the Scottish Parliament and arrange for it to be published.

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- (8) The Department of Justice must lay a copy of any report it receives under this section before the Northern Ireland Assembly and arrange for it to be published.
- (9) Section 41(3) of the Interpretation Act (Northern Ireland) 1954 applies for the purposes of subsection (8) in relation to the laying of a copy of a report as it applies in relation to the laying of a statutory document under an enactment.

### **303Z25 Codes of practice**

- (1) The requirements to make codes of practice set out in sections 303G, 303H and 303I apply in relation to the powers conferred by section 303Z21 as they apply in relation to the powers conferred by section 303C.
- (2) A requirement in section 303G(2), 303H(2) or 303I(2), as applied by subsection (1), to carry out a relevant action may be satisfied by the carrying out of that action before this section comes into force.
- (3) In subsection (2) “relevant action” means any of the following—
  - (a) publishing a draft code of practice;
  - (b) considering any representations made about the draft;
  - (c) modifying the draft in light of any such representations.
- (4) The requirement in section 303G(3), as applied by subsection (1), to consult the Attorney General may be satisfied by consultation carried out before this section comes into force.

### *Seizure and detention of cryptoasset-related items*

### **303Z26 Seizure of cryptoasset-related items**

- (1) An enforcement officer may seize any item of property if the enforcement officer has reasonable grounds for suspecting that the item is a cryptoasset-related item.
- (2) If an enforcement officer is lawfully on any premises, the officer may, for the purpose of—
  - (a) determining whether any property is a cryptoasset-related item, or
  - (b) enabling or facilitating the seizure under this Chapter of any cryptoasset,require any information which is stored in any electronic form and accessible from the premises to be produced in a form in which it can be taken away and in which it is visible and legible, or from which it can readily be produced in a visible and legible form.
- (3) But subsection (2) does not authorise an enforcement officer to require a person to produce privileged information.
- (4) In this section “privileged information” means information which a person would be entitled to refuse to provide—
  - (a) in England and Wales and Northern Ireland, on grounds of legal professional privilege in proceedings in the High Court;

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- (b) in Scotland, on grounds of legal privilege as defined by section 412.
- (5) Where an enforcement officer has seized a cryptoasset-related item under subsection (1), the officer may use any information obtained from the item for the purpose of—
  - (a) identifying or gaining access to a crypto wallet, and
  - (b) by doing so, enabling or facilitating the seizure under this Chapter of any cryptoassets.
- (6) This section does not authorise the seizure by an SFO officer or an accredited financial investigator of an item found in Scotland.

### **303Z27 Initial detention of seized cryptoasset-related items**

- (1) Property seized under section 303Z26 may be detained for an initial period of 48 hours.
- (2) Subsection (1) authorises the detention of property only for so long as an enforcement officer continues to have reasonable grounds for suspicion in relation to that property as described in section 303Z26(1).
- (3) In calculating a period of 48 hours for the purposes of this section, no account is to be taken of—
  - (a) any Saturday or Sunday,
  - (b) Christmas Day,
  - (c) Good Friday,
  - (d) any day that is a bank holiday under the Banking and Financial Dealings Act 1971 in the part of the United Kingdom within which the property is seized, or
  - (e) any day prescribed by virtue of section 8(2) of the Criminal Procedure (Scotland) Act 1995 as a court holiday in a sheriff court in the sheriff court district within which the property is seized.

### **303Z28 Further detention of seized cryptoasset-related items**

- (1) The period for which property seized under section 303Z26 may be detained may be extended by an order made—
  - (a) in England and Wales or Northern Ireland, by a magistrates' court;
  - (b) in Scotland, by the sheriff.
- (2) An order under subsection (1) may not authorise the detention of any property—
  - (a) beyond the end of the period of 6 months beginning with the date of the order, and
  - (b) in the case of any further order under this section, beyond the end of the period of 2 years beginning with the date of the first order; but this is subject to subsection (4).
- (3) A justice of the peace may also exercise the power of a magistrates' court to make the first order under subsection (1).

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- (4) The court or sheriff may make an order for the period of 2 years in subsection (2)(b) to be extended to a period of up to 3 years beginning with the date of the first order.
- (5) An application for an order under subsection (1) or (4) may be made—
- (a) in relation to England and Wales and Northern Ireland, by—
    - (i) the Commissioners for His Majesty’s Revenue and Customs,
    - (ii) a constable,
    - (iii) an SFO officer, or
    - (iv) an accredited financial investigator who falls within a description specified in an order made for the purposes of this Chapter by the Secretary of State or the Welsh Ministers under section 453;
  - (b) in relation to Scotland, by the Scottish Ministers in connection with their functions under section 303Z41 or by a procurator fiscal.
- (6) The court, sheriff or justice may make an order under subsection (1) if satisfied, in relation to the item of property to be further detained, that—
- (a) there are reasonable grounds for suspecting that it is a cryptoasset-related item, and
  - (b) its continued detention is justified.
- (7) The court or sheriff may make an order under subsection (4) if satisfied that a request for assistance is outstanding in relation to the item of property to be further detained.
- (8) A “request for assistance” in subsection (7) means a request for assistance in obtaining evidence (including information in any form or article) in connection with the property to be further detained, made—
- (a) by a judicial authority in the United Kingdom under section 7 of the Crime (International Co-operation) Act 2003,
  - (b) by an enforcement officer, to an authority exercising equivalent functions in a foreign country,
  - (c) by the Scottish Ministers in connection with their functions under this Part, to an authority exercising equivalent functions in a foreign country, or
  - (d) by a person under section 375A or 408A (evidence overseas).
- (9) An order under subsection (1) must provide for notice to be given to persons affected by the order.

### **303Z29 Seizure of cryptoassets**

- (1) An enforcement officer may seize cryptoassets if the enforcement officer has reasonable grounds for suspecting that the cryptoassets are recoverable property or intended by any person for use in unlawful conduct.
- (2) The circumstances in which a cryptoasset is “seized” for the purposes of subsection (1) include circumstances in which it is transferred into a crypto wallet controlled by the enforcement officer.

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- (3) This section does not authorise the seizure by an SFO officer or an accredited financial investigator of cryptoassets as a result of information obtained from a cryptoasset-related item found in Scotland.

### **303Z30 Prior authorisation for detention of cryptoassets**

- (1) Where an order is made under section 303Z28 in respect of a cryptoasset-related item, the court, sheriff or justice making the order may, at the same time, make an order to authorise the detention of any cryptoassets that may be seized as a result of information obtained from that item.
- (2) An application for an order under this section may be made, by a person mentioned in section 303Z28(5), at the same time as an application for an order under section 303Z28 is made by that person.
- (3) The court, sheriff or justice may make an order under this section if satisfied that there are reasonable grounds for suspecting that the cryptoassets that may be seized are recoverable property or intended by any person for use in unlawful conduct.
- (4) An order under this section authorises detention of the cryptoassets for the same period of time as the order under section 303Z28 authorises detention in respect of the cryptoasset-related item to which those cryptoassets relate.

### **303Z31 Initial detention of seized cryptoassets**

- (1) Cryptoassets seized under section 303Z29 may be detained for an initial period of 48 hours.
- (2) Subsection (1) authorises the detention of property only for so long as an enforcement officer continues to have reasonable grounds for suspicion in relation to those cryptoassets as described in section 303Z29(1).
- (3) In calculating a period of 48 hours for the purposes of this section, no account is to be taken of—
- (a) any Saturday or Sunday,
  - (b) Christmas Day,
  - (c) Good Friday,
  - (d) any day that is a bank holiday under the Banking and Financial Dealings Act 1971 in the part of the United Kingdom within which the property is seized, or
  - (e) any day prescribed by virtue of section 8(2) of the Criminal Procedure (Scotland) Act 1995 as a court holiday in a sheriff court in the sheriff court district within which the property is seized.
- (4) This section is subject to section 303Z30.

### **303Z32 Further detention of seized cryptoassets**

- (1) The period for which cryptoassets seized under section 303Z29 may be detained may be extended by an order made—
- (a) in England and Wales or Northern Ireland, by a magistrates' court;
  - (b) in Scotland, by the sheriff.



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- (2) An order under subsection (1) may not authorise the detention of any cryptoassets—
  - (a) beyond the end of the period of 6 months beginning with the date of the order, and
  - (b) in the case of any further order under this section, beyond the end of the period of 2 years beginning with the date of the first order; but this is subject to subsection (4).
- (3) A justice of the peace may also exercise the power of a magistrates' court to make the first order under subsection (1).
- (4) The court or sheriff may make an order for the period of 2 years in subsection (2)(b) to be extended to a period of up to 3 years beginning with the date of the first order.
- (5) An application for an order under subsection (1) or (4) may be made—
  - (a) in relation to England and Wales and Northern Ireland, by—
    - (i) the Commissioners for His Majesty's Revenue and Customs,
    - (ii) a constable,
    - (iii) an SFO officer, or
    - (iv) an accredited financial investigator who falls within a description specified in an order made for the purposes of this Chapter by the Secretary of State or the Welsh Ministers under section 453,
  - (b) in relation to Scotland, by the Scottish Ministers in connection with their functions under section 303Z41 or by a procurator fiscal.
- (6) The court, sheriff or justice may make an order under subsection (1) if satisfied, in relation to the cryptoassets to be further detained, that there are reasonable grounds for suspecting that the cryptoassets are recoverable property or intended by any person for use in unlawful conduct.
- (7) The court or sheriff may make an order under subsection (4) if satisfied that a request for assistance is outstanding in relation to the cryptoassets to be further detained.
- (8) A “request for assistance” in subsection (7) means a request for assistance in obtaining evidence (including information in any form or article) in connection with the cryptoassets to be further detained, made—
  - (a) by a judicial authority in the United Kingdom under section 7 of the Crime (International Co-operation) Act 2003,
  - (b) by an enforcement officer, to an authority exercising equivalent functions in a foreign country,
  - (c) by the Scottish Ministers in connection with their functions under this Part, to an authority exercising equivalent functions in a foreign country, or
  - (d) by a person under section 375A or 408A (evidence overseas).
- (9) An order under subsection (1) must provide for notice to be given to persons affected by the order.

**303Z33 Safekeeping of cryptoassets and cryptoasset-related items**

- (1) An enforcement officer must arrange for any item of property seized under section 303Z26 to be safely stored throughout the period during which it is detained under this Chapter.
- (2) An enforcement officer must arrange for any cryptoassets seized under section 303Z29 to be safely stored throughout the period during which they are detained under this Chapter.

**303Z34 Release of cryptoassets and cryptoasset-related items**

- (1) This section applies while any cryptoasset or other item of property is detained under this Chapter.
- (2) A magistrates' court or (in Scotland) the sheriff may direct the release of the whole or any part of the property if the following condition is met.
- (3) The condition is that the court or sheriff is satisfied, on an application by the person from whom the property was seized, that the conditions for the detention of the property in this Chapter are no longer met in relation to the property to be released.
- (4) A person within subsection (5) may, after notifying the magistrates' court, sheriff or justice under whose order property is being detained, release the whole or any part of the property if satisfied that the detention of the property to be released is no longer justified.
- (5) The following persons are within this subsection—
  - (a) in relation to England and Wales and Northern Ireland, an enforcement officer;
  - (b) in relation to Scotland—
    - (i) the Scottish Ministers,
    - (ii) an officer of Revenue and Customs,
    - (iii) a constable, and
    - (iv) a procurator fiscal.
- (6) If any cryptoasset-related item which has been released is not claimed within the period of a year beginning with the date on which it was released, an enforcement officer may—
  - (a) retain the item and deal with it as they see fit,
  - (b) dispose of the item, or
  - (c) destroy the item.
- (7) The powers in subsection (6) may be exercised only—
  - (a) where the enforcement officer has taken reasonable steps to notify—
    - (i) the person from whom the item was seized, and
    - (ii) any other persons who the enforcement officer has reasonable grounds to believe have an interest in the item, that the item has been released, and
  - (b) with the approval of a senior officer.

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- (8) Any proceeds of a disposal of the item are to be paid—
- (a) into the Consolidated Fund if—
    - (i) the item was directed to be released by a magistrates’ court, or
    - (ii) a magistrates’ court or justice was notified under subsection (4) of the release;
  - (b) into the Scottish Consolidated Fund if—
    - (i) the item was directed to be released by the sheriff, or
    - (ii) the sheriff was notified under subsection (4) of the release.

### CHAPTER 3D

#### RECOVERY OF CRYPTOASSETS: FREEZING ORDERS

##### *Definitions*

#### **303Z35 Definitions**

- (1) In this Chapter—
- (a) “cryptoasset exchange provider” means a firm or sole practitioner who by way of business provides one or more of the following services, including where the firm or sole practitioner does so as creator or issuer of any of the cryptoassets involved—
    - (i) exchanging, or arranging or making arrangements with a view to the exchange of, cryptoassets for money or money for cryptoassets,
    - (ii) exchanging, or arranging or making arrangements with a view to the exchange of, one cryptoasset for another, or
    - (iii) operating a machine which utilises automated processes to exchange cryptoassets for money or money for cryptoassets;
  - (b) “custodian wallet provider” means a firm or sole practitioner who by way of business provides services to safeguard, or to safeguard and administer—
    - (i) cryptoassets on behalf of its customers, or
    - (ii) private cryptographic keys on behalf of its customers in order to hold, store and transfer cryptoassets;
  - (c) “cryptoasset service provider” includes cryptoasset exchange provider and custodian wallet provider.
- (2) For the purposes of subsection (1)(a), “money” means—
- (a) money in sterling,
  - (b) money in any other currency, or
  - (c) money in any other medium of exchange,
- but does not include a cryptoasset.
- (3) In the definition of “cryptoasset exchange provider” in subsection (1), “cryptoasset” includes a right to, or interest in, a cryptoasset.

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- (4) The Secretary of State may by regulations amend the definitions in this section.
- (5) The Secretary of State must consult the Scottish Ministers and the Department of Justice before making regulations under subsection (4).

*Freezing of crypto wallets*

**303Z36 Application for crypto wallet freezing order**

- (1) This section applies if an enforcement officer has reasonable grounds for suspecting that cryptoassets held in a crypto wallet administered by a UK-connected cryptoasset service provider—
  - (a) are recoverable property, or
  - (b) are intended by any person for use in unlawful conduct.
- (2) Where this section applies (but subject to subsection (3)) the enforcement officer may apply to the relevant court for a crypto wallet freezing order in relation to the crypto wallet in which the cryptoassets are held.
- (3) An enforcement officer may not apply for a crypto wallet freezing order unless the officer is a senior officer or is authorised to do so by a senior officer.
- (4) For the purposes of this Chapter—
  - (a) a crypto wallet freezing order is an order that, subject to any exclusions (see section 303Z39), prohibits each person by or for whom the crypto wallet to which the order applies is administered from—
    - (i) making withdrawals or payments from the crypto wallet, or
    - (ii) using the crypto wallet in any other way;
  - (b) a crypto wallet is administered by or for a person if the person is the person to whom services are being provided by a cryptoasset service provider in relation to that crypto wallet.
- (5) An application for a crypto wallet freezing order may be made without notice if the circumstances of the case are such that notice of the application would prejudice the taking of any steps under this Part to forfeit cryptoassets that are recoverable property or intended by any person for use in unlawful conduct.
- (6) An application for a crypto wallet freezing order under this section may be combined with an application for an account freezing order under section 303Z1 where a single entity—
  - (a) is both a relevant financial institution for the purposes of section 303Z1 and a cryptoasset service provider for the purposes of this section, and
  - (b) operates or administers, for the same person, both an account holding money (above the minimum amount specified in section 303Z8) and a crypto wallet.
- (7) An application for a crypto wallet freezing order may not be made by an SFO officer, or an accredited financial investigator, in relation to a UK-connected cryptoasset service provider where—

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- (a) the provider has its registered office, or if it does not have one, its head office in Scotland, and
  - (b) the day-to-day management of the provider’s business is the responsibility of that office or another establishment maintained by it in Scotland.
- (8) In this Chapter—
- “enforcement officer” has the meaning given by section 303Z20;
  - “relevant court” means—
    - (a) in England and Wales and Northern Ireland, a magistrates’ court, and
    - (b) in Scotland, the sheriff;
  - “senior officer” has the meaning given by section 303Z20;
  - “UK-connected cryptoasset service provider” means a cryptoasset service provider which—
    - (a) is acting in the course of business carried on by it in the United Kingdom,
    - (b) has terms and conditions with the persons to whom it provides services which provide for a legal dispute to be litigated in the courts of a part of the United Kingdom,
    - (c) holds, in the United Kingdom, any data relating to the persons to whom it provides services, or
    - (d) meets the condition in subsection (9).
- (9) The condition in this subsection is that—
- (a) the cryptoasset service provider has its registered office, or if it does not have one, its head office in the United Kingdom, and
  - (b) the day-to-day management of the provider’s business is the responsibility of that office or another establishment maintained by it in the United Kingdom.

### **303Z37 Making of a crypto wallet freezing order**

- (1) This section applies where an application for a crypto wallet freezing order is made under section 303Z36 in relation to a crypto wallet.
- (2) The relevant court may make the order if satisfied that there are reasonable grounds for suspecting that some or all of the cryptoassets held in the crypto wallet—
  - (a) are recoverable property, or
  - (b) are intended by any person for use in unlawful conduct.
- (3) A crypto wallet freezing order ceases to have effect at the end of the period specified in the order (which may be varied under section 303Z38) unless it ceases to have effect at an earlier or later time in accordance with this Chapter or Chapter 3E or 3F.
- (4) The period specified by the relevant court for the purposes of subsection (3) (whether when the order is first made or on a variation under section 303Z38) may not exceed the period of 2 years, beginning with the day on which the crypto wallet freezing order is (or was) made; but this is subject to subsection (5).

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- (5) The relevant court may make an order for the period of 2 years in subsection (4) to be extended to a period of up to 3 years beginning with the day on which the crypto wallet freezing order is (or was) made.
- (6) The relevant court may make an order under subsection (5) if satisfied that a request for assistance is outstanding in relation to some or all of the cryptoassets held in the crypto wallet.
- (7) A “request for assistance” in subsection (6) means a request for assistance in obtaining evidence (including information in any form or article) in connection with some or all of the cryptoassets held in the crypto wallet, made—
  - (a) by a judicial authority in the United Kingdom under section 7 of the Crime (International Co-operation) Act 2003,
  - (b) by an enforcement officer, to an authority exercising equivalent functions in a foreign country,
  - (c) by the Scottish Ministers in connection with their functions under this Part, to an authority exercising equivalent functions in a foreign country, or
  - (d) by a person under section 375A or 408A (evidence overseas).
- (8) A crypto wallet freezing order must provide for notice to be given to persons affected by the order.

### **303Z38 Variation and setting aside of crypto wallet freezing order**

- (1) The relevant court may at any time vary or set aside a crypto wallet freezing order on an application made by—
  - (a) an enforcement officer, or
  - (b) any person affected by the order.
- (2) But an enforcement officer may not make an application under subsection (1) unless the officer is a senior officer or is authorised to do so by a senior officer.
- (3) Before varying or setting aside a crypto wallet freezing order the court must (as well as giving the parties to the proceedings an opportunity to be heard) give such an opportunity to any person who may be affected by its decision.
- (4) In relation to Scotland, the references in this section to setting aside an order are to be read as references to recalling it.

### **303Z39 Exclusions**

- (1) The power to vary a crypto wallet freezing order includes (amongst other things) power to make exclusions from the prohibition on making withdrawals or payments from the crypto wallet to which the order applies.
- (2) Exclusions from the prohibition may also be made when the order is made.
- (3) An exclusion may (amongst other things) make provision for the purpose of enabling a person by or for whom the crypto wallet is administered—
  - (a) to meet the person’s reasonable living expenses, or

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- (b) to carry on any trade, business, profession or occupation.
- (4) An exclusion may be made subject to conditions.
- (5) Where a magistrates' court exercises the power to make an exclusion for the purpose of enabling a person to meet legal expenses that the person has incurred, or may incur, in respect of proceedings under this Part, it must ensure that the exclusion—
- (a) is limited to reasonable legal expenses that the person has reasonably incurred or that the person reasonably incurs,
  - (b) specifies the total amount that may be released for legal expenses in pursuance of the exclusion, and
  - (c) is made subject to the same conditions as would be the required conditions (see section 286A) if the order had been made under section 245A (in addition to any conditions imposed under subsection (4)).
- (6) A magistrates' court, in deciding whether to make an exclusion for the purpose of enabling a person to meet legal expenses in respect of proceedings under this Part—
- (a) must have regard to the desirability of the person being represented in any proceedings under this Part in which the person is a participant, and
  - (b) must disregard the possibility that legal representation of the person in any such proceedings might, were an exclusion not made—
    - (i) be made available under arrangements made for the purposes of Part 1 of the Legal Aid, Sentencing and Punishment of Offenders Act 2012, or
    - (ii) be funded by the Department of Justice.
- (7) The sheriff's power to make exclusions may not be exercised for the purpose of enabling any person to meet any legal expenses in respect of proceedings under this Part.
- (8) The power to make exclusions must, subject to subsection (6), be exercised with a view to ensuring, so far as practicable, that there is not undue prejudice to the taking of any steps under this Part to forfeit cryptoassets that are recoverable property or intended by any person for use in unlawful conduct.

### **303Z40 Restrictions on proceedings and remedies**

- (1) If a court in which proceedings are pending in respect of a crypto wallet administered by a UK-connected cryptoasset service provider is satisfied that a crypto wallet freezing order has been applied for or made in respect of the crypto wallet, it may either stay the proceedings or allow them to continue on any terms it thinks fit.
- (2) Before exercising the power conferred by subsection (1), the court must (as well as giving the parties to any of the proceedings concerned an opportunity to be heard) give such an opportunity to any person who may be affected by the court's decision.
- (3) In relation to Scotland, the reference in subsection (1) to staying the proceedings is to be read as a reference to sisting the proceedings.

## CHAPTER 3E

### FORFEITURE OF CRYPTOASSETS FOLLOWING DETENTION OR FREEZING ORDER

#### *Forfeiture orders*

#### **303Z41 Forfeiture order**

- (1) This section applies—
  - (a) while any cryptoassets are detained under Chapter 3C, or
  - (b) while a crypto wallet freezing order made under section 303Z37 has effect.
- (2) An application for the forfeiture of some or all of the cryptoassets that are detained or held in the crypto wallet that is subject to the crypto wallet freezing order may be made—
  - (a) to a magistrates' court by a person within subsection (3), or
  - (b) to the sheriff by the Scottish Ministers.
- (3) The following persons are within this subsection—
  - (a) the Commissioners for His Majesty's Revenue and Customs,
  - (b) a constable,
  - (c) an SFO officer, and
  - (d) an accredited financial investigator who falls within a description specified in an order made for the purposes of this Chapter by the Secretary of State or the Welsh Ministers under section 453.
- (4) The court or sheriff may order the forfeiture of some or all of the cryptoassets if satisfied that the cryptoassets—
  - (a) are recoverable property, or
  - (b) are intended by any person for use in unlawful conduct.
- (5) An order under subsection (4) made by a magistrates' court may provide for payment under section 303Z49 of reasonable legal expenses that a person has reasonably incurred, or may reasonably incur, in respect of—
  - (a) the proceedings in which the order is made, or
  - (b) any related proceedings under this Chapter.
- (6) A sum in respect of a relevant item of expenditure is not payable under section 303Z49 in pursuance of provision under subsection (5) unless—
  - (a) the person who applied for the order under subsection (4) agrees to its payment, or
  - (b) the court has assessed the amount allowed in respect of that item and the sum is paid in respect of the assessed amount.
- (7) For the purposes of subsection (6)—
  - (a) a “relevant item of expenditure” is an item of expenditure to which regulations under section 286B would apply if the order under subsection (4) had instead been a recovery order;



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- (b) an amount is “allowed” in respect of a relevant item of expenditure if it would have been allowed by those regulations;
  - (c) if the person who applied for the order under subsection (4) was a constable, an SFO officer or an accredited financial investigator, that person may not agree to the payment of a sum unless the person is a senior officer or is authorised to do so by a senior officer.
- (8) Subsection (4) ceases to apply on the transfer of an application made under this section in accordance with section 303Z45(1).
- (9) In this Chapter—
  - “crypto wallet freezing order” has the same meaning as in Chapter 3D (see section 303Z36);
  - “enforcement officer” has the meaning given by section 303Z20;
  - “senior officer” has the meaning given by section 303Z20.
- (10) Section 303Z36(4)(b) applies in relation to this Chapter as it applies in relation to Chapter 3D.

