
From:
Sent: 11 January 2016 21:01
To:
Cc:
Subject: RE: Government Response to the consultation on PSC regulations]
Attachments: CO-#25984096-v1-Doc_4__CLLS_and_Law_Soc_comments__Non-statutory_guidanc....docx; CO-#25982510-v1-Doc_3__CLLS_and_Law_Soc_comments__Summary_guide_for_comp....docx; CO-#25982161-v1-Doc_2__CLLS_and_Law_Soc_comments__Statutory_Guidance_Co....docx; CO-#25981498-v1-Doc_1__CLLS_and_Law_Soc_comments__Statutory_Guidance_LL....docx; CO-#25958613-v1-Scenario_A_&_B.PPT

Dear []

I attach the combined comments of the Law Society and the City of London Law Society Company Law Committees on the four draft guidance documents.

We also agree with, and endorse, the comments sent to you by William Underhill on 4 January. We have not included these again in our mark-ups.

In addition, I set out below some responses to the specific questions raised by BIS:

Is the guidance easy to understand?

Our main comment of substance relates to the structure of the non-statutory guidance for companies. The previous draft attempted to define all of the PSC conditions in turn, in Chapters 2-7, dealing with more complex arrangements and concepts, such as indirect holdings and the “majority stake” test, where necessary to understand the relevant condition. This latest draft separates all of the more complex issues into Chapter 7. We find this separation less helpful.

We also think it would be helpful to include a glossary of terms such as RLE and “majority stake”. The previous draft also contained an explanation of the use of the terms “must” and “should” in the guidance which has disappeared but we thought was useful.

Are there any sections of the guidance which are unclear or difficult to follow?

Please see our mark-up. In particular, we consider the inclusion of the table in 2.3.5 in the guidance, at a point when the concept of “indirect” holdings has not been fully explained, is likely to cause confusion.

Does this provide all the information you need to set up your PSC register?

Yes, subject to the points of clarification mentioned in our mark-up.

Are the diagrams easy to understand?

They are broadly easy to understand, although we think the diagrams in the previous draft which had a “key” next to them, explaining the analysis in relation to each party in the diagram, were preferable.

And are there any further diagrams which would help illustrate how the regime works?

We have indicated in our mark-up where we think further diagrams would be helpful.

Is the approach to guidance for LLPs sufficient?

We think LLPs would probably prefer separate non-statutory guidance but, subject to the points of detail

relating to LLPs in our mark-up, we think the approach is sufficient.

Should this be more integrated into the main body of the guidance?

See above.

Is the level of detail right in the guidance?

Given the complexity of the regime, the guidance is necessarily detailed. The summary guide is perhaps too high level to be a substitute for reading the non-statutory guidance. We did wonder if there would be scope for some form of flowchart which illustrates the process of identifying a PSC.

Please do not hesitate to contact me or William if you have any questions for us.

Kind regards,

Elizabeth Wall
Chair of the Law Society Company Law Committee

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Statutory guidance on the meaning of “significant influence or control” in the context of Limited Liability Partnerships (LLPs)

1. Introduction

What is this guidance?

- 1.1. Limited Liability Partnerships (LLPs) incorporated under the Limited Liability Partnerships Act 2000 are required to maintain a register of people with significant control over the LLP (“PSC Register”) under the Limited Liability Partnerships (Register of People with Significant Control) Regulations 2016, which apply Part 21A of the Companies Act 2006 (the “Companies Act”) to LLPs.
- 1.2. A person has significant control over an LLP if one or more of the specified conditions are satisfied. The first three specified conditions concern the [direct or indirect](#) holding the right to more than 25% of the assets on a winding up, holding more than 25% of the voting rights, and holding the right to appoint or remove the majority of management.
- 1.3. The fourth and fifth specified conditions require a person to have “significant influence or control” either over the LLP itself or over the activities of a trust or a firm which meets any of the other specified conditions in relation to the LLP.
- 1.4. If a person has significant control over an LLP by meeting one or more of the first three specified conditions, you do not need to consider whether they have significant influence or control by virtue of the fourth condition. [\[Why is this guidance not included in the companies version of the statutory guidance?\]](#)
[\[Clarify position re fifth condition\]](#)
- 1.5. The Secretary of State has issued this statutory guidance on the meaning of the term “significant influence or control” for the purposes of Schedule 1A of the Companies Act, as applied to LLPs.
- 1.6. This guidance is issued with effect from [xx] 2016 and published under paragraph ~~23-~~
[24](#) of Schedule 1A.
- 1.7. The term “significant influence or control” occurs three times in Schedule 1A.

- 1.8. The first two occurrences are in the fourth and fifth specified conditions and take the following form:

5. *The fourth condition is that X has the right to exercise, or actually exercises, **significant influence or control** over LLP Y.*
6. *The fifth condition is that-*
- a) *The trustees of a trust or the member of a firm that, under the law by which it is governed, is not a legal person meet any of the other specified conditions (in their capacity as such) in relation to LLP Y, or would do so if they were individuals, and*
- b) *X has the right to exercise, or actually exercises, **significant influence or control** over the activities of that trust or firm.*

- 1.9. The third occurrence is in paragraph 8 of Schedule 1A which determines whether a person has an interest in a company.

How should this guidance be used?

- 1.10. Regard must be had to this guidance in interpreting references to “significant influence or control” in Schedule 1A.
- 1.11. Separate statutory guidance has been issued on the meaning of the term “significant influence or control” in the context of companies.
- 1.12. This guidance does not provide an exhaustive statement of what constitutes “significant influence or control.” It provides a number of principles and examples which would be indicative of holding the right to or actually exercising significant influence or control over an LLP, and of holding the right to or actually exercising significant influence or control over the activities of a trust or firm which itself meets a specified condition in relation to the LLP.
- 1.13. Chapters 4 and 6 of this guidance also provide a non-exhaustive list of the kind of roles and relationships which a person may have with an LLP or in relation to the activities of a trust or firm which would not, on their own, result in that person being considered to have “significant influence or control” for the purposes of the PSC register. These are referred to in this guidance as “safe harbours”.
- 1.14. However, it is possible that a person, who has a role or relationship of the kind described in Chapters 4 and 6, might still, in the circumstances of a particular case, be a person with significant influence or control over the LLP, or over the activities of a trust or firm. This could occur, for example, if the role or

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relationship contains elements which exceed the role or relationship as it is usually understood or exercised, or if the role or relationship forms one of several opportunities which that person has to exercise significant influence or control.

- 1.15. This guidance is relevant when an LLP or a PSC [\[PSC needs to be defined\]](#) carries out an assessment as to whether a person meets the fourth or fifth specified condition in relation to the LLP. When applying this guidance careful consideration should be given to the facts of the particular case which are very important in determining whether significant influence or control exist in any particular case.
- 1.16. This guidance is confined to the meaning of “significant influence or control” within Schedule 1A of the Act. Any consideration of the PSC register and of roles and responsibilities should be carried out within the context of the broader legal framework and the duties imposed by it.
- 1.17. This guidance is statutory and is to be used to aid interpretation of the term ‘significant influence or control’ in Schedule 1A.
- 1.18. Other guidance, which is non-statutory, has been issued by the Secretary of State and is published on the BIS website. The aim of the non-statutory guidance is to explain the requirements of the PSC register. These are:
- The summary guide for companies;
 - Guidance for companies; and
 - Guidance for PSCs.

Significant influence or control

- 1.19. “Significant influence” and “control” are alternatives.
- 1.20. If a person has “control” of an LLP or of the activities of a trust or firm they have the power to direct its policies and activities. [Query – all policies and activities?](#)
- 1.21. “Significant influence” enables the person exercising the significant influence to ensure that the LLP or trust [or firm](#) adopts those policies or activities which are desired by the holder of the significant influence.
- 1.22. The “control” or “significant influence” need not be directed towards the financial and operating policies of the LLP or trust [or firm](#) and do not have to be exercised by a person with a view to gaining economic benefits from the policies or activities of the company or trust [or firm](#).

2. Right to exercise significant influence or control

- 2.1. The fourth and fifth specified conditions require a person to have the right to exercise or actually exercise significant influence or control.
- 2.2. In the context of an LLP, a person may hold a right to exercise significant influence or control as a result of a variety of circumstances including through the LLP agreement or some other agreement, through rights attached to a financial interest, or otherwise.
- 2.3. The right to exercise significant influence or control is a right which, if exercised, would give rise to the actual exercise of significant influence or control.
- 2.4. The right to exercise significant influence or control over an LLP may result in that person being a PSC in relation to the LLP regardless of whether or not they actually exercise that right.
- 2.5. The right may be exercised directly or indirectly.
- 2.6. Paragraphs 2.7 – 2.10 set out a number of examples of what might constitute a right to exercise significant influence or control. The examples do not constitute an exhaustive list.
- 2.7. [Where a person is likely ~~[Should the guidance give more of a steer as to what “likely” means? More likely than not? Reasonable expectation? To what extent is past practice relevant?]~~ to receive more than 25% of the profits of an LLP, including profits allocated automatically or otherwise ~~(including where the allocation of profits involves the exercise of discretion).~~ *The preceding comments on this paragraph 2.7 assume that this economic test is to be retained. However, **economic rights do not necessarily equate to “control” rights. The specified condition relating to profit share for LLPs has been removed, presumably as a result of the informal consultation on the draft LLP regulations. LLP economic rights are traditionally confidential, and rights to profits are variable and are not analogous to share ownership.***
- 2.8. Where a person has absolute decision rights or absolute veto rights over decisions related to the running of the business of the LLP for example:
 - a) Adopting or amending the LLP’s business plan;
 - b) Changing the nature of the LLP’s business ~~(other than a veto right over fundamental changes);~~
 - c) Making any additional borrowing from lenders ~~(other than outside previously agreed thresholds);~~ or
 - d) Establishing or amending any financial incentive scheme.

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Note: A key issue is whether this includes/does not include a veto over the admission of new members, as admission will (in many cases) automatically dilute voting rights and potentially profit rights and rights on a winding up.

2.9. However, if a person holds veto rights for the purposes of protecting their interest as a member of the LLP then this is unlikely, on its own, to constitute “significant influence” or “control” over the LLP. Suggest always referring to “significant influence” and “control” separately to reinforce paragraph 1.19. When used for the purposes of protecting minority interests these veto rights could include:

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a) Changing the LLP agreement ;

b) Diluting rights;

c) Changing the nature of the LLP’s business;

d) e) Making any additional borrowing from lenders, outside previously agreed lending thresholds; or

e) Winding up the company [Note: Often a “reserved matter” would go further and also cover a decision to enter into/apply for liquidation or administration or propose a voluntary arrangement, scheme or compromise with creditors]

f) Making fundamental changes to the business of the LLP

g) Changing the accounting reference date of the LLP [Note: this can impact all members’ tax position and so is a common “reserved matter”.]

h) Granting security of the assets of the LLP [Note: also a common “reserved matter”.]

i) Approval of annual accounts or change of auditors.

j) Merger or disposal of all or substantially all of the assets of the LLP

Also – see comment above re admission of new members.

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Note: Consent to contribute more capital, whether drafted as a “veto” right (i.e. over any obligation on members to contribute more capital) or as a positive consent right (i.e. no member required to contribute more without consent) should be considered. It often requires majority or super-majority support.

2.10. Where a person holds veto rights over the appointment of the majority of the persons entitled to take part in management of the LLP (whether such persons are members or non-members).

2.11. A person would not have “significant influence” or “control” where the absolute decision rights or veto derive solely from being a prospective vendor or purchaser in relation to the LLP (whether via interests in the LLP or the LLP’s business and assets), for a temporary period of time.

2.12. In this guidance the term ‘absolute’ is used in relation to decision rights or a veto to mean that a person has the ability to make or veto a decision without reference to or collaboration with anyone else.

3. Actually exercises significant influence or control

- 3.1. The following is a list of situations which would be indicative of a person actually exercising significant influence or control.
- 3.2. All aspects of the relationship that a person has with the LLP or other individuals who have responsibility for managing the LLP, should be taken into account, to identify whether the **cumulative effect** places the individual in a position where they actually exercise significant influence or control. For example:
A member, who **also** owns important assets **and** has key relationships that are important to the running of the business (e.g. intellectual property rights), and uses this additional power to influence the outcome of decisions.
- 3.3. A person would exercise “significant influence or control” if they are involved in the direction of the LLP through its management structures. For example:
A person, who is not necessarily a member of management, but who, regularly or consistently directs or influences a significant section of management, or is regularly consulted on management decisions and whose views influence decisions made by those involved in management.

Many LLPs have management structures e.g. management board/management committee/senior partner/managing partner. Are these persons caught by paragraph 3.3? If so, this is different from the approach for companies where a director is expressly covered by a safe harbour.

- 3.4. A person whose recommendations are always or almost always followed by members who hold the majority of the voting rights in the LLP, when they are deciding how to vote. For example:
Where an LLP’s founder no longer has a formal interest but makes recommendations to members on how to vote and their recommendations are always or almost always followed.

