



Register of People
with Significant
Control
Regulations 2016
and
Confirmation
Statements

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Register of People with Significant Control Regulations 2016 and Confirmation Statements

Background

On 25 January 2016 the Register of People with Significant Control Regulations 2016 (the “**Regulations**”) were laid before Parliament for approval and are due to come into force on 6 April 2016.

In essence, the Regulations will require companies and LLPs registered in the UK (with some exceptions) to keep a register of their beneficial owners (i.e. those with a 25% direct or indirect interest in the company or with some other form of control) known as People with Significant Control (“**PSCs**”) and to inform Companies House of their details. The information on the register at Companies House (other than private residential addresses and precise date of birth) will be publicly accessible.

The legislation also imposes a duty on PSCs to give the company or LLP their details for its records.

These Regulations are part of a government initiative to make the ownership and control of UK-registered entities more transparent. The Regulations do not apply to certain publicly traded companies.

At the same time, from 30 June 2016, the requirement to provide Companies House with an Annual Return is being replaced by the requirement to deliver annually a Confirmation Statement confirming the details of the previous Annual Statement or providing amended details.

Both these changes are taking place pursuant to the Small Business, Enterprise and Employment Act 2015.

Register of People with Significant Control Regulations 2016

The definition of PSCs includes:

- People holding more than 25% of a company’s or LLP’s issued share capital or, where there is no share capital, people holding a right to receive more than 25% of the entity’s capital or profits;
- People with the right to control directly or indirectly more than 25% of a company’s or LLP’s voting rights;
- People with the power, directly or indirectly, to appoint or remove a majority of the board members;
- People who have the right to exercise or who actually exercise significant control or influence over a company or LLP; and
- People who have the right to exercise or actually exercise significant influence or control over the activities of a trust or firm here the trustees of that trust or members of that firm meet one of the other conditions.

Where a person’s shares are held by a nominee, they are treated as held by the person on whose behalf the nominee holds the shares.

People are not registrable if they fulfil one of the conditions only by virtue of having significant control over an entity that would have been a PSC had it been an individual but is subject to its own disclosure requirements as set out in the Regulations.

Companies and LLPs will also need to register any legal entity as a PSC where that legal entity would have been registered as a PSC if it had been an individual, i.e. it fulfilled one of the conditions set out above, and is subject to its own disclosure requirements.

Companies and LLPs now have a legal duty to investigate, obtain and update information on PSCs and PSCs themselves are now obliged proactively to disclose their information.

A company's PSC register must contain certain prescribed particulars:

- (a) For individuals: name, service address, country of usual residence, nationality, date of birth and usual residential address;
- (b) For entities treated as individuals: name, principal office, legal form and law by which it is governed; and
- (c) For relevant legal entities: name, registered or principal office, legal form, law by which it is governed, register on which it is entered and registration number.

In all cases, the PSC register must contain the date on which a person became a registrable person or relevant legal entity and the nature of the control.

A PSC's usual residential address and information that his or her service address is the usual residential address will be protected information, i.e. omitted from the public register at Companies House and from the information made available by the company for public inspection. For that reason, it may be advisable to have a service address different from a usual residential address.

The information on the PSC register must be delivered to Companies House either on incorporation or, for companies already incorporated, when the company delivers a confirmation statement (the replacement of the annual return: see below).

Confirmation Statements

As of 30 June, all companies will no longer be required to file an annual return. Instead, all companies will be required to deliver to Companies House a confirmation statement stating that the company has delivered all the information that it is required to provide in the period to which the confirmation statement relates.

The relevant periods before the end of which the confirmation statement must be delivered to Companies House are the 12 month period following incorporation and each 12 month period following the delivery of a confirmation statement. Companies can elect to deliver confirmation statements before the end of a relevant period but the next relevant period will then be measured from that date.

The confirmation statement simplifies the information to be delivered to Companies House if there has been no change in that information since the previous annual return or confirmation statement.

However, since the requirement to deliver details of a PSC register will come into force prior to the replacement of annual returns with confirmation statements, in most cases companies will deliver details of their PSC registers to Companies House with their first confirmation statements.

Should you have any further questions or enquiries regarding the PSC Register or any of the issues raised in this Memorandum, please don't hesitate to get in touch with Andrew Haslam-Jones or another member of our team on +44 207 353 5555.