### **303Z42 Forfeiture order: supplementary**

- (1) Subsection (2) applies where an application is made under section 303Z41 for the forfeiture of any cryptoassets detained under Chapter 3C.
- (2) The cryptoassets are to continue to be detained under Chapter 3C (and may not be released under any power conferred by this Part) until any proceedings in pursuance of the application (including any proceedings on appeal) are concluded.

This subsection is subject to Chapter 3F (conversion to money).
- (3) Where an application is made under section 303Z41 in relation to cryptoassets held in a crypto wallet that is subject to a crypto wallet freezing order—
  - (a) subsections (4) and (5) apply, and
  - (b) the crypto wallet freezing order is to continue to have effect until the time referred to in subsection (4)(b) or (5).
- (4) Where the cryptoassets are ordered to be forfeited under section 303Z41(4) or 303Z45(3)—
  - (a) the cryptoasset service provider that administers the crypto wallet must transfer the cryptoassets into a crypto wallet nominated by an enforcement officer, and
  - (b) immediately after the transfer has been made, the freezing order ceases to have effect.
- (5) Where the application is determined or otherwise disposed of other than by the making of an order under section 303Z41(4) or 303Z45(3), the crypto wallet freezing order ceases to have effect immediately after that determination or other disposal.
- (6) Subsections (4)(b) and (5) are subject to section 303Z46 and Chapter 3F.

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- (7) The Secretary of State may by regulations amend this section to make provision about the forfeiture of cryptoassets held in a crypto wallet that is subject to a crypto wallet freezing order.
- (8) Regulations under subsection (7) may in particular make provision about—
- (a) the process for the forfeiture of cryptoassets;
  - (b) the realisation of forfeited cryptoassets;
  - (c) the application of the proceeds of such realisation.
- (9) Regulations under subsection (7) may make consequential amendments of this Chapter.
- (10) The Secretary of State may not make regulations under subsection (7) unless the Secretary of State has—
- (a) consulted the Scottish Ministers and the Department of Justice, and
  - (b) given a notice containing the relevant information to the Scottish Ministers and the Department of Justice.
- (11) Consultation under subsection (10)(a) must include consultation about any effects that the Secretary of State considers the regulations may have on—
- (a) a person in Scotland or Northern Ireland (as the case may be) applying for the forfeiture of cryptoassets held in a crypto wallet that is subject to a crypto wallet freezing order, and
  - (b) a sheriff or court in Scotland or a court in Northern Ireland (as the case may be) considering such an application or making an order for such forfeiture.
- (12) In subsection (10)(b) “relevant information” means—
- (a) a description of—
    - (i) the process undertaken in order to comply with subsection (10)(a) in relation to the Scottish Ministers or the Department of Justice (as the case may be), and
    - (ii) any agreement, objection or other views expressed as part of that process by the Scottish Ministers or the Department of Justice (as the case may be), and
  - (b) an explanation of whether and how such views have been taken into account in the regulations (including, in a case where the Secretary of State proposes to make the regulations despite an objection, an explanation of the reasons for doing so).

### **303Z43 Associated and joint property**

- (1) Sections 303Z44 and 303Z45 apply if—
- (a) an application is made under section 303Z41 in respect of cryptoassets,
  - (b) the court or sheriff is satisfied that some or all of the cryptoassets are recoverable property or are intended by any person for use in unlawful conduct, and
  - (c) there exists property that is associated with the cryptoassets in relation to which the court or sheriff is satisfied as mentioned in paragraph (b).

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- (2) Sections 303Z44 and 303Z45 also apply in England and Wales and Northern Ireland if—
- (a) an application is made under section 303Z41 in respect of cryptoassets,
  - (b) the court is satisfied that some or all of the cryptoassets are recoverable property, and
  - (c) the cryptoassets in relation to which the court is satisfied as mentioned in paragraph (b) belong to joint tenants and one of the tenants is an excepted joint owner.
- (3) In this section and sections 303Z44 and 303Z45 “associated property” means property of any of the following descriptions that is not itself the forfeitable property—
- (a) any interest in the forfeitable property;
  - (b) any other interest in the property in which the forfeitable property subsists;
  - (c) if the forfeitable property is part of a larger property, but not a separate part, the remainder of that property.

References to property being associated with forfeitable property are to be read accordingly.

- (4) In this section and sections 303Z44 and 303Z45, the “forfeitable property” means the cryptoassets in relation to which the court or sheriff is satisfied as mentioned in subsection (1)(b) or (2)(b) (as the case may be).

### **303Z44 Agreements about associated and joint property**

- (1) Where—
- (a) this section applies, and
  - (b) the person who applied for the order under section 303Z41 (on the one hand) and the person who holds the associated property or who is the excepted joint owner (on the other hand) agree,
- the magistrates’ court or sheriff may, instead of making an order under section 303Z41(4), make an order requiring the person who holds the associated property or who is the excepted joint owner to make a payment to a person identified in the order.
- (2) The amount of the payment is (subject to subsection (3)) to be the amount which the persons referred to in subsection (1)(b) agree represents—
- (a) in a case where this section applies by virtue of section 303Z43(1), the value of the forfeitable property;
  - (b) in a case where this section applies by virtue of section 303Z43(2), the value of the forfeitable property less the value of the excepted joint owner’s share.
- (3) The amount of the payment may be reduced if the person who applied for the order under section 303Z41 agrees that the other party to the agreement has suffered loss as a result of—
- (a) the seizure of the forfeitable property under section 303Z29 and its subsequent detention, or
  - (b) the making of a crypto wallet freezing order under section 303Z37.

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*Status: This is the original version (as it was originally enacted).*

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- (4) The reduction that is permissible by virtue of subsection (3) is such amount as the parties to the agreement agree is reasonable, having regard to the loss suffered and any other relevant circumstances.
- (5) An order under subsection (1) may, so far as required for giving effect to the agreement, include provision for vesting, creating or extinguishing any interest in property.
- (6) An order under subsection (1) made by a magistrates' court may provide for payment under subsection (12) of reasonable legal expenses that a person has reasonably incurred, or may reasonably incur, in respect of—
  - (a) the proceedings in which the order is made, or
  - (b) any related proceedings under this Chapter.
- (7) A sum in respect of a relevant item of expenditure is not payable under subsection (12) in pursuance of provision under subsection (6) unless—
  - (a) the person who applied for the order under section 303Z41 agrees to its payment, or
  - (b) the court has assessed the amount allowed in respect of that item and the sum is paid in respect of the assessed amount.
- (8) For the purposes of subsection (7)—
  - (a) a “relevant item of expenditure” is an item of expenditure to which regulations under section 286B would apply if the order under subsection (1) had instead been a recovery order;
  - (b) an amount is “allowed” in respect of a relevant item of expenditure if it would have been allowed by those regulations.
- (9) For the purposes of section 308(2), on the making of an order under subsection (1), the forfeitable property is to be treated as if it had been forfeited.
- (10) If there is more than one item of associated property or more than one excepted joint owner, the total amount to be paid under subsection (1), and the part of that amount which is to be provided by each person who holds any such associated property or who is an excepted joint owner, is to be agreed between both (or all) of them and the person who applied for the order under section 303Z41.
- (11) If the person who applied for the order under section 303Z41 was a constable, an SFO officer or an accredited financial investigator, that person may enter into an agreement for the purposes of any provision of this section only if the person is a senior officer or is authorised to do so by a senior officer.
- (12) An amount received under an order under subsection (1) must be applied as follows—
  - (a) first, it must be applied in making any payment of legal expenses which, after giving effect to subsection (7), are payable under this subsection in pursuance of provision under subsection (6);
  - (b) second, it must be applied in payment or reimbursement of any reasonable costs incurred in storing or insuring the forfeitable property and any associated property whilst detained under this Part;
  - (c) third, it must be paid—

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- (i) if the order was made by a magistrates' court, into the Consolidated Fund;
- (ii) if the order was made by the sheriff, into the Scottish Consolidated Fund.

### **303Z45 Associated and joint property: default of agreement**

- (1) Where this section applies and there is no agreement under section 303Z44, the magistrates' court or sheriff may transfer the application made under section 303Z41 to the appropriate court.
- (2) The "appropriate court" is—
  - (a) the High Court, where the application under section 303Z41 was made to a magistrates' court;
  - (b) the Court of Session, where the application under section 303Z41 was made to the sheriff.
- (3) Where (under subsection (1)) an application made under section 303Z41 is transferred to the appropriate court, the appropriate court may order the forfeiture of the property to which the application relates, or any part of that property, if satisfied that what is to be forfeited is recoverable property or intended by any person for use in unlawful conduct.
- (4) An order under subsection (3) made by the High Court may include provision of the type that may be included in an order under section 303Z41(4) made by a magistrates' court by virtue of section 303Z41(5).
- (5) If provision is included in an order of the High Court by virtue of subsection (4) of this section, section 303Z41(6) and (7) apply with the necessary modifications.
- (6) The appropriate court may, as well as making an order under subsection (3), make an order—
  - (a) providing for the forfeiture of the associated property or (as the case may be) for the excepted joint owner's interest to be extinguished, or
  - (b) providing for the excepted joint owner's interest to be severed.
- (7) Where (under subsection (1)) the magistrates' court or sheriff decides not to transfer an application made under section 303Z41 to the appropriate court, the magistrates' court or sheriff may, as well as making an order under section 303Z41(4), make an order—
  - (a) providing for the forfeiture of the associated property or (as the case may be) for the excepted joint owner's interest to be extinguished, or
  - (b) providing for the excepted joint owner's interest to be severed.
- (8) An order under subsection (6) or (7) may be made only if the appropriate court, the magistrates' court or the sheriff (as the case may be) thinks it just and equitable to do so.
- (9) An order under subsection (6) or (7) must provide for the payment of an amount to the person who holds the associated property or who is an excepted joint owner.

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- (10) In making an order under subsection (6) or (7), and including provision in it by virtue of subsection (9), the appropriate court, the magistrates' court or the sheriff (as the case may be) must have regard to—
- (a) the rights of any person who holds the associated property or who is an excepted joint owner and the value to that person of that property or (as the case may be) of that person's share (including any value that cannot be assessed in terms of money), and
  - (b) the interest of the person who applied for the order under section 303Z41 in realising the value of the forfeitable property.
- (11) If the appropriate court, the magistrates' court or the sheriff (as the case may be) is satisfied that—
- (a) the person who holds the associated property or who is an excepted joint owner has suffered loss as a result of—
    - (i) the seizure of the forfeitable property under section 303Z29 and its subsequent detention, or
    - (ii) the making of the crypto wallet freezing order under section 303Z37, and
  - (b) the circumstances are exceptional,
- an order under subsection (6) or (7) may require the payment of compensation to that person.
- (12) The amount of compensation to be paid by virtue of subsection (11) is the amount the appropriate court, the magistrates' court or the sheriff (as the case may be) thinks reasonable, having regard to the loss suffered and any other relevant circumstances.
- (13) Compensation to be paid by virtue of subsection (11) is to be paid in the same way that compensation is to be paid under section 303Z52.

### **303Z46 Continuation of crypto wallet freezing order pending appeal**

- (1) This section applies where, on an application under section 303Z41 in relation to a crypto wallet to which a crypto wallet freezing order applies—
- (a) the magistrates' court or sheriff decides—
    - (i) to make an order under section 303Z41(4) in relation to some but not all of the cryptoassets to which the application related, or
    - (ii) not to make an order under section 303Z41(4), or
  - (b) if the application is transferred in accordance with section 303Z45(1), the High Court or Court of Session decides—
    - (i) to make an order under section 303Z45(3) in relation to some but not all of the cryptoassets to which the application related, or
    - (ii) not to make an order under section 303Z45(3).
- (2) The person who made the application under section 303Z41 may apply without notice to the court or sheriff that made the decision referred to in subsection (1) for an order that the crypto wallet freezing order is to continue to have effect.

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- (3) Where the court or sheriff makes an order under subsection (2) the crypto wallet freezing order is to continue to have effect until—
  - (a) the end of the period of 48 hours starting with the making of the order under subsection (2), or
  - (b) if within that period of 48 hours an appeal is brought (whether under section 303Z47 or otherwise) against the decision referred to in subsection (1), the time when the appeal is determined or otherwise disposed of.
- (4) Subsection (3) of section 303Z31 applies for the purposes of subsection (3) as it applies for the purposes of that section.

### **303Z47 Sections 303Z41 to 303Z45: appeals**

- (1) Any party to proceedings for an order for the forfeiture of cryptoassets under section 303Z41 may appeal against—
  - (a) the making of an order under section 303Z41;
  - (b) the making of an order under section 303Z45(7);
  - (c) a decision not to make an order under section 303Z41 unless the reason that no order was made is that an order was instead made under section 303Z44;
  - (d) a decision not to make an order under section 303Z45(7).

Paragraphs (c) and (d) do not apply if the application for the order under section 303Z41 was transferred in accordance with section 303Z45(1).

- (2) Where an order under section 303Z44 is made by a magistrates' court, any party to the proceedings for the order (including any party to the proceedings under section 303Z41 that preceded the making of the order) may appeal against a decision to include, or not to include, provision in the order under section 303Z44(6).
- (3) An appeal under this section lies—
  - (a) in relation to England and Wales, to the Crown Court;
  - (b) in relation to Scotland, to the Sheriff Appeal Court;
  - (c) in relation to Northern Ireland, to a county court.
- (4) An appeal under this section must be made before the end of the period of 30 days starting with the day on which the court or sheriff makes the order or decision.
- (5) The court hearing the appeal may make any order it thinks appropriate.
- (6) If the court upholds an appeal against an order forfeiting any cryptoasset or other item of property, it may order the release of the whole or any part of the property.

### **303Z48 Realisation or destruction of forfeited cryptoassets etc**

- (1) This section applies where any cryptoasset or other item of property is forfeited under this Chapter.
- (2) An enforcement officer must—

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- (a) realise the property, or
- (b) make arrangements for its realisation.

This is subject to subsections (3) to (5).

- (3) The property is not to be realised—
  - (a) before the end of the period within which an appeal may be made (whether under section 303Z47 or otherwise), or
  - (b) if an appeal is made within that period, before the appeal is determined or otherwise disposed of.
- (4) The realisation of property under subsection (2) must be carried out, so far as practicable, in the manner best calculated to maximise the amount obtained for the property.
- (5) Where an enforcement officer is satisfied that—
  - (a) it is not reasonably practicable to realise any cryptoasset, or
  - (b) there are reasonable grounds to believe that the realisation of any cryptoasset would be contrary to the public interest,
 the enforcement officer may destroy the cryptoasset.
- (6) But—
  - (a) the enforcement officer may destroy the cryptoasset only if the officer is a senior officer or is authorised to do so by a senior officer, and
  - (b) the cryptoasset is not to be destroyed—
    - (i) before the end of the period within which an appeal may be made (whether under section 303Z47 or otherwise), or
    - (ii) if an appeal is made within that period, before the appeal is determined or otherwise disposed of.
- (7) The question of whether the realisation of the cryptoasset would be contrary to the public interest is to be determined with particular reference to how likely it is that the entry of the cryptoasset into general circulation would facilitate criminal conduct by any person.

### **303Z49 Proceeds of realisation**

- (1) This section applies where any cryptoasset or other item of property is realised under section 303Z48.
- (2) The proceeds of the realisation must be applied as follows—
  - (a) first, they must be applied in making any payment required to be made by virtue of section 303Z45(9);
  - (b) second, they must be applied in making any payment of legal expenses which, after giving effect to section 303Z41(6) (including as applied by section 303Z45(5)), are payable under this subsection in pursuance of provision under section 303Z41(5) or, as the case may be, 303Z45(4);
  - (c) third, they must be applied in payment or reimbursement of any reasonable costs incurred in storing or insuring the property whilst detained under this Part and in realising the property;
  - (d) fourth, they must be paid—



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- (i) if the property was forfeited by a magistrates' court or the High Court, into the Consolidated Fund;
  - (ii) if the property was forfeited by the sheriff or the Court of Session, into the Scottish Consolidated Fund.
- (3) If what is realised under section 303Z48 represents part only of an item of property, the reference in subsection (2)(c) to costs incurred in storing or insuring the property is to be read as a reference to costs incurred in storing or insuring the whole of the property.

### *Supplementary*

#### **303Z50 Victims and other owners: detained cryptoassets**

- (1) A person who claims that any cryptoassets detained under this Part belong to the person may apply for some or all of the cryptoassets to be released.
- (2) An application under subsection (1) is to be made—
  - (a) in England and Wales or Northern Ireland, to a magistrates' court;
  - (b) in Scotland, to the sheriff.
- (3) The application may be made in the course of proceedings under section 303Z32 or 303Z41 or at any other time.
- (4) The court or sheriff may order the cryptoassets to which the application relates to be released to the applicant if it appears to the court or sheriff that—
  - (a) the applicant was deprived of the cryptoassets to which the application relates, or of property which they represent, by unlawful conduct,
  - (b) the cryptoassets the applicant was deprived of were not, immediately before the applicant was deprived of them, recoverable property, and
  - (c) the cryptoassets belong to the applicant.
- (5) If subsection (6) applies, the court or sheriff may order the cryptoassets to which the application relates to be released to the applicant or to the person from whom they were seized.
- (6) This subsection applies where—
  - (a) the applicant is not the person from whom the cryptoassets to which the application relates were seized,
  - (b) it appears to the court or sheriff that those cryptoassets belong to the applicant,
  - (c) the court or sheriff is satisfied that the release condition is met in relation to those cryptoassets, and
  - (d) no objection to the making of an order under subsection (5) has been made by the person from whom those cryptoassets were seized.
- (7) The release condition is met—
  - (a) if the conditions in Chapter 3C for the detention of the cryptoassets are no longer met, or

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- (b) in relation to cryptoassets which are subject to an application for forfeiture under section 303Z41, if the court or sheriff decides not to make an order under that section in relation to the cryptoassets.

### **303Z51 Victims and other owners: crypto wallet freezing orders**

- (1) A person who claims that any cryptoassets held in a crypto wallet in respect of which a crypto wallet freezing order has effect belong to the person may apply for some or all of the cryptoassets to be released.
- (2) An application under subsection (1) is to be made—
  - (a) in England and Wales or Northern Ireland, to a magistrates' court;
  - (b) in Scotland, to the sheriff.
- (3) The application may be made in the course of proceedings under section 303Z37 or 303Z41 or at any other time.
- (4) The court or sheriff may, subject to subsection (8), order the cryptoassets to which the application relates to be released to the applicant if it appears to the court or sheriff that—
  - (a) the applicant was deprived of the cryptoassets to which the application relates, or of property which they represent, by unlawful conduct,
  - (b) the cryptoassets the applicant was deprived of were not, immediately before the applicant was deprived of them, recoverable property, and
  - (c) the cryptoassets belong to the applicant.
- (5) If subsection (6) applies, the court or sheriff may, subject to subsection (8), order the cryptoassets to which the application relates to be released to the applicant.
- (6) This subsection applies where—
  - (a) the applicant is not the person from whom the cryptoassets to which the application relates were seized,
  - (b) it appears to the court or sheriff that those cryptoassets belong to the applicant,
  - (c) the court or sheriff is satisfied that the release condition is met in relation to those cryptoassets, and
  - (d) no objection to the making of an order under subsection (5) has been made by the person from whom those cryptoassets were seized.
- (7) The release condition is met—
  - (a) if the conditions for the making of the crypto wallet freezing order are no longer met in relation to the cryptoassets to which the application relates, or
  - (b) in relation to cryptoassets held in a crypto wallet subject to a crypto wallet freezing order which are subject to an application for forfeiture under section 303Z41, if the court or sheriff decides not to make an order under that section in relation to the cryptoassets.
- (8) If an application under section 303Z41 is made for the forfeiture of the cryptoassets, the cryptoassets are not to be released under this section until

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any proceedings in pursuance of the application (including any proceedings on appeal) are concluded.

- (9) In relation to cryptoassets held in a crypto wallet that is subject to a crypto wallet freezing order, references in this section to a person from whom cryptoassets were seized include a reference to a person by or for whom the crypto wallet was administered immediately before the crypto wallet freezing order was made.

### **303Z52 Compensation**

- (1) This section applies if no order is made under section 303Z41, 303Z44 or 303Z45 in respect of cryptoassets detained under this Part or held in a crypto wallet that is subject to a crypto wallet freezing order under section 303Z37.
- (2) Where this section applies, the following may make an application to the relevant court for compensation—
- (a) a person to whom the cryptoassets belong or from whom they were seized, or
  - (b) a person by or for whom a crypto wallet to which the crypto wallet freezing order applies is administered.
- (3) If the relevant court is satisfied that the applicant has suffered loss as a result of the detention of the cryptoassets or the making of the crypto wallet freezing order and that the circumstances are exceptional, the relevant court may order compensation to be paid to the applicant.
- (4) The amount of compensation to be paid is the amount the relevant court thinks reasonable, having regard to the loss suffered and any other relevant circumstances.
- (5) If the cryptoassets were seized, or the crypto wallet freezing order was applied for, by an officer of Revenue and Customs, the compensation is to be paid by the Commissioners for His Majesty's Revenue and Customs.
- (6) If the cryptoassets were seized, or the crypto wallet freezing order was applied for, by a constable, the compensation is to be paid as follows—
- (a) in the case of a constable of a police force in England and Wales, it is to be paid out of the police fund from which the expenses of the police force are met;
  - (b) in the case of a constable of the Police Service of Scotland, it is to be paid by the Scottish Police Authority;
  - (c) in the case of a police officer within the meaning of the Police (Northern Ireland) Act 2000, it is to be paid out of money provided by the Chief Constable of the Police Service of Northern Ireland.
- (7) If the cryptoassets were seized, or the crypto wallet freezing order was applied for, by an SFO officer, the compensation is to be paid by the Director of the Serious Fraud Office.
- (8) If the cryptoassets were seized, or the crypto wallet freezing order was applied for, by a National Crime Agency officer, the compensation is to be paid by the National Crime Agency.

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- (9) If the cryptoassets were seized, or the crypto wallet freezing order was applied for, by an accredited financial investigator who was not an officer of Revenue and Customs, a constable, an SFO officer or a National Crime Agency officer, the compensation is to be paid as follows—
- (a) in the case of an investigator who was—
    - (i) a member of the civilian staff of a police force (including the metropolitan police force), within the meaning of Part 1 of the Police Reform and Social Responsibility Act 2011, or
    - (ii) a member of staff of the City of London police force,
 it is to be paid out of the police fund from which the expenses of the police force are met,
  - (b) in the case of an investigator who was a member of staff of the Police Service of Northern Ireland, it is to be paid out of money provided by the Chief Constable of the Police Service of Northern Ireland,
  - (c) in the case of an investigator who was a member of staff of a department of the Government of the United Kingdom, it is to be paid by the Minister of the Crown in charge of the department or by the department,
  - (d) in the case of an investigator who was a member of staff of a Northern Ireland department, it is to be paid by the department,
  - (e) in the case of an investigator who was exercising a function of the Welsh Revenue Authority, it is to be paid by the Welsh Revenue Authority, and
  - (f) in any other case, it is to be paid by the employer of the investigator.
- (10) The Secretary of State may by regulations amend subsection (9).
- (11) The power in subsection (10) is exercisable by the Department of Justice (and not by the Secretary of State) so far as it may be used to make provision that—
- (a) would be within the legislative competence of the Northern Ireland Assembly if contained in an Act of that Assembly, and
  - (b) would not, if contained in a Bill for an Act of the Northern Ireland Assembly, result in the Bill requiring the consent of the Secretary of State.
- (12) If an order under section [303Z37](#), [303Z41](#), [303Z44](#) or [303Z45](#) is made in respect of some of the cryptoassets detained or held, this section has effect in relation to the remainder.
- (13) In this section “relevant court” means—
- (a) in England and Wales and Northern Ireland, a magistrates’ court, and
  - (b) in Scotland, the sheriff.

