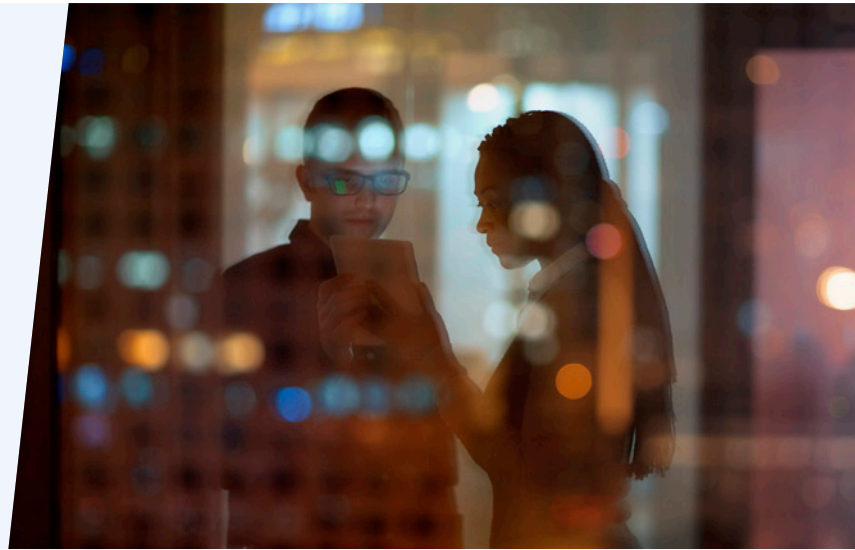


# Economic Crimes and Corporate Transparency Act



NAVEX One platform with:



Whistleblowing & Incident Management



Policy & Procedure Management



Ethics & Compliance Training



Code of Conduct

The Economic Crimes and Corporate Transparency Act (ECCTA) is a UK law aimed at cracking down on financial crime, fraud and corporate misconduct. It strengthens the powers of enforcement agencies to investigate and prosecute money laundering, fraud and corruption. The act introduces stricter regulations for companies, making it harder for criminals to exploit businesses for illicit activities.

Additionally, the act expands the powers of the UK's Companies House to scrutinize company information and reject suspicious registrations. It also gives law enforcement greater authority to seize and recover assets linked to economic crimes. By tightening corporate regulations and boosting oversight, the ECCTA aims to make the UK a more hostile environment for financial criminals while promoting business integrity and accountability.

## Requirements of the Economic Crimes and Corporate Transparency Act

The Economic Crime and Corporate Transparency Act (ECCTA) 2023 introduces significant reforms to combat economic crime and enhance corporate transparency in the UK. The four main requirements of the ECCTA are:

- 1. Identity verification:** All company directors, Persons with Significant Control (PSCs), and individuals delivering documents to Companies House must undergo identity verification. This measure aims to ensure the accuracy and reliability of data managed by Companies House. New directors must be verified before appointment, and existing directors and PSCs must complete verification within a transitional period. Companies permitting unverified individuals to act as directors may face criminal charges.
- 2. Filing and data management:** The ECCTA restricts submitting documents to Companies House to verified individuals or Authorized Corporate Service Providers (ACSPs). Companies must maintain an appropriate registered office and email address to facilitate effective communication. Additionally, the Act abolishes the requirement for companies to keep specific internal registers, such as those of directors and PSCs, centralizing this information within Companies House.
- 3. Enhanced powers for Companies House:** Transitioning from a passive recipient to an active gatekeeper, Companies House is granted authority to query, request additional information, or reject filings that appear suspicious or anomalous. This proactive approach aims to maintain the integrity of the public register and prevent misuse of corporate entities for illicit activities.

4. **New offences and penalties:** The ECCTA introduces offenses such as “failure to prevent fraud,” applicable to large organizations meeting specific criteria (e.g., over 250 employees, more than £36 million turnover, and over £18 million in total assets). Organizations can be liable if an associated person commits a specified fraud offense unless they can demonstrate reasonable prevention procedures were in place. Penalties for non-compliance include unlimited fines and, in some instances, imprisonment for individuals responsible.

