

Register of people with significant control An overview of the UK regime



Since 6 April 2016 all UK companies (save for certain UK listed companies which are exempt) and UK LLPs (limited liability partnerships) have been required to maintain a register of all those persons who have significant control over the company or LLP. This new "persons with significant control" register (known as the PSC register) is part of a series of measures aimed at increasing transparency around persons who ultimately control UK companies and LLPs.

For some companies and LLPs, particularly those with complex ownership structures, the task of identifying persons who exercise significant control over them may be challenging and will constitute a significant additional administrative burden.

Who is affected by the change?

All UK companies and LLPs are required to keep and maintain a PSC register including subsidiary and dormant companies. The only exceptions are for certain publicly traded companies: that is UK companies with shares admitted to trading on the main market of the London Stock Exchange, companies with voting shares admitted to trading on a regulated market in the European Economic Area or on specified markets in the USA, Switzerland, Japan and Israel. Note since 26 June 2017 companies quoted on AIM have been caught by the PSC regime and have had to have a PSC register in place from 24 July 2017.

It is worth noting that individuals whose names appear on the PSC register may not in all cases welcome the disclosure of their connection with a particular company or LLP; particularly where the relevant company or LLP operates in a sensitive sector.

Who needs to be included on the PSC register?

An individual will be a person who exercises significant control (a PSC) over a company if the individual meets any one of the following five conditions:

- holds, directly or indirectly, more than 25% by nominal value of the company's shares;
- is entitled, directly or indirectly, to exercise more than 25% of the voting rights of the company;
- may, directly or indirectly, appoint or remove a majority of the board of directors of the company;
- has the right to exercise or actually exercises "significant influence or control" over the company; or
- has the right to exercise or actually exercises "significant influence or control" over a trust or firm which is not a legal entity but which itself satisfies one of the above conditions.

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An individual will be a PSC over an LLP if the individual meets any one of the following five conditions:

- holds, directly or indirectly, rights over more than 25% of the surplus assets of the LLP on a winding up;
- holds, directly or indirectly, more than 25% of the voting rights in the LLP;
- holds the right, directly or indirectly, to appoint or remove a majority of those involved in the management of the LLP;
- has the right to exercise or actually exercises “significant influence or control” over the LLP; or
- has the right to exercise or actually exercises “significant influence or control” over a trust or firm which is not a legal entity but which itself satisfies one of the above conditions.

There are specific provisions dealing with interests held through trust arrangements, joint interests and arrangements, nominee arrangements and limited partnerships. There are also provisions dealing with indirect holdings through a chain of entities which may mean that a legal entity itself rather than an individual may need to be included on the PSC register where it would meet the test for significant control if it were an individual and it satisfies certain additional criteria (i.e. it holds its own PSC register or its shares are traded on (i) on the main market of the London Stock Exchange or (ii) on a regulated market of another EEA state or (iii) on certain other markets specified by the PSC regime). These are known as registrable “relevant legal entities” (RLEs).

Draft statutory guidance has been published on the meaning of “significant influence or control” in the context of both companies and LLPs. It sets out a number of illustrative examples such as where a person has absolute decision rights or veto rights over decisions relating to the running of the business of the Company or LLP.

What information needs to be included on the PSC register?

The register will include the individual’s name, service address, nationality, date of birth and country of residence and the date on which they become registrable on the PSC register together with confirmation of which of the conditions for being a PSC the individual meets.

The usual residential address of all people within significant control is kept by the company but does not appear on the registers that are available to the public (the PSC register and the Companies House central register). This information is only accessible by specified authorities and credit reference agencies on request. If the disclosure of a PSC’s details would put the individual at serious risk of violence or intimidation, the PSC can apply for further PSC information to be protected.

With regards to a registerable RLE, the register needs to include the RLE’s name, registered or principal office address, the legal form of the entity and the law by which it is governed, the register in which it appears and its registration number (if applicable), the date it became a registrable RLE and which of the five conditions for being a PSC it meets.

“...this means that persons with significant control can be tracked through a chain of companies or LLPs to the ultimate PSC ...”

How does this new regime work?

Companies and LLPs are obliged to investigate, obtain and update information about relevant individuals and legal entities that have control over it and accordingly maintain and update their PSC register. There is prescribed wording to be adopted when completing the register. They must also file that information at Companies House and, with effect from 26 June 2017, the information provided to Companies House must be current by filing respective Companies House forms PSC01 to PSC09. Note that private companies may opt to have the PSC information held solely at Companies House and not maintain a separate PSC register as well. As the register at Companies House was not available until 30 June 2016, a company is still required to have its own register between 6 April and 30 June 2016 and it must retain that historical register. There will be criminal sanctions for companies and LLPs who fail to comply with the new PSC register regime.

There are also obligations on a person who has significant control over a company or LLP to inform the company or LLP (as the case may be) of that fact and provide the relevant information for the PSC register. A company or LLP can impose voting, transfer or other restrictions on the relevant person who fails to comply.

What next?

Companies and LLPs must ensure that their PSC register is in place and is populated with relevant information of its PSCs and RLEs. If for any reason they do not have the relevant information, they still need to ensure that they have the appropriate official wording recorded in their PSC register.

Government guidance to help companies understand and comply with the PSC regime has been published. This is available [here](#).

Need further help?

Birketts has published guidance notes on how to identify a company's PSCs. For simple corporate structures, refer to the guidance note [here](#) and for more complex corporate structures refer to the guidance note [here](#).

If you require any further information on this topic please contact [Andrea Curtis](#) on 01245 211351 or andrea-curtis@birketts.co.uk.

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