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4. Fourth condition: Safe harbours

- 4.1. The following is a list of roles and relationships which would not, in the normal course, result in that person being considered to be exercising significant influence or control for the purposes of the fourth condition.
- 4.2. A person who has a role or relationship of the kind listed below with the LLP may, however, be a person with significant influence or control over the LLP either:
 - a) if the role or relationship differs in material respects or contains significantly different features from how the role or relationship is generally understood or exercised; or
 - b) if the role or relationship forms one of several opportunities which that person has to exercise significant influence or control.
- 4.3. Where the person provides advice or direction in a professional capacity, for example:
 - a) a lawyer;
 - b) an accountant;
 - c) a management consultant, including a company mentor; or
 - d) a financial advisor.
- 4.4. Where the person is engaged in a third party commercial or financial agreement, for example:
 - a) A supplier;
 - b) A customer; or
 - c) A lender.
- 4.5. Where the person exercises a function under an enactment, for example:
 - a) A regulator; or
 - b) A liquidator, administrator or receiver or administrative receiver appointed under the Insolvency Act 1986 or the Law of Property Act 1925.
- 4.6. Where the person is an employee acting in the course of their employment, including an employee or director or equivalent of a third party, which is treated as a person with significant control over the LLP.
- 4.7. Where the person is a designated member of an LLP.
- 4.8. A person who makes recommendations to members on a single one-off issue, which is subject to a vote.

5. Trusts and firms

- 5.1. The fifth specified condition in Part 1 of Schedule 1A is relevant where a trust or firm ~~meets any of the other specified conditions in relation to an LLP [Note: this might not be control, it might be the 25% assets/voting test.]~~ Deleted: an LLP is controlled by
- The fifth condition is that-
 - a) The trustees of a trust or the member of a firm that, under the law by which it is governed, is not a legal person meet any of the other specified conditions (in their capacity as such) in relation to LLP Y, or would do so if they were individuals, and
 - b) X has the right to exercise or actually exercises **significant influence or control** over the activities of that trust or firm.
- 5.2. This condition is relevant where a trust or firm ~~has significant control over~~ meets one of the conditions for being a PSC of an LLP and a person has the right to exercise or actually exercises significant influence or control over the activities of the trust or firm.

Right to exercise influence or control

- 5.3. The right to exercise significant influence or control is a right which, if exercised, would give rise to the actual exercise of significant influence or control.
- 5.4. The right to exercise significant influence or control over the activities of a trust or firm may result in that person being a PSC in relation to the LLP regardless of whether or not they actually exercise that right.
- 5.5. A person has the right to exercise “significant influence or control” over a trust or firm if that person has the right to direct or influence the running of the activities of the trust or firm, for example:
- a) ~~a~~ an absolute power to appoint or remove any of the trustees or partners, except Deleted: A through application to the courts;
 - b) a right to direct the distribution of funds or assets;
 - c) a right to direct investment decisions of the trust or firm;
 - d) a power to amend the trust deed ~~;~~ or [partnership deed]; or
 - e) a power to revoke the trust or terminate the firm/partnership.

Actually exercises influence or control

- 5.6. A person is likely to exercise significant influence or control over a trust or firm if they are regularly involved in the running of the trust or firm, for example:
- a) They are the trustee of the trust; or
 - b) The person has issued instructions as to the activities of the trust (whether binding or not) to the trustee(s) or to any other person who is exercising significant influence or control over the trust; this may be a settlor or beneficiary who is actively involved in directing the activities of the trust.

How do the examples in 5.6 relate to a firm?

- 5.7. In the case of a firm, such as an English limited partnership [Note: a Scottish LLP formed under the LPA 1907 is a legal person] formed under the Limited Partnership Act (LPA) 1907, anyone who controls the management or activities of the limited partnership would be considered a person with significant influence or control over the firm. In most cases including a limited partnership this would be the general partner of the limited partnership (as defined by the LPA 1907).

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6. Fifth condition: Safe harbours

- 6.1. The following is a list of roles and relationships which would not, in the normal course, result in that person being considered to be exercising significant influence or control for the purposes of the fifth condition.
- 6.2. A person who has a role or relationship of the kind listed below in relation to the trust or firm may, however, be a person with significant influence over the trust or firm either:
 - a) if the role or relationship differs in material respects or contains significantly different features from how the role or relationship is generally understood or exercised?; or
 - b) if the role or relationship forms one of several opportunities which that person has to exercise significant influence or control.
- 6.3. Where the person provides advice or direction in a professional capacity, for example:
 - a) a lawyer;
 - b) an accountant;
 - c) a management consultant; or
 - d) a financial advisor.
- 6.4. Where the person is engaged in a third party commercial or financial agreement, for example:
 - a) a supplier;
 - b) a customer; or
 - c) a lender.
- 6.5. Where the person exercises a function under an enactment, for example:
 - a) A regulator. [Note: Limited partnerships under the 1907 LPA can have administrators, and in many jurisdictions they can have liquidators. Therefore suggest "or administrator appointed under the Insolvent Partnerships Order 1994 or other similar person acting under an applicable enactment".]
- 6.6. Where the person is an employee acting in the course of their employment, including an employee or director of a third party, which is treated as a person with significant influence or control over the trust or firm.

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Statutory Guidance on the meaning of “significant influence or control” in the context of companies

1. Introduction

What is this guidance?

- 1.1. Companies which are registered under the Companies Act 2006 (“the Act”) are, in general, required to maintain a register of persons with significant control over the company (“PSC Register”) under Part 21A of the Act. Deleted: people
- 1.2. A person has significant control over a company if one or more of the specified conditions is satisfied. Deleted: are
- 1.3. The first three specified conditions require the direct or indirect holding of more than 25% of the company’s shares or voting rights in the company or the right to appoint or remove the majority of the board of directors.
- 1.4. The fourth and fifth specified conditions require a person to have “significant influence or control” either over the company itself or over the activities of a trust or a firm which meets any of the other specified conditions in relation to the company.
- 1.5. The Secretary of State has issued this statutory guidance on the meaning of the term “significant influence or control” for the purposes of Schedule 1A to the Act.
- 1.6. This guidance is issued with effect from the 6 April 2016 and published under paragraph 24(5) of Schedule 1A.
- 1.7. The term “significant influence or control” occurs three times in Schedule 1A.
- 1.8. The first two occurrences are in the fourth and fifth specified conditions and take the following form:

5. *The fourth condition is that X has the right to exercise, or actually exercises, **significant influence or control** over company Y.*
6. *The fifth condition is that-*
 - a) *The trustees of a trust or the member of a firm that, under the law by*

which it is governed, is not a legal person meet any of the other specified conditions (in their capacity as such) in relation to company Y, or would do so if they were individuals, and

- b) *X has the right to exercise, or actually exercises, **significant influence or control** over the activities of that trust or firm.*

- 1.9. The third occurrence is in paragraph 8 of Schedule 1A which determines whether a person has an interest in a company.

How should this guidance be used?

- 1.10. Regard must be had to this guidance in interpreting references to “significant influence or control” in Schedule 1A to the Act (paragraph 24(2) of Schedule 1A).
- 1.11. This guidance applies to those companies which are registered under the Act and to which Part 21A applies. As a result this guidance may be relevant to companies limited by guarantee as well as companies limited by shares. Part 21A does not, however, apply to certain companies, for example, those which are DTR5 issuers.
- 1.12. This guidance may also be relevant to Societas Europaea (~~SEs~~SEs) which are registered in the United Kingdom. The PSC Regime applies to SEs to the extent that it applies to public limited-liability companies registered under the Act, by virtue of Article 9 of Regulation 2157/2001 EC of 8 October 2001.
- 1.13. Separate statutory guidance has been issued on the meaning of the term “significant influence or control” in the context of Limited Liability Partnerships.
- 1.14. This guidance does not provide an exhaustive statement of what constitutes “significant influence or control”. It provides a number of principles and examples which would be indicative of holding the right to or actually exercising significant influence or control over a company or the activities of a trust or firm which itself meets a specified condition in relation to the company.
- 1.15. Chapters 4 and 6 of this guidance also provides a non-exhaustive list of the kind of roles and relationships which a person may have with a company or with a trust or firm which would not, in general, result in that person being considered to have “significant influence or control” for the purposes of the PSC register. These are referred to in this guidance as “safe harbours”.
- 1.16. However, it is possible that a person, who has a role or relationship of the kind described in chapters 4 and 6, might still, in the circumstances of a particular case, be a person with significant influence over the company or trust or firm. This could

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occur, for example, if the role or relationship contains elements which exceed the role or relationship as it is usually understood or exercised, or if the role or relationship forms one of several opportunities which that person has to exercise significant influence or control.

1.17. This guidance is relevant when a company or a **potential** PSC carries out an assessment as to whether a person meets the fourth or fifth specified condition in relation to the company. When applying this guidance careful consideration should be given to the facts of the particular case which are very important in determining whether significant influence or control exist in any particular case.

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1.18. This guidance is confined to the meaning of “significant influence or control” within Schedule 1A of the Act. Any consideration of the PSC register and of the roles and responsibilities within a company or a trust should be carried out within the context of the broader legal framework and the duties imposed by it.

1.19. This guidance is statutory and is to be used to aid interpretation of the term ‘significant influence or control’ in Schedule 1A to the Act.

1.20. Other guidance, which is non-statutory, has been issued by the Secretary of State and is published on the BIS website. The aim of the non-statutory guidance is to explain the requirements of the PSC register. These are:

- The summary guide for companies;
- Guidance for companies; and
- Guidance for PSCs.

Significant influence or control

1.21. “Significant influence” and “control” are alternatives.

1.22. If a person has “control” of a company or of the activities of a trust or firm they have the power to direct its policies and activities. [Query – all policies and activities?](#)

1.23. “Significant influence” enables the person exercising the significant influence to ensure that the company or trust **or firm** adopts those policies or activities which are desired by the holder of the significant influence. [Some element of materiality is needed here, otherwise someone could be a PSC by virtue of power over minor activities. We would also welcome the opportunity to input further on a revised formulation of what is meant by “influence”.](#)

1.24. The “control” or “significant influence” need not be directed towards the financial and operating policies of the company or trust and do not have to be exercised by a

person with a view to gaining economic benefits from the policies or activities of the company or trust.

2. Right to exercise significant influence or control

- 2.1. The fourth and fifth specified conditions require a person to have the right to exercise or actually exercise significant influence or control.
- 2.2. In the context of a company, a person may hold a right to exercise significant influence or control as a result of a variety of circumstances including the provisions of a company's constitution, the rights attached to the shares or securities which a person holds, a shareholders' agreement, some other agreement or otherwise.
- 2.3. The right to exercise significant influence or control is a right which, if exercised, would give rise to the actual exercise of significant influence or control.
- 2.4. The right to exercise significant influence or control over a company may result in that person being a PSC in relation to the company regardless of whether or not they actually exercise that right.
- 2.5. The right may be exercised directly or indirectly. [Please explain/give examples. It is not clear whether the intent is to extend the control relationship up wholly-owned or majority owned groups.]
- 2.6. Paragraphs 2.7 – 2.10 set out a number of examples of what might constitute a right to exercise significant influence or control. The examples do not constitute an exhaustive list.
- 2.7. Where a person has absolute decision rights or absolute veto rights over decisions related to the running of the business of the company, for example relating to:
 - a) Adopting or amending the company's business plan;
 - b) Changing the nature of the company's business (other than a veto right over fundamental changes);
 - c) Appointment or removal of the CEO or other senior management;
 - d) Making any additional borrowing from lenders (other than outside previously agreed thresholds); or
 - e) Establishing or amending any profit-sharing, share option, bonus or other incentive scheme of any nature for directors or employees.[Clarify treatment of franchise arrangements.]
- 2.8. However, if a person holds absolute veto rights in relation to certain fundamental matters for the purposes of protecting minority interests in the company then this is

unlikely, on its own, to constitute “significant influence or control” over the company. When used for the purposes of protecting minority interests these veto rights could include (or relate to) the following:

- a) Changing the company’s constitution;
- b) Dilution of shares or rights;
- c) Changing the nature of the company’s business:
- d) ~~e)~~ Making any additional borrowing from lenders, outside previously agreed lending thresholds; or
- e) ~~d)~~ Winding up the company.

[Others could include:

- Related party transactions.
- Granting security.]

2.9. Where a person holds absolute veto rights (or decision rights) over the appointment of the majority of directors, meaning directors holding a majority of the voting rights at meetings of the board on all or substantially all matters.

2.10. A person would not have “significant influence or control” where the absolute decision rights or absolute veto rights derive solely from being a prospective vendor or purchaser in relation to the company, for a temporary period of time, for example pending clearance by the Competition and Markets Authority.

2.11. ~~2.13.~~ In this guidance the term ‘absolute’ is used in relation to decision rights or a veto to mean that a person has the ability to make or veto a decision without reference to or collaboration with anyone else.

3. Actually exercises significant influence or control

3.1. The following is a list of situations which would be indicative of a person actually exercising significant influence or control.

3.2. All relationships that a person has with the company or other individuals who have responsibility for managing the company, should be taken into account, to identify whether the cumulative effect of those relationships places the individual in a position where they actually exercise significant influence or control. For example:
A director who also owns important assets or has key relationships that are important to the running of the business (e.g. intellectual property rights), and uses this additional power to influence the outcome of decisions related to the running of the business of the company.