## The challenge

Compliance with the ECCTA will introduce several obstacles for organizations, requiring significant adjustments to policies and operations. Some of the key challenges include:

1. **Ambiguity in “effective safeguards.”** The Act requires organizations to implement “effective safeguards” to protect consumers and ensure ethical data usage. However, the lack of clear definitions makes it difficult for businesses to determine sufficient measures, leading to uncertainty and potentially inconsistent implementation.
2. **Increased regulatory pressure.** With stricter enforcement mechanisms, companies will face heightened scrutiny and potential penalties. The challenge lies in keeping up with evolving compliance requirements while managing the risk of audits, investigations and fines.
3. **Resistance to cultural shifts.** Embedding compliance into company culture requires significant effort, especially in organizations that may have lax data practices. Employees and leadership may resist changes, such as introducing new accountability measures and slowing down compliance efforts.
4. **Uncertainty in adapting to future changes.** The regulatory landscape continues to evolve, making long-term compliance a moving target. Companies may struggle to anticipate future amendments, align with other regional regulations and ensure current compliance efforts remain relevant.

## The solution

Steps companies should take to keep up with the regulations of the ECCTA include:

1. **Develop and implement clear cybersecurity governance policies.** Establish comprehensive policies that define security requirements, ensure transparency, and set accountability measures for cyber threats and compliance. These policies should outline protocols for monitoring threats, assessing risks and maintaining data security while adhering to regulatory standards.
2. **Conduct regular cybersecurity training for staff.** Provide mandatory training for all technical and non-technical employees to enhance awareness of cybersecurity risks, legal obligations and best practices. Training should equip teams to recognize and mitigate potential threats, fostering a culture of proactive cybersecurity compliance.
3. **Implement robust risk management practices.** Identify and mitigate cybersecurity risks, such as data breaches, phishing attacks and system vulnerabilities. Establish a framework for conducting regular security assessments, deploying protective measures and ensuring compliance with cybersecurity regulations to prevent potential threats.
4. **Establish apparent oversight and reporting mechanisms.** Develop systems for continuous monitoring, reporting and responding to cybersecurity incidents. This includes setting up accessible channels for reporting security breaches, conducting periodic audits and maintaining transparency in compliance with the ECCTA.

## How NAVEX can help

Meeting the requirements of the [regulation/law] requires a proactive and systematic approach. To most effectively manage this, purpose-built solutions are key to keeping your program running smoothly. NAVEX One solutions are designed to help your organization stay compliant with the Economic Crimes and Corporate Transparency Act, here's how:

**Whistleblowing & Incident Management:** Establishes a secure and confidential system for employees to report ECCTA-related concerns, including ethical breaches, regulatory violations, or compliance risks. Features include anonymous reporting, real-time case tracking, and structured investigation workflows to ensure timely resolution and accountability.

**Policy & Procedure Management:** Simplifies the creation, distribution and acknowledgment of ECCTA compliance policies, ensuring employees always have access to the latest guidelines. Automated tracking and attestation features help organizations maintain regulatory alignment and demonstrate adherence to ECCTA requirements.

**Ethics & Compliance Training:** Provides interactive and scenario-based training modules designed to educate employees and managers on identifying, preventing and addressing ECCTA violations.

**Code of Conduct:** Your cultural North Star, having a well-written, engaging code of conduct helps establish clear expectations for respectful behavior in the workplace. With a comprehensive code of conduct that outlines ECCTA requirements and prohibited actions, organizations reinforce their commitment to setting clear guidance for ethical interactions.

The NAVEX One platform helps you achieve your goals by providing a 360-degree view of your risk and compliance program. With our platform, you can transform fragmented information into a valuable resource that can aid decision-making across all aspects of your business. It is an all-in-one option that compiles the solutions you need to create an effective solution to stay compliant with the ECCTA and many other regulations.

Learn more about how our solutions can address your essential business priorities, including complying with the ECCTA.

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