### **303Z53 Powers for prosecutors to appear in proceedings**

- (1) The Director of Public Prosecutions or the Director of Public Prosecutions for Northern Ireland may appear for a constable or an accredited financial investigator in proceedings under this Chapter if the Director—
- (a) is asked by, or on behalf of, a constable or (as the case may be) an accredited financial investigator to do so, and

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- (b) considers it appropriate to do so.
- (2) The Director of Public Prosecutions may appear for the Commissioners for His Majesty’s Revenue and Customs or an officer of Revenue and Customs in proceedings under this Chapter if the Director—
  - (a) is asked by, or on behalf of, the Commissioners for His Majesty’s Revenue and Customs or (as the case may be) an officer of Revenue and Customs to do so, and
  - (b) considers it appropriate to do so.
- (3) The Directors may charge fees for the provision of services under this section.
- (4) The references in subsection (1) to an accredited financial investigator do not include an accredited financial investigator who is an officer of Revenue and Customs but the references in subsection (2) to an officer of Revenue and Customs do include an accredited financial investigator who is an officer of Revenue and Customs.

## CHAPTER 3F

### CONVERSION OF CRYPTOASSETS

#### *Conversion*

#### **303Z54 Detained cryptoassets: conversion**

- (1) Subsection (2) applies while any cryptoassets are detained in pursuance of an order under section 303Z30 or 303Z32 (including where cryptoassets are subject to forfeiture proceedings).
- (2) A person within subsection (3) may apply to the relevant court for an order requiring all of the cryptoassets detained pursuant to the order to be converted into money.
- (3) The following persons are within this subsection—
  - (a) an enforcement officer;
  - (b) a person from whom the cryptoassets were seized.
- (4) In deciding whether to make an order under this section, the court must have regard to whether the cryptoassets (as a whole) are likely to suffer a significant loss in value during the period before they are released or forfeited (including the period during which an appeal against an order for forfeiture may be made).
- (5) Before making an order under this section the court must give an opportunity to be heard to—
  - (a) the parties to the proceedings, and
  - (b) any other person who may be affected by its decision.
- (6) As soon as practicable after an order is made under this section, an enforcement officer must convert the cryptoassets, or arrange for the cryptoassets to be converted, into money.

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- (7) The conversion of cryptoassets under subsection (6) must be carried out, so far as practicable, in the manner best calculated to maximise the amount of money obtained for the cryptoassets.
- (8) At the first opportunity after the cryptoassets are converted, the enforcement officer must arrange for the amount of money obtained for the cryptoassets to be paid into an interest-bearing account and held there.
- (9) Interest accruing on the amount is to be added to it on its forfeiture or release.
- (10) Where cryptoassets are converted into money in accordance with an order made under this section—
  - (a) the cryptoassets are no longer to be treated as being detained in pursuance of an order under section 303Z30 or 303Z32, and
  - (b) any application made under section 303Z41(2) in relation to the cryptoassets which has not yet been determined or otherwise disposed of (including under section 303Z44 or 303Z45) is to be treated as if it were an application made under section 303Z60(2) in relation to the converted cryptoassets.
- (11) An order made under this section must provide for notice to be given to persons affected by the order.
- (12) No appeal may be made against an order made under this section.

### **303Z55 Frozen crypto wallet: conversion**

- (1) This section applies while a crypto wallet freezing order under section 303Z37 has effect (including where cryptoassets held in a crypto wallet that is subject to a crypto wallet freezing order are subject to forfeiture proceedings).
- (2) A person within subsection (3) may apply to the relevant court for an order requiring all of the cryptoassets held in the crypto wallet to be converted into money.
- (3) The following persons are within this subsection—
  - (a) an enforcement officer;
  - (b) a person by or for whom the crypto wallet is administered.
- (4) In deciding whether to make an order under this section, the court must have regard to whether the cryptoassets (as a whole) are likely to suffer a significant loss in value during the period before—
  - (a) the crypto wallet freezing order ceases to have effect, or
  - (b) the cryptoassets are forfeited (including the period during which an appeal against an order for forfeiture may be made).
- (5) Before making an order under this section the court must give an opportunity to be heard to—
  - (a) the parties to the proceedings, and
  - (b) any other person who may be affected by its decision.
- (6) As soon as practicable after an order is made under this section, the UK-connected cryptoasset service provider that administers the crypto

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wallet must convert the cryptoassets, or arrange for the cryptoassets to be converted, into money.

- (7) The conversion of cryptoassets under subsection (6) must be carried out, so far as practicable, in the manner best calculated to maximise the amount of money obtained for the cryptoassets.
- (8) At the first opportunity after the cryptoassets are converted, the UK-connected cryptoasset service provider must arrange for the amount of money obtained for the cryptoassets to be paid into an interest-bearing account nominated by an enforcement officer and held there.
- (9) But—
  - (a) the UK-connected cryptoasset service provider may deduct any reasonable expenses incurred by the provider in connection with the conversion of the cryptoassets, and
  - (b) the amount to be treated as the proceeds of the conversion of the cryptoassets is to be reduced accordingly.
- (10) Interest accruing on the amount obtained for the cryptoassets is to be added to it on its forfeiture or release.
- (11) Where cryptoassets are converted in accordance with an order made under this section—
  - (a) the crypto wallet freezing order ceases to have effect,
  - (b) any application made under section 303Z41(2) in relation to the cryptoassets which has not yet been determined or otherwise disposed of (including under section 303Z44 or 303Z45) is to be treated as if it were an application made under section 303Z60(2) in relation to the converted cryptoassets, and
  - (c) any application made under section 303Z46(2) in relation to the crypto wallet which has not yet been determined or otherwise disposed of may not be proceeded with.
- (12) An order made under this section must provide for notice to be given to persons affected by the order.
- (13) No appeal may be made against an order made under this section.

### **303Z56 Conversion: existing forfeiture proceedings**

- (1) Where—
  - (a) cryptoassets are forfeited under section 303Z41 or 303Z45, and
  - (b) before the cryptoassets are realised or destroyed in accordance with section 303Z48, an order is made under section 303Z54 requiring the cryptoassets to be converted into money,section 303Z62(1) applies in relation to the converted cryptoassets as if they had been detained under section 303Z57 and forfeited under section 303Z60 (and accordingly section 303Z48 ceases to apply).
- (2) Where—
  - (a) cryptoassets are forfeited under section 303Z41 or 303Z45, and

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(b) before the cryptoassets are realised or destroyed in accordance with section 303Z48, an order is made under section 303Z55 requiring the cryptoassets to be converted into money, section 303Z62(2) applies in relation to the converted cryptoassets as if they had been detained under section 303Z58 and forfeited under section 303Z60 (and accordingly section 303Z48 ceases to apply).

(3) Where—

(a) an appeal may be made under section 303Z47(1) or (2) in relation to the determination of an application under section 303Z41(2) for the forfeiture of cryptoassets (including where section 303Z44 or 303Z45 applies), and

(b) an order is made under section 303Z54 or 303Z55 requiring the cryptoassets to be converted into money,

the appeal may instead be made under section 303Z61 (within the time allowed by section 303Z47(4)) as if it were an appeal against the determination of an application under section 303Z60.

(4) Where—

(a) an appeal is made under section 303Z47(1) or (2) in relation to the determination of an application under section 303Z41(2) for the forfeiture of cryptoassets (including where section 303Z44 or 303Z45 applies), and

(b) before the appeal is determined or otherwise disposed of, an order is made under section 303Z54 or 303Z55 requiring the cryptoassets to be converted into money,

the appeal is to be treated as if it had been made under section 303Z61(1) in relation to the determination of an application under section 303Z60 for the forfeiture of the converted cryptoassets.

### *Detention*

#### **303Z57 Detained cryptoassets: detention of proceeds of conversion**

(1) This section applies where cryptoassets are converted into money in accordance with an order under section 303Z54.

(2) The proceeds of the conversion (the “converted cryptoassets”) may be detained initially until the end of the period that the cryptoassets could, immediately before the conversion, have been detained under Chapter 3C (ignoring the possibility of any extension of that period).

(3) The period for which the converted cryptoassets may be detained may be extended by an order made by the relevant court.

(4) An order under subsection (3) may not authorise the detention of the converted cryptoassets beyond the end of the period of 2 years beginning with the relevant date; but this is subject to subsection (5).

(5) The relevant court may make an order for the period of 2 years in subsection (4) to be extended to a period of up to 3 years beginning with the relevant date.



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- (6) In subsections (4) and (5) “the relevant date” means the date on which the first order under section 303Z30 or 303Z32 (as the case may be) was made in relation to the cryptoassets.
- (7) An application for an order under subsection (3) or (5) may be made—
- (a) in relation to England and Wales and Northern Ireland, by—
    - (i) the Commissioners for His Majesty’s Revenue and Customs,
    - (ii) a constable,
    - (iii) an SFO officer, or
    - (iv) an accredited financial investigator who falls within a description specified in an order made for the purposes of this Chapter by the Secretary of State or the Welsh Ministers under section 453, and
  - (b) in relation to Scotland, by the Scottish Ministers in connection with their functions under section 303Z41 or by a procurator fiscal.
- (8) The relevant court may make an order under subsection (3) only if satisfied that there are reasonable grounds for suspecting that the converted cryptoassets to be further detained—
- (a) are recoverable property, or
  - (b) are intended by any person for use in unlawful conduct.
- (9) The relevant court may make an order under subsection (5) only if satisfied that a request for assistance is outstanding in relation to the cryptoassets mentioned in subsection (1).
- (10) A “request for assistance” in subsection (9) means a request for assistance in obtaining evidence (including information in any form or article) in connection with the cryptoassets, made—
- (a) by a judicial authority in the United Kingdom under section 7 of the Crime (International Co-operation) Act 2003,
  - (b) by an enforcement officer, to an authority exercising equivalent functions in a foreign country,
  - (c) by the Scottish Ministers in connection with their functions under this Part, to an authority exercising equivalent functions in a foreign country, or
  - (d) by a person under section 375A or 408A (evidence overseas).

### **303Z58 Frozen crypto wallets: detention of proceeds of conversion**

- (1) This section applies where cryptoassets held in a crypto wallet subject to a crypto wallet freezing order are converted into money in accordance with an order under section 303Z55.
- (2) The proceeds of the conversion (the “converted cryptoassets”) may be detained initially until the end of the period that the crypto wallet freezing order was, immediately before the conversion, due to have effect under Chapter 3D (ignoring the possibility of any extension of that period).
- (3) The period for which the converted cryptoassets may be detained may be extended by an order made by the relevant court.

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- (4) An order under subsection (3) may not authorise the detention of the converted cryptoassets beyond the end of the period of 2 years beginning with the day on which the crypto wallet freezing order was made; but this is subject to subsection (5).
- (5) The relevant court may make an order for the period of 2 years in subsection (4) to be extended to a period of up to 3 years beginning with the day on which the crypto wallet freezing order was made.
- (6) An application for an order under subsection (3) or (5) may be made—
- (a) in relation to England and Wales and Northern Ireland, by—
    - (i) the Commissioners for His Majesty’s Revenue and Customs,
    - (ii) a constable,
    - (iii) an SFO officer, or
    - (iv) an accredited financial investigator who falls within a description specified in an order made for the purposes of this Chapter by the Secretary of State or the Welsh Ministers under section 453, and
  - (b) in relation to Scotland, by the Scottish Ministers in connection with their functions under section 303Z41 or by a procurator fiscal.
- (7) The relevant court may make an order under subsection (3) only if satisfied that there are reasonable grounds for suspecting that the converted cryptoassets to be further detained—
- (a) are recoverable property, or
  - (b) are intended by any person for use in unlawful conduct.
- (8) The relevant court may make an order under subsection (5) only if satisfied that a request for assistance is outstanding in relation to the cryptoassets mentioned in subsection (1).
- (9) A “request for assistance” in subsection (8) means a request for assistance in obtaining evidence (including information in any form or article) in connection with the cryptoassets, made—
- (a) by a judicial authority in the United Kingdom under section 7 of the Crime (International Co-operation) Act 2003,
  - (b) by an enforcement officer, to an authority exercising equivalent functions in a foreign country,
  - (c) by the Scottish Ministers in connection with their functions under this Part, to an authority exercising equivalent functions in a foreign country, or
  - (d) by a person under section 375A or 408A (evidence overseas).

*Release*

**303Z59 Release of detained converted cryptoassets**

- (1) This section applies while any converted cryptoassets are detained under section 303Z57 or 303Z58.

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- (2) The relevant court may direct the release of the whole or any part of the converted cryptoassets if the following condition is met.
- (3) The condition is that, on an application by the relevant person, the court is not satisfied that there are reasonable grounds for suspecting that the converted cryptoassets to be released—
  - (a) are recoverable property, or
  - (b) are intended by any person for use in unlawful conduct.
- (4) In subsection (3) “the relevant person” means—
  - (a) in the case of converted cryptoassets detained under section 303Z57, the person from whom the cryptoassets mentioned in subsection (1) of that section were seized, and
  - (b) in the case of converted cryptoassets detained under section 303Z58, any person affected by the crypto wallet freezing order mentioned in subsection (1) of that section.
- (5) A person within subsection (6) may, after notifying the magistrates’ court or sheriff under whose order converted cryptoassets are being detained, release the whole or any part of the converted cryptoassets if satisfied that the detention is no longer justified.
- (6) The following persons are within this subsection—
  - (a) in relation to England and Wales or Northern Ireland, an enforcement officer;
  - (b) in relation to Scotland—
    - (i) the Scottish Ministers,
    - (ii) an officer of Revenue and Customs,
    - (iii) a constable, and
    - (iv) a procurator fiscal.

### *Forfeiture*

#### **303Z60 Forfeiture order**

- (1) This section applies while any converted cryptoassets are detained under section 303Z57 or 303Z58.
- (2) An application for the forfeiture of some or all of the converted cryptoassets may be made—
  - (a) to a magistrates’ court by a person within subsection (3), or
  - (b) to the sheriff by the Scottish Ministers.
- (3) The following persons are within this subsection—
  - (a) the Commissioners for His Majesty’s Revenue and Customs,
  - (b) a constable,
  - (c) an SFO officer, and
  - (d) an accredited financial investigator who falls within a description specified in an order made for the purposes of this Chapter by the Secretary of State or the Welsh Ministers under section 453.

- (4) The court or sheriff may order the forfeiture of some or all of the converted cryptoassets if satisfied that the converted cryptoassets to be forfeited—
  - (a) are recoverable property, or
  - (b) are intended by any person for use in unlawful conduct.
- (5) But in the case of recoverable property which belongs to joint tenants, one of whom is an excepted joint owner, the order may not apply to so much of it as the court thinks is attributable to the excepted joint owner's share.
- (6) Where an application for forfeiture is made under this section, the converted cryptoassets are to continue to be detained under section 303Z57 or 303Z58 (and may not be released under any power conferred by this Chapter) until any proceedings in pursuance of the application (including any proceedings on appeal) are concluded.

### **303Z61 Appeal against decision under section 303Z60**

- (1) Any party to proceedings for an order for the forfeiture of converted cryptoassets under section 303Z60 who is aggrieved by an order under that section or by the decision of the court not to make such an order may appeal—
  - (a) from an order or decision of a magistrates' court in England and Wales, to the Crown Court;
  - (b) from an order or decision of the sheriff, to the Sheriff Appeal Court;
  - (c) from an order or decision of a magistrates' court in Northern Ireland, to a county court.
- (2) An appeal under subsection (1) must be made before the end of the period of 30 days starting with the day on which the court makes the order or decision.
- (3) The court hearing the appeal may make any order it thinks appropriate.
- (4) If the court upholds an appeal against an order forfeiting the converted cryptoassets, it may order the release of some or all of the converted cryptoassets.

### **303Z62 Application of forfeited converted cryptoassets**

- (1) Converted cryptoassets detained under section 303Z57 and forfeited under section 303Z60, and any accrued interest on them, must be applied as follows—
  - (a) first, they must be applied in making any payment of reasonable expenses incurred by an enforcement officer in connection with the safe storage of the cryptoassets mentioned in section 303Z57(1) during the period the cryptoassets were detained under Chapter 3C;
  - (b) second, they must be applied in making any payment of reasonable expenses incurred by an enforcement officer in connection with the conversion of those cryptoassets under section 303Z54(6);
  - (c) third, they must be applied in making any payment of reasonable expenses incurred by an enforcement officer in connection with the detention of the converted cryptoassets under this Chapter;
  - (d) fourth, they must be paid—

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- (i) if forfeited by a magistrates' court in England and Wales or Northern Ireland, into the Consolidated Fund, and
  - (ii) if forfeited by the sheriff, into the Scottish Consolidated Fund.
- (2) Converted cryptoassets detained under section 303Z58 and forfeited under section 303Z60, and any accrued interest on them, must be applied as follows—
  - (a) first, they must be applied in making any payment of reasonable expenses incurred by an enforcement officer in connection with the detention of the converted cryptoassets under this Chapter;
  - (b) second, they must be paid—
    - (i) if forfeited by a magistrates' court in England and Wales or Northern Ireland, into the Consolidated Fund, and
    - (ii) if forfeited by the sheriff, into the Scottish Consolidated Fund.
- (3) But converted cryptoassets are not to be applied or paid under subsection (1) or (2)—
  - (a) before the end of the period within which an appeal under section 303Z61 may be made, or
  - (b) if a person appeals under that section, before the appeal is determined or otherwise disposed of.

### *Supplementary*

#### **303Z63 Victims and other owners**

- (1) This section applies where converted cryptoassets are detained under this Chapter.
- (2) Where this section applies, a person (“P”) who claims that the relevant cryptoassets belonged to P immediately before—
  - (a) the relevant cryptoassets were seized, or
  - (b) the crypto wallet freezing order was made in relation to the crypto wallet in which the relevant cryptoassets were held,may apply to the relevant court for some or all of the converted cryptoassets to be released to P.
- (3) The application may be made in the course of proceedings under section 303Z57, 303Z58 or 303Z60 or at any other time.
- (4) The relevant court may order the converted cryptoassets to which the application relates to be released to the applicant if it appears to the relevant court that the condition in subsection (5) is met.
- (5) The condition in this subsection is that—
  - (a) the applicant was deprived of the relevant cryptoassets, or of property which they represent, by unlawful conduct,
  - (b) the relevant cryptoassets the applicant was deprived of were not, immediately before the applicant was deprived of them, recoverable property, and

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- (c) the relevant cryptoassets belonged to the applicant immediately before—
  - (i) the relevant cryptoassets were seized, or
  - (ii) the crypto wallet freezing order was made in relation to the crypto wallet in which the relevant cryptoassets were held.
- (6) If subsection (7) applies, the relevant court may order the converted cryptoassets to which the application relates to be released to the applicant or to the person from whom the relevant cryptoassets were seized.
- (7) This subsection applies where—
  - (a) the applicant is not the person from whom the relevant cryptoassets were seized,
  - (b) it appears to the relevant court that the relevant cryptoassets belonged to the applicant immediately before—
    - (i) the relevant cryptoassets were seized, or
    - (ii) the crypto wallet freezing order was made in relation to the crypto wallet in which the relevant cryptoassets were held,
  - (c) the relevant court is satisfied that the release condition is met in relation to the converted cryptoassets, and
  - (d) no objection to the making of an order under subsection (6) has been made by the person from whom the relevant cryptoassets were seized.
- (8) The release condition is met—
  - (a) if the conditions in this Chapter for the detention of the converted cryptoassets are no longer met, or
  - (b) in relation to converted cryptoassets which are subject to an application for forfeiture under section 303Z60, if the court or sheriff decides not to make an order under that section in relation to the converted cryptoassets.
- (9) Where subsection (2)(b) applies, references in this section to a person from whom relevant cryptoassets were seized include a reference to a person by or for whom the crypto wallet mentioned in that provision was administered immediately before the crypto wallet freezing order was made in relation to the crypto wallet.
- (10) In this section “the relevant cryptoassets” means—
  - (a) in relation to converted cryptoassets detained under section 303Z57, some or all of the cryptoassets mentioned in subsection (1) of that section, and
  - (b) in relation to converted cryptoassets detained under section 303Z58, some or all of the cryptoassets mentioned in subsection (1) of that section.

### **303Z64 Compensation**

- (1) This section applies if no order is made under section 303Z60 in respect of converted cryptoassets detained under this Chapter.
- (2) Where this section applies, the following may make an application to the relevant court for compensation—

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- (a) a person to whom the relevant cryptoassets belonged immediately before they were seized;
  - (b) a person from whom the relevant cryptoassets were seized;
  - (c) a person by or for whom the crypto wallet mentioned in section 303Z58(1) was administered immediately before the crypto wallet freezing order was made in relation to the crypto wallet.
- (3) If the relevant court is satisfied that—
  - (a) the applicant has suffered loss as a result of—
    - (i) the conversion of the relevant cryptoassets into money, or
    - (ii) the detention of the converted cryptoassets, and
  - (b) the circumstances are exceptional,the relevant court may order compensation to be paid to the applicant.
- (4) The amount of compensation to be paid is the amount the relevant court thinks reasonable, having regard to the loss suffered and any other relevant circumstances.
- (5) If the relevant cryptoassets were seized, or the relevant crypto wallet freezing order was applied for, by an officer of Revenue and Customs, the compensation is to be paid by the Commissioners for His Majesty's Revenue and Customs.
- (6) If the relevant cryptoassets were seized, or the relevant crypto wallet freezing order was applied for, by a constable, the compensation is to be paid as follows—
  - (a) in the case of a constable of a police force in England and Wales, it is to be paid out of the police fund from which the expenses of the police force are met;
  - (b) in the case of a constable of the Police Service of Scotland, it is to be paid by the Scottish Police Authority;
  - (c) in the case of a police officer within the meaning of the Police (Northern Ireland) Act 2000, it is to be paid out of money provided by the Chief Constable of the Police Service of Northern Ireland.
- (7) If the relevant cryptoassets were seized, or the relevant crypto wallet freezing order was applied for, by an SFO officer, the compensation is to be paid by the Director of the Serious Fraud Office.
- (8) If the relevant cryptoassets were seized, or the relevant crypto wallet freezing order was applied for, by a National Crime Agency officer, the compensation is to be paid by the National Crime Agency.
- (9) If the relevant cryptoassets were seized, or the relevant crypto wallet freezing order was applied for, by an accredited financial investigator who was not an officer of Revenue and Customs, a constable, an SFO officer or a National Crime Agency officer, the compensation is to be paid as follows—
  - (a) in the case of an investigator who was—
    - (i) a member of the civilian staff of a police force (including the metropolitan police force), within the meaning of Part 1 of the Police Reform and Social Responsibility Act 2011, or
    - (ii) a member of staff of the City of London police force,

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- it is to be paid out of the police fund from which the expenses of the police force are met,
- (b) in the case of an investigator who was a member of staff of the Police Service of Northern Ireland, it is to be paid out of money provided by the Chief Constable of the Police Service of Northern Ireland,
  - (c) in the case of an investigator who was a member of staff of a department of the Government of the United Kingdom, it is to be paid by the Minister of the Crown in charge of the department or by the department,
  - (d) in the case of an investigator who was a member of staff of a Northern Ireland department, it is to be paid by the department,
  - (e) in the case of an investigator who was exercising a function of the Welsh Revenue Authority, it is to be paid by the Welsh Revenue Authority, and
  - (f) in any other case, it is to be paid by the employer of the investigator.
- (10) The Secretary of State may by regulations amend subsection (9).
- (11) The power in subsection (10) is exercisable by the Department of Justice (and not by the Secretary of State) so far as it may be used to make provision that—
- (a) would be within the legislative competence of the Northern Ireland Assembly if contained in an Act of that Assembly, and
  - (b) would not, if contained in a Bill for an Act of the Northern Ireland Assembly, result in the Bill requiring the consent of the Secretary of State.
- (12) In this section—
- “the relevant cryptoassets” means—
- (a) in relation to converted cryptoassets detained under section 303Z57, the cryptoassets mentioned in subsection (1) of that section;
  - (b) in relation to converted cryptoassets detained under section 303Z58, the cryptoassets mentioned in subsection (1) of that section;
- “the relevant crypto wallet freezing order”, in relation to converted cryptoassets detained under section 303Z58, means the crypto wallet freezing order mentioned in subsection (1) of that section.