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3.3. A person would exercise “significant influence or control” if they are involved in the

day to day management and direction of the company, for example:

A person, who is not a member of the board of directors, regularly or consistently directs or influences a significant section of the board, or is regularly consulted on board decisions and whose views influence decisions made by the board. *In our view, this should be consistent with the definition of shadow director – it is difficult to see why a broader concept is appropriate here.*

- 3.4. A person whose recommendations are always or almost always followed by shareholders which hold the majority of the voting rights in the company, when they are deciding how to vote. For example:

Where a company founder no longer has a significant shareholding in the company they started, but makes recommendations to the other shareholders on how to vote and their recommendations are always or almost always followed.

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4. Fourth condition: Safe harbours

- 4.1. The following is a list of roles and relationships which would not, in the normal course, result in that person being considered to be exercising significant influence or control for the purposes of the fourth condition.

~~4.2.~~

4.2. ~~4.3.~~A person who has a role or relationship of the kind listed below with the company may, however, be a person with significant influence over the company either:

- a) if the role or relationship differs in material respects or contains significantly different features from how the role or relationship is generally understood; or
- b) if the role or relationship forms one of several opportunities which that person has to exercise significant influence or control.

4.3. ~~4.4.~~Where the person provides advice or direction in a professional capacity, for example:

- a) a lawyer;
- b) an accountant;
- c) a management consultant, including a company mentor; or
- d) a financial adviser.

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4.4. ~~4.5.~~Where the person is engaged in a third party commercial or financial agreement, for example:

- a) ~~a~~ supplier;
- b) ~~a~~ customer; or

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c) ~~a~~ lender.
[Franchisor?]

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4.5. ~~4.6.~~ Where the person exercises a function under an enactment, for example:

- a) ~~a~~ regulator; or
b) ~~a~~ liquidator, administrator or receiver appointed under the Insolvency Act 1986
or Law of Property Act 1925.

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4.6. ~~4.7.~~ Where the person is an employee acting in the course of their employment,
including an employee or director of a third party, which ~~has~~ significant influence
or control over the company.

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with

4.7. ~~4.8.~~ Where the person is a director of a company, including:

- a) a managing director;
b) a sole director; or
c) a non-executive or executive director who holds a casting vote.

Is this intended to include all directors?

See also comments on LLP document.

4.8. ~~4.9.~~ A person who makes recommendations to shareholders on a single one-off
issue, or set of issues which is subject to a shareholder vote. [Should this
expressly state this can include the election of one or more directors?]
~~4.10.~~

[Clarify position of directors of companies limited by guarantee?]

5. Trusts and firms

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5.1. The fifth specified condition in Part 1 of Schedule 1A is relevant where a company is
controlled by a trust or firm.

- *The fifth condition is that-*
 - The trustees of a trust or the member of a firm that, under the law by
which it is governed, is not a legal person meet any of the other specified
conditions (in their capacity as such) in relation to company Y, or would do
so if they were individuals, and*
 - X has the right to exercise or actually exercises, **significant influence or
control** over the activities of that trust or firm.*

5.2. This condition is relevant where a trust or firm ~~has significant control over~~
meets one of the conditions for being a PSC of a company and a person has
the right to exercise or actually exercises significant influence or control over
the activities of the trust or firm.

Right to exercise influence or control

- 5.3. The right to exercise significant influence or control is a right which, if exercised, would give rise to the actual exercise of significant influence or control.
- 5.4. The right to exercise significant influence or control over a ~~company~~ trust or firm may result in that person being a PSC in relation to the company in which the trust or firm is connected/related regardless of whether or not they actually exercise that right.
- 5.5. A person has the right to exercise “significant influence or control” over a trust or firm if that person has the right to direct or influence the running of the activities of the trust or firm, for example:
- a) ~~a~~ an absolute power to appoint or remove any of the trustees or partners, except through application to the courts;
 - b) a right to direct the distribution of funds or assets;
 - c) a right to direct investment decisions of the trust or firm;
 - d) a power to amend the trust deed ~~;~~ or [or partnership deed]; or
 - e) a power to revoke the trust or terminate the firm/partnership.

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Actually exercises influence or control

- 5.6. A person is likely to exercise significant influence or control over a trust if they are regularly involved in the running of the trust or firm, for example:
- a) ~~t~~ hey are the trustee of the trust; or
 - b) ~~t~~ he person has issued instructions as to the activities of the trust (whether binding or not) to the trustee(s) or to any other person who is exercising significant influence or control over the trust.
- This may be a settlor or beneficiary who is actively involved in directing the activities of the trust. How do the examples in 5.6 relate to a firm?
- 5.7. ~~I~~ In the case of a firm, such as an English [Note: Scottish LPs are Legal persons, therefore fall outside the test] limited partnership formed under the Limited Partnership Act (LPA) 1907 anyone who controls the management or activities of the Limited Partnership would be considered a person with significant influence or control over the firm. In most cases this would be the general partner of the limited partnership (as defined by the LPA 1907).

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6. Fifth condition: Safe harbours

- 6.1. The following is a list of roles and relationships which would not, in the normal course, result in that person being considered to be exercising significant influence or control for the purposes of the fifth condition.

- 6.2. A person who has a role or relationship of the kind listed below in relation to the trust or firm may, however, be a person with significant influence over the trust or firm either:
- a) if the role or relationship differs in material respects or contains significantly different features from how the role or relationship is generally understood; or
 - b) if the role or relationship forms one of several opportunities which that person has to exercise significant influence or control.

- 6.3. Where the person provides advice or direction in a professional capacity, for example:
- a) a lawyer;
 - b) an accountant;
 - c) a management consultant; or
 - d) a financial advisor.

- 6.4. Where the person is engaged in a third party commercial or financial agreement, for example:
- a) a supplier;
 - b) a customer; or
 - c) a lender.

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- 6.5. Where the person exercises a function under an enactment, for example:
- a) A regulator.

See LLP document comments, partnerships can have administrators and, in many jurisdictions, liquidators too.

- 6.6. Where the person is an employee acting in the course of their employment, including an employee or director of a third party, which is treated as a person with significant influence or control over the trust or firm.

Summary guide for companies – Register of people with significant control

About this guide

1. This guide provides a brief introduction to the register of people with significant control (PSC register). It sets out how the requirements apply to some simple company structures, for illustrative purposes only. Full guidance can be found [here](#)¹. It should be consulted for companies with more complex structures.

What is the register of people with significant control?

2. **UK** Companies, *societas europaea* (SEs) and limited liability partnerships (LLPs) will be required to identify and record the people who own or control their company **(or SE or LLP)** [Note: **This document only really deals with companies – make this clear up front.**]. These people may be the same as **the shareholders or members**, or they may be different. Companies, SEs and LLPs will need to keep **information regarding persons with significant control (PSC information)** in their own registers, in addition to the existing register of directors, and register of members (shareholders), and must file the PSC information with the central public register at Companies House.
3. The PSC register will help to increase transparency over who owns and controls UK companies and will help inform investors when they are considering investing in a company. It will also support law enforcement agencies in money laundering investigations.

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What does a company need to do?

4. An officer of the company is required to:
 - **Identify** the **persons** with significant control (PSC) over the company and confirm their information;
 - **Record** the details of the PSC on the company's register;
 - **Provide** this information to Companies House as part of the **confirmation statement** (formerly the Annual Return); and
 - **Update** the information on the company's register when it changes, and update the information at Companies House when **the next Confirmation Statement is made**.

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¹ Will link to the Companies guidance

Identifying the PSC:

5. A PSC is an individual who meets one or more of the following conditions:

Condition:		What do you need to consider:
1	An individual who holds more than 25% of shares in the company	Review your company's register of members and identify blocks of shareholding over 25%
2	An individual who holds more than 25% of voting rights in the company	Review your company's register of members <u>and articles of association</u> , and identify voting rights (often attached to shares) over 25%
3	An individual who holds the right to appoint or remove the majority of the board of directors of the company	Look at your company's <u>constitution, including</u> articles of association, and identify whether anyone has this right. If there is only one director and <u>that person</u> has the right to appoint them, then they would meet this condition.

Deleted: the majority shareholder

The following conditions are explained in Statutory Guidance - available here.

These conditions only apply in limited circumstances		
4	An individual who has the right to exercise, or actually exercises, significant influence or control over the company.	You consider this where an individual doesn't meet one of the first three conditions but does exercise influence or control over the company. The statutory guidance sets out situations and principles where an individual would be a PSC.
5	Where a trust or firm would satisfy one of the first four conditions if it were an individual; <u>any individual</u> holding the right to exercise, or actually exercising, significant influence or control over that trust or firm	If one of the above conditions is met by a trust or firm (<u>e.g. a</u> partnership without legal personality), read the short section in <u>the</u> statutory guidance to identify who should be included in the register.

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6. ~~These conditions~~ [Conditions 1 to 3](#) can be met **directly** or **indirectly**. A condition is met indirectly where an individual holds their rights through, for example, another company. This guide does not include information on what you need to do when rights are held indirectly – please see the full guidance for further information².

7. A PSC has to be an individual. But sometimes it is necessary for a company that is owned or controlled by another company to enter the owning company's details on its PSC register. This guide does not include information on this situation - please see the full guidance for further information³.

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² Will link to the chapter on indirect rights in the Companies guidance

³ Will link to the chapter on RLEs in the Companies guidance

8. If you do not immediately know the identity of the PSC, you must take reasonable steps to identify them for the register. Details of what this might **involve** are set out in the full guidance, which can be found [here](#)⁴.

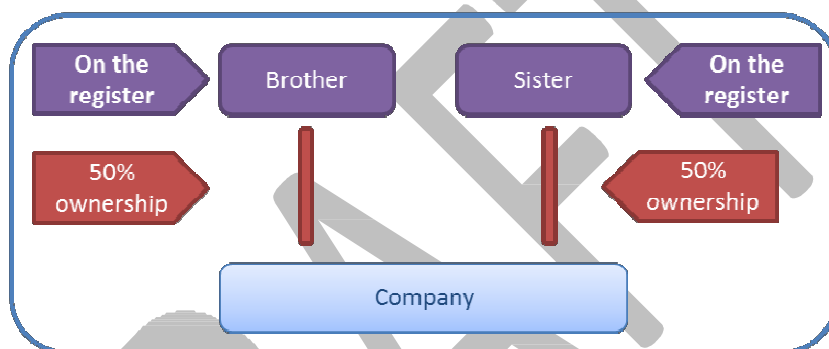
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Example:

A company is owned by a brother and sister. They both have equal ownership and voting rights in the company. This means they each meet:

- Condition 1 – They own more than 25% of the shares; and
- Condition 2 – They hold more than 25% of the voting rights

Both siblings must be entered on the company's register (see paragraph 9 for information to be recorded on the register).

**Information you need to record on the register:**

9. Before a PSC can be entered on the register, you must confirm all the details with them. The details you require are:

- Name;
- Date of birth;
- Nationality;
- Country, state [\(?\)](#) or part of the UK where the PSC usually lives;
- Service address;
- Usual residential address (this must not be provided when making your register available for inspection or provide copies);
- The date he or she became a PSC in relation to the company (for existing companies ~~the~~ 6 April 2016 should be used);
- Which conditions for being a PSC he or she meets **[clarify no need to deal with condition (iv) if condition (i), (ii) or (iii) is met.]**:
 - For conditions 1 & 2 this must include the level of their shares and voting rights, within the following brackets:
 - Over 25% up to **(and including)** 50%
 - More than 50% and less than 75%

⁴ Will link to reasonable steps section of the Companies guidance

- 75% or more;
- Whether an application has been made for the individual's information to be protected from public disclosure⁵.

10. It may be necessary to enter the details of a company rather than a person. In these circumstances slightly different information is entered on the register⁶.

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Making sure you get the information:

11. A company is required to take reasonable steps to contact its PSCs and confirm the information for the register. If someone is refusing to provide the information they may be committing a criminal offence. It might be necessary to place restrictions on the shares or voting rights of the person withholding information to make sure that they provide it. Where a company is considering this step they should refer to the full guidance. This can be found [here](#)⁷.

Recording the information:

12. A company's PSC register should contain the information listed in paragraph 9 of this guidance for each PSC of the company. However, that may not always be possible. Where for some reason the PSC information cannot be provided other statements will need to be made instead, explaining why the PSC information is not available. **The PSC register can never be blank.** The full list of these statements can be accessed [here](#)⁸.

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Providing the information to Companies House:

13. Companies will need to provide the information on the PSC register to Companies House as part of the new Confirmation Statement (which replaces the Annual Return process). The central PSC register will be publicly accessible at Companies House.

14. Companies will need to make their own PSC register available for inspection on request at the company's registered office or provide copies on request. When providing copies of the register or making it available for inspection the PSC's usual residential address must not be included.

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Mention ability for private companies to elect to dispense with own register and maintain register at Companies House?

15. Individuals who may be at risk of harm as a result of being on the register can apply to Companies House to have their information protected⁹.

