

Directors' guide to the new Register for Persons with Significant Control (PSCs)

From the 6th April 2016, all UK non-listed companies and LLPs will be required to identify and register all persons with Significant Control over the company. These are also called registers of Beneficial Ownership.

This register will need to be included in all UK Company Annual returns from April 2016 onwards.

The government has published

It is a criminal offence for Directors to fail to comply with the new disclosure laws or to register Persons with Significant Control (PSCs) in the annual return.

The new requirement is set out in the Small Business, Enterprise and Employment Act 2015.

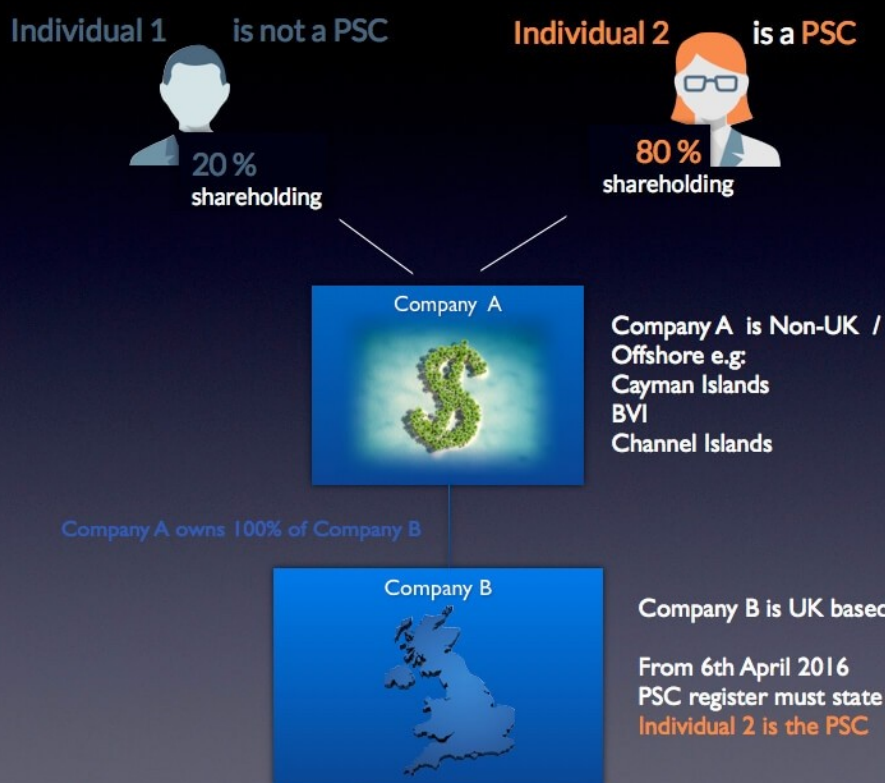
Control is broadly defined and includes:

- individuals who directly or indirectly hold more than 25% of the shares or voting rights in the company,
- are able to appoint or remove a majority of the board; or
- otherwise have the right to or actually exercise significant influence of control over the company.

The aim of this new disclosure law is to increase transparency over who are the beneficial owners and controllers of UK companies. Why the need for such transparency? Apart from helping to inform investors, the new registers will help law enforcement agencies, HMRC, SFO, and the Police to find information quicker, and in their efforts to weed out money laundering and tax evasion. The is a timely example this practice of hiding income by using shell companies whose ultimate beneficiaries are unclear.

This new law was introduced as a result of a commitment made at a G8 summit hosted by the UK Government in 2014. The remainder of the G8 will follow soon. There will be similar rules forcing companies across the rest of the EU to disclose their registers of beneficial ownership/ Persons with Significant control by June 2017.

Identifying a Person with Significant Control over a company



I am a Company Owner: what do I need to do as a beneficial owner of shares?

An officer of the company will be required to do the following:

- Identify and then record all people with significant control in a register. Such persons may be individuals or an immediate holding company if in a group.
- Establish the register by 6th April which needs to be kept with the Company's other statutory books at its head office. This register will be open for inspection. Contact us for a free register to use.
- Provide this information to Companies House from June 2016 as part of the company's Annual Confirmation Statement. Annual Returns are being renamed to include this statement.
- Keep the register updated to the extent there are any changes to PSCs. No PSC register may be left blank so every UK Company will have to make a disclosure.

Establishing who has control should be fairly straightforward in a single company. It might however be less straightforward for companies in groups. Directors of each UK company are obliged under the new

legislation to make reasonable enquires of parent companies to establish who to record in the register who controls the company.

Directors have to look through corporate structures and trust arrangements to find out who is the ultimate Person or People with Significant Control.

There will always be a disclosure of an individual name unless the ultimate holding company is listed on a stock exchange where there are already sufficient disclosure requirements or is another private UK limited company.

I am a Director/Company Secretary: what do I need to do about registering Persons with Significant Control?

- Understand the rules and their application
- Review the company structure and be able to identify all beneficial owners of shares. If the company is in a group ask the Directors of your
- Holding Company who are the beneficial owners and who is a Person with Significant Control.
- Create a new Person with Significant Control register for 6 April 2016. This must be open to inspection at your company registered offices for free. [View our guide to the new register](#) for a free register to use. Anyone can ask for a copy by paying the £12 fee.
- File PSC details on your company's next Annual Return when due after June 2016

What happens if a Director or PSC does not disclose the correct details?

It is a criminal offence if Directors fail to comply with the new disclosure laws. Directors can be imprisoned for up to 2 years. Both the Directors and the Person(s) with Significant Control have obligations to report the PSC's shareholding and disclose it.

Sanctions can also be imposed on the shares of a Person with Significant Control and could stop the payment of dividends or sale of the shares.

Need more information on the new register for Persons with Significant Control?

The rules are complex and intricate and applying the rules can be confusing, time consuming and costly.

If you need more information or assistance on registering Persons of Significant Control or issues relating to Beneficial Ownership, or wish to:

1. Protect yourself as a company director and ask the right questions to find out who is the Person or People with Significant Control,
2. Complete the new PSC registers and file your next Annual Return,

please contact [The Legal Partners](#) or [The Legal Partners](#) at The Legal Partners.

Or call us on 0203 755 5288.

We are already advising global companies and their Boards about how to comply with the new

regulations on registering Beneficial Ownership/Persons with Significant Control.