### **303Z65 Powers for prosecutors to appear in proceedings**

- (1) The Director of Public Prosecutions or the Director of Public Prosecutions for Northern Ireland may appear for a constable or an accredited financial investigator in proceedings under this Chapter if the Director—
  - (a) is asked by, or on behalf of, a constable or (as the case may be) an accredited financial investigator to do so, and
  - (b) considers it appropriate to do so.
- (2) The Director of Public Prosecutions may appear for the Commissioners for His Majesty’s Revenue and Customs or an officer of Revenue and Customs in proceedings under this Chapter if the Director—



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- (a) is asked by, or on behalf of, the Commissioners for His Majesty’s Revenue and Customs or (as the case may be) an officer of Revenue and Customs to do so, and
  - (b) considers it appropriate to do so.
- (3) The Directors may charge fees for the provision of services under this section.
- (4) The references in subsection (1) to an accredited financial investigator do not include an accredited financial investigator who is an officer of Revenue and Customs but the references in subsection (2) to an officer of Revenue and Customs do include an accredited financial investigator who is an officer of Revenue and Customs.

### *Interpretation*

#### **303Z66 Interpretation**

- (1) In this Chapter—
- “converted cryptoassets” is to be read in accordance with sections 303Z57 and 303Z58;
  - “crypto wallet freezing order” has the same meaning as in Chapter 3D (see section 303Z36);
  - “enforcement officer” has the meaning given by section 303Z20;
  - “relevant court” means—
    - (a) in England and Wales and Northern Ireland, a magistrates’ court, and
    - (b) in Scotland, the sheriff;
  - “relevant financial institution” has the meaning given by section 303Z1(6);
  - “UK-connected cryptoasset service provider” has the meaning given by section 303Z36.
- (2) Section 303Z36(4)(b) applies in relation to this Chapter as it applies in relation to Chapter 3D.
- (3) In this Chapter references to the conversion of cryptoassets into money are references to the conversion of cryptoassets into—
- (a) cash, or
  - (b) money held in an account maintained with a relevant financial institution.”

## **PART 2**

### CONSEQUENTIAL AND OTHER AMENDMENTS

#### *Amendments to the Proceeds of Crime Act 2002*

- 2 In section 2C(3A) of the Proceeds of Crime Act 2002 (prosecuting authorities), for “or 303Z19” substitute “, 303Z19, 303Z53 or 303Z65”.

- 3 (1) Part 2 of the Proceeds of Crime Act 2002 (confiscation: England and Wales) is amended as follows.
- (2) In section 7 (recoverable amount)—
- (a) in subsection (4)(c), for “or 303Z14(4)” substitute “, 303Z14(4), 303Z41(4), 303Z45(3) or 303Z60(4)”;
  - (b) in subsection (4)(d), after “303Q(1)” insert “or 303Z44(1)”.
- (3) In section 82 (free property)—
- (a) in subsection (2)—
    - (i) in paragraph (ea), for “or 10Z2(3)” substitute “, 10Z2(3), 10Z7AG(1), 10Z7BB(2), 10Z7CA(3), 10Z7CE(3) or 10Z7DG(3)”;
    - (ii) in paragraph (f), for “or 303Z14(4)” substitute “, 303Z14(4), 303Z32(1), 303Z37(2), 303Z41(4), 303Z45(3) or 303Z60(4)”;
  - (b) in subsection (3)—
    - (i) after paragraph (b) insert—
      - “(ba) it is detained under section 303Z30, 303Z31 or 303Z32 in a case where section 303Z42(2) applies;
      - (bb) it is detained under section 303Z57 or 303Z58 in a case where section 303Z60(6) applies;”;
    - (ii) in paragraph (c), after “303Q(1)” insert “or 303Z44(1)”;
    - (iii) after paragraph (e) insert—
      - “(ea) it is detained under paragraph 10Z7AE, 10Z7AF or 10Z7AG of that Schedule in a case where paragraph 10Z7CB(2) of that Schedule applies;
      - (eb) it is detained under paragraph 10Z7DD or 10Z7DE of that Schedule in a case where paragraph 10Z7DG(5) of that Schedule applies;”;
    - (iv) in paragraph (f), after “10I(1)” insert “or 10Z7CD(1)”.
- 4 (1) Part 3 of the Proceeds of Crime Act 2002 (confiscation: Scotland) is amended as follows.
- (2) In section 93 (recoverable amount)—
- (a) in subsection (4)(c), for “or 303Z14(4)” substitute “, 303Z14(4), 303Z41(4), 303Z45(3) or 303Z60(4)”;
  - (b) in subsection (4)(d), after “303Q(1)” insert “or 303Z44(1)”.
- (3) In section 148 (free property)—
- (a) in subsection (2)—
    - (i) in paragraph (ea), for “or 10Z2(3)” substitute “, 10Z2(3), 10Z7AG(1), 10Z7BB(2), 10Z7CA(3), 10Z7CE(3) or 10Z7DG(3)”;
    - (ii) in paragraph (f), for “or 303Z14(4)” substitute “, 303Z14(4), 303Z32(1), 303Z37(2), 303Z41(4), 303Z45(3) or 303Z60(4)”;
  - (b) in subsection (3)—
    - (i) after paragraph (b) insert—
      - “(ba) it is detained under section 303Z30, 303Z31 or 303Z32 in a case where section 303Z42(2) applies;
      - (bb) it is detained under section 303Z57 or 303Z58 in a case where section 303Z60(6) applies;”;
    - (ii) in paragraph (c), after “303Q(1)” insert “or 303Z44(1)”;

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- (iii) after paragraph (e) insert—
    - “(ea) it is detained under paragraph 10Z7AE, 10Z7AF or 10Z7AG of that Schedule in a case where paragraph 10Z7CB(2) of that Schedule applies;
    - (eb) it is detained under paragraph 10Z7DD or 10Z7DE of that Schedule in a case where paragraph 10Z7DG(5) of that Schedule applies;”;
  - (iv) in paragraph (f), after “10I(1)” insert “or 10Z7CD(1)”.
- 5 (1) Part 4 of the Proceeds of Crime Act 2002 (confiscation: Northern Ireland) is amended as follows.
  - (2) In section 157 (recoverable amount)—
    - (a) in subsection (4)(c), for “or 303Z14(4)” substitute “, 303Z14(4), 303Z41(4), 303Z45(3) or 303Z60(4)”;
    - (b) in subsection (4)(d), after “303Q(1)” insert “or 303Z44(1)”.
  - (3) In section 230 (free property)—
    - (a) in subsection (2)—
      - (i) in paragraph (ea), for “or 10Z2(3)” substitute “, 10Z2(3), 10Z7AG(1), 10Z7BB(2), 10Z7CA(3), 10Z7CE(3) or 10Z7DG(3)”;
      - (ii) in paragraph (f), for “or 303Z14(4)” substitute “, 303Z14(4), 303Z32(1), 303Z37(2), 303Z41(4), 303Z45(3) or 303Z60(4)”;
    - (b) in subsection (3)—
      - (i) after paragraph (b) insert—
        - “(ba) it is detained under section 303Z30, 303Z31 or 303Z32 in a case where section 303Z42(2) applies;
        - (bb) it is detained under section 303Z57 or 303Z58 in a case where section 303Z60(6) applies;”;
      - (ii) in paragraph (c), after “303Q(1)” insert “or 303Z44(1)”;
      - (iii) after paragraph (e) insert—
        - “(ea) it is detained under paragraph 10Z7AE, 10Z7AF or 10Z7AG of that Schedule in a case where paragraph 10Z7CB(2) of that Schedule applies;
        - (eb) it is detained under paragraph 10Z7DD or 10Z7DE of that Schedule in a case where paragraph 10Z7DG(5) of that Schedule applies;”;
      - (iv) in paragraph (f), after “10I(1)” insert “or 10Z7CD(1)”.
- 6 (1) Part 5 of the Proceeds of Crime Act 2002 (civil recovery of the proceeds etc of unlawful conduct) is amended as follows.
  - (2) In section 278 (limit on recovery)—
    - (a) in subsection (7)(a), for “or 303Z14” substitute “, 303Z14, 303Z41, 303Z45 or 303Z60”;
    - (b) after subsection (7A) insert—
      - “(7B) If—
        - (a) an order is made under section 303Z44 instead of an order being made under section 303Z41 for the forfeiture of recoverable property, and

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- (b) the enforcement authority subsequently seeks a recovery order in respect of related property,

the order under section 303Z44 is to be treated for the purposes of this section as if it were a recovery order obtained by the enforcement authority in respect of the property that was the forfeitable property in relation to the order under section 303Z44.”

- (3) In section 290 (prior approval - cash), in subsection (6A)—
- (a) after “section 303J” insert “, 303Z26 or 303Z29”;
  - (b) after “section 303K(5)” insert “, 303Z27(3) or (as the case may be) 303Z31(3)”.
- (4) In section 303E (prior approval - listed assets), in subsection (7)—
- (a) after “section 294” insert “or property by virtue of section 303Z26 or 303Z29”;
  - (b) after “cash”, in the second place it occurs, insert “or property”;
  - (c) after “section 295(1B)” insert “, 303Z27(3) or (as the case may be) 303Z31(3)”.
- (5) Before section 303Z18 (but after the italic heading “Supplementary”) insert—

**“303Z17A Victims and other owners**

- (1) A person who claims that money in respect of which an account freezing order has effect belongs to them may apply for the money to be released.
- (2) An application under subsection (1) is to be made—
  - (a) in England and Wales or Northern Ireland, to a magistrates’ court;
  - (b) in Scotland, to the sheriff.
- (3) The application may be made in the course of proceedings under section 303Z3 or 303Z14 or at any other time.
- (4) The court or sheriff may, subject to subsection (8), order the money to which the application relates to be released to the applicant if it appears to the court or sheriff that—
  - (a) the applicant was deprived of the money to which the application relates, or of property which it represents, by unlawful conduct,
  - (b) the money the applicant was deprived of was not, immediately before the applicant was deprived of it, recoverable property, and
  - (c) the money belongs to the applicant.
- (5) If subsection (6) applies, the court or sheriff may, subject to subsection (8), order the money to which the application relates to be released to the applicant.
- (6) This subsection applies where—
  - (a) the applicant is not the person from whom the money to which the application relates was seized,
  - (b) it appears to the court or sheriff that the money belongs to the applicant,
  - (c) the court or sheriff is satisfied that the release condition is met in relation to the money, and

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- (d) no objection to the making of an order under subsection (5) has been made by the person from whom the money was seized.
  - (7) The release condition is met—
    - (a) in relation to money held in a frozen account, if the conditions for making an order under section 303Z3 in relation to the money are no longer met, or
    - (b) in relation to money held in a frozen account which is subject to an application for forfeiture under section 303Z14, if the court or sheriff decides not to make an order under that section in relation to the money.
  - (8) Money is not to be released under this section—
    - (a) if an account forfeiture notice under section 303Z9 is given in respect of the money, until any proceedings in pursuance of the notice (including any proceedings on appeal) are concluded;
    - (b) if an application for its forfeiture under section 303Z14 is made, until any proceedings in pursuance of the application (including any proceedings on appeal) are concluded.
  - (9) In relation to money held in an account that is subject to an account freezing order, references in this section to a person from whom money was seized include a reference to a person by or for whom the account was operated immediately before the account freezing order was made.”
- (6) After section 311 insert—

*“Chapters 3C to 3F: supplementary*

### **311A Financial investigators**

- (1) This section applies where an accredited financial investigator of a particular description—
    - (a) applies for an order under section 303Z28, 303Z32, 303Z57 or 303Z58 (further detention of cryptoassets etc),
    - (b) applies for forfeiture under section 303Z41 or 303Z60 (forfeiture of cryptoassets etc), or
    - (c) brings an appeal under, or relating to, Chapter 3E or 3F (cryptoassets etc).
  - (2) Any subsequent step in the application or appeal, or any further application or appeal relating to the same matter, may be taken, made or brought by a different accredited financial investigator of the same description.”
- (7) In section 312(2) (performance of functions by Scottish Ministers)—
- (a) in paragraph (c), for “271(3) and (4)” substitute “271”, and
  - (b) after paragraph (p) insert—
    - “(q) section 303Z20(3) (cryptoassets);
    - (r) section 303Z25 (codes of practice);
    - (s) section 303Z28(5)(b) (further detention of seized cryptoasset-related items);

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- (t) section 303Z32(5)(b) (further detention of seized cryptoassets);
  - (u) section 303Z34(4) and (5)(b)(i) (release of cryptoassets and cryptoasset-related items);
  - (v) section 303Z35(5) (crypto wallets);
  - (w) section 303Z41(2)(b) (forfeiture of cryptoassets);
  - (x) section 303Z42(10) (forfeiture of cryptoassets: supplementary);
  - (y) section 303Z44 (agreements about associated and joint property);
  - (z) section 303Z45(10) (associated and joint property: default of agreement);
  - (z1) section 303Z46(2) (continuation of crypto wallet freezing order pending appeal);
  - (z2) section 303Z47(1) (sections 303Z41 to 303Z45: appeals);
  - (z3) section 303Z57(7)(b) (detained cryptoassets: detention of proceeds of conversion);
  - (z4) section 303Z58(6)(b) (frozen crypto wallets: detention of proceeds of conversion);
  - (z5) section 303Z60(2) (forfeiture of converted cryptoassets);
  - (z6) section 303Z61(1) (appeal against decision under section 303Z60).”
- 7 In section 316(1) (general interpretation)—
- (a) in the definition of “the court”, for “and 3B” substitute “, 3B, 3C, 3D, 3E and 3F”;
  - (b) at the appropriate places insert—
    - ““cryptoasset” has the meaning given by section 303Z20;”;
    - ““crypto wallet” has the meaning given by section 303Z20;”;
    - ““justice of the peace”, in relation to Northern Ireland, means lay magistrate;”.
- 8 (1) Part 8 of the Proceeds of Crime Act 2002 (investigations) is amended as follows.
- (2) In section 341 (investigations), after subsection (3C) insert—
- “(3D) For the purposes of this Part a cryptoasset investigation is an investigation for the purposes of Chapter 3C, 3D, 3E or 3F of Part 5 and includes investigation into—
- (a) the derivation of cryptoassets detained under Chapter 3C (including where the cryptoassets have been converted into money in accordance with Chapter 3F),
  - (b) whether cryptoassets or converted cryptoassets detained under Chapter 3C or 3F are intended by any person to be used in unlawful conduct,
  - (c) the derivation of cryptoassets held in a crypto wallet in relation to which a crypto wallet freezing order made under section 303Z37 has effect (including where the cryptoassets have been converted into money in accordance with Chapter 3F), or
  - (d) whether cryptoassets held in such a wallet are intended by any person to be used in unlawful conduct.”

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- (3) In section 342 (offences of prejudicing investigation), in subsection (1) after “frozen funds investigation” insert “, a cryptoasset investigation”.
- (4) In section 343 (judges), in subsection (2) for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- (5) In section 344 (courts), in paragraph (a) for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- (6) In section 345 (production orders), in subsection (2)(b) for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- (7) In section 346 (requirements for making of production order), in subsection (2), after paragraph (bf) insert—
  - “(bg) in the case of a cryptoasset investigation into the derivation of cryptoassets, the cryptoassets the application for the order specifies as being subject to the investigation (or, if the cryptoassets have been converted into money in accordance with Chapter 3F of Part 5, the converted cryptoassets) are recoverable property;
  - (bh) in the case of a cryptoasset investigation into the intended use of cryptoassets, the cryptoassets the application for the order specifies as being subject to the investigation (or, if the cryptoassets have been converted into money in accordance with Chapter 3F of Part 5, the converted cryptoassets) are intended by any person to be used in unlawful conduct.”
- (8) In section 350 (Government departments), in subsection (5)(a) for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- (9) In section 352 (search and seizure warrants), in subsection (2)(b) for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- (10) In section 353 (requirements where production order not available), in subsection (2), after paragraph (bf) insert—
  - “(bg) in the case of a cryptoasset investigation into the derivation of cryptoassets, the cryptoassets specified in the application for the warrant (or, if the cryptoassets have been converted into money in accordance with Chapter 3F of Part 5, the converted cryptoassets) are recoverable property;
  - (bh) in the case of a cryptoasset investigation into the intended use of cryptoassets, the cryptoassets specified in the application for the warrant (or, if the cryptoassets have been converted into money in accordance with Chapter 3F of Part 5, the converted cryptoassets) are intended by any person to be used in unlawful conduct.”
- (11) Section 355 (further provisions) is amended as follows—
  - (a) in the heading, for “and frozen funds” substitute “, frozen funds and cryptoasset”;
  - (b) in subsection (1)(a), for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.

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- (12) In section 357 (disclosure orders), in subsection (2) for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- (13) In section 363 (customer information orders), in subsection (1A) for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- (14) In section 370 (account monitoring orders), in subsection (1A) for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- (15) Section 375A (evidence overseas) is amended as follows—
- (a) in subsection (1), after “frozen funds investigation” insert “, a cryptoasset investigation”;
  - (b) in subsection (5), after paragraph (bb) insert—
    - “(bc) in relation to an application or request made for the purposes of a cryptoasset investigation, evidence as to a matter described in section 341(3D)(a) to (d);”.
- (16) In section 375B (evidence overseas: restrictions on use), in subsection (3), after paragraph (bb) insert—
  - “(bc) if the request was made for the purposes of a cryptoasset investigation, proceedings under Chapter 3C, 3D, 3E or 3F of Part 5 of this Act arising out of the investigation;”.
- (17) In section 378 (officers), after subsection (3F) insert—
  - “(3G) In relation to a cryptoasset investigation these are appropriate officers—
    - (a) a constable;
    - (b) an SFO officer;
    - (c) an accredited financial investigator who falls within a description specified in an order made for the purposes of this paragraph by the Secretary of State or the Welsh Ministers under section 453;
    - (d) an officer of Revenue and Customs.
  - (3H) In relation to a cryptoasset investigation these are senior appropriate officers—
    - (a) a police officer who is not below the rank of inspector;
    - (b) the Director of the Serious Fraud Office;
    - (c) an accredited financial investigator who falls within a description specified in an order made for the purposes of this paragraph by the Secretary of State or the Welsh Ministers under section 453;
    - (d) an officer of Revenue and Customs who is not below such grade as is designated by the Commissioners for His Majesty’s Revenue and Customs as equivalent to the police rank of inspector.”
- (18) In section 380 (production orders)—
- (a) in subsection (2), for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”;
  - (b) in subsection (3)(b), for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.



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- (19) In section 381 (requirements for making of production order), in subsection (2), after paragraph (bf) insert—
- “(bg) in the case of a cryptoasset investigation into the derivation of cryptoassets, the cryptoassets the application for the order specifies as being subject to the investigation (or, if the cryptoassets have been converted into money in accordance with Chapter 3F of Part 5, the converted cryptoassets) are recoverable property;
  - (bh) in the case of a cryptoasset investigation into the intended use of cryptoassets, the cryptoassets the application for the order specifies as being subject to the investigation (or, if the cryptoassets have been converted into money in accordance with Chapter 3F of Part 5, the converted cryptoassets) are intended by any person to be used in unlawful conduct.”
- (20) In section 385 (Government departments), in subsection (4)(b) for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- (21) In section 386 (production orders: supplementary), in subsection (3)(b), for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- (22) In section 387 (search warrants), in subsection (3)(b) for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- (23) In section 388 (requirements where production order not available), in subsection (2), after paragraph (bf) insert—
- “(bg) in the case of a cryptoasset investigation into the derivation of cryptoassets, the cryptoassets specified in the application for the warrant (or, if the cryptoassets have been converted into money in accordance with Chapter 3F of Part 5, the converted cryptoassets) are recoverable property;
  - (bh) in the case of a cryptoasset investigation into the intended use of cryptoassets, the cryptoassets specified in the application for the warrant (or, if the cryptoassets have been converted into money in accordance with Chapter 3F of Part 5, the converted cryptoassets) are intended by any person to be used in unlawful conduct.”
- (24) Section 390 (further provisions) is amended as follows—
- (a) in the heading, for “and money laundering” substitute “, money laundering and cryptoasset”;
  - (b) in subsection (1), for “or money laundering investigations” substitute “, money laundering investigations or cryptoasset investigations”;
  - (c) in subsections (5), (6) and (7), for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- (25) In section 391 (disclosure orders), in subsection (2) for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.

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- (26) In section 397 (customer information orders), in subsection (1A) for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- (27) In section 404 (account monitoring orders), in subsection (1A) for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- (28) Section 408A (evidence overseas) is amended as follows—
- (a) in subsection (1), for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”;
  - (b) in subsection (5), after paragraph (d) insert—
    - “(e) in relation to an application or request made for the purposes of a cryptoasset investigation, evidence as to a matter described in section 341(3D)(a) to (d);”.
- (29) In section 408B (evidence overseas: restrictions on use) in subsection (3), after paragraph (d) insert—
- “(e) if the request was made for the purposes of a cryptoasset investigation, proceedings under Chapter 3C, 3D, 3E or 3F of Part 5 of this Act arising out of the investigation;”.
- (30) In section 412 (interpretation)—
- (a) in the definition of “appropriate person”, in paragraph (b), for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”;
  - (b) in the definition of “proper person”, in paragraph (b), for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- (31) In section 416 (other interpretative provisions), in subsection (1), after the entry for “confiscation investigation” insert—
- “cryptoasset investigation: section 341(3D)”.
- 9 In section 438 of the Proceeds of Crime Act 2002 (disclosure of information by certain authorities), in subsection (1)(f), for “or 3B” substitute “, 3B, 3C, 3D, 3E or 3F”.
- 10 In section 441 of the Proceeds of Crime Act 2002 (disclosure of information by Lord Advocate and by Scottish Ministers)—
- (a) in subsection (1), for “or 3A” substitute “, 3A, 3C or 3F”;
  - (b) in subsection (2)(g), for “or 3B” substitute “, 3B, 3C, 3D, 3E or 3F”.
- 11 In section 450 of the Proceeds of Crime Act 2002 (pseudonyms: Scotland), in subsection (1)(a), for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
- 12 In section 453A of the Proceeds of Crime Act 2002 (certain offences in relation to financial investigators), in subsection (5), at the end of paragraph (dc) (before the “or”) insert—
- “(dd) section 303Z21 (powers to search for cryptoasset-related items);
  - (de) section 303Z26 (powers to seize cryptoasset-related items);
  - (df) section 303Z27 (powers to detain cryptoasset-related items);”.

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- 13 In section 453B of the Proceeds of Crime Act 2002 (certain offences in relation to SFO officers), in subsection (5), after paragraph (g) insert—
- “(ga) section 303Z21 (powers to search for cryptoasset-related items);
  - (gb) section 303Z26 (powers to seize cryptoasset-related items);
  - (gc) section 303Z27 (powers to detain cryptoasset-related items);”.
- 14 In section 453C of the Proceeds of Crime Act 2002 (obstruction offence in relation to immigration officers), in subsection (3), after paragraph (g) insert—
- “(ga) section 303Z21 (powers to search for cryptoasset-related items) as applied by section 24 of the UK Borders Act 2007 (exercise of civil recovery powers by immigration officers);
  - (gb) section 303Z26 as so applied (powers to seize cryptoasset-related items);
  - (gc) section 303Z27 as so applied (powers to detain cryptoasset-related items);”.
- 15 (1) Section 459 of the Proceeds of Crime Act 2002 (orders and regulations) is amended as follows.
- (2) In subsection (4)(aza) (exceptions to negative procedure), for “or 303Z18(10)” substitute “, 303Z18(10), 303Z20(2), 303Z35(4), 303Z42(7), 303Z52(10) or 303Z64(10)”.
  - (3) In subsection (6ZB) (application of affirmative procedure), for “or 303Z18(10)” substitute “, 303Z18(10), 303Z20(2), 303Z35(4), 303Z42(7), 303Z52(10) or 303Z64(10)”.
  - (4) In subsection (6A) (hybrid instruments), for “or 303Z18(10)” substitute “, 303Z18(10), 303Z52(10) or 303Z64(10)”.