Updating the information:

16. You must keep people with significant control (PSC) information up to date on your company's own PSC register. **[Clarify who "you" means here – an officer of the company?]**

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This is an initial draft of the guidance for companies. It is being shared for input and improvement. It has not been approved by Government, or Government lawyers. It should not be considered definitive or considered as advice.

17. You should enter updated information on your company's own PSC register and provide updated information to Companies House as part of the Confirmation Statement, if:
- you have become aware of a change;
 - you have the information you need to enter on your own PSC register; and
 - you have confirmed the information if it relates to an individual who is a PSC and the information has not been provided by them or with their knowledge.

[Again, clarify meaning of "you"]

[Explain how such confirmation could be obtained?]

What happens if the requirements aren't met?

18. Failure to provide accurate information on the register and failure to comply with notices for information are criminal offences and may result in a fine and/or a prison sentence up to 2 years.

⁵ Will link to the chapter on protected information in the Companies guidance.

⁶ Will link to the chapter on RLE information in the Companies guidance.

⁷ Will link to the chapter on restrictions regime in the Companies guidance.

⁸ Will link to the chapter on additional matters in the Companies guidance.

⁹ Will link to the chapter on protected information in the Companies guidance.

PEOPLE WITH SIGNIFICANT CONTROL GUIDANCE FOR COMPANIES AND LLPS

OVERVIEW

This guidance explains what you must do to identify and register your company's or Limited Liability Partnership's (LLP's) People with Significant Control (PSCs).

This guidance explains the law, and is intended to help you comply with it. It is not a full statement of the law, which is set out in the sources referred to in section 1.1. Companies or LLPs that fail to comply with their legal duties as well as officers of the company (or designated members of LLPs) who are in default could be committing a criminal offence and could be fined and/or imprisoned. If your circumstances are complex you might wish to seek professional advice.

This guidance is directly addressed to you if you are:

- a director or secretary of a company;
- a member [members fall under the next section], or designated member of an LLP; or
- acting for a company or LLP as an advisor [although advisors do not have direct obligations under the new requirements].

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It may also be of interest if you:

- are otherwise involved in a company or an LLP [e.g. as a member];
- could be a PSC; or
- are interested in how PSC information is defined and recorded.

[if you think you could be a PSC, please refer to the separate guidance for PSCs (see below)].

Most chapters of this guidance explain requirements which apply to both companies and LLPs, and should generally be read as applying to LLPs even though, for simplicity, most of the text is addressed to companies (see paragraph 1.2.2).

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[The Government is seeking to reduce red tape for business. As a very large percentage of UK companies are either wholly owned subsidiaries or are one-person or simple family owned by eq 1-6 individuals we think red tape/time spent reading through hundreds of pages of legislation/guidance would be greatly reduced if ALL guidance notes had a section at the Beginning as follows [any needed assumptions to be put into the relevant annexes.]]

[if your company is a wholly owned subsidiary of another company, Annex [] contains specimen wording for a register which satisfies all the requirements and you need read no further. Your only other obligations are...]

[if your company is owned by one person having 75pc or more shares, Annex [] contains specimen wording for a register which satisfies all the requirements and you need read no further. Your only other obligations are...]

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[If your company is owned by one person having 50pc or more shares and one person having 25pc or more of its shares, Annex \[\] contains specimen wording for a register which satisfies all the requirements and you need read no further. Your only other obligations are...](#)

[If your company is owned by several persons having 25pc or more \(but less than 50pc\) of its shares, Annex \[\] contains specimen wording for a register which satisfies all the requirements and you need read no further. Your only other obligations are...](#)

Other guidance on the PSC register is available:

- summary guidance;
- guidance for PSCs;
- statutory guidance for companies on the meaning of 'significant influence or control';
- statutory guidance for LLPs on the meaning of 'significant influence or control';
- guidance on the incorporation and filing process; and
- guidance on the protection regime.

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CHAPTER 1: THE REGIME FOR REGISTERING PEOPLE WITH SIGNIFICANT CONTROL (PSCS)

1.1 THE LEGAL FRAMEWORK

1.1.1 From 6 April 2016 companies ~~[and Limited Liability Partnerships (LLPs)]~~ ~~[Note: no Regs published yet]~~ must keep a register of individuals or legal entities that have significant control over them. Companies must continue to keep other information, including a register of ~~members~~, and a register of directors.

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1.1.2 From 30 June 2016 onwards companies and LLPs will have to deliver this information to the central public register at Companies House when making a confirmation statement (~~formerly the annual return~~). In addition, from 30 June 2016 those seeking to incorporate a new company or LLP will have to send to Companies House a statement of initial significant control alongside the other documents required for an application to incorporate.

1.1.3 The requirements to keep a PSC register are set out in Part 21A of the Companies Act 2006 (as inserted by the Small Business Enterprise and Employment Act 2015) and the following regulations:

- (insert links)

The Limited Liability Partnerships (Register of People with Significant Control) Regulations 2016 apply the PSC regime to LLPs.

1.2 WHERE THE REQUIREMENTS APPLY

1.2.1 The requirements in Part 21A and the Register of People with Significant Control Regulations 2016 apply to UK incorporated companies¹ limited by shares, companies limited by guarantee (including community interest companies) and *societas europaea* (SEs).

1.2.2 Limited liability partnerships (LLPs) are also subject to the requirements. Most chapters of this guidance explain requirements which apply to both companies and LLPs, and should generally be read as applying to LLPs even though, for simplicity, most of the text ~~refers solely~~ to companies. ~~Chapter 7 (understanding the~~ ~~The~~ ~~specified conditions~~ ~~in detail)~~ ~~applies only in part to LLPs~~ ~~for identifying the PSCs of an LLP are different to those for companies~~. You will need to consider Annex 4 to understand these ~~specified conditions~~ ~~for identifying the PSC of an LLP~~ in detail. ~~There is also specific statutory guidance~~ ~~[link]~~ ~~with regard to LLPs~~.

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1.2.3 The requirements do not currently apply to other entities, such as limited partnerships (LPs)²,

1.2.4 The ~~requirements do~~ ~~requirement to maintain a PSC register does~~ not apply to the kinds of UK companies set out below~~;~~:

¹ This includes ~~companies~~ which are dormant.

² Other entities are not currently subject to the requirements to identify and register their PSCs; they might still be ~~required to disclose their ownership or control of companies or LLPs which have to identify and register their PSCs~~. ~~[Mention extension to Scottish LPs under MLD4]~~

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- Companies that are subject to Chapter 5 of the Financial Conduct Authority's Disclosure [Rules](#) and Transparency Rules (DTRs)³; and
- Companies with voting shares admitted to trading on a regulated market in the UK or European Economic Area (other than the UK) or on specified markets in Switzerland, the USA, Japan and Israel⁴.

These kinds of companies are subject to other transparency rules. Overseas entities operating in the UK might be subject to [similar or equivalent](#) requirements in their home country but are not subject to these requirements. [However, these companies may be registrable in relation to their subsidiaries as "Relevant Legal Entities" – see page \[●\] below:](#)

[We repeat our request for a process to allow for other regulated markets \(as well as the EEA and other 4 specified markets\) to be recognised as having similar or equivalent disclosure requirements \(both for the purposes of determining the application of the requirements to keep a PSC register and for the definition of a RLE\).](#)

1.3 THE REQUIREMENTS AT A GLANCE

[\[Note: re-insert definition of "must" and "should".\]](#)

1.3.1 On behalf of your company, you:

- Must take reasonable steps to find out if there are people [who](#) have significant control over the company; the [expression "significant control" is](#) explained in Chapter 2.
 - PSCs are people who meet one or more of the five conditions outlined in section 2.1 and covered in [more](#) detail by Chapter 7.
- Should contact these people, or others who might know them, to confirm [whether](#) they meet one or more of the conditions and, [if they do](#), get the relevant information (see section 3.2.1), to go on the company's PSC register.
 - PSCs, or anyone who might know about a PSC, must respond to your requests for information. They are subject to requirements too; see Chapter 8 and the separate guidance for PSCs.
- Must put the information on your company's own PSC register; see Chapter 3.
- Must file the information at Companies House to be made available on the central public register; see Chapters 3 and 5.
- Must keep the information up to date; see Chapter 4.

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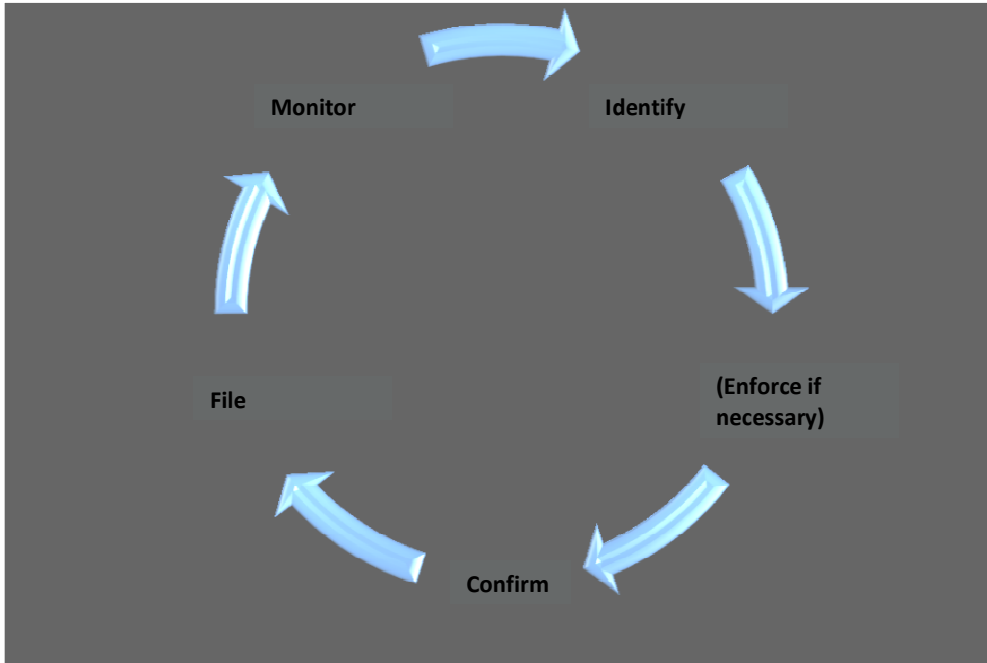
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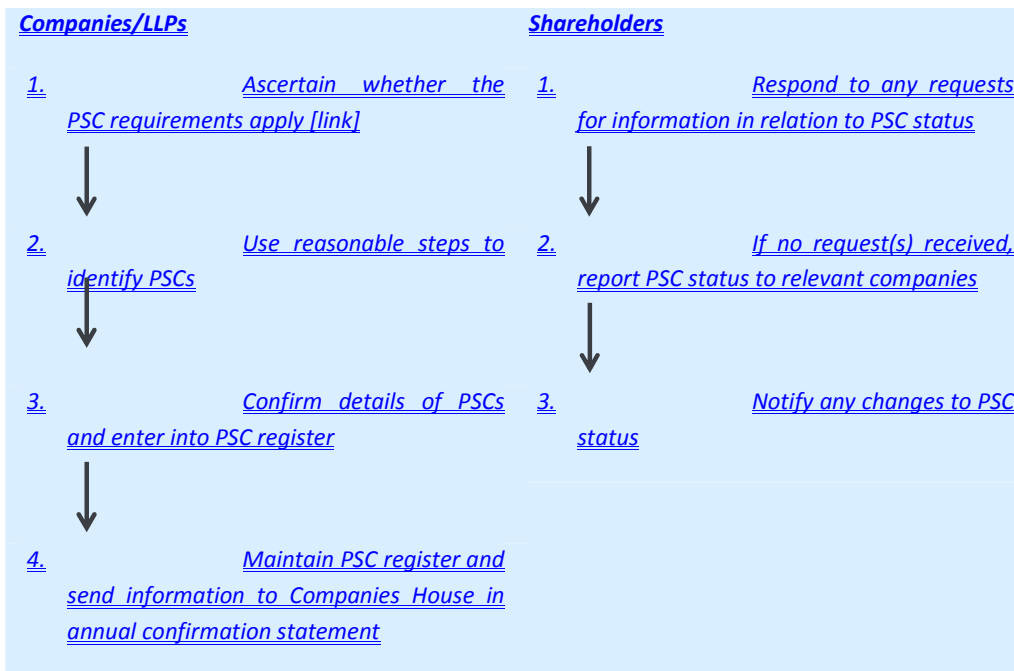
³ UK companies listed on AIM and ISDX are, like companies listed on regulated markets in the UK, subject to Chapter 5 of the Financial Conduct Authority's Disclosure [Rules](#) and Transparency Rules and are therefore not subject to the present requirements.

⁴ For a list of the specified markets see Schedule 1 to The Register of People with Significant Control Regulations 2016.

Figure 1



[Consider replacing this chart \(which is not immediately clear\) with flowcharts along the lines of the following:](#)



CHAPTER 2: IDENTIFYING PEOPLE WITH SIGNIFICANT CONTROL (PSCS)

[Note: it would be clearer if this chapter only dealt with what constitutes a PSC (including the relevant parts of ch. 7), not practicalities such as "reasonable steps".]

