

GUIDE

The Person of Significant Control Register – new requirements for companies

One of the aims of the Small Business Enterprise and Employment Act 2015 was to increase the transparency of ownership of UK based companies and legal entities.

To achieve this, the Act included amendments to the Companies Act 2006 requiring companies to hold and keep available for inspection a register of people with significant control over the company.

From 6 April 2016, companies and Limited Liability Partnerships must keep such a register and from 30 June 2016, this information will need to be provided to Companies House by making an annual confirmation statement.

These new requirements apply to all UK incorporated companies limited by shares, companies limited by guarantee, unlimited companies and limited liability partnerships. They do not apply to listed companies (including ISDX and AIM) or other legal entities such as limited partnerships or charitable incorporated organisations.

The key requirements contained within the new legislation are:

1. Identify those people with significant control over the company (a PSC);
2. Where necessary, contact these people in order to confirm their status as PSCs and their personal information;
3. Record the details of the PSC on the company's PSC register;
4. Provide this information to Companies House as part of the new annual Confirmation Statement (formerly the Annual Return); and
5. Keep the information in the PSC register up to date and update the information at Companies House when the next Confirmation Statement is made.

So what constitutes a Person of Significant Control?

A Person of Significant Control is an individual who meets one or more of the following conditions in relation to the company:

- (a) directly or indirectly holds more than 25% of the shares;
- (b) directly or indirectly holds more than 25% of the voting rights;
- (c) directly or indirectly holds the right to appoint or remove a majority of directors;
- (d) otherwise has the right to exercise, or actually exercises, significant influence or control; or
- (e) has the right to exercise, or is actually exercising, significant influence or control over the activities of a trust or firm which is not a legal entity, but would itself satisfy any of the first four conditions if it were an individual.

Conditions (a) – (c) could be met directly or indirectly. For example, where an individual holds 20% of the issued shares in their own name and a further 10% of shares through another company, they will still be considered a PSC.

It may be more difficult to determine whether an individual falls within conditions (d) or (e) as they require a person to have "significant influence or control" over a company. Statutory guidance has been provided on the meaning of significant influence or control. It states that it would be indicative of "significant influence" where a person can ensure that a company generally adopts the activities which they desire. An example given is



where an individual has an exclusive veto right over certain aspects of a company's business.

If a shareholder simply owns 20% of the company but does not exercise any further control over a company then it will not be considered a PSC and does not need to be captured on the PSC register.

Please note that for companies owned by another legal entity, the owning legal entity's details must be put on the PSC register if it is both 'relevant' and 'registrable'. It is relevant if it is required to keep its own PSC register or is listed, and it is registrable if it is the first relevant legal entity (RLE) in the company's ownership chain.

From 6 April, there will simply be a requirement for a company to hold a PSC register – there are no filing requirements at Companies House until 30 June 2016.

The following details for each PSC and RLE (where appropriate) will be required on the register:

- (a) Name;
- (b) Date of birth;
- (c) Nationality;
- (d) Country, state or part of the UK where the PSC usually lives;
- (e) Service address;
- (f) Usual residential address;
- (g) The date when the individual became a PSC in relation to your company;
- (h) Which of the five conditions for being a PSC the individual meets, with quantification of the interest where relevant; and
- (i) Any restrictions on disclosing the PSC's information that are in place.

If you do not immediately know the identity (or some of the above information) of a PSC or a RLE, you are required to take reasonable steps to identify them for the PSC register.

If a company has no PSCs, the following statement should be entered on its register:

"The company knows or has reasonable cause to believe that there is no registrable person or registrable relevant legal entity in relation to the company."

You must keep your PSC register accessible – whether at your registered office or another location of which you have notified Companies House. Anyone, with a proper purpose, may have access to your register free of charge, or have a copy of it for an optional fee.

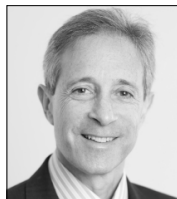
After 30 June 2016, companies will be required to file confirmation statements at Companies House. These statements are replacing annual returns and will, amongst other things, contain information about the company's PSC register. From this date, companies will also be given the option to keep their PSC Register at Companies House rather than at their registered office. We will be writing to you closer to the time with more information about this.

This is a brief summary of the new requirements. For further information, please refer to the **full Department for Business, Innovation and Skills guidance on the subject at www.gov.uk**.

If you have any further questions or concerns regarding your obligations or requirements under the new regime please contact us and we would be very happy to help.

Contact details

If you would like more information about this topic or have a particular matter you would like to discuss, then please do not hesitate to get in touch.



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