*Amendments to the Civil Jurisdiction and Judgments Act 1982*

- 16 (1) Section 18 of the Civil Jurisdiction and Judgments Act 1982 (enforcement of UK judgments in other parts of UK) is amended as follows.
- (2) In subsection (2)(g), for “or a frozen funds investigation” substitute “, a frozen funds investigation or a cryptoasset investigation”.
  - (3) In subsection (4ZB)—
    - (a) after paragraph (b) insert—
      - “(ba) a crypto wallet freezing order made under section 303Z37 of that Act;
      - (bb) an order for the forfeiture of cryptoassets made under section 303Z41 or 303Z45 of that Act;”;
    - (b) after paragraph (d) insert—
      - “(da) a crypto wallet freezing order made under paragraph 10Z7BB of that Schedule;
      - (db) an order for the forfeiture of cryptoassets made under paragraph 10Z7CA or 10Z7CE of that Schedule.”
  - (4) In subsection (5)(d)(i)—
    - (a) after “(a)” insert “, (ba)”;
    - (b) for “or (c)” substitute “, (c) or (da)”.

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### *Amendments to the UK Borders Act 2007*

- 17 (1) Section 24 of the UK Borders Act 2007 (exercise of civil recovery powers by immigration officers) is amended as follows.
- (2) In subsection (1), for “3B” substitute “3F”.
- (3) In subsection (2)(a), for “Chapter 3B” substitute “Chapters 3B to 3F”.
- (4) In subsection (2)(c), after “303Z2(4)” insert “, Chapter 3C (see section 303Z20(4)), Chapter 3D (see section 303Z36(8)) and Chapter 3E (see section 303Z41(9))”.
- (5) In subsection (2)(d), after “303G” insert “(including as section 303G is applied by section 303Z25)”.
- (6) In subsection (2)(e), after “303I” insert “(including as sections 303H and 303I are applied by section 303Z25)”.
- (7) In subsection (2)(f)—
- (a) in the opening words, for “or 303L(1)” substitute “, 303L(1), 303Z28(1) or (4), 303Z32(1) or (4) or 303Z57(3) or (5)”;
  - (b) in sub-paragraph (ii), for “or (as the case may be) 303O” substitute “, 303O, 303Z41 or (as the case may be) 303Z60”.
- (8) In subsection (2)(g), for “or 303Z14” substitute “, 303Z14, 303Z41 or 303Z60”.
- (9) In subsection (2)(h), for “or 303Z18” substitute “, 303Z18, 303Z52 or 303Z64”.

## SCHEDULE 10

Section 181

### CRYPTOASSETS: TERRORISM

#### PART 1

##### AMENDMENTS TO THE ANTI-TERRORISM, CRIME AND SECURITY ACT 2001

- 1 Schedule 1 to the Anti-terrorism, Crime and Security Act 2001 (forfeiture of terrorist property) is amended as follows.
- 2 After Part 4B insert—

#### “PART 4BA

##### SEIZURE AND DETENTION OF TERRORIST CRYPTOASSETS

#### **Interpretation**

10Z7A(1) In this Schedule—

“cryptoasset” means a cryptographically secured digital representation of value or contractual rights that uses a form of distributed ledger technology and can be transferred, stored or traded electronically;

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“crypto wallet” means—

- (a) software,
- (b) hardware,
- (c) a physical item, or
- (d) any combination of the things mentioned in paragraphs (a) to (c),

which is used to store the cryptographic private key that allows cryptoassets to be accessed;

“terrorist cryptoasset” means a cryptoasset which—

- (a) is within subsection (1)(a) or (b) of section 1, or
- (b) is earmarked as terrorist property.

- (2) The Secretary of State may by regulations made by statutory instrument amend the definitions of “cryptoasset” and “crypto wallet” in sub-paragraph (1).
- (3) Regulations under sub-paragraph (2)—
  - (a) may make different provision for different purposes;
  - (b) may make consequential, supplementary, incidental, transitional, transitory or saving provision.
- (4) A statutory instrument containing regulations under sub-paragraph (2) may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.
- (5) In this Part—

“cryptoasset-related item” means an item of property that is, or that contains or gives access to information that is, likely to assist in the seizure under this Part of terrorist cryptoassets;

“senior officer” means—

- (a) a senior police officer;
- (b) an officer of Revenue and Customs of a rank designated by the Commissioners for His Majesty’s Revenue and Customs as equivalent to that of a senior police officer;
- (c) an immigration officer of a rank designated by the Secretary of State as equivalent to that of a senior police officer;

“senior police officer” means a police officer of at least the rank of superintendent.

### **Seizure of cryptoasset-related items**

- 10Z7A(1) An authorised officer may seize any item of property if the authorised officer has reasonable grounds for suspecting that the item is a cryptoasset-related item.
- (2) If an authorised officer is lawfully on any premises, the officer may, for the purpose of—
  - (a) determining whether any property is a cryptoasset-related item, or

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- (b) enabling or facilitating the seizure under this Part of any terrorist cryptoasset,  
require any information which is stored in any electronic form and accessible from the premises to be produced in a form in which it can be taken away and in which it is visible and legible, or from which it can readily be produced in a visible and legible form.
- (3) But sub-paragraph (2) does not authorise an authorised officer to require a person to produce privileged information.
- (4) In this paragraph “privileged information” means information which a person would be entitled to refuse to provide—
  - (a) in England and Wales and Northern Ireland, on grounds of legal professional privilege in proceedings in the High Court;
  - (b) in Scotland, on grounds of confidentiality of communications in proceedings in the Court of Session.
- (5) Where an authorised officer has seized a cryptoasset-related item under sub-paragraph (1), the officer may use any information obtained from the item for the purpose of—
  - (a) identifying or gaining access to a crypto wallet, and
  - (b) by doing so, enabling or facilitating the seizure under this Part of any cryptoassets.

#### **Initial detention of cryptoasset-related items**

- 10Z7A(B) Property seized under paragraph 10Z7AA may be detained for an initial period of 48 hours.
- (2) Sub-paragraph (1) authorises the detention of property only for so long as an authorised officer continues to have reasonable grounds for suspicion in relation to that property as described in paragraph 10Z7AA(1).
  - (3) In calculating a period of 48 hours for the purposes of this paragraph, no account is to be taken of—
    - (a) any Saturday or Sunday,
    - (b) Christmas Day,
    - (c) Good Friday,
    - (d) any day that is a bank holiday under the Banking and Financial Dealings Act 1971 in the part of the United Kingdom within which the property is seized, or
    - (e) any day prescribed by virtue of section 8(2) of the Criminal Procedure (Scotland) Act 1995 as a court holiday in a sheriff court in the sheriff court district within which the property is seized.

#### **Further detention of cryptoasset-related items**

- 10Z7A(C) The period for which property seized under paragraph 10Z7AA may be detained may be extended by an order made—

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- (a) in England and Wales or Northern Ireland, by a magistrates' court;
  - (b) in Scotland, by the sheriff.
- (2) An order under sub-paragraph (1) may not authorise the detention of any property—
  - (a) beyond the end of the period of 6 months beginning with the date of the order, and
  - (b) in the case of any further order under this paragraph, beyond the end of the period of 2 years beginning with the date of the first order; but this is subject to sub-paragraph (4).
- (3) A justice of the peace may also exercise the power of a magistrates' court to make the first order under sub-paragraph (1).
- (4) The court or sheriff may make an order for the period of 2 years in sub-paragraph (2)(b) to be extended to a period of up to 3 years beginning with the date of the first order.
- (5) An application to a magistrates' court, a justice of the peace or the sheriff to make the first order under sub-paragraph (1) extending a particular period of detention—
  - (a) may be made and heard without notice of the application or hearing having been given to any of the persons affected by the application or to the legal representatives of such a person, and
  - (b) may be heard and determined in private in the absence of persons so affected and of their legal representatives.
- (6) An application for an order under sub-paragraph (1) or (4) may be made—
  - (a) in relation to England and Wales and Northern Ireland, by the Commissioners for His Majesty's Revenue and Customs or an authorised officer;
  - (b) in relation to Scotland, by a procurator fiscal.
- (7) The court, sheriff or justice may make an order under sub-paragraph (1) if satisfied, in relation to the item of property to be further detained, that—
  - (a) there are reasonable grounds for suspecting that it is a cryptoasset-related item, and
  - (b) its continuing detention is justified.
- (8) The court or sheriff may make an order under sub-paragraph (4) if satisfied that a request for assistance is outstanding in relation to the item of property to be further detained.
- (9) A "request for assistance" in sub-paragraph (8) means a request for assistance in obtaining evidence (including information in any form or article) in connection with the property to be further detained, made—
  - (a) by a judicial authority in the United Kingdom under section 7 of the Crime (International Co-operation) Act 2003,
  - (b) by an authorised officer, to an authority exercising equivalent functions in a foreign country,

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- (c) by the Scottish Ministers in connection with their functions under this Schedule, to an authority exercising equivalent functions in a foreign country, or
  - (d) by a person under section 375A or 408A of the Proceeds of Crime Act 2002 (evidence overseas).
- (10) An order under sub-paragraph (1) must provide for notice to be given to persons affected by the order.

### Seizure of cryptoassets

- 10Z7A(1) An authorised officer may seize cryptoassets if the authorised officer has reasonable grounds for suspecting that the cryptoassets are terrorist cryptoassets.
- (2) The circumstances in which a cryptoasset is “seized” for the purposes of sub-paragraph (1) include circumstances in which it is transferred into a crypto wallet controlled by the authorised officer.

### Prior authorisation for detention of cryptoassets

- 10Z7A(1) Where an order is made under paragraph 10Z7AC in respect of a cryptoasset-related item, the court, sheriff or justice making the order may, at the same time, make an order to authorise the detention of any cryptoassets that may be seized as a result of information obtained from that item.
- (2) An application for an order under this paragraph may be made, by a person mentioned in paragraph 10Z7AC(6), at the same time as an application for an order under paragraph 10Z7AC is made by that person.
- (3) The court, sheriff or justice may make an order under this paragraph if satisfied that there are reasonable grounds for suspecting that the cryptoassets that may be seized are terrorist cryptoassets.
- (4) An order under this paragraph authorises detention of the cryptoassets for the same period of time as the order under paragraph 10Z7AC authorises detention in respect of the cryptoasset-related item to which those cryptoassets relate.

### Initial detention of cryptoassets

- 10Z7A(1) Cryptoassets seized under paragraph 10Z7AD may be detained for an initial period of 48 hours.
- (2) Sub-paragraph (1) authorises the detention of cryptoassets only for so long as an authorised officer continues to have reasonable grounds for suspicion in relation to those cryptoassets as described in paragraph 10Z7AD(1).
- (3) In calculating a period of 48 hours for the purposes of this paragraph, no account is to be taken of—
- (a) any Saturday or Sunday,



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- (b) Christmas Day,
- (c) Good Friday,
- (d) any day that is a bank holiday under the Banking and Financial Dealings Act 1971 in the part of the United Kingdom within which the property is seized, or
- (e) any day prescribed by virtue of section 8(2) of the Criminal Procedure (Scotland) Act 1995 as a court holiday in a sheriff court in the sheriff court district within which the property is seized.

(4) This paragraph is subject to paragraph [10Z7AE](#).

### Further detention of cryptoassets

[10Z7A\(1\)](#) The period for which cryptoassets seized under paragraph [10Z7AD](#) may be detained may be extended by an order made—

- (a) in England and Wales or Northern Ireland, by a magistrates' court;
- (b) in Scotland, by the sheriff.

(2) An order under sub-paragraph (1) may not authorise the detention of any cryptoassets—

- (a) beyond the end of the period of 6 months beginning with the date of the order, and
- (b) in the case of any further order under this paragraph, beyond the end of the period of 2 years beginning with the date of the first order; but this is subject to sub-paragraph (4).

(3) A justice of the peace may also exercise the power of a magistrates' court to make the first order under sub-paragraph (1).

(4) The court or sheriff may make an order for the period of 2 years in sub-paragraph (2)(b) to be extended to a period of up to 3 years beginning with the date of the first order.

(5) An application to a magistrates' court, a justice of the peace or the sheriff to make the first order under sub-paragraph (1) extending a particular period of detention—

- (a) may be made and heard without notice of the application or hearing having been given to any of the persons affected by the application or to the legal representatives of such a person, and
- (b) may be heard and determined in private in the absence of persons so affected and of their legal representatives.

(6) An application for an order under sub-paragraph (1) or (4) may be made—

- (a) in relation to England and Wales and Northern Ireland, by the Commissioners for His Majesty's Revenue and Customs or an authorised officer;
- (b) in relation to Scotland, by a procurator fiscal.

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- (7) The court, sheriff or justice may make an order under sub-paragraph (1) if satisfied, in relation to the cryptoassets to be further detained, that condition 1, condition 2 or condition 3 is met.
- (8) Condition 1 is that there are reasonable grounds for suspecting that the cryptoassets are intended to be used for the purposes of terrorism and that either—
- (a) their continued detention is justified while their intended use is further investigated or consideration is given to bringing (in the United Kingdom or elsewhere) proceedings against any person for an offence with which the cryptoassets are connected, or
  - (b) proceedings against any person for an offence with which the cryptoassets are connected have been started and have not been concluded.
- (9) Condition 2 is that there are reasonable grounds for suspecting that the cryptoassets consist of resources of an organisation which is a proscribed organisation and that either—
- (a) their continued detention is justified while investigation is made into whether or not they consist of such resources or consideration is given to bringing (in the United Kingdom or elsewhere) proceedings against any person for an offence with which the cryptoassets are connected, or
  - (b) proceedings against any person for an offence with which the cryptoassets are connected have been started and have not been concluded.
- (10) Condition 3 is that there are reasonable grounds for suspecting that the cryptoassets are property earmarked as terrorist property and that either—
- (a) their continued detention is justified while their derivation is further investigated or consideration is given to bringing (in the United Kingdom or elsewhere) proceedings against any person for an offence with which the cryptoassets are connected, or
  - (b) proceedings against any person for an offence with which the cryptoassets are connected have been started and have not been concluded.
- (11) The court or sheriff may make an order under sub-paragraph (4) if satisfied that a request for assistance is outstanding in relation to the cryptoassets to be further detained.
- (12) A “request for assistance” in sub-paragraph (11) means a request for assistance in obtaining evidence (including information in any form or article) in connection with the property to be further detained, made —
- (a) by a judicial authority in the United Kingdom under section 7 of the Crime (International Co-operation) Act 2003,
  - (b) by an authorised officer, to an authority exercising equivalent functions in a foreign country,
  - (c) by the Scottish Ministers in connection with their functions under this Schedule, to an authority exercising equivalent functions in a foreign country, or

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- (d) by a person under section 375A or 408A of the Proceeds of Crime Act 2002 (evidence overseas).
- (13) An order under sub-paragraph (1) must provide for notice to be given to persons affected by the order.

### **Safekeeping of cryptoasset-related items and cryptoassets**

- 10Z7A(1) An authorised officer must arrange for any item of property seized under paragraph 10Z7AA to be safely stored throughout the period during which it is detained under this Part.
- (2) An authorised officer must arrange for any cryptoassets seized under paragraph 10Z7AD to be safely stored throughout the period during which they are detained under this Part.

### **Release of cryptoasset-related items and cryptoassets**

- 10Z7A(1) This paragraph applies while any cryptoasset or other item of property is detained under this Part.
- (2) A magistrates' court or (in Scotland) the sheriff may, subject to sub-paragraph (9), direct the release of the whole or any part of the property if the following condition is met.
- (3) The condition is that the court or sheriff is satisfied, on an application by the person from whom the property was seized, that the conditions for the detention of the property in this Part are no longer met in relation to the property to be released.
- (4) A person within sub-paragraph (5) may, subject to sub-paragraph (9) and after notifying the magistrates' court, sheriff or justice under whose order property is being detained, release the whole or any part of the property if satisfied that the detention of the property to be released is no longer justified.
- (5) The following persons are within this sub-paragraph—
- (a) in relation to England and Wales and Northern Ireland, an authorised officer;
  - (b) in relation to Scotland, a procurator fiscal.
- (6) If any cryptoasset-related item which has been released is not claimed within the period of a year beginning with the date on which it was released, an authorised officer may—
- (a) retain the item and deal with it as they see fit,
  - (b) dispose of the item, or
  - (c) destroy the item.
- (7) The powers in sub-paragraph (6) may be exercised only—
- (a) where the authorised officer has taken reasonable steps to notify—
    - (i) the person from whom the item was seized, and

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- (ii) any other persons who the authorised officer has reasonable grounds to believe have an interest in the item,
  - that the item has been released, and
  - (b) with the approval of a senior officer.
- (8) Any proceeds of a disposal of the item are to be paid—
- (a) into the Consolidated Fund if—
    - (i) the item was directed to be released by a magistrates’ court, or
    - (ii) a magistrates’ court or justice was notified under sub-paragraph (4) of the release;
  - (b) into the Scottish Consolidated Fund if—
    - (i) the item was directed to be released by the sheriff, or
    - (ii) the sheriff was notified under sub-paragraph (4) of the release.
- (9) If (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the property is connected, the property is not to be released under this paragraph (and so is to continue to be detained) until the proceedings are concluded.

## PART 4BB

### TERRORIST CRYPTOASSETS: CRYPTO WALLET FREEZING ORDERS

#### Interpretation

10Z7B (1) In this Part—

- (a) “cryptoasset exchange provider” means a firm or sole practitioner who by way of business provides one or more of the following services, including where the firm or sole practitioner does so as creator or issuer of any of the cryptoassets involved—
  - (i) exchanging, or arranging or making arrangements with a view to the exchange of, cryptoassets for money or money for cryptoassets,
  - (ii) exchanging, or arranging or making arrangements with a view to the exchange of, one cryptoasset for another, or
  - (iii) operating a machine which utilises automated processes to exchange cryptoassets for money or money for cryptoassets;
- (b) “custodian wallet provider” means a firm or sole practitioner who by way of business provides services to safeguard, or to safeguard and administer—
  - (i) cryptoassets on behalf of its customers, or
  - (ii) private cryptographic keys on behalf of its customers in order to hold, store and transfer cryptoassets;
- (c) “cryptoasset service provider” includes cryptoasset exchange provider and custodian wallet provider.

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- (2) In the definition of “cryptoasset exchange provider” in sub-paragraph (1)—
- (a) “cryptoasset” includes a right to, or interest in, a cryptoasset;
  - (b) “money” means—
    - (i) money in sterling,
    - (ii) money in any other currency, or
    - (iii) money in any other medium of exchange,but does not include a cryptoasset.
- (3) The Secretary of State may by regulations made by statutory instrument amend the definitions in sub-paragraphs (1) and (2).
- (4) Regulations under sub-paragraph (3)—
- (a) may make different provision for different purposes;
  - (b) may make consequential, supplementary, incidental, transitional, transitory or saving provision.
- (5) A statutory instrument containing regulations under sub-paragraph (3) may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.
- (6) For the purposes of this Part—
- (a) a crypto wallet freezing order is an order that, subject to any exclusions (see paragraph 10Z7BD), prohibits each person by or for whom the crypto wallet to which the order applies is administered from—
    - (i) making withdrawals or payments from the crypto wallet, or
    - (ii) using the crypto wallet in any other way;
  - (b) a crypto wallet is administered by or for a person if the person is the person to whom services are being provided by a cryptoasset service provider in relation to that crypto wallet.
- (7) In this Part—
- “enforcement officer” means—
    - (a) a constable, or
    - (b) a counter-terrorism financial investigator;
  - “relevant court” means—
    - (a) in England and Wales and Northern Ireland, a magistrates’ court, and
    - (b) in Scotland, the sheriff;
  - “senior officer” means a police officer of at least the rank of superintendent;
  - “UK-connected cryptoasset service provider” means a cryptoasset service provider which—
    - (a) is acting in the course of business carried on by it in the United Kingdom,
    - (b) has terms and conditions with the persons to whom it provides services which provide for a legal dispute to be litigated in the courts of a part of the United Kingdom,

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- (c) holds, in the United Kingdom, any data relating to the persons to whom it provides services, or
  - (d) meets the condition in sub-paragraph (8).
- (8) The condition in this sub-paragraph is that—
- (a) the cryptoasset service provider has its registered office, or if it does not have one, its head office in the United Kingdom, and
  - (b) the day-to-day management of the provider’s business is the responsibility of that office or another establishment maintained by it in the United Kingdom.

### **Application for crypto wallet freezing order**

10Z7BA(1) This paragraph applies if an enforcement officer has reasonable grounds for suspecting that cryptoassets held in a crypto wallet administered by a UK-connected cryptoasset service provider are terrorist cryptoassets.

- (2) Where this paragraph applies the enforcement officer may apply to the relevant court for a crypto wallet freezing order in relation to the crypto wallet in which the cryptoassets are held.
- (3) But—
  - (a) an enforcement officer may not apply for a crypto wallet freezing order unless the officer is a senior officer or is authorised to do so by a senior officer, and
  - (b) the senior officer must consult the Treasury before making the application for the order or (as the case may be) authorising the application to be made, unless in the circumstances it is not reasonably practicable to do so.
- (4) An application for a crypto wallet freezing order may be made without notice if the circumstances of the case are such that notice of the application would prejudice the taking of any steps under this Schedule to forfeit cryptoassets that are terrorist cryptoassets.
- (5) An application for a crypto wallet freezing order under this paragraph may be combined with an application for an account freezing order under paragraph 10Q where a single entity—
  - (a) is both a relevant financial institution for the purposes of paragraph 10Q and a cryptoasset service provider for the purposes of this Part, and
  - (b) operates or administers, for the same person, both an account holding money and a crypto wallet.

### **Making of crypto wallet freezing order**

10Z7BB(1) This paragraph applies where an application for a crypto wallet freezing order is made under paragraph 10Z7BA in relation to a crypto wallet.

- (2) The relevant court may make the order if satisfied that there are reasonable grounds for suspecting that some or all of the cryptoassets held in the crypto wallet are terrorist cryptoassets.

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- (3) A crypto wallet freezing order ceases to have effect at the end of the period specified in the order (which may be varied under paragraph 10Z7BC) unless it ceases to have effect at an earlier or later time in accordance with this Part or Part 4BC or 4BD.
- (4) The period specified by the relevant court for the purposes of sub-paragraph (3) (whether when the order is first made or on a variation under paragraph 10Z7BC) may not exceed the period of 2 years, beginning with the day on which the crypto wallet freezing order is (or was) made; but this is subject to sub-paragraph (5).
- (5) The relevant court may make an order for the period of 2 years in sub-paragraph (4) to be extended to a period of up to 3 years beginning with the day on which the crypto wallet freezing order is (or was) made.
- (6) The relevant court may make an order under sub-paragraph (5) if satisfied that a request for assistance is outstanding in relation to some or all of the cryptoassets held in the crypto wallet.
- (7) A “request for assistance” in sub-paragraph (6) means a request for assistance in obtaining evidence (including information in any form or article) in connection with some or all of the cryptoassets held in the crypto wallet, made—
  - (a) by a judicial authority in the United Kingdom under section 7 of the Crime (International Co-operation) Act 2003,
  - (b) by an enforcement officer, to an authority exercising equivalent functions in a foreign country,
  - (c) by the Scottish Ministers in connection with their functions under this Schedule, to an authority exercising equivalent functions in a foreign country, or
  - (d) by a person under section 375A or 408A of the Proceeds of Crime Act 2002 (evidence overseas).
- (8) A crypto wallet freezing order must provide for notice to be given to persons affected by the order.

### **Variation and setting aside of crypto wallet freezing order**

- 10Z7B(1) The relevant court may at any time vary or set aside a crypto wallet freezing order on an application made by—
- (a) an enforcement officer, or
  - (b) any person affected by the order.
- (2) But an enforcement officer may not make an application under sub-paragraph (1) unless the officer is a senior officer or is authorised to do so by a senior officer.
  - (3) Before varying or setting aside a crypto wallet freezing order the court must (as well as giving the parties to the proceedings an opportunity to be heard) give such an opportunity to any person who may be affected by its decision.
  - (4) In relation to Scotland, the references in this paragraph to setting aside an order are to be read as references to recalling it.