2.1 YOUR COMPANY'S PSCS

2.1.1 A PSC is an individual who meets one or more of the following conditions in relation to your company:

- i. Directly or indirectly holding more than 25% of the shares (sections 7.1 and 7.4),
- ii. Directly or indirectly holding more than 25% of the voting rights (sections 7.2 and 7.4),
- iii. Directly or indirectly holding the right to appoint or remove a majority of directors (sections 7.3 and 7.4),
- iv. Having the right to exercise, or actually exercising, significant influence or control (section 7.5),
- v. Having the right to exercise, or 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 (section 7.6).

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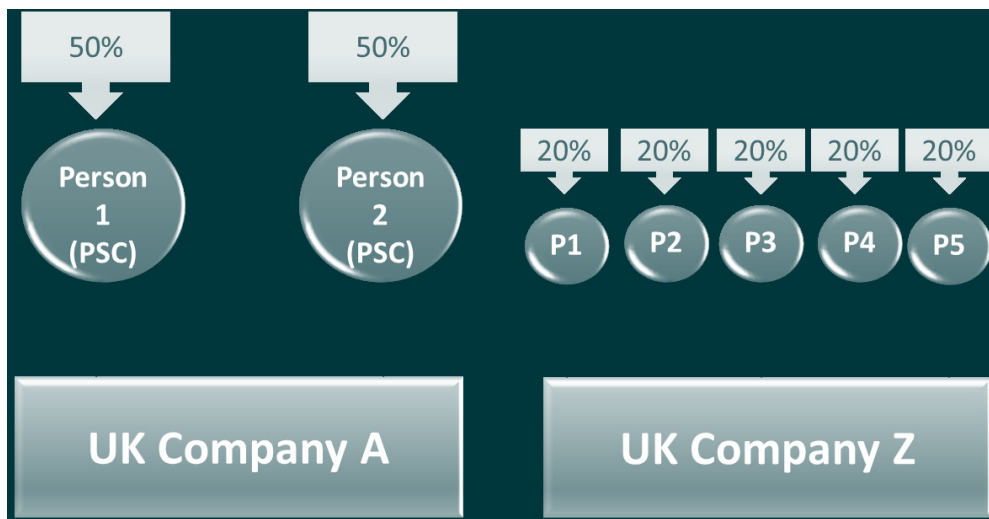
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2.1.2 For example, in **figure 2** below. Company A has two PSCs and Company Z has no PSCs. [Add footnote to explain this example assumes no arrangements exist other than the shareholding which might be relevant to other conditions.]

Figure 2.



[\[Note: examples should cover \(i\) – \(v\) not just \(i\) – \(iii\)\]](#)

2.1.3 Person 1 and Person 2 are both PSCs in respect of Company A because they each own 50% of the shares in Company A. Each of those shares comes with 1 vote so Person 1 and Person 2 also each hold 50% of the voting rights in Company A. Company A must enter Person 1 and Person 2 as PSCs meeting conditions (i) and (ii) on its PSC register. [Person 1 and Person 2 may also satisfy conditions \(iii\) and \(iv\) – need to look at articles or any shareholders' agreement. \(Condition \(v\) is not relevant as there is no trust/firm.\) \[Explain: no need to consider condition \(iv\) here.\]](#)

[See Chapter \[3\] on the nature of information to be disclosed on the PSC register and Annex 2 for specimen wording.](#)

2.1.4 Company Z has no PSCs because none of its shareholders own enough shares, [assuming that none of the 20% shareholders](#) hold enough voting rights, [\[can remove the majority of the directors, or otherwise exercise significant influence or control.-\]](#) [\[Note: this is not apparent from the diagram.\]](#) Company Z must enter the fact that it has no PSCs on its PSC register, see below.

[\[2.1.5 Note: move to separate chapter.](#) You must take reasonable steps to identify your company's PSCs. What is meant by reasonable steps is explained [\[below\]](#) in section 2.3. Some companies will not have anyone who meets any of the conditions, and other companies will have several people who meet one or more of the conditions and are PSCs.

2.1.6 A company which has identified that it does not have any PSCs will still need to keep a register, see section 3.4.[\]](#)

[\[Note: move content of Chapter 7 here, with examples\].](#)

2.2 COMPANIES OWNED OR CONTROLLED BY LEGAL ENTITIES - WHEN TO ENTER LEGAL ENTITIES ON THE PSC REGISTER

[In order to avoid multiple disclosures where there are chains of ownership, the legislation provides for "relevant legal entities" which are subject to their own disclosure obligations \(under the PSC regime or DTR5 or similar\) to be entered on the register, but for the omission of entities and individuals further up the chain.](#)

2.2.1 A PSC is by definition an individual⁵, and not a legal entity (such as a company or a Limited Liability Partnership (LLP)). But your company might be owned or controlled by a legal entity, not an individual. A legal entity's [details](#) must be put on the PSC register if it is both **relevant and registrable** in relation to your company.

2.2.2 A legal entity is **relevant** in relation to your company if it meets any one or more of the conditions (i) to (v) set out in paragraph 2.1.1 [\(or would, if it were an individual\)](#) and:

- it [keeps](#) its own PSC register; or

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⁵ Very occasionally a PSC is not an individual. This is only the case when the PSC is a local or national government or a corporation sole (where the function of an office sits with a person). Further information on these circumstances is available in Chapter 14².

- [it](#) is subject to Chapter 5 of the Financial Conduct Authority's Disclosure [Rules](#) and Transparency Rules (DTRs)⁶; or
- it has voting shares admitted to trading on a regulated market in the UK or European Economic Area (other than the UK) or on specified markets in Switzerland, the USA, Japan and Israel⁷.

2.2.3 A relevant legal entity (RLE) is **registrable** in relation to your company if it is the first relevant legal entity in your company's ownership chain. [\[Correct, but this implies that an RLE further up the chain is not registrable, and this may not always be the case \(see Scenarios A and B attached for illustration\)\]](#).

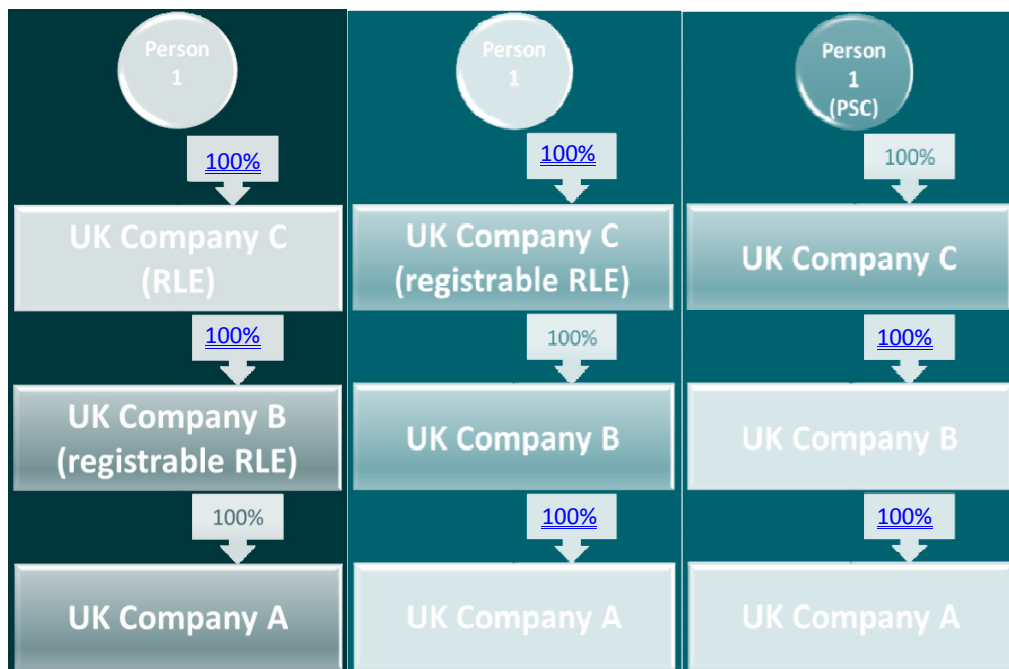
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2.2.4 For example, in **figure 3** below. Company B is a registrable RLE in relation to Company A and [its details](#) must be entered on Company A's PSC register. This is because Company B owns 100% of the shares in Company A and Company B is a UK company that keeps a PSC register. Company A is not required to look further at its chain of ownership for any indirect interests⁸ held via Company B as these are not registrable in relation to Company A. [\[This will not always be the case – see Scenarios A and B attached for illustration.\]](#) For this reason [the details of](#) Company C and Person 1 will not be entered on Company A's [PSC](#) register.

Figure 3

Figure 4

Figure 5



2.2.5 In **figure 4**, Company C is a UK company and [its details](#) will be entered on Company B's [PSC](#) register. As the first RLE in Company B's chain of ownership. Company C is registrable in

⁶ [UK companies listed on AIM and ISDX are, like companies listed on regulated markets in the UK, subject to Chapter 5 of the Financial Conduct Authority's Disclosure and Transparency Rules.](#)

⁷ [For a list of the specified markets see Schedule 1 to The Register of People with Significant Control Register Regulations 2016.](#)

⁸ [See section 7.4 for an explanation of how to calculate indirect interests.](#)

relation to Company B only. Person 1 also does not go on Company B's PSC register even though he or she again holds an interest in Company B indirectly. Instead, Person 1's details are only required to be entered on Company C's PSC register, as per figure 5 above.

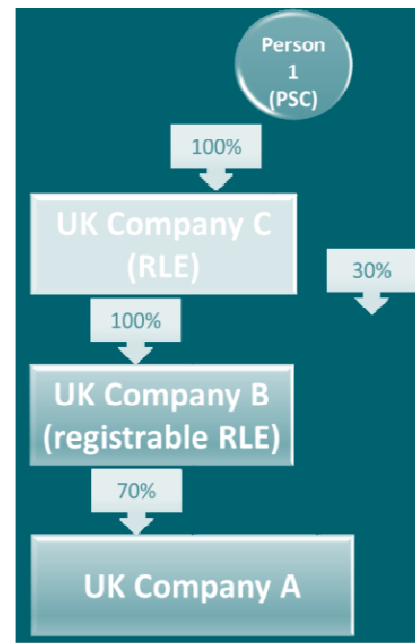
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2.2.6 If Person 1, for example, were to hold an interest in Company A which met one or more of conditions (i) to (v) directly, as well as holding another interest in Company A indirectly, Person 1's details must be entered on Company A's PSC register in addition to Company B. Person 1's details should be entered on Company A's PSC register as holding the total number of the shares held directly and indirectly. *[Note: this is confusing.] [Clearer to confine this example to condition (i)?]* This is depicted in figure 6 below. In this situation, Person 1 is obliged to inform Company A that he or she must be entered on Company A's PSC register. Company A must then enter information about Person 1 on its PSC register. Company A has a parallel obligation to make enquiries to ascertain whether it has any PSCs.

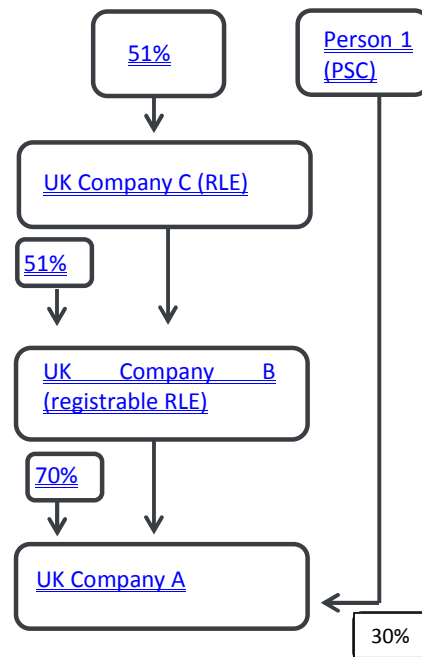
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Figure 6.



Note: what if:



Is Person 1 treated as holding 100%? Need diagram to explain variants on para 2.2.6.

[Note: Include relevant sections of Chapter 7 here.]

[When legal entities cannot be entered on the register

2.2.7 When a legal entity is not a RLE it cannot be registrable and you cannot enter its details on the PSC register. What to do in these circumstances is explained under indirect interests in section 7.4, for example... [non-UK entities].

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2.2.8 Companies owned by corporations sole, national or local governments, or international organisations should see paragraphs 7.4.10 and 7.4.11. [as these types of organisation may be treated as PSCs.](#)

2.3 CHAPTER 4: REASONABLE STEPS

2.3.1 You [\[Clarify what is meant by “you” – i.e. an officer of the company?\]](#) must take reasonable steps to determine whether any individual or any legal entity meets the conditions for being a [registrable](#) PSC or registrable RLE in relation to your company, and if so, who that person or registrable RLE is. It may be that, having taken these steps, you cannot identify the person or confirm their details. **Failure to take [reasonable steps](#) is a criminal offence.**

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2.3.2 If your company has a simple ownership and control structure, you will probably be able to work out quickly who is a [registrable](#) PSC or ~~an a~~ registrable RLE and should be entered on the PSC register. If the situation is more complex, you will need to consider the process you should go through to identify whether your company has a [registrable](#) PSC or registrable RLE.

2.3.3 When you are working through your reasonable steps you must enter this fact and the stage you have reached on your PSC register and keep it up to date, see Chapter 4.

Taking reasonable steps to identify PSCs

2.3.4 This section outlines the steps a company should typically take to identify its [registrable](#) PSCs or registrable RLEs. You may not need to take all of them. They are also not definitive or exhaustive, and there might be more actions you should take depending on your own circumstances. For instance, if you have a particular lead you should follow it even if it is not included below. You should do what you think a reasonable person would do if he or she knew what you know. On the other hand these steps will not apply to every situation, and you might consider and reject some of them. But you should make sure you have a good reason for doing so.

2.3.5 You should firstly consider all the documents and information already available to you to identify if your company might have a PSC. You should consider interests in your company held by individuals, legal entities and trusts or firms (partnerships without legal personality). You must consider if you know about any joint arrangements or rights held through a variety of means which might ultimately be controlled by the same person.

[\[Note: we do not find it helpful to have separated out the explanation of indirect holdings and other complex scenarios into Chapter 7. The table below does not make sense without an understanding of these concepts.\]](#)

Condition:		What you need to consider:
i	Directly or indirectly holding more than 25% of the shares (sections 7.1 and 7.4)	You should review your register of members , to identify whether anyone holds more than 25% of the shares.

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ii	Directly or indirectly holding more than 25% of the voting rights (sections 7.2 and 7.4)	You should review your register of <u>members</u> and articles of association to identify whether anyone holds more than 25% of the voting rights. You should identify any <u>agreements between shareholders that the company is party to or otherwise aware of that have a combined</u> shareholding of more than 25% and consider whether voting patterns suggest some parties (for example members of the same family <u>for groups of investors</u>) might be acting together.	<p>Deleted: shareholders</p> <p>Deleted: shareholder</p> <p>Deleted: which might result in</p> <p>Deleted: s</p>
iii	Directly or indirectly holding the right to appoint or remove the majority of directors (sections 7.3 and 7.4)	You should review any provisions in the articles of association or other covenants or agreements which concern the appointment or removal of directors holding the majority of votes at board level.	
The following conditions are explained in Statutory Guidance - see Chapter 7 These conditions will only be applicable in limited circumstances			
iv	<u>Having the right to exercise, or actually exercising, significant influence or control</u> (section 7.5)	You should consider whether anyone else who does not meet one or more of conditions (i) to (iii) has significant influence or control over the way your company is run, irrespective of any formal role. Statutory guidance provides guidance on the meaning of significant influence or control. You must have regard to this guidance when considering whether a person meets this condition.	Deleted: Otherwise h
v	Holding the right to exercise, or 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 (section 7.6)	You should consider whether <u>there is a trust or firm which would have met any of the first four conditions had it been an individual</u> . If so, you then need to consider whether anyone has significant influence or control over the activities of that trust or firm. Statutory guidance provides guidance on the meaning of significant influence or control over the activities of a trust or firm. You must have regard to this guidance when considering whether a person meets this condition.	<p>Deleted: anyone who meets</p> <p>Deleted: is a trust or firm</p>

2.3.5 **[NB – fix numbering]** If you are reading this guidance on behalf of an LLP, you should refer to Annex 4 to understand more about the steps you should take in relation to each of conditions (i) to (v) in the table above.

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2.3.4 Once you have determined that your company has a PSC, you must make sure you have the relevant information (set out in Chapter 3) you need about him or her to enter on the PSC register. Information about individuals (PSCs) (other than for corporations sole, government bodies etc.) needs to be confirmed before you can put it on your PSC register. Chapter 3 also explains what is meant by 'confirmed information'.

2.3.6 If you have determined that your company has a registrable RLE, you must also make sure that you have the information you need about that legal entity to enter it on the PSC register. Information about a registrable RLE, unlike a PSC, does not need to be confirmed before it can go on the PSC register. Nonetheless, this information must be accurate.

- 2.3.7 Information about both PSCs and registrable RLEs needs to be complete before you enter it on your PSC register. When the information about one PSC or registrable RLE is complete and ready to go on your PSC register you must enter it as soon as possible, even if you don't have all the information you need about any of your company's other PSCs or registrable RLEs. You can continue to take reasonable steps to identify those PSCs or registrable RLEs.
- 2.3.8 If you don't have the information you need, or (in the case of a PSC) you don't have confirmed information, you must serve notice on the individual or legal entity. You might choose to do this by post or email; either way you should keep a record of your communications. Examples of notices are available in Annex 3.
- 2.3.9 When you write to an individual or legal entity you should ask them whether they hold the interest on their own behalf or on behalf of someone else. You should ask them to provide the contact details of any such other individual or legal entity. You should then serve notice on those individuals or legal entities.
- 2.3.10 If the interest is held by a trust or firm then you must also make sure you have the information you need to enter on the PSC register. You should serve notice on the trustees or the firm to provide details of any individuals or legal entities with significant influence or control over the activities of the trust or firm, and through this route, significant influence or control over your company. Statutory guidance, explained in section 7.6, sets out what is meant by significant influence or control of a trust or firm.
- 2.3.11 Your company might be contacted by an individual or a legal entity who knows that they should be entered on your PSC register. Individuals or legal entities must contact your company ~~after~~ within one month of becoming a PSC or registrable RLE if they are required to be on your PSC register but are not.⁹ Failure to do so is a criminal offence. (They might choose to contact you more promptly.) You should then build on this contact to complete the information you need to enter on your PSC register¹⁰.

2.4 IF YOU ARE UNABLE TO IMMEDIATELY IDENTIFY YOUR PSCS

- 2.4.1 If you have reason to believe that there is a PSC or registrable RLE in relation to your company but have not been able to identify them you should consider serving notices requesting information, on anyone you know or have reasonable cause to believe knows the identity of the PSC or legal entity or trust or ~~partnership~~ firm, or could know someone likely to have that knowledge. This could cover intermediaries or advisers known to act for them, such as lawyers, accountants, banks, trust and company service providers or any other contacts such as family members, business partners or known associates.

- 2.4.2 The notices you ~~serve~~ should require a response within one month. Anyone who fails to respond (without a valid reason) ~~commits~~ a criminal offence. If they also fail to respond to an additional warning notice and the addressee has a relevant interest in your company, you

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⁹ PSCs must contact you if they are registrable because they hold an interest in your company in addition to and outside of one or more RLEs. It may be helpful for this to be set out in a substantive section also specifically addressed to actual/potential PSCs.

¹⁰ There might be some situations where the information about your company's PSC is not the information that must be entered on your company's PSC register. Where the PSC's interest is held through a registrable RLE, it is the registrable RLE that should be entered on your company's PC register. The information about the PSC should be available on the registrable RLE's PSC register.

must consider whether it is appropriate to impose restrictions on any shares or rights they hold in your company. This process is explained in Chapter 8.

2.4.3 Applying restrictions is a significant step which can only be taken if the steps described in Chapter 8 have been properly taken. Your company is not required by law to impose restrictions, but you must seriously consider ~~it~~ [doing so](#) as part of meeting your legal requirements to take reasonable steps. If your company is in this situation and chooses not to impose restrictions, you should be able to justify your decision.

2.4.4 Imposing restrictions is not the end of taking reasonable steps. There may be other lines of investigation and [even if you have imposed restrictions](#) you should continue to take reasonable steps until you have identified all PSCs and registrable RLEs in relation to your company or there is nothing more you can reasonably do.

CHAPTER 3: INFORMATION TO BE ENTERED ON THE PSC REGISTER

3.1 ENTERING INFORMATION ON THE PSC REGISTER

3.1.1 Your company's PSC register must never be empty. When you are in the process of taking reasonable steps, this fact must be entered on your PSC register. The register must say that:

"The company has not yet completed taking reasonable steps to find out if there is anyone who is a registrable person or a registrable relevant legal entity in relation to the company."

3.1.2 Unless you immediately know and can confirm the required information on your PSCs, you must enter this fact on your PSC register on April 6th 2016, when the PSC requirements come into force. After that date, you must always have information on your company's PSC register about your company's PSCs (or registrable RLEs) or your company's status in searching for its PSCs (or registrable RLEs). Further information on the details to be entered on your PSC register in different circumstances is available in Annex 2.

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3.1.3 You must enter the relevant information on your company's own PSC register. From 30th June 2016, when a company is incorporated or when an existing company next completes its confirmation statement (formerly its annual return), you will then need to file the information at Companies House, where it will be entered on the central public register. Failure to comply with these requirements is a criminal offence.

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3.1.4 More information is available on the process for filing at Companies House in guidance (insert link). Further explanation of which information appears on the central public register is available in Chapter 5.

3.2 PEOPLE WITH SIGNIFICANT CONTROL (PSCS)

3.2.1 Where you have identified a PSC you need to obtain, confirm and then enter the following details on the PSC register about the PSC:

- Name
- Date of birth
- Nationality
- Country, [state or part of the UK-] [Note: what does this mean?] where the PSC usually lives
- Service address
- Usual residential address
 - If the residential address has already been given because it is also the service address, then you do not need to give it again¹¹
- The date the individual became a PSC in relation to your company¹²

¹¹ The only exception is when the service address is also the company's registered office address.

¹² For existing companies completing a PSC register for the first time in April 2016, this date will be 6 April 2016.

- Which of the five conditions for being a PSC the individual meets, with quantification of the interest where relevant
 - Your company is only required to identify whether a PSC meets condition (iv) if they do not exercise control through one or more of conditions (i) to (iii) [Also clarify whether or not a similar exception applies in relation to condition (v) (we suspect not).]
 - You must use the official wording, see Annex 2
- Any restrictions on using or disclosing the PSC's information that are in place
 - You must use the official wording, see Annex 2

3.2.2 For information on which of these details will appear on the central public register and which details you must protect on your company's own register, see Chapter 5,

Confirming information

3.2.3 You must confirm information about a PSC (but not a PSC which is a corporation sole or government body etc., or an RLE) before you enter it on the PSC register. Information can be treated as confirmed if:

- the PSC supplied your company with the information; or
- the information was provided to your company with the knowledge of the PSC; or
- you asked the PSC to confirm the information was correct, and they replied that it was so; or
- you hold previously confirmed information and have no reason to believe it has changed.

3.2.4 If you have identified a PSC but cannot confirm the information about them, see paragraph 8.9.5.

3.3 REGISTRABLE RELEVANT LEGAL ENTITIES (RLES)

3.3.1 Where you have identified a registrable RLE, you must obtain and then enter the following information on the PSC register:

- Name of the legal entity
- The address of its registered [or principal-] office [Note: meaning?]
- The legal form of the entity and the law by which it is governed
- If applicable, a register in which it appears (including details of the [state-]) [Note: meaning?] and its registration number¹³
- The date it became a registrable RLE in relation to your company
- Which of the five conditions for being a PSC it meets, with quantification of its interest where relevant. Your company is only required to identify whether an RLE meets condition (iv) if it does not satisfy conditions (i), (ii) or (iii).

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¹³ If the legal entity is entered on another register in the UK (e.g. the Charity Commission register) or overseas (the central public register of companies in another country), this must be noted.

- You must use the official wording, see Annex 2

[\[Note: what about \(v\)? e.g. a GP of an LP arguably owns partnership assets. Caveat needed?\]](#)

3.4 COMPANIES WITHOUT PSCS

3.4.1 The PSC requirements apply whether your company has a PSC or not. If you have taken all reasonable steps and are confident that there are no individuals or legal entities which meet any of the conditions (i) to (v) above in relation to your company, you must enter that fact on the PSC register. The register must say that:

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"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."

CHAPTER 4: UPDATING PEOPLE WITH SIGNIFICANT CONTROL (PSC) INFORMATION

4.1 KEEPING INFORMATION ON THE FSC REGISTER UP TO DATE

4.1.1 **You must keep information up to date on your company's own PSC register. Failure to do so is a criminal offence.**

4.1.2 In this chapter the distinction between the information you keep on your company's own register and the information you file at Companies House for entry onto the central public register is important.

4.1.3 Private companies may choose to keep the information on their own register at Companies House [instead of maintaining their own register](#). This is covered in Chapter 6.

4.2 UPDATING YOUR COMPANY'S OWN PSC REGISTER

4.2.1 If circumstances change and any information entered on your company's own PSC register is no longer correct then you must update the information.

4.2.2 You should enter updated information on your company's own PSC register if you have;

- been informed of the change;
- all of the updated information you need to enter on your own PSC register; and
- confirmed that updated information if it relates to a PSC ([other than a PSC who is a corporation sole etc](#)) and has not been provided by the PSC or with his or her knowledge.

[\[No need for confirmation of an RLE.\]](#)

4.2.3 If you know or have reason to believe a change has occurred but need more information, then you must serve notice to get the information you need to enter on your own PSC register. You must serve notice as soon as practicable. See Annex 3.

4.2.4 This notice should ask the individual or legal entity to:

- confirm that the change has occurred;
- give the date that the change occurred; and
- give the correct and up to date information.

4.2.5 The individual or legal entity must respond to your notice within one month. If they do not, you cannot enter incomplete or suspected information in the register. Instead you must enter these circumstances on the PSC register, see section 8.9.