## Exclusions

- 10Z7B[D] The power to vary a crypto wallet freezing order includes (amongst other things) power to make exclusions from the prohibition on making withdrawals or payments from the crypto wallet to which the order applies.
- (2) Exclusions from the prohibition may also be made when the order is made.
  - (3) An exclusion may (amongst other things) make provision for the purpose of enabling a person by or for whom the crypto wallet is administered—
    - (a) to meet the person’s reasonable living expenses, or
    - (b) to carry on any trade, business, profession or occupation.
  - (4) An exclusion may be made subject to conditions.
  - (5) Where a magistrates’ court exercises the power to make an exclusion for the purpose of enabling a person to meet legal expenses that the person has incurred, or may incur, in respect of proceedings under this Schedule, it must ensure that the exclusion—
    - (a) is limited to reasonable legal expenses that the person has reasonably incurred or that the person reasonably incurs,
    - (b) specifies the total amount that may be released for legal expenses in pursuance of the exclusion, and
    - (c) is made subject to the same conditions as would be the required conditions (see section 286A of the Proceeds of Crime Act 2002) if the order had been made under section 245A of that Act (in addition to any conditions imposed under sub-paragraph (4)).
  - (6) A magistrates’ court, in deciding whether to make an exclusion for the purpose of enabling a person to meet legal expenses in respect of proceedings under this Schedule—
    - (a) must have regard to the desirability of the person being represented in any proceedings under this Schedule in which the person is a participant, and
    - (b) must disregard the possibility that legal representation of the person in any such proceedings might, were an exclusion not made—
      - (i) be made available under arrangements made for the purposes of Part 1 of the Legal Aid, Sentencing and Punishment of Offenders Act 2012, or
      - (ii) be funded by the Department of Justice in Northern Ireland.
  - (7) The sheriff’s power to make exclusions may not be exercised for the purpose of enabling any person to meet any legal expenses in respect of proceedings under this Schedule.
  - (8) The power to make exclusions must, subject to sub-paragraph (6), be exercised with a view to ensuring, so far as practicable, that there is not



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undue prejudice to the taking of any steps under this Schedule to forfeit cryptoassets that are terrorist cryptoassets.

### **Restriction on proceedings and remedies**

- 10Z7B(1) If a court in which proceedings are pending in respect of a crypto wallet administered by a UK-connected cryptoasset service provider is satisfied that a crypto wallet freezing order has been applied for or made in respect of the crypto wallet, it may either stay the proceedings or allow them to continue on any terms it thinks fit.
- (2) Before exercising the power conferred by sub-paragraph (1), the court must (as well as giving the parties to any of the proceedings concerned an opportunity to be heard) give such an opportunity to any person who may be affected by the court's decision.
- (3) In relation to Scotland, the reference in sub-paragraph (1) to staying the proceedings is to be read as a reference to sisting the proceedings.

## **PART 4BC**

### FORFEITURE OF TERRORIST CRYPTOASSETS

#### **Interpretation**

10Z7C(1) In this Part—

“cryptoasset service provider” has the same meaning as in Part 4BB (see paragraph 10Z7B(1));

“crypto wallet freezing order” has the same meaning as in Part 4BB (see paragraph 10Z7B(6));

“senior officer” means—

- (a) a senior police officer;
- (b) an officer of Revenue and Customs of a rank designated by the Commissioners for His Majesty's Revenue and Customs as equivalent to that of a senior police officer;
- (c) an immigration officer of a rank designated by the Secretary of State as equivalent to that of a senior police officer;

“senior police officer” means a police officer of at least the rank of superintendent.

- (2) Paragraph 10Z7B(6)(b) (administration of crypto wallets) applies in relation to this Part as it applies in relation to Part 4BB.

#### **Forfeiture**

10Z7C(1) This paragraph applies—

- (a) while any cryptoassets are detained under Part 4BA, or
- (b) while a crypto wallet freezing order made under paragraph 10Z7BB has effect.

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- (2) An application for the forfeiture of some or all of the cryptoassets that are detained or held in the crypto wallet that is subject to the crypto wallet freezing order may be made—
  - (a) to a magistrates’ court by the Commissioners for His Majesty’s Revenue and Customs or an authorised officer, or
  - (b) to the sheriff by the Scottish Ministers.
- (3) The court or sheriff may order the forfeiture of some or all of the cryptoassets if satisfied that the cryptoassets are terrorist cryptoassets.
- (4) An order under sub-paragraph (3) made by a magistrates’ court may provide for payment under paragraph 10Z7CJ of reasonable legal expenses that a person has reasonably incurred, or may reasonably incur, in respect of—
  - (a) the proceedings in which the order is made, or
  - (b) any related proceedings under this Part.
- (5) A sum in respect of a relevant item of expenditure is not payable under paragraph 10Z7CJ in pursuance of provision under sub-paragraph (4) unless—
  - (a) the person who applied for the order under sub-paragraph (3) agrees to its payment, or
  - (b) the court has assessed the amount allowed in respect of that item and the sum is paid in respect of the assessed amount.
- (6) For the purposes of sub-paragraph (5)—
  - (a) a “relevant item of expenditure” is an item of expenditure to which regulations under section 286B of the Proceeds of Crime Act 2002 would apply if the order under sub-paragraph (3) had instead been a recovery order made under section 266 of that Act;
  - (b) an amount is “allowed” in respect of a relevant item of expenditure if it would have been allowed by those regulations;
  - (c) if the person who applied for the order under sub-paragraph (3) was an authorised officer, that person may not agree to the payment of a sum unless the person is a senior officer or is authorised to do so by a senior officer.
- (7) Sub-paragraph (3) ceases to apply on the transfer of an application made under this paragraph in accordance with paragraph 10Z7CE.

### **Forfeiture: supplementary**

10Z7CB1) Sub-paragraph (2) applies where an application is made under paragraph 10Z7CA for the forfeiture of any cryptoassets detained under Part 4BA.

- (2) The cryptoassets are to continue to be detained under Part 4BA (and may not be released under any power conferred by this Schedule) until any proceedings in pursuance of the application (including any proceedings on appeal) are concluded.

This is subject to Part 4BD (conversion to money).

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- (3) Where an application is made under paragraph 10Z7CA in relation to cryptoassets held in a crypto wallet that is subject to a crypto wallet freezing order—
  - (a) sub-paragraphs (4) and (5) apply, and
  - (b) the crypto wallet freezing order is to continue to have effect until the time referred to in sub-paragraph (4)(b) or (5).
- (4) Where the cryptoassets are ordered to be forfeited under paragraph 10Z7CA(3) or 10Z7CE(3)—
  - (a) the cryptoasset service provider that administers the crypto wallet must transfer the cryptoassets into a crypto wallet nominated by an authorised officer, and
  - (b) immediately after the transfer has been made, the freezing order ceases to have effect.
- (5) Where the application is determined or otherwise disposed of other than by the making of an order under paragraph 10Z7CA(3) or 10Z7CE(3), the crypto wallet freezing order ceases to have effect immediately after that determination or other disposal.
- (6) Sub-paragraphs (4)(b) and (5) are subject to paragraph 10Z7CF and Part 4BD.
- (7) The Secretary of State may by regulations made by statutory instrument amend this paragraph to make provision about the forfeiture of cryptoassets held in a crypto wallet that is subject to a crypto wallet freezing order.
- (8) Regulations under sub-paragraph (7) may in particular make provision about—
  - (a) the process for the forfeiture of cryptoassets;
  - (b) the realisation of forfeited cryptoassets;
  - (c) the application of the proceeds of such realisation.
- (9) Regulations under sub-paragraph (7) may—
  - (a) make different provision for different purposes;
  - (b) make consequential, supplementary, incidental, transitional, transitory or saving provision, including provision which makes consequential amendments to this Part.
- (10) A statutory instrument containing regulations under sub-paragraph (7) may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.

### **Associated and joint property**

- 10Z7C(1) Paragraphs 10Z7CD and 10Z7CE apply if—
- (a) an application is made under paragraph 10Z7CA in respect of cryptoassets,
  - (b) the court or sheriff is satisfied that some or all of the cryptoassets are terrorist cryptoassets, and

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- (c) there exists property that is associated with the cryptoassets in relation to which the court or sheriff is satisfied as mentioned in paragraph (b).
- (2) Paragraphs 10Z7CD and 10Z7CE also apply in England and Wales and Northern Ireland if—
- (a) an application is made under paragraph 10Z7CA in respect of cryptoassets,
  - (b) the court is satisfied that some or all of the cryptoassets are earmarked as terrorist property, and
  - (c) the cryptoassets in relation to which the court is satisfied as mentioned in paragraph (b) belong to joint tenants and one of the tenants is an excepted joint owner.
- (3) In this paragraph and paragraphs 10Z7CD and 10Z7CE, “associated property” means property of any of the following descriptions that is not itself the forfeitable property—
- (a) any interest in the forfeitable property;
  - (b) any other interest in the property in which the forfeitable property subsists;
  - (c) if the forfeitable property is part of a larger property, but not a separate part, the remainder of that property.

References to property being associated with forfeitable property are to be read accordingly.

- (4) In this paragraph and paragraphs 10Z7CD and 10Z7CE, the “forfeitable property” means the cryptoassets in relation to which the court or sheriff is satisfied as mentioned in sub-paragraph (1)(b) or (2)(b) (as the case may be).
- (5) For the purposes of this paragraph and paragraphs 10Z7CD and 10Z7CE—
- (a) an excepted joint owner is a joint tenant who obtained the property in circumstances in which it would not (as against them) be earmarked, and
  - (b) references to the excepted joint owner’s share of property are to so much of the property as would have been theirs if the joint tenancy had been severed.

### **Agreements about associated and joint property**

10Z7CD(1) Where—

- (a) this paragraph applies, and
- (b) the person who applied for the order under paragraph 10Z7CA (on the one hand) and the person who holds the associated property or who is the excepted joint owner (on the other hand) agree,

the magistrates’ court or sheriff may, instead of making an order under paragraph 10Z7CA(3), make an order requiring the person who holds the associated property or who is the excepted joint owner to make a payment to a person identified in the order.

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- (2) The amount of the payment is (subject to sub-paragraph (3)) to be the amount which the persons referred to in sub-paragraph (1)(b) agree represents—
  - (a) in a case where this paragraph applies by virtue of paragraph 10Z7CC(1), the value of the forfeitable property;
  - (b) in a case where this paragraph applies by virtue of paragraph 10Z7CC(2), the value of the forfeitable property less the value of the excepted joint owner’s share.
- (3) The amount of the payment may be reduced if the person who applied for the order under paragraph 10Z7CA agrees that the other party to the agreement has suffered loss as a result of—
  - (a) the seizure of the forfeitable property under paragraph 10Z7AD and its subsequent detention, or
  - (b) the making of a crypto wallet freezing order under paragraph 10Z7BB.
- (4) The reduction that is permissible by virtue of sub-paragraph (3) is such amount as the parties to the agreement agree is reasonable, having regard to the loss suffered and any other relevant circumstances.
- (5) An order under sub-paragraph (1) may, so far as required for giving effect to the agreement, include provision for vesting, creating or extinguishing any interest in property.
- (6) An order under sub-paragraph (1) made by a magistrates’ court may provide for payment under sub-paragraph (11) of reasonable legal expenses that a person has reasonably incurred, or may reasonably incur, in respect of—
  - (a) the proceedings in which the order is made, or
  - (b) any related proceedings under this Part.
- (7) A sum in respect of a relevant item of expenditure is not payable under sub-paragraph (11) in pursuance of provision under sub-paragraph (6) unless—
  - (a) the person who applied for the order under paragraph 10Z7CA agrees to its payment, or
  - (b) the court has assessed the amount allowed in respect of that item and the sum is paid in respect of the assessed amount.
- (8) For the purposes of sub-paragraph (7)—
  - (a) a “relevant item of expenditure” is an item of expenditure to which regulations under section 286B of the Proceeds of Crime Act 2002 would apply if the order under sub-paragraph (1) had instead been a recovery order made under section 266 of that Act;
  - (b) an amount is “allowed” in respect of a relevant item of expenditure if it would have been allowed by those regulations.
- (9) If there is more than one item of associated property or more than one excepted joint owner, the total amount to be paid under sub-paragraph (1), and the part of that amount which is to be provided by each person who holds any such associated property or who is an

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excepted joint owner, is to be agreed between both (or all) of them and the person who applied for the order under paragraph 10Z7CA.

- (10) If the person who applied for the order under paragraph 10Z7CA was an authorised officer, that person may enter into an agreement for the purposes of any provision of this paragraph only if the person is a senior officer or is authorised to do so by a senior officer.
- (11) An amount received under an order under sub-paragraph (1) must be applied as follows—
- (a) first, it must be applied in making any payment of legal expenses which, after giving effect to sub-paragraph (7), are payable under this sub-paragraph in pursuance of provision under sub-paragraph (6);
  - (b) second, it must be applied in payment or reimbursement of any reasonable costs incurred in storing or insuring the forfeitable property and any associated property whilst detained under this Schedule;
  - (c) third, it must be paid—
    - (i) if the order was made by a magistrates’ court, into the Consolidated Fund;
    - (ii) if the order was made by the sheriff, into the Scottish Consolidated Fund.

#### **Associated and joint property: default of agreement**

10Z7C(1) Where this paragraph applies and there is no agreement under paragraph 10Z7CD, the magistrates’ court or sheriff may transfer the application made under paragraph 10Z7CA to the appropriate court.

- (2) The “appropriate court” is—
- (a) the High Court, where the application under paragraph 10Z7CA was made to a magistrates’ court;
  - (b) the Court of Session, where the application under paragraph 10Z7CA was made to the sheriff.
- (3) Where (under sub-paragraph (1)) an application made under paragraph 10Z7CA is transferred to the appropriate court, the appropriate court may order the forfeiture of the property to which the application relates, or any part of that property, if satisfied that what is to be forfeited—
- (a) is within subsection (1)(a) or (b) of section 1, or
  - (b) is property earmarked as terrorist property.
- (4) An order under sub-paragraph (3) made by the High Court may include provision of the type that may be included in an order under paragraph 10Z7CA(3) made by a magistrates’ court by virtue of paragraph 10Z7CA(4).
- (5) If provision is included in an order of the High Court by virtue of sub-paragraph (4) of this paragraph, paragraph 10Z7CA(5) and (6) apply with the necessary modifications.

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- (6) The appropriate court may, as well as making an order under sub-paragraph (3), make an order—
  - (a) providing for the forfeiture of the associated property or (as the case may be) for the excepted joint owner’s interest to be extinguished, or
  - (b) providing for the excepted joint owner’s interest to be severed.
- (7) Where (under sub-paragraph (1)) the magistrates’ court or sheriff decides not to transfer an application made under paragraph 10Z7CA to the appropriate court, the magistrates’ court or sheriff may, as well as making an order under paragraph 10Z7CA(3), make an order—
  - (a) providing for the forfeiture of the associated property or (as the case may be) for the excepted joint owner’s interest to be extinguished, or
  - (b) providing for the excepted joint owner’s interest to be severed.
- (8) An order under sub-paragraph (6) or (7) may be made only if the appropriate court, the magistrates’ court or the sheriff (as the case may be) thinks it just and equitable to do so.
- (9) An order under sub-paragraph (6) or (7) must provide for the payment of an amount to the person who holds the associated property or who is an excepted joint owner.
- (10) In making an order under sub-paragraph (6) or (7), and including provision in it by virtue of sub-paragraph (9), the appropriate court, the magistrates’ court or the sheriff (as the case may be) must have regard to—
  - (a) the rights of any person who holds the associated property or who is an excepted joint owner and the value to that person of that property or (as the case may be) of that person’s share (including any value that cannot be assessed in terms of money), and
  - (b) the interest of the person who applied for the order under paragraph 10Z7CA in realising the value of the forfeitable property.
- (11) If the appropriate court, the magistrates’ court or the sheriff (as the case may be) is satisfied that—
  - (a) the person who holds the associated property or who is an excepted joint owner has suffered loss as a result of—
    - (i) the seizure of the forfeitable property under paragraph 10Z7AD and its subsequent detention, or
    - (ii) the making of the crypto wallet freezing order under paragraph 10Z7BB, and
  - (b) the circumstances are exceptional,an order under sub-paragraph (6) or (7) may require the payment of compensation to that person.
- (12) The amount of compensation to be paid by virtue of sub-paragraph (11) is the amount the appropriate court, the magistrates’ court or the sheriff

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(as the case may be) thinks reasonable, having regard to the loss suffered and any other relevant circumstances.

- (13) Compensation to be paid by virtue of sub-paragraph (11) is to be paid in the same way that compensation is to be paid under paragraph 10Z7CM.

### **Continuation of crypto wallet freezing order pending appeal**

10Z7C(1) This paragraph applies where, on an application under paragraph 10Z7CA in relation to a crypto wallet to which a crypto wallet freezing order applies—

- (a) the magistrates' court or sheriff decides—
    - (i) to make an order under paragraph 10Z7CA(3) in relation to some but not all of the cryptoassets to which the application related, or
    - (ii) not to make an order under paragraph 10Z7CA(3), or
  - (b) if the application is transferred in accordance with paragraph 10Z7CE(1), the High Court or Court of Session decides—
    - (i) to make an order under paragraph 10Z7CE(3) in relation to some but not all of the cryptoassets to which the application related, or
    - (ii) not to make an order under paragraph 10Z7CE(3).
- (2) The person who made the application under paragraph 10Z7CA may apply without notice to the court or sheriff that made the decision referred to in sub-paragraph (1) for an order that the crypto wallet freezing order is to continue to have effect.
- (3) Where the court or sheriff makes an order under sub-paragraph (2) the crypto wallet freezing order is to continue to have effect until—
- (a) the end of the period of 48 hours starting with the making of the order under sub-paragraph (2), or
  - (b) if within that period of 48 hours an appeal is brought (whether under paragraph 10Z7CG or otherwise) against the decision referred to in sub-paragraph (1), the time when the appeal is determined or otherwise disposed of.
- (4) Sub-paragraph (3) of paragraph 10Z7AF applies for the purposes of sub-paragraph (3) as it applies for the purposes of that paragraph.

### **Paragraphs 10Z7CA to 10Z7CE: appeals**

10Z7C(1) Any party to proceedings for an order for the forfeiture of cryptoassets under paragraph 10Z7CA may appeal against—

- (a) the making of an order under paragraph 10Z7CA;
- (b) the making of an order under paragraph 10Z7CE(7);
- (c) a decision not to make an order under paragraph 10Z7CA unless the reason that no order was made is that an order was instead made under paragraph 10Z7CD;
- (d) a decision not to make an order under paragraph 10Z7CE(7).



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Paragraphs (c) and (d) do not apply if the application for the order under paragraph 10Z7CA was transferred in accordance with paragraph 10Z7CE(1).

- (2) Where an order under paragraph 10Z7CD is made by a magistrates' court, any party to the proceedings for the order (including any party to the proceedings under paragraph 10Z7CA that preceded the making of the order) may appeal against a decision to include, or not to include, provision in the order under paragraph 10Z7CD(6).
- (3) An appeal under this paragraph lies—
  - (a) in relation to England and Wales, to the Crown Court;
  - (b) in relation to Scotland, to the Sheriff Appeal Court;
  - (c) in relation to Northern Ireland, to a county court.
- (4) An appeal under this paragraph must be made before the end of the period of 30 days starting with the day on which the court or sheriff makes the order or decision.
- (5) Sub-paragraph (4) is subject to paragraph 10Z7CH.
- (6) The court hearing the appeal may make any order it thinks appropriate.
- (7) If the court upholds an appeal against an order forfeiting any cryptoasset or other item of property, it may, subject to sub-paragraph (8), order the release of the whole or any part of the property.
- (8) If (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the property is connected, the property is not to be released under this paragraph (and so is to continue to be detained) until the proceedings are concluded.

#### **Extended time for appealing in certain cases where deproscription order made**

- 10Z7C(11) This paragraph applies where—
- (a) a successful application for an order under paragraph 10Z7CA relies (wholly or partly) on the fact that an organisation is proscribed,
  - (b) an application under section 4 of the Terrorism Act 2000 for a deproscription order in respect of the organisation is refused by the Secretary of State,
  - (c) the property forfeited by the order under paragraph 10Z7CA was seized under this Schedule on or after the date of the refusal of that application,
  - (d) an appeal against that refusal is allowed under section 5 of the Terrorism Act 2000,
  - (e) a deproscription order is made accordingly, and
  - (f) if the order is made in reliance on section 123(5) of the Terrorism Act 2000, a resolution is passed by each House of Parliament under section 123(5)(b) of that Act.

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- (2) Where this paragraph applies, an appeal under paragraph 10Z7CG against the making of an order under paragraph 10Z7CA, and against the making (in addition) of any order under paragraph 10Z7CE(7), may be brought at any time before the end of the period of 30 days beginning with the date on which the deproscription order comes into force.
- (3) In this paragraph a “deproscription order” means an order under section 3(3)(b) or (8) of the Terrorism Act 2000.

### **Realisation or destruction of forfeited cryptoassets etc**

10Z7C(1) This paragraph applies where any cryptoasset or other item of property is forfeited under this Part.

- (2) An authorised officer must—
  - (a) realise the property, or
  - (b) make arrangements for its realisation.

This is subject to sub-paragraphs (3) to (5).

- (3) The property is not to be realised—
  - (a) before the end of the period within which an appeal may be made (whether under paragraph 10Z7CG or otherwise), or
  - (b) if an appeal is made within that period, before the appeal is determined or otherwise disposed of.
- (4) The realisation of property under sub-paragraph (2) must be carried out, so far as practicable, in the manner best calculated to maximise the amount obtained for the property.
- (5) Where an authorised officer is satisfied that—
  - (a) it is not reasonably practicable to realise any cryptoasset, or
  - (b) there are reasonable grounds to believe that the realisation of any cryptoasset would be contrary to the public interest,
 the authorised officer may destroy the cryptoasset.
- (6) But—
  - (a) the authorised officer may destroy the cryptoasset only if the officer is a senior officer or is authorised to do so by a senior officer, and
  - (b) the cryptoasset is not to be destroyed—
    - (i) before the end of the period within which an appeal may be made (whether under paragraph 10Z7CG or otherwise), or
    - (ii) if an appeal is made within that period, before the appeal is determined or otherwise disposed of.
- (7) The question of whether the realisation of the cryptoasset would be contrary to the public interest is to be determined with particular reference to how likely it is that the entry of the cryptoasset into general circulation would facilitate criminal conduct by any person.

### **Proceeds of realisation**

- 10Z7C(1) This paragraph applies where any cryptoasset or other item of property is realised under paragraph 10Z7CI.
- (2) The proceeds of the realisation must be applied as follows—
- (a) first, they must be applied in making any payment required to be made by virtue of paragraph 10Z7CE(9);
  - (b) second, they must be applied in making any payment of legal expenses which, after giving effect to paragraph 10Z7CA(5) (including as applied by paragraph 10Z7CE(5)), are payable under this sub-paragraph in pursuance of provision under paragraph 10Z7CA(4) or, as the case may be, 10Z7CE(4);
  - (c) third, they must be applied in payment or reimbursement of any reasonable costs incurred in storing or insuring the property whilst detained under this Schedule and in realising the property;
  - (d) fourth, they must be paid—
    - (i) if the property was forfeited by a magistrates' court or the High Court, into the Consolidated Fund;
    - (ii) if the property was forfeited by the sheriff or the Court of Session, into the Scottish Consolidated Fund.
- (3) If what is realised under paragraph 10Z7CI represents part only of an item of property, the reference in sub-paragraph (2)(c) to costs incurred in storing or insuring the property is to be read as a reference to costs incurred in storing or insuring the whole of the property.

### **Victims etc: detained cryptoassets**

- 10Z7C(1) A person who claims that any cryptoassets detained under this Schedule belong to the person may apply for some or all of the cryptoassets to be released.
- (2) An application under sub-paragraph (1) is to be made—
- (a) in England and Wales or Northern Ireland, to a magistrates' court;
  - (b) in Scotland, to the sheriff.
- (3) The application may be made in the course of proceedings under paragraph 10Z7AG or 10Z7CA or at any other time.
- (4) The court or sheriff may, subject to sub-paragraph (8), order the cryptoassets to which the application relates to be released to the applicant if it appears to the court or sheriff that—
- (a) the applicant was deprived of the cryptoassets to which the application relates, or of property which they represent, by criminal conduct,
  - (b) the cryptoassets the applicant was deprived of were not, immediately before the applicant was deprived of them, property obtained by or in return for criminal conduct and nor did they then represent such property, and

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- (c) the cryptoassets belong to the applicant.
- (5) If sub-paragraph (6) applies, the court or sheriff may, subject to sub-paragraph (8), order the cryptoassets to which the application relates to be released to the applicant or to the person from whom they were seized.
- (6) This sub-paragraph applies where—
  - (a) the applicant is not the person from whom the cryptoassets to which the application relates were seized,
  - (b) it appears to the court or sheriff that those cryptoassets belong to the applicant,
  - (c) the court or sheriff is satisfied that the release condition is met in relation to those cryptoassets, and
  - (d) no objection to the making of an order under sub-paragraph (5) has been made by the person from whom those cryptoassets were seized.
- (7) The release condition is met—
  - (a) if the conditions in Part 4BA for the detention of the cryptoassets are no longer met, or
  - (b) in relation to cryptoassets which are subject to an application for forfeiture under paragraph 10Z7CA, if the court or sheriff decides not to make an order under that paragraph in relation to the cryptoassets.
- (8) If (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the cryptoassets are connected, the cryptoassets are not to be released under this paragraph (and so are to continue to be detained) until the proceedings are concluded.