4.3 UPDATING THE CENTRAL PUBLIC REGISTER AT COMPANIES HOUSE

- 4.3.1 If you are incorporating a company after 30th June 2016 you will need to complete a statement of initial control, containing your PSC information, as part of the process.
- 4.3.2 No matter when it was incorporated, your company must check its information with Companies House at least once a year, and complete a confirmation statement. This includes PSC information. For most companies, the only mechanism to update PSC information with Companies House is through the confirmation statement.

[\[Refer to Chapter 6 – need to update in real time if the PSC register kept only at Companies House.\]](#)

- 4.3.3 When your company completes its first confirmation statement with Companies House you will need to enter its PSC information. You should use the PSC information entered on your company's own register. Thereafter, annually, your company will need to check the PSC information held on the central public register at Companies House. If any changes have occurred, you will need to update the PSC information at this point.

4.4 REMOVING INFORMATION FROM THE REGISTER

When someone stops being a PSC

- 4.4.1 When you become aware that someone has stopped being a PSC or registrable RLE you must record the date they ceased being a PSC of your company in your company's own PSC register as soon as reasonably practicable and update the central public register at Companies House when you complete your company's confirmation statement. You must keep the information about them on your company's own register for ten years from when they stopped being a PSC. Companies House will keep the information about them indefinitely.

When there is an error

- 4.4.2 If your company has received correct information but entered it incorrectly, you should make the necessary changes to your own PSC register immediately. You should also update the information on the central public register at Companies House, using the [relevant filing mechanism.] [explain]
- 4.4.3 Your company would not be required to notify the PSC or registrable RLE, but you might wish to do so. If the incorrect information was filed at Companies House, it will still be viewable on the central public register even after the correction has been made.

CHAPTER 5: PUBLIC AND PROTECTED INFORMATION

5.1 ACCESS TO YOUR COMPANY'S OWN PSC REGISTER

5.1.1 Your company must keep its own PSC register accessible. You can keep it at your registered office, or at another location provided you have notified Companies House, or at Companies House for a private company.

5.1.2 Anyone - an individual or organisation with a proper purpose - may have access to your register free of charge, or have a copy of it for an optional fee. They must make a request to you, which sets out:

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- Their name
- Their address
 - If they are an organisation they must include a name and address of an individual responsible for making the request on the organisation's behalf
- Their purpose in seeking the information

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5.1.3 You must respond to the request within five working days of receipt. Your reply should include the requested information noting the date it was last updated. You can charge up to £12 for providing a copy of your company's PSC register.

5.1.4 If you believe the request was not made for a proper purpose¹⁴ and you wish to refuse the request, you must apply to court within five working days of receipt and reply to the request saying that you have done so. The court will then decide whether you must comply with the request. **It is a criminal offence to refuse a request without applying to court.**

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5.1.5 When you grant access to your company's own PSC register, you must make available all the information requested drawn from the information set out in sections 3.2, apart from a PSC's usual residential address, and section 3.3. You must "protect" a PSC's usual residential address¹⁵. [meaning?]

5.2 INFORMATION MADE PUBLICLY AVAILABLE ON THE CENTRAL REGISTER

5.2.1 You must enter PSC information on your company's own register and the central public register held at Companies House, through your company's annual confirmation statement. [c.f. para 4.4.2 "using the relevant filing mechanism".]

5.2.2 Almost all of the information about the PSC, as set out in section 3.2, will be available on the central public register at Companies House. The only information that will not be is:

¹⁴ Here, 'proper purpose' is intended to have a wide interpretation and application. The purpose of the PSC register is to provide transparency of company ownership and control and your company's register is intended to be accessible to that end.

¹⁵ The only exception to this is where a residential address has been provided as a service address.

- the PSC's usual residential address (unless a residential address has been provided as a service address¹⁶),
 - o The usual residential address should also ~~[not be accessible—]~~ [\[meaning? i.e. include it but don't allow people to inspect it, and don't provide copies\]](#) on your company's own PSC register; and
- the day of the PSC's date of birth,
 - o Whilst not being available on the central public register at Companies House, this information will be accessible on your company's own PSC register.

5.2.3 All information held by Companies House will be available to law enforcement agencies. Companies House will also make residential addresses available to credit reference agencies.

5.2.4 Some companies [may](#) choose [not](#) to keep ~~the information on~~ their own [PSC register, but instead to rely on the central public](#) register at Companies House. In this case, all the information on the PSC that would otherwise appear in a company's own register will be available publicly,¹⁷ see Chapter 6.

Summary of PSC information relating to an individual required and made available under normal circumstances			
Information you must collect about your company's PSCs, hold on your company's own PSC register and file at Companies House. This information will be available to law enforcement and credit reference agencies.	PSC information you must provide in response to requests for copies of your PSC register	PSC information Companies House will make available on the central public register (if the company keeps its own PSC register)	PSC information Companies House will make available on the central public register if your company chooses to keep its own register at Companies House
Name	Name	Name	Name
Full date of birth	Full date of birth	Month and year of birth	Full date of birth
Nationality	Nationality	Nationality	Nationality
Country/area of residence	Country/area of residence	Country/area of residence	Country/area of residence
Service address	Service address	Service address	Service address
Residential address			

¹⁶ If a residential address is provided as a service address there will be no indication that it is a residential address.

¹⁷ This means that all the information apart from the PSC's residential address will be available publicly, unless a residential address is provided as a service address (though there will be no indication it is a residential address).

Date became a PSC	Date became a PSC	Date became a PSC	Date became a PSC
Which of the conditions for being a PSC are met	Which of the conditions for being a PSC are met	Which of the conditions for being a PSC are met	Which of the conditions for being a PSC are met

5.3 SUPPRESSING PSC INFORMATION IN EXCEPTIONAL CIRCUMSTANCES

5.3.1 In exceptional circumstances, there is a regime for suppressing all information relating to PSCs, or preventing their residential addresses being shared with credit reference agencies. Here, exceptional circumstances mean a serious risk of violence or intimidation. If you think your company's PSCs need protection, there is more information in Annex 1. Your company would still be required to fulfil all other requirements in relation to PSCs and information will still be available to law enforcement [agencies](#).

CHAPTER 6: COMPANIES KEEPING THE INFORMATION ON THEIR OWN REGISTER AT COMPANIES HOUSE

6.1 CHOOSING TO KEEP THE INFORMATION ON YOUR COMPANY'S OWN REGISTER AT COMPANIES HOUSE

6.1.1 From June 2016, if your company is a private company, or if you are a Limited Liability Partnership (LLP) you can choose to keep your company's own PSC register¹⁸ at Companies House instead of at your registered office (or alternative location). Further information is available here (link).

Important note:

6.1.2 If you choose to keep the information on your company's own PSC register at Companies House the full date of birth of your company's PSCs will be on the central public register. Also, there will be more onerous filing/updating obligations – updates must be made to the Companies House register in real life time rather than just annually – see 6.2.1.

6.1.3 If you want to keep your company's own register at Companies House you must:

- give notice to each PSC or registrable RLE that you intend to elect to keep your company's own register at Companies House, at least 14 days in advance. If no-one objects, you can go ahead;
- give notice of your decision to the registrar at Companies House. You should confirm in your notice that your company's PSCs or registrable RLEs do not object;
- include with your notice to the registrar all of the current information required to be contained in your company's PSC register; *
- file any updated information at Companies House if it changes between your original notice to the registrar and Companies House starting to hold your register (given failure to do so is an offence); and
- note in your company's own PSC register (now your 'historic register') that:

"An election ~~to hold the register at Companies House~~ is in force."

[Note: explain what new companies should do if they wish to make this election, if different]

6.1.4 You should add the date this started and also note that up-to-date information about your company's PSCs is available on the central register.

¹⁸ This option also applies to other registers, including for a company the registers of directors, of directors' residential addresses, of secretaries and of members.

6.2 MAINTAINING THE INFORMATION ON YOUR COMPANY'S OWN PSC REGISTER AT COMPANIES HOUSE, IF YOUR COMPANY DOES NOT KEEP ITS OWN PSC REGISTER

6.2.1 You must keep the information on your company's own PSC register at Companies House-[confusing] up to date. You must file information at Companies House as soon as you would have entered it in your own register if you were maintaining it yourself. Failure to do so is a criminal offence. You must not wait for the annual confirmation statement before making changes.

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6.2.2 Your company must continue to keep its old PSC register, now its "historic register," accessible. This means it must be available free of charge and you must provide copies on request (you have the option to charge a fee for providing a copy, see section 5.1). Failure to do so is a criminal offence. You do not need to make any updates to it.

6.2.3 People will be able to see the information on your company's own register held at Companies House. But as they inspect it, they might ask you to confirm that your company has indeed kept the information up to date. You must reply to any such request, and failure to do so is a criminal offence.

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[\[Note: move chapter. 7 back into chapter 2 and include a glossary\]](#)

CHAPTER 7: UNDERSTANDING CONDITIONS (I) TO (V) IN DETAIL

[If you are reading this guidance on behalf of an LLP, you should also turn to Annex 4 ~~to understand more about~~, which sets out the relevant specified conditions for PSCs of LLPs and the steps you should take in relation to each of those conditions (i) to (v). Sections 7.1 to 7.3 below will not be directly relevant to you, but section 7.4 is important.

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7.1 CONDITION (I) - AN INDIVIDUAL IS A PSC IF THEY HOLD, DIRECTLY OR INDIRECTLY, MORE THAN 25% OF THE SHARES IN YOUR COMPANY.

Companies limited by shares: calculating shareholdings

7.1.1 ~~Where shareholdings are directly owned, information~~ information in your register of shareholders¹⁹ will enable you to work out if any individual or registrable RLE directly holds more than 25% of the shares.

7.1.2 All shares in issue from your company should be included when calculating shareholdings. The percentage is calculated using the nominal (or par) value of the shares. Shares which have never been issued or which have been bought back and cancelled should not be included. Shares that have been bought back and are held as treasury shares should not be included.

7.1.3 For more complicated share ownership arrangements please see the relevant paragraph(s) in section 7.4.

[\[Note: deal with indirect ownership here.\]](#)

7.2 CONDITION (II) - AN INDIVIDUAL IS A PSC IF THEY HOLD, DIRECTLY OR INDIRECTLY, MORE THAN 25% OF THE VOTING RIGHTS IN YOUR COMPANY

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Calculating voting rights

7.2.1 The voting rights attached to particular shares are likely to be set out in your company's articles of association ("Articles"). Voting rights can be exercisable in different ways, including at general meetings or through written resolutions. Often one vote is attached to one share, but you might have different classes of shares with different rights. For instance some shares might have no voting rights, or the right to vote only in certain circumstances, or additional rights to more than one vote per share.

[\[Might it be helpful to explain how to deal with shares with limited voting rights?\]](#)

7.2.2 Where shares in your company are directly owned, if you know the voting rights attached to shares, your register of ~~members~~, together with the voting rights provisions of the Articles (if

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¹⁹ Your register of shareholders might also be known as a register of member or legal ownership.

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applicable will enable you to work out if any individual or legal entity directly holds more than 25% of the voting rights.

[Note: indirect holdings?]

7.2.3 For more complicated arrangements please see the relevant paragraph(s) in section 7.4.

[Clarify the position of proxy holders.]

7.3 CONDITION (III) - AN INDIVIDUAL IS A PSC IF THEY HOLD, DIRECTLY OR INDIRECTLY, THE RIGHT TO APPOINT OR REMOVE ~~A~~ MAJORITY OF THE DIRECTORS ~~OF~~ YOUR COMPANY

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7.3.1 You must consider whether anyone has the right to appoint or remove directors with ~~a~~ majority of board level voting rights. If each director in your company has one vote at board meetings (which is usually the case), this is simple to calculate.

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7.3.2 If different directors have different voting rights at board meetings (on all or most matters), or someone has a casting vote, usually this will be set out in the company's Articles. If that is the case, then you must consider whether anyone has the right to appoint or remove directors who could carry ~~a~~ majority in board votes on all or substantially all matters.

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7.3.3 In respect of a *societas europaea* which has a two-tier board structure, an individual who has the right to appoint or remove the majority of members of either the management organ or supervisory organ will meet condition (iii). If your company does not have a board of directors, then you should consider any equivalent management body.

7.3.4 For more complicated arrangements please see the relevant paragraph(s) in section 7.4.

7.4 FURTHER GUIDANCE ON OTHER OWNERSHIP ARRANGEMENTS

If you are reading this guidance on behalf of an LLP, sections 7.1 to 7.3 (above) will not be directly relevant to you, but section 7.4 (below) is important.

Nominees

7.4.1 If shares or rights in your company are held by a nominee, you should treat them as if they were held by the person for whom the nominee is acting. If this person is a PSC you must enter their details on the register.

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7.4.2 If the nominee is acting for a legal entity, you must follow the steps in Chapter 2 as you would for any other legal entity with an interest in your company.

Joint interests

7.4.3 If two or more people hold the same shares or rights in your company, you must work on the basis that each of them holds the total number of shares or rights held by all of them. So if

two or more people hold jointly more than 25% of the shares or voting rights, each of them must separately be entered on the PSC register²⁰.