### **Victims etc: crypto wallet freezing orders**

- 10Z7C(1) A person who claims that any cryptoassets held in a crypto wallet in respect of which a crypto wallet freezing order has effect belong to the person may apply for some or all of the cryptoassets to be released.
- (2) An application under sub-paragraph (1) is to be made—
  - (a) in England and Wales or Northern Ireland, to a magistrates' court;
  - (b) in Scotland, to the sheriff.
- (3) The application may be made in the course of proceedings under paragraph 10Z7BB or 10Z7CA or at any other time.
- (4) The court or sheriff may, subject to sub-paragraph (8), order the cryptoassets to which the application relates to be released to the applicant if it appears to the court or sheriff that—
  - (a) the applicant was deprived of the cryptoassets to which the application relates, or of property which they represent, by criminal conduct,
  - (b) the cryptoassets the applicant was deprived of were not, immediately before the applicant was deprived of them,

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- property obtained by or in return for criminal conduct and nor did they then represent such property, and
- (c) the cryptoassets belong to the applicant.
- (5) If sub-paragraph (6) applies, the court or sheriff may, subject to sub-paragraph (8), order the cryptoassets to which the application relates to be released to the applicant.
- (6) This sub-paragraph applies where—
- (a) the applicant is not the person from whom the cryptoassets to which the application relates were seized,
  - (b) it appears to the court or sheriff that those cryptoassets belong to the applicant,
  - (c) the court or sheriff is satisfied that the release condition is met in relation to those cryptoassets, and
  - (d) no objection to the making of an order under sub-paragraph (5) has been made by the person from whom those cryptoassets were seized.
- (7) The release condition is met—
- (a) if the conditions for the making of the crypto wallet freezing order are no longer met in relation to the cryptoassets to which the application relates, or
  - (b) in relation to cryptoassets held in a crypto wallet subject to a crypto wallet freezing order which are subject to an application for forfeiture under paragraph 10Z7CA, if the court or sheriff decides not to make an order under that paragraph in relation to the cryptoassets.
- (8) Cryptoassets are not to be released under this paragraph—
- (a) if an application for their forfeiture under paragraph 10Z7CA is made, until any proceedings in pursuance of the application (including any proceedings on appeal) are concluded;
  - (b) if (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the cryptoassets are connected, until the proceedings are concluded.
- (9) In relation to cryptoassets held in a crypto wallet that is subject to a crypto wallet freezing order, references in this paragraph to a person from whom cryptoassets were seized include a reference to a person by or for whom the crypto wallet was administered immediately before the crypto wallet freezing order was made.

### Compensation

- 10Z7CM) This paragraph applies if no order is made under paragraph 10Z7CA, 10Z7CD or 10Z7CE in respect of cryptoassets detained under this Schedule or held in a crypto wallet that is subject to a crypto wallet freezing order under paragraph 10Z7BB.
- (2) Where this paragraph applies, the following may make an application to the relevant court for compensation—

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- (a) a person to whom the cryptoassets belong or from whom they were seized;
  - (b) a person by or for whom a crypto wallet to which the crypto wallet freezing order applies is administered.
- (3) If the relevant court is satisfied that the applicant has suffered loss as a result of the detention of the cryptoassets or the making of the crypto wallet freezing order and that the circumstances are exceptional, the relevant court may order compensation to be paid to the applicant.
- (4) The amount of compensation to be paid is the amount the relevant court thinks reasonable, having regard to the loss suffered and any other relevant circumstances.
- (5) If the cryptoassets were seized, or the crypto wallet freezing order was applied for, by an officer of Revenue and Customs, the compensation is to be paid by the Commissioners for His Majesty's Revenue and Customs.
- (6) If the cryptoassets were seized, or the crypto wallet freezing order was applied for, by a constable, the compensation is to be paid as follows—
- (a) in the case of a constable of a police force in England and Wales, it is to be paid out of the police fund from which the expenses of the police force are met;
  - (b) in the case of a constable of the Police Service of Scotland, it is to be paid by the Scottish Police Authority;
  - (c) in the case of a police officer within the meaning of the Police (Northern Ireland) Act 2000, it is to be paid out of money provided by the Chief Constable of the Police Service of Northern Ireland.
- (7) If the cryptoassets were seized, or the crypto wallet freezing order was applied for, by a counter-terrorism financial investigator, the compensation is to be paid as follows—
- (a) in the case of a counter-terrorism financial investigator who was—
    - (i) a member of the civilian staff of a police force (including the metropolitan police force), within the meaning of Part 1 of the Police Reform and Social Responsibility Act 2011, or
    - (ii) a member of staff of the City of London police force, it is to be paid out of the police fund from which the expenses of the police force are met;
  - (b) in the case of a counter-terrorism financial investigator who was a member of staff of the Police Service of Northern Ireland, it is to be paid out of money provided by the Chief Constable of the Police Service of Northern Ireland.
- (8) If the cryptoassets were seized, or the crypto wallet freezing order was applied for, by an immigration officer, the compensation is to be paid by the Secretary of State.

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- (9) If an order under paragraph 10Z7BB, 10Z7CA, 10Z7CD or 10Z7CE is made in respect of some of the cryptoassets detained or held, this paragraph has effect in relation to the remainder.
- (10) This paragraph does not apply if the relevant court makes an order under paragraph 10Z7CK or 10Z7CL.
- (11) In this paragraph “relevant court” means—
  - (a) in England and Wales and Northern Ireland, a magistrates’ court;
  - (b) in Scotland, the sheriff.

## PART 4BD

### CONVERSION OF CRYPTOASSETS

#### Interpretation

10Z7D(1) In this Part—

“converted cryptoassets” is to be read in accordance with paragraphs 10Z7DD and 10Z7DE;

“crypto wallet freezing order” has the same meaning as in Part 4BB (see paragraph 10Z7B(6));

“relevant court” means—

- (a) in England and Wales and Northern Ireland, a magistrates’ court;
- (b) in Scotland, the sheriff;

“relevant financial institution” has the same meaning as in Part 4B (see paragraph 10Q);

“UK-connected cryptoasset service provider” has the same meaning as in Part 4BB (see paragraph 10Z7B(7)).

- (2) Paragraph 10Z7B(6)(b) (administration of crypto wallets) applies in relation to this Part as it applies in relation to Part 4BB.
- (3) In this Part references to the conversion of cryptoassets into money are references to the conversion of cryptoassets into—
  - (a) cash, or
  - (b) money held in an account maintained with a relevant financial institution.
- (4) For the purposes of Parts 2 to 4, converted cryptoassets detained under this Part are not to be treated as cash detained under this Schedule.

#### Detained cryptoassets: conversion

10Z7DA(1) Sub-paragraph (2) applies while any cryptoassets are detained in pursuance of an order under paragraph 10Z7AE or 10Z7AG (including where cryptoassets are subject to forfeiture proceedings).

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- (2) A person within sub-paragraph (3) may apply to the relevant court for an order requiring all of the cryptoassets detained pursuant to the order to be converted into money.
- (3) The following persons are within this sub-paragraph—
  - (a) an authorised officer;
  - (b) a person from whom the cryptoassets were seized.
- (4) In deciding whether to make an order under this paragraph, the court must have regard to whether the cryptoassets (as a whole) are likely to suffer a significant loss in value during the period before they are released or forfeited (including the period during which an appeal against an order for forfeiture may be made).
- (5) Before making an order under this paragraph the court must give an opportunity to be heard to—
  - (a) the parties to the proceedings, and
  - (b) any other person who may be affected by its decision.
- (6) As soon as practicable after an order is made under this paragraph, an authorised officer must convert the cryptoassets, or arrange for the cryptoassets to be converted, into money.
- (7) The conversion of cryptoassets under sub-paragraph (6) must be carried out, so far as practicable, in the manner best calculated to maximise the amount of money obtained for the cryptoassets.
- (8) At the first opportunity after the cryptoassets are converted, the authorised officer must arrange for the amount of money obtained for the cryptoassets to be paid into an interest-bearing account and held there.
- (9) Interest accruing on the amount is to be added to it on its forfeiture or release.
- (10) Where cryptoassets are converted into money in accordance with an order made under this paragraph—
  - (a) the cryptoassets are no longer to be treated as being detained in pursuance of an order under paragraph 10Z7AE or 10Z7AG, and
  - (b) any application made under paragraph 10Z7CA(2) in relation to the cryptoassets which has not yet been determined or otherwise disposed of (including under paragraph 10Z7CD or 10Z7CE) is to be treated as if it were an application made under paragraph 10Z7DG(2) in relation to the converted cryptoassets.
- (11) An order made under this paragraph must provide for notice to be given to persons affected by the order.
- (12) No appeal may be made against an order made under this paragraph.

#### **Frozen crypto wallet: conversion**

- 10Z7DB) This paragraph applies while a crypto wallet freezing order under paragraph 10Z7BB has effect (including where cryptoassets held in a



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crypto wallet that is subject to a crypto wallet freezing order are subject to forfeiture proceedings).

- (2) A person within sub-paragraph (3) may apply to the relevant court for an order requiring all of the cryptoassets held in the crypto wallet to be converted into money.
- (3) The following persons are within this sub-paragraph—
  - (a) an authorised officer;
  - (b) a person by or for whom the crypto wallet is administered.
- (4) In deciding whether to make an order under this paragraph, the court must have regard to whether the cryptoassets (as a whole) are likely to suffer a significant loss in value during the period before—
  - (a) the crypto wallet freezing order ceases to have effect, or
  - (b) the cryptoassets are forfeited (including the period during which an appeal against an order for forfeiture may be made).
- (5) Before making an order under this paragraph the court must give an opportunity to be heard to—
  - (a) the parties to the proceedings, and
  - (b) any other person who may be affected by its decision.
- (6) As soon as practicable after an order is made under this paragraph, the UK-connected cryptoasset service provider that administers the crypto wallet must convert the cryptoassets, or arrange for the cryptoassets to be converted, into money.
- (7) The conversion of cryptoassets under sub-paragraph (6) must be carried out, so far as practicable, in the manner best calculated to maximise the amount of money obtained for the cryptoassets.
- (8) At the first opportunity after the cryptoassets are converted, the UK-connected cryptoasset service provider must arrange for the amount of money obtained for the cryptoassets to be paid into an interest-bearing account nominated by an authorised officer and held there.
- (9) But—
  - (a) the UK-connected cryptoasset service provider may deduct any reasonable expenses incurred by the provider in connection with the conversion of the cryptoassets, and
  - (b) the amount to be treated as the proceeds of the conversion of the cryptoassets is to be reduced accordingly.
- (10) Interest accruing on the amount obtained for the cryptoassets is to be added to it on its forfeiture or release.
- (11) Where cryptoassets are converted in accordance with an order made under this paragraph—
  - (a) the crypto wallet freezing order ceases to have effect,
  - (b) any application made under paragraph 10Z7CA(2) in relation to the cryptoassets which has not yet been determined or otherwise disposed of (including under paragraph 10Z7CD or 10Z7CE) is to be treated as if it were an application made under

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paragraph 10Z7DG(2) in relation to the converted cryptoassets,  
and

- (c) any application made under paragraph 10Z7CF(2) in relation to the crypto wallet which has not yet been determined or otherwise disposed of may not be proceeded with.

(12) An order made under this paragraph must provide for notice to be given to persons affected by the order.

(13) No appeal may be made against an order made under this paragraph.

### **Conversion: existing forfeiture proceedings**

10Z7DC1) Where—

- (a) cryptoassets are forfeited under paragraph 10Z7CA or 10Z7CE,  
and
- (b) before the cryptoassets are realised or destroyed in accordance with paragraph 10Z7CI, an order is made under paragraph 10Z7DA requiring the cryptoassets to be converted into money,

paragraph 10Z7DJ(1) applies in relation to the converted cryptoassets as if they had been detained under paragraph 10Z7DD and forfeited under paragraph 10Z7DG (and accordingly paragraph 10Z7CI ceases to apply).

(2) Where—

- (a) cryptoassets are forfeited under paragraph 10Z7CA or 10Z7CE,  
and
- (b) before the cryptoassets are realised or destroyed in accordance with paragraph 10Z7CI, an order is made under paragraph 10Z7DB requiring the cryptoassets to be converted into money,

paragraph 10Z7DJ(2) applies in relation to the converted cryptoassets as if they had been detained under paragraph 10Z7DE and forfeited under paragraph 10Z7DG (and accordingly paragraph 10Z7CI ceases to apply).

(3) Where—

- (a) an appeal may be made under paragraph 10Z7CG(1) or (2) in relation to the determination of an application under paragraph 10Z7CA(2) for the forfeiture of cryptoassets (including where paragraph 10Z7CD or 10Z7CE applies), and
- (b) an order is made under paragraph 10Z7DA or 10Z7DB requiring the cryptoassets to be converted into money,

the appeal may instead be made under paragraph 10Z7DH (within the time allowed by paragraph 10Z7CG(4)) as if it were an appeal against the determination of an application under paragraph 10Z7DG.

(4) Where—

- (a) an appeal is made under paragraph 10Z7CG(1) or (2) in relation to the determination of an application under

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paragraph 10Z7CA(2) for the forfeiture of cryptoassets (including where paragraph 10Z7CD or 10Z7CE applies), and

(b) before the appeal is determined or otherwise disposed of, an order is made under paragraph 10Z7DA or 10Z7DB requiring the cryptoassets to be converted into money,

the appeal is to be treated as if it had been made under paragraph 10Z7DH(1) in relation to the determination of an application under paragraph 10Z7DG for the forfeiture of the converted cryptoassets.

### **Detained cryptoassets: detention of proceeds of conversion**

10Z7D(1) This paragraph applies where cryptoassets are converted into money in accordance with an order under paragraph 10Z7DA.

- (2) The proceeds of the conversion (the “converted cryptoassets”) may be detained initially until the end of the period that the cryptoassets could, immediately before the conversion, have been detained under Part 4BA (ignoring the possibility of any extension of that period).
- (3) The period for which the converted cryptoassets may be detained may be extended by an order made by the relevant court.
- (4) An order under sub-paragraph (3) may not authorise the detention of the converted cryptoassets beyond the end of the period of 2 years beginning with the relevant date; but this is subject to sub-paragraph (5).
- (5) The relevant court may make an order for the period of 2 years in sub-paragraph (4) to be extended to a period of up to 3 years beginning with the relevant date.
- (6) In sub-paragraphs (4) and (5) “the relevant date” means the date on which the first order under paragraph 10Z7AE or 10Z7AG (as the case may be) was made in relation to the cryptoassets.
- (7) An application for an order under sub-paragraph (3) or (5) may be made—
  - (a) in relation to England and Wales and Northern Ireland, by the Commissioners for His Majesty’s Revenue and Customs or an authorised officer;
  - (b) in relation to Scotland, by a procurator fiscal.
- (8) The relevant court may make an order under sub-paragraph (3) only if satisfied that there are reasonable grounds for suspecting that the converted cryptoassets to be further detained—
  - (a) are within subsection (1)(a) or (b) of section 1, or
  - (b) are property earmarked as terrorist property.
- (9) The relevant court may make an order under sub-paragraph (5) only if satisfied that a request for assistance is outstanding in relation to the cryptoassets mentioned in sub-paragraph (1).
- (10) A “request for assistance” in sub-paragraph (9) means a request for assistance in obtaining evidence (including information in any form or article) in connection with the cryptoassets, made—

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- (a) by a judicial authority in the United Kingdom under section 7 of the Crime (International Co-operation) Act 2003,
- (b) by an authorised officer, to an authority exercising equivalent functions in a foreign country,
- (c) by the Scottish Ministers in connection with their functions under this Schedule, to an authority exercising equivalent functions in a foreign country, or
- (d) by a person under section 375A or 408A of the Proceeds of Crime Act 2002 (evidence overseas).

### **Frozen crypto wallets: detention of proceeds of conversion**

10Z7DE1) This paragraph applies where cryptoassets held in a crypto wallet subject to a crypto wallet freezing order are converted into money in accordance with an order under paragraph 10Z7DB.

- (2) The proceeds of the conversion (the “converted cryptoassets”) may be detained initially until the end of the period that the crypto wallet freezing order was, immediately before the conversion, due to have effect under Part 4BB (ignoring the possibility of any extension of that period).
- (3) The period for which the converted cryptoassets may be detained may be extended by an order made by the relevant court.
- (4) An order under sub-paragraph (3) may not authorise the detention of the converted cryptoassets beyond the end of the period of 2 years beginning with the day on which the crypto wallet freezing order was made; but this is subject to sub-paragraph (5).
- (5) The relevant court may make an order for the period of 2 years in sub-paragraph (4) to be extended to a period of up to 3 years beginning with the day on which the crypto wallet freezing order was made.
- (6) An application for an order under sub-paragraph (3) or (5) may be made—
  - (a) in relation to England and Wales and Northern Ireland, by the Commissioners for His Majesty’s Revenue and Customs or an authorised officer;
  - (b) in relation to Scotland, by a procurator fiscal.
- (7) The relevant court may make an order under sub-paragraph (3) only if satisfied that there are reasonable grounds for suspecting that the converted cryptoassets to be further detained—
  - (a) are within subsection (1)(a) or (b) of section 1, or
  - (b) are property earmarked as terrorist property.
- (8) The relevant court may make an order under sub-paragraph (5) only if satisfied that a request for assistance is outstanding in relation to the cryptoassets mentioned in sub-paragraph (1).
- (9) A “request for assistance” in sub-paragraph (8) means a request for assistance in obtaining evidence (including information in any form or article) in connection with the cryptoassets, made—

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- (a) by a judicial authority in the United Kingdom under section 7 of the Crime (International Co-operation) Act 2003,
- (b) by an authorised officer, to an authority exercising equivalent functions in a foreign country,
- (c) by the Scottish Ministers in connection with their functions under this Schedule, to an authority exercising equivalent functions in a foreign country, or
- (d) by a person under section 375A or 408A of the Proceeds of Crime Act 2002 (evidence overseas).

### **Release of detained converted cryptoassets**

10Z7DF1) This paragraph applies while any converted cryptoassets are detained under paragraph 10Z7DD or 10Z7DE.

- (2) The relevant court may, subject to sub-paragraph (7), direct the release of the whole or any part of the converted cryptoassets if the following condition is met.
- (3) The condition is that, on an application by the relevant person, the court is not satisfied that there are reasonable grounds for suspecting that the converted cryptoassets to be released—
  - (a) are within subsection (1)(a) or (b) of section 1, or
  - (b) are property earmarked as terrorist property.
- (4) In sub-paragraph (3) “the relevant person” means—
  - (a) in the case of converted cryptoassets detained under paragraph 10Z7DD, the person from whom the cryptoassets mentioned in sub-paragraph (1) of that paragraph were seized, and
  - (b) in the case of converted cryptoassets detained under paragraph 10Z7DE, any person affected by the crypto wallet freezing order mentioned in sub-paragraph (1) of that paragraph.
- (5) A person within sub-paragraph (6) may, subject to sub-paragraph (7) and after notifying the magistrates’ court or sheriff under whose order converted cryptoassets are being detained, release the whole or any part of the converted cryptoassets if satisfied that the detention is no longer justified.
- (6) The following persons are within this sub-paragraph—
  - (a) in relation to England and Wales or Northern Ireland, an authorised officer;
  - (b) in relation to Scotland, a procurator fiscal.
- (7) Converted cryptoassets are not to be released under this paragraph (and so are to continue to be detained)—
  - (a) if an application for their forfeiture under paragraph 10Z7DG is made, until any proceedings in pursuance of the application (including any proceedings on appeal) are concluded;
  - (b) if (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the converted cryptoassets are connected, until the proceedings are concluded.

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## Forfeiture

- 10Z7D(1) This paragraph applies while any converted cryptoassets are detained under paragraph 10Z7DD or 10Z7DE.
- (2) An application for the forfeiture of some or all of the converted cryptoassets may be made—
- (a) to a magistrates' court, by the Commissioners for His Majesty's Revenue and Customs or an authorised officer;
  - (b) to the sheriff, by the Scottish Ministers.
- (3) The court or sheriff may order the forfeiture of some or all of the converted cryptoassets if satisfied that the converted cryptoassets to be forfeited—
- (a) are within subsection (1)(a) or (b) of section 1, or
  - (b) are property earmarked as terrorist property.
- (4) But in the case of property which belongs to joint tenants, one of whom is an excepted joint owner, the order may not apply to so much of it as the court thinks is attributable to the excepted joint owner's share.
- (5) Where an application for forfeiture is made under this paragraph, the converted cryptoassets are to continue to be detained under paragraph 10Z7DD or 10Z7DE (and may not be released under any power conferred by this Part) until any proceedings in pursuance of the application (including any proceedings on appeal) are concluded.
- (6) For the purposes of this paragraph—
- (a) an excepted joint owner is a joint tenant who obtained the property in circumstances in which it would not (as against them) be earmarked, and
  - (b) references to the excepted joint owner's share of property are to so much of the property as would have been theirs if the joint tenancy had been severed.

## Forfeiture: appeals

- 10Z7D(1) Any party to proceedings for an order for the forfeiture of converted cryptoassets under paragraph 10Z7DG who is aggrieved by an order under that paragraph or by the decision of the court not to make such an order may appeal—
- (a) from an order or decision of a magistrates' court in England and Wales, to the Crown Court;
  - (b) from an order or decision of the sheriff, to the Sheriff Appeal Court;
  - (c) from an order or decision of a magistrates' court in Northern Ireland, to a county court.
- (2) An appeal under sub-paragraph (1) must be made before the end of the period of 30 days starting with the day on which the court makes the order or decision.
- (3) The court hearing the appeal may make any order it thinks appropriate.

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- (4) If the court upholds an appeal against an order forfeiting the converted cryptoassets, it may, subject to sub-paragraph (5), order the release of some or all of the converted cryptoassets.
- (5) If (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the converted cryptoassets are connected, the converted cryptoassets are not to be released under this paragraph (and so are to continue to be detained) until the proceedings are concluded.

### **Extended time for appealing in certain cases where deproscription order made**

10Z7D(1) This paragraph applies where—

- (a) a successful application for an order under paragraph 10Z7DG relies (wholly or partly) on the fact that an organisation is proscribed,
  - (b) an application under section 4 of the Terrorism Act 2000 for a deproscription order in respect of the organisation is refused by the Secretary of State,
  - (c) the converted cryptoassets forfeited by the order under paragraph 10Z7DG were converted from cryptoassets which were seized under this Schedule on or after the date of the refusal of that application,
  - (d) an appeal against that refusal is allowed under section 5 of the Terrorism Act 2000,
  - (e) a deproscription order is made accordingly, and
  - (f) if the order is made in reliance on section 123(5) of the Terrorism Act 2000, a resolution is passed by each House of Parliament under section 123(5)(b) of that Act.
- (2) Where this paragraph applies, an appeal under paragraph 10Z7DH against the making of an order under paragraph 10Z7DG may be brought at any time before the end of the period of 30 days beginning with the date on which the deproscription order comes into force.
  - (3) In this paragraph a “deproscription order” means an order under section 3(3)(b) or (8) of the Terrorism Act 2000.

### **Application of forfeited converted cryptoassets**

10Z7D(1) Converted cryptoassets detained under paragraph 10Z7DD and forfeited under paragraph 10Z7DG, and any accrued interest on them, must be applied as follows—

- (a) first, they must be applied in making any payment of reasonable expenses incurred by an authorised officer in connection with the safe storage of the cryptoassets mentioned in paragraph 10Z7DD(1) during the period the cryptoassets were detained under Part 4BA;
- (b) second, they must be applied in making any payment of reasonable expenses incurred by an authorised officer in

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- connection with the conversion of those cryptoassets under paragraph 10Z7DA(6);
- (c) third, they must be applied in making any payment of reasonable expenses incurred by an authorised officer in connection with the detention of the converted cryptoassets under this Part;
  - (d) fourth, they must be paid—
    - (i) if forfeited by a magistrates’ court in England and Wales or Northern Ireland, into the Consolidated Fund, and
    - (ii) if forfeited by the sheriff, into the Scottish Consolidated Fund.
- (2) Converted cryptoassets detained under paragraph 10Z7DE and forfeited under paragraph 10Z7DG, and any accrued interest on them, must be applied as follows—
- (a) first, they must be applied in making any payment of reasonable expenses incurred by an authorised officer in connection with the detention of the converted cryptoassets under this Part;
  - (b) second, they must be paid—
    - (i) if forfeited by a magistrates’ court in England and Wales or Northern Ireland, into the Consolidated Fund, and
    - (ii) if forfeited by the sheriff, into the Scottish Consolidated Fund.
- (3) But converted cryptoassets are not to be applied or paid under sub-paragraph (1) or (2)—
- (a) before the end of the period within which an appeal under paragraph 10Z7DH may be made, or
  - (b) if a person appeals under that paragraph, before the appeal is determined or otherwise disposed of.

### Victims etc

10Z7DK(1) This paragraph applies where converted cryptoassets are detained under this Part.

- (2) Where this paragraph applies, a person (“P”) who claims that the relevant cryptoassets belonged to P immediately before—
  - (a) the relevant cryptoassets were seized, or
  - (b) the crypto wallet freezing order was made in relation to the crypto wallet in which the relevant cryptoassets were held,
 may apply to the relevant court for some or all of the converted cryptoassets to be released to P.
- (3) The application may be made in the course of proceedings under paragraph 10Z7DD, 10Z7DE or 10Z7DG or at any other time.
- (4) The relevant court may, subject to sub-paragraph (9), order the converted cryptoassets to which the application relates to be released to the applicant if it appears to the relevant court that the condition in sub-paragraph (5) is met.
- (5) The condition in this sub-paragraph is that—



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- (a) the applicant was deprived of the relevant cryptoassets, or of property which they represent, by criminal conduct,
  - (b) the relevant cryptoassets the applicant was deprived of were not, immediately before the applicant was deprived of them, property obtained by or in return for criminal conduct and nor did they then represent such property, and
  - (c) the relevant cryptoassets belonged to the applicant immediately before—
    - (i) the relevant cryptoassets were seized, or
    - (ii) the crypto wallet freezing order was made in relation to the crypto wallet in which the relevant cryptoassets were held.
- (6) If sub-paragraph (7) applies, the relevant court may, subject to sub-paragraph (9), order the converted cryptoassets to which the application relates to be released to the applicant or to the person from whom the relevant cryptoassets were seized.
- (7) This sub-paragraph applies where—
- (a) the applicant is not the person from whom the relevant cryptoassets were seized,
  - (b) it appears to the relevant court that the relevant cryptoassets belonged to the applicant immediately before—
    - (i) the relevant cryptoassets were seized, or
    - (ii) the crypto wallet freezing order was made in relation to the crypto wallet in which the relevant cryptoassets were held,
  - (c) the relevant court is satisfied that the release condition is met in relation to the converted cryptoassets, and
  - (d) no objection to the making of an order under sub-paragraph (6) has been made by the person from whom the relevant cryptoassets were seized.
- (8) The release condition is met—
- (a) if the conditions in this Part for the detention of the converted cryptoassets are no longer met, or
  - (b) in relation to converted cryptoassets which are subject to an application for forfeiture under paragraph 10Z7DG, if the court or sheriff decides not to make an order under that paragraph in relation to the converted cryptoassets.
- (9) If (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the converted cryptoassets are connected, the converted cryptoassets are not to be released under this paragraph (and so are to continue to be detained) until the proceedings are concluded
- (10) Where sub-paragraph (2)(b) applies, references in this paragraph to a person from whom relevant cryptoassets were seized include a reference to a person by or for whom the crypto wallet mentioned in that provision was administered immediately before the crypto wallet freezing order was made in relation to the crypto wallet.

- (11) In this paragraph “the relevant cryptoassets” means—
- (a) in relation to converted cryptoassets detained under paragraph 10Z7DD, some or all of the cryptoassets mentioned in sub-paragraph (1) of that paragraph, and
  - (b) in relation to converted cryptoassets detained under paragraph 10Z7DE, some or all of the cryptoassets mentioned in sub-paragraph (1) of that paragraph.

### Compensation

10Z7D(1) This paragraph applies if no order is made under paragraph 10Z7DG in respect of converted cryptoassets detained under this Part.

- (2) Where this paragraph applies, the following may make an application to the relevant court for compensation—
  - (a) a person to whom the relevant cryptoassets belonged immediately before they were seized;
  - (b) a person from whom the relevant cryptoassets were seized;
  - (c) a person by or for whom the crypto wallet mentioned in paragraph 10Z7DE(1) was administered immediately before the crypto wallet freezing order was made in relation to the crypto wallet.
- (3) If the relevant court is satisfied that—
  - (a) the applicant has suffered loss as a result of—
    - (i) the conversion of the relevant cryptoassets into money, or
    - (ii) the detention of the converted cryptoassets, and
  - (b) the circumstances are exceptional,
 the relevant court may order compensation to be paid to the applicant.
- (4) The amount of compensation to be paid is the amount the relevant court thinks reasonable, having regard to the loss suffered and any other relevant circumstances.
- (5) If the relevant cryptoassets were seized, or the relevant crypto wallet freezing order was applied for, by an officer of Revenue and Customs, the compensation is to be paid by the Commissioners for His Majesty’s Revenue and Customs.
- (6) If the relevant cryptoassets were seized, or the relevant crypto wallet freezing order was applied for, by a constable, the compensation is to be paid as follows—
  - (a) in the case of a constable of a police force in England and Wales, it is to be paid out of the police fund from which the expenses of the police force are met;
  - (b) in the case of a constable of the Police Service of Scotland, it is to be paid by the Scottish Police Authority;
  - (c) in the case of a police officer within the meaning of the Police (Northern Ireland) Act 2000, it is to be paid out of money provided by the Chief Constable of the Police Service of Northern Ireland.

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- (7) If the relevant cryptoassets were seized, or the relevant crypto wallet freezing order was applied for, by a counter-terrorism financial investigator, the compensation is to be paid as follows—
- (a) in the case of a counter-terrorism financial investigator who was—
    - (i) a member of the civilian staff of a police force (including the metropolitan police force), within the meaning of Part 1 of the Police Reform and Social Responsibility Act 2011, or
    - (ii) a member of staff of the City of London police force, it is to be paid out of the police fund from which the expenses of the police force are met;
  - (b) in the case of a counter-terrorism financial investigator who was a member of staff of the Police Service of Northern Ireland, it is to be paid out of money provided by the Chief Constable of the Police Service of Northern Ireland.
- (8) If the relevant cryptoassets were seized, or the relevant crypto wallet freezing order was applied for, by an immigration officer, the compensation is to be paid by the Secretary of State.
- (9) This paragraph does not apply if the relevant court makes an order under paragraph 10Z7DK.
- (10) In this paragraph—
- “the relevant cryptoassets” means—
    - (a) in relation to converted cryptoassets detained under paragraph 10Z7DD, the cryptoassets mentioned in subparagraph (1) of that paragraph;
    - (b) in relation to converted cryptoassets detained under paragraph 10Z7DE, the cryptoassets mentioned in subparagraph (1) of that paragraph;
  - “the relevant crypto wallet freezing order”, in relation to converted cryptoassets detained under paragraph 10Z7DE, means the crypto wallet freezing order mentioned in subparagraph (1) of that paragraph.”

3 In Part 1, in paragraph 1(1) (terrorist cash), for “and 4B” substitute “to 4BD”.

4 In Part 4B (forfeiture of terrorist money held in bank and building society accounts), after paragraph 10Z6 insert—

*“Victims etc*

10Z6A(1) A person who claims that money in respect of which an account freezing order has effect belongs to them may apply to the relevant court for the money to be released.

(2) The application may be made in the course of proceedings under paragraph 10S or 10Z2 or at any other time.

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- (3) The court may, subject to sub-paragraph (7), order the money to which the application relates to be released to the applicant if it appears to the court that—
- (a) the applicant was deprived of the money to which the application relates, or of property which it represents, by criminal conduct,
  - (b) the money the applicant was deprived of was not, immediately before the applicant was deprived of it, property obtained by or in return for criminal conduct and nor did it then represent such property, and
  - (c) the money belongs to the applicant.
- (4) If sub-paragraph (5) applies, the court may, subject to sub-paragraph (7), order the money to which the application relates to be released to the applicant.
- (5) This sub-paragraph applies where—
- (a) the applicant is not the person from whom the money to which the application relates was seized,
  - (b) it appears to the court that the money belongs to the applicant,
  - (c) the court is satisfied that the release condition is met in relation to the money, and
  - (d) no objection to the making of an order under sub-paragraph (4) has been made by the person from whom the money was seized.
- (6) The release condition is met—
- (a) in relation to money held in a frozen account, if the conditions for making an order under paragraph 10S in relation to the money are no longer met, or
  - (b) in relation to money held in a frozen account which is subject to an application for forfeiture under paragraph 10Z2, if the court or sheriff decides not to make an order under that paragraph in relation to the money.
- (7) Money is not to be released under this paragraph—
- (a) if an account forfeiture notice under paragraph 10W is given in respect of the money, until any proceedings in pursuance of the notice (including any proceedings on appeal) are concluded;
  - (b) if an application for its forfeiture under paragraph 10Z2, is made, until any proceedings in pursuance of the application (including any proceedings on appeal) are concluded;
  - (c) if (in the United Kingdom or elsewhere) proceedings are started against any person for an offence with which the cash is connected, until the proceedings are concluded.
- (8) In relation to money held in an account that is subject to an account freezing order, references in this paragraph to a person from whom money was seized include a reference to a person by or for whom the account was operated immediately before the account freezing order was made.”

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- ““cryptoasset” has the meaning given by paragraph 10Z7A(1);”;
- ““crypto wallet” has the meaning given by paragraph 10Z7A(1);”;
- ““justice of the peace”, in relation to Northern Ireland, means lay magistrate;”;
- ““terrorist cryptoasset” has the meaning given by paragraph 10Z7A(1);”.

## PART 2

### AMENDMENTS TO THE TERRORISM ACT 2000

- 6 The Terrorism Act 2000 is amended as follows.
- 7 In Schedule 6 (financial information)—
- (a) in paragraph 6(1) (meaning of financial institution)—
    - (i) omit the “and” after paragraph (ha), and
    - (ii) after paragraph (i) insert—
      - “(j) a cryptoasset exchange provider, and
      - (k) a custodian wallet provider.”;
  - (b) after paragraph 6(1AA) insert—
    - “(1AB) For the purposes of sub-paragraph (1)(j), “cryptoasset exchange provider” means a firm or sole practitioner who by way of business provides one or more of the following services, including where the firm or sole practitioner does so as creator or issuer of any of the cryptoassets involved—
      - (a) exchanging or arranging or making arrangements with a view to the exchange of, cryptoassets for money or money for cryptoassets,
      - (b) exchanging, or arranging or making arrangements with a view to the exchange of, one cryptoasset for another, or
      - (c) operating a machine which utilises automated processes to exchange cryptoassets for money or money for cryptoassets.
    - (1AC) For the purposes of sub-paragraph (1)(k), “custodian wallet provider” means a firm or sole practitioner who by way of business provides services to safeguard, or to safeguard and administer—
      - (a) cryptoassets on behalf of its customers, or
      - (b) private cryptographic keys on behalf of its customers in order to hold, store and transfer cryptoassets.
    - (1AD) For the purposes of sub-paragraphs (1AB) and (1AC), “cryptoasset” means a cryptographically secured digital representation of value or contractual rights that uses a form of distributed ledger technology and can be transferred, stored or traded electronically.
    - (1AE) For the purposes of sub-paragraph (1AB)—

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- (a) “cryptoasset” includes a right to, or interest in, the cryptoasset;
- (b) “money” means—
  - (i) money in sterling,
  - (ii) money in any other currency, or
  - (iii) money in any other medium of exchange,
 but does not include a cryptoasset.

(1AF) The Secretary of State may by regulations amend the definitions in sub-paragraphs (1AB) to (1AE).”

- 8 In section 123 (orders and regulations), after subsection (6ZE) insert—
- “(6ZF) Regulations under paragraph 6(1AF) of Schedule 6 may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.”

## SCHEDULE 11

Section 193

### ECONOMIC CRIME OFFENCES

#### *Common law offences*

- 1 Cheating the public revenue.
- 2 Conspiracy to defraud.
- 3 In Scotland, the following offences at common law—
  - (a) fraud;
  - (b) uttering;
  - (c) embezzlement;
  - (d) theft.

#### *Statutory offences*

- 4 An offence under any of the following provisions of the Theft Act 1968—
  - (a) section 1 (theft);
  - (b) section 17 (false accounting);
  - (c) section 19 (false statements by company directors etc);
  - (d) section 20 (suppression etc of documents);
  - (e) section 24A (dishonestly retaining a wrongful credit).
- 5 An offence under any of the following provisions of the Theft Act (Northern Ireland) 1969—
  - (a) section 1 (theft);
  - (b) section 17 (false accounting);
  - (c) section 18 (false statements by company directors etc);
  - (d) section 19 (suppression etc of documents);
  - (e) section 23A (dishonestly retaining a wrongful credit).

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- 6 An offence under any of the following provisions of the Customs and Excise Management Act 1979—
  - (a) section 68 (offences in relation to exportation of prohibited or restricted goods);
  - (b) section 167 (untrue declarations etc);
  - (c) section 170 (fraudulent evasion of duty).
- 7 An offence under the Forgery and Counterfeiting Act 1981 (forgery, counterfeiting and kindred offences).
- 8 An offence under section 72 of the Value Added Tax Act 1994 (fraudulent evasion of VAT).
- 9 An offence under section 46A of the Criminal Law (Consolidation) (Scotland) Act 1995 (false monetary instruments).
- 10 An offence under any of the following sections of the Financial Services and Markets Act 2000—
  - (a) section 23 (contravention of prohibition on carrying on regulated activity unless authorised or exempt);
  - (b) section 25 (contravention of restrictions on financial promotion);
  - (c) section 85 (prohibition of dealing etc in transferable securities without approved prospectus);
  - (d) section 398 (misleading the FCA or PRA).
- 11 An offence under any of the following sections of the Terrorism Act 2000—
  - (a) section 15 (fund-raising);
  - (b) section 16 (use and possession);
  - (c) section 17 (funding arrangements);
  - (d) section 18 (money laundering);
  - (e) section 63 (terrorist finance: jurisdiction).
- 12 An offence under any of the following sections of the Proceeds of Crime Act 2002—
  - (a) section 327 (concealing etc criminal property);
  - (b) section 328 (arrangements facilitating acquisition etc of criminal property);
  - (c) section 329 (acquisition, use and possession of criminal property);
  - (d) section 330 (failing to disclose knowledge or suspicion of money laundering);
  - (e) section 333A (tipping off).
- 13 An offence under any of the following sections of the Companies Act 2006—
  - (a) section 658 (general rule against limited company acquiring its own shares);
  - (b) section 680 (prohibited financial assistance);
  - (c) section 993 (fraudulent trading).
- 14 An offence under any of the following sections of the Fraud Act 2006—
  - (a) section 1 (fraud);
  - (b) section 6 (possession etc of articles for use in frauds);
  - (c) section 7 (making or supplying articles for use in frauds);
  - (d) section 9 (participating in fraudulent business carried on by sole trader);
  - (e) section 11 (obtaining services dishonestly).

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*Status: This is the original version (as it was originally enacted).*

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- 15 An offence under any of the following sections of the Bribery Act 2010—
- (a) section 1 (bribing another person);
  - (b) section 2 (being bribed);
  - (c) section 6 (bribery of foreign public officials);
  - (d) section 7 (failure of commercial organisations to prevent bribery).
- 16 An offence under section 49 of the Criminal Justice and Licensing (Scotland) Act 2010 (possession, making or supplying articles for use in frauds).
- 17 An offence under any of the following sections of the Financial Services Act 2012—
- (a) section 89 (misleading statements);
  - (b) section 90 (misleading impressions);
  - (c) section 91 (misleading statements etc in relation to benchmarks).
- 18 An offence under section 45 or 46 of the Criminal Finances Act 2017 (failure to prevent the facilitation of UK tax evasion offences or foreign tax evasion offences).
- 19 An offence under regulation 86 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.
- 20 An offence under regulations made under section 49 of the Sanctions and Anti-Money Laundering Act 2018 (money laundering and terrorist financing etc).
- 21 An offence under section 199 of this Act (failure to prevent fraud).
- 22
- (1) An offence under an instrument made under section 2(2) of the European Communities Act 1972 for the purpose of implementing, or otherwise in relation to, EU obligations created or arising by or under an EU financial sanctions Regulation.
  - (2) An offence under an Act or under subordinate legislation where the offence was created for the purpose of implementing a UN financial sanctions Resolution.
  - (3) An offence under paragraph 7 of Schedule 3 to the Anti-terrorism, Crime and Security Act 2001 (freezing orders).
  - (4) An offence under paragraph 30 or 30A of Schedule 7 to the Counter-Terrorism Act 2008 where the offence relates to a requirement of the kind mentioned in paragraph 13 of that Schedule.
  - (5) An offence under paragraph 31 of Schedule 7 to the Counter-Terrorism Act 2008.
  - (6) An offence under regulations made under section 1 of the Sanctions and Anti-Money Laundering Act 2018 (sanctions regulations).
  - (7) In this paragraph—
    - “EU financial sanctions Regulation” and “UN financial sanctions Resolution” have the same meanings as in Part 8 of the Policing and Crime Act 2017 (see section 143 of that Act);
    - “subordinate legislation” has the same meaning as in the Interpretation Act 1978.



## SCHEDULE 12

Section 196

### CRIMINAL LIABILITY OF BODIES: ECONOMIC CRIMES

#### *Common law offences*

- 1 Cheating the public revenue.
- 2 Conspiracy to defraud.
- 3 In Scotland, the following offences at common law—
  - (a) fraud;
  - (b) uttering;
  - (c) embezzlement;
  - (d) theft.

#### *Statutory offences*

- 4 An offence under any of the following provisions of the Theft Act 1968—
  - (a) section 1 (theft);
  - (b) section 17 (false accounting);
  - (c) section 19 (false statements by company directors etc);
  - (d) section 20 (suppression etc of documents);
  - (e) section 24A (dishonestly retaining a wrongful credit).
- 5 An offence under any of the following provisions of the Theft Act (Northern Ireland) 1969—
  - (a) section 1 (theft);
  - (b) section 17 (false accounting);
  - (c) section 18 (false statements by company directors etc);
  - (d) section 19 (suppression etc of documents);
  - (e) section 23A (dishonestly retaining a wrongful credit).
- 6 An offence under any of the following provisions of the Customs and Excise Management Act 1979—
  - (a) section 68 (offences in relation to exportation of prohibited or restricted goods);
  - (b) section 167 (untrue declarations etc);
  - (c) section 170 (fraudulent evasion of duty).
- 7 An offence under the Forgery and Counterfeiting Act 1981 (forgery, counterfeiting and kindred offences).
- 8 An offence under section 72 of the Value Added Tax Act 1994 (fraudulent evasion of VAT).
- 9 An offence under section 46A of the Criminal Law (Consolidation) (Scotland) Act 1995 (false monetary instruments).
- 10 An offence under any of the following sections of the Financial Services and Markets Act 2000—
  - (a) section 23 (contravention of prohibition on carrying on regulated activity unless authorised or exempt);
  - (b) section 25 (contravention of restrictions on financial promotion);

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- (c) section 85 (prohibition on dealing etc in transferable securities without approved prospectus);
  - (d) section 398 (misleading the FCA or PRA).
- 11 An offence under any of the following sections of the Terrorism Act 2000—
- (a) section 15 (fund-raising);
  - (b) section 16 (use and possession);
  - (c) section 17 (funding arrangements);
  - (d) section 18 (money laundering);
  - (e) section 63 (terrorist finance: jurisdiction).
- 12 An offence under any of the following sections of the Proceeds of Crime Act 2002—
- (a) section 327 (concealing etc criminal property);
  - (b) section 328 (arrangements facilitating acquisition etc of criminal property);
  - (c) section 329 (acquisition, use and possession of criminal property);
  - (d) section 330 (failing to disclose knowledge or suspicion of money laundering);
  - (e) section 333A (tipping off: regulated sector).
- 13 An offence under section 993 of the Companies Act 2006 (fraudulent trading).
- 14 An offence under any of the following sections of the Fraud Act 2006—
- (a) section 1 (fraud);
  - (b) section 6 (possession etc of articles for use in frauds);
  - (c) section 7 (making or supplying articles for use in frauds);
  - (d) section 9 (participating in fraudulent business carried on by sole trader);
  - (e) section 11 (obtaining services dishonestly).
- 15 An offence under any of the following sections of the Bribery Act 2010—
- (a) section 1 (bribing another person);
  - (b) section 2 (being bribed);
  - (c) section 6 (bribery of foreign public officials).
- 16 An offence under section 49 of the Criminal Justice and Licensing (Scotland) Act 2010 (possession, making or supplying articles for use in frauds).
- 17 An offence under any of the following sections of the Financial Services Act 2012—
- (a) section 89 (misleading statements);
  - (b) section 90 (misleading impressions);
  - (c) section 91 (misleading statements etc in relation to benchmarks).
- 18 An offence under regulation 86 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.
- 19 An offence under regulations made under section 49 of the Sanctions and Anti-Money Laundering Act 2018 (money laundering and terrorist financing etc).
- 20 (1) An offence under an instrument made under section 2(2) of the European Communities Act 1972 for the purpose of implementing, or otherwise in relation to, EU obligations created or arising by or under an EU financial sanctions Regulation.
- (2) An offence under an Act or under subordinate legislation where the offence was created for the purpose of implementing a UN financial sanctions Resolution.

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*Status: This is the original version (as it was originally enacted).*

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- (3) An offence under paragraph 7 of Schedule 3 to the Anti-terrorism, Crime and Security Act 2001 (freezing orders).
- (4) An offence under paragraph 30 or 30A of Schedule 7 to the Counter-Terrorism Act 2008 where the offence relates to a requirement of the kind mentioned in paragraph 13 of that Schedule.
- (5) An offence under paragraph 31 of Schedule 7 to the Counter-Terrorism Act 2008.
- (6) An offence under regulations made under section 1 of the Sanctions and Anti-Money Laundering Act 2018 (sanctions regulations).
- (7) In this paragraph—
  - “EU financial sanctions Regulation” and “UN financial sanctions Resolution” have the same meanings as in Part 8 of the Policing and Crime Act 2017 (see section 143 of that Act);
  - “subordinate legislation” has the same meaning as in the Interpretation Act 1978.

## SCHEDULE 13

Section 199

### FAILURE TO PREVENT FRAUD: FRAUD OFFENCES

#### *Common law offences*

- 1 Cheating the public revenue.
- 2 In Scotland, the following offences at common law—
  - (a) fraud;
  - (b) uttering;
  - (c) embezzlement.

#### *Statutory offences*

- 3 An offence under any of the following provisions of the Theft Act 1968—
  - (a) section 17 (false accounting);
  - (b) section 19 (false statements by company directors etc).
- 4 An offence under any of the following provisions of the Theft Act (Northern Ireland) 1969—
  - (a) section 17 (false accounting);
  - (b) section 18 (false statements by company directors etc).
- 5 An offence under section 993 of the Companies Act 2006 (fraudulent trading).
- 6 An offence under any of the following provisions of the Fraud Act 2006—
  - (a) section 1 (fraud);
  - (b) section 9 (participating in fraudulent business carried on by sole trader);
  - (c) section 11 (obtaining services dishonestly).