Joint arrangements

7.4.4 A joint arrangement is where two or more people arrange to exercise all or substantially all of their rights arising from their shares jointly in a way which is pre-determined. If two or more people have such an arrangement²¹, each of them is deemed to hold the total number of shares held by all of them. So if the arrangement covers more than 25% of the shares, each party to the arrangement must separately be entered on the PSC register. Likewise, if the arrangement covers appointment or removal of directors with a majority of board level voting rights, each party to the arrangement must separately be entered on the register.

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[Note: clarify "reasonable steps" as regards agreements to which the company is not a party.]

Indirect ownership

7.4.5 Shares and rights in your company might be held indirectly. This happens when a legal entity holds the shares or the rights and someone has a "majority stake" in that legal entity (see paragraph 7.4.7 below for what constitutes a "majority stake"). That person is not required to be entered on your company's register unless at least one legal entity they hold their interest through is not an RLE (RLEs are explained in Chapter 2). [This is an important point, and should be clarified. If you have just one non RLE in the chain of ownership, everything above it must be considered for inclusion (because s.790C(4)(a) and s.790C(8)(a) only apply where "each" link in the chain is an RLE). We understand that regulations are proposed to address this point – in which case, the last sentence of this paragraph 7.4.5 should be amended to read "That person is not required to be entered on your company's register unless the legal entity (or, if there are several legal entities in the chain, all the legal entities in the chain) they hold their interest through is not an RLE (RLEs are explained in Chapter 2)."]

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Deleted: or, if there are several legal entities in the chain, all the legal entities in the chain,

7.4.6 When a legal entity is not an RLE it cannot be registrable and you cannot enter it on the PSC register. A legal entity might not be an RLE because:

- it is a UK legal entity which is not a company, LLP or SE (such as a Scottish limited partnership); or
- it is a non-UK company or other legal entity that does not meet the test in paragraph 2.2.2.

7.4.7 Instead, you must look at the ownership and control of that legal entity to identify any individuals or RLEs who have a majority stake in that legal entity. Someone will hold a majority stake if:

- they hold a majority of the voting rights in the legal entity; or

²⁰ If one of the joint owners is a legal entity that holds more than 25% of the shares then you will need to read the relevant sections in Chapter 2.

²¹ An arrangement includes any scheme, agreement or understanding, whether or not legally enforceable and any convention, custom or practice of any kind. It does not include one-off arrangements.

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- they are a member of the legal entity and have the right to appoint or remove a majority of its board of directors; or
- they are a member of the legal entity and control a majority of the voting rights by agreement with other shareholders or members; or
- they have the right to exercise or actually exercise dominant influence or control over the legal entity. i.e. [insert explanation]

7.4.8 If there is an individual or RLE with a majority stake in that legal entity you must then enter their details on the PSC register. If there is another legal entity which is not an RLE but which has a majority stake, you must also look at the ownership and control of that legal entity and so on until you either reach an individual or an RLE with a majority stake. If there is no-one who meets these criteria then this fact must be entered on the PSC register (see section 3.4).

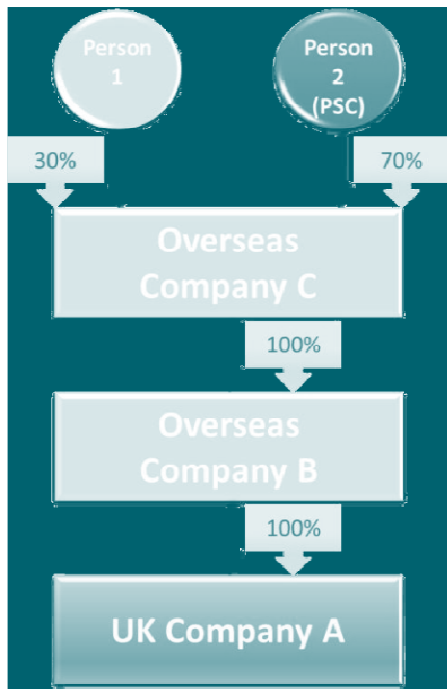
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7.4.9 In **figure 7** below, for example. Company A cannot put Company B's details on the PSC register even though it owns 100% of the shares in Company A, because Company B is an overseas company that does not meet the test in paragraph 2.2.2 and therefore not an RLE. Instead Company A must look at the ownership and control of Company B. Although Company C has a majority stake (holding 100% of the voting rights) in Company B, it also is not an RLE because it is an overseas company that does not meet the test in paragraph 2.2.2 and its details cannot be entered on the PSC register. Company A must therefore look at the ownership and control of Company C. Person 2 has a majority stake (holding more than 50% of the voting rights) in Company C, this means they are a PSC in relation to Company A and their details must be entered on the PSC register.

[Note: the examples in paragraphs 2.3 and 2.4 of the previous draft were helpful.

Might be particularly helpful to give an example of a broken chain, i.e. where Company C holds less than a majority stake in Company B. see our note to paragraph 21.2 – examples should cover all of the conditions.]

Figure 7.



Companies owned by corporations sole, national or local governments, or international organisations

7.4.10 The law makes special provision where a company is owned or controlled by an organisation such as:

- a government or government department (local or national);
- an international organisation whose members include two or more countries, territories or their governments;
- a corporation sole (a legal entity consisting of a single incorporated office occupied by a single person).

7.4.11 These bodies do not meet the requirements for registrable relevant legal entities (registrable RLEs), but they are treated as PSCs and their information must be entered on the PSC register. A company owned or controlled by a legal entity that falls within one of these categories must enter the following relevant information for its owner:

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- Name
- Principal office
- The legal form of the entity and the law by which it is governed
- The date it became registrable in relation to the company
- Which of the conditions (i) to (v) are met for having significant control

Interests held through a limited partnership

7.4.12 Ordinarily, where shares or rights in your company are held as assets of a limited partnership without legal personality²², you should only enter the details of the general partner(s) on the PSC register (if the general partner(s) is/are individuals or RLE(s)). A limited partner will not meet conditions (i) to (iii) by virtue of only being a limited partner.

[\[Note: what about Scottish LPs? The last sentence applies to them.\]](#)

Rights controlled by another

7.4.13 If either voting rights in your company or the right to appoint or remove directors with the majority of board level voting rights are held by one person but controlled²³ by another person, then you should treat those rights as if they were held by the person who controls them.

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7.4.14 If this person is a PSC you must enter their details on the PSC register. If they are a legal entity you will need to read the relevant sections in Chapter 2.

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Rights attached to shares held by way of security

7.4.15 Where a person has used their shares as security, e.g. for a loan from a bank, those shares should be treated as being held by that person if:

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- they retain control over the rights; or
- the lender must exercise rights relating to the shares in the interests of the owner or in accordance with the owners instructions.

Rights exercisable only in certain circumstances

7.4.16 Voting rights and rights to appoint or remove directors in your company might only be exercisable in certain circumstances. If the circumstances under which the rights are exercisable are within the control of the person who holds them, then they are relevant for identifying your company's PSCs. Otherwise, you should only consider these rights if those circumstances have arisen, and for as long as those circumstances continue.

7.4.17 There is an exception to this. If your company is in administration then administrators and creditors could have certain rights under those circumstances, but these rights do not make them PSCs. You should not put their details on your PSC²⁴ register.

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7.5 **CONDITION (IV) - AN INDIVIDUAL IS A PSC OF YOUR COMPANY IF THEY HAVE THE RIGHT TO EXERCISE, OR ACTUALLY EXERCISE, SIGNIFICANT INFLUENCE OR CONTROL**

7.5.1 Your company is only required to identify whether a PSC or registrable RLE meets this condition if they do not exercise control through one or more of conditions (i) to (iii).

²² Such as an English limited partnership.

²³ A person controls a right if there is an arrangement which means the right is only exercisable by that person, on their instruction or direction or with their consent or concurrence.

²⁴ This exception does not cover circumstances of liquidation or receivership.

7.5.2 A person who does not meet conditions (i) to (iii) may still have significant influence or control of your company. They could be a PSC by virtue of the fourth condition. To work out if someone has significant influence or control over your company you must consider a range of factors set out in **statutory guidance**.

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7.5.3 The statutory guidance is not an exhaustive statement of what will amount to "significant influence or control," but provides examples of situations where a person would normally fall within the definition, and where they would not. It also provides some "safe harbours" which describe circumstances that do not amount to "significant influence or control", such as directors acting in a way which is consistent with the ordinary responsibilities of a director.

7.5.4 The statutory guidance is provided separately because it has been approved by Parliament and therefore has a statutory footing²⁵: [insert link to statutory guidance]

7.6 **CONDITION (V) - AN INDIVIDUAL IS A PSC OF YOUR COMPANY IF THEY HAVE THE RIGHT TO EXERCISE, OR ACTUALLY EXERCISE, SIGNIFICANT INFLUENCE OR CONTROL OVER THE ACTIVITIES OF A TRUST OR A FIRM, WHICH IN TURN SATISFIES ANY OF THE FIRST FOUR CONDITIONS**

7.6.1 If a trust or firm (e.g. a partnership without legal personality) has any ownership or control over your company, you must consider if that ~~arrangement-trust or firm~~ would have met any of conditions (i) to (iv) if it were an individual. Trusts or firms without legal personality include trusts and some partnerships²⁶.

7.6.2 If the trust or firm would have met any of conditions (i) to (iv) then you must consider the individuals or legal entities who control the activities of the trust or firm. To work out if someone has significant influence or control of the trust or firm you must consider a range of factors set out in the statutory guidance²⁷ ~~available via the~~ [link in section 7.5 here]. This is provided separately because it is on a statutory footing. The remainder of this guidance explains the legal requirements and what you need to do to comply with them.

7.6.3 If an individual has significant influence or control over the activities of a trust or firm which would be a PSC of the company if it were an individual, then you should enter that person's details on the PSC register. If a registrable RLE controls the trust or firm then it must be entered on the PSC register. If a legal entity which is not an RLE controls the trust or firm then you should continue to explore the ownership chain until you have identified a PSC or a registrable RLE, or are confident there is no PSC.

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7.6.4 If the assets of the trust include ownership or control of your company that would meet any of conditions (i) to (iv), the register should show that the trustee(s) have significant influence or control (i.e. a PSC interest) against each of the conditions (i) to (iv) that are met.

²⁵ Other guidance on the PSC register, including this document, explains the legal requirements and what you need to do to comply with the law.

²⁶ Partnerships without legal personality, including English limited partnerships, are "firms" for this purpose. Limited liability partnerships (LLPs) and Scottish partnerships have legal personality and are not "firms" for this purpose.

²⁷ ~~Statutory guidance is approved by Parliament.~~

²⁷ Statutory guidance is approved by Parliament.

7.6.5 If someone other than the trustees, such as the settlor or beneficiary of the trust has the right to exercise significant influence or control over the trust or firm, they would be shown on the register as meeting condition (v).

CHAPTER 8: WHEN YOU ARE UNABLE TO GET INFORMATION FOR THE PSC REGISTER

8.1 WHEN YOUR COMPANY CAN'T GET INFORMATION ON ITS PSCS

8.1.1 It is possible that your company will find itself in a challenging situation. Perhaps the information you need to comply with the People with Significant Control (PSC) regime is not forthcoming, is not complete or someone disputes it. The law sets out processes to handle these situations.

8.1.2 The law also sets out absolute requirements of the PSC regime, and the criminal offences which apply if they are ~~broken~~not met. If you fail to comply with the requirements of the PSC regime your company and its directors could face a fine or imprisonment or both.

8.2 RESTRICTING A RELEVANT INTEREST IN YOUR COMPANY

8.2.1 If someone does not respond to requests from your company for PSC information, they may be committing a criminal offence. Therefore, most people will respond. If they do not, however, your company can do more to persuade them - you can apply restrictions to shares or rights held by the person who is not responding. This means the person who is not responding can derive no benefit from the shares or rights they have in your company.

8.3 WHEN RESTRICTIONS CAN BE IMPOSED

8.3.1 Chapter 2 sets out the reasonable steps a typical company would take to identify its PSCs or registrable RLEs. As explained in section 2.4, a company must serve notice²⁸ on anyone it believes has information that will help identify PSCs (or legal entities). Notices require the addressee to respond within one month. If they fail to do so (without a valid reason), they commit a criminal offence. If they fail to respond to an additional warning notice, then you can impose restrictions on any shares or rights they hold in your company (or any rights they hold in your LLP).

8.3.2 Applying restrictions is a significant step which can only be taken when there has been repeated failure by that person to respond. Your company is not required by law to impose restrictions in these circumstances, but you must seriously consider it as part of meeting your legal requirements to take reasonable steps. If your company is in this situation and chooses not to impose restrictions, you should be able to justify your decision.

8.4 THE PROCESS FOR IMPOSING RESTRICTIONS

8.4.1 There are three parts to the process, each of which must be completed before you move to the next:

Part 1: Notice requesting information

²⁸ Formally 790D and 790E notices. 790D requests new information, 790E seeks confirmation of changes to current information.

8.4.2 You must have served notice requesting information from the individual or legal entity you believe has significant ~~control over your company, or has knowledge of someone who does.~~ If the addressee fails to reply, or provide a valid reason for not replying, after one month from the date of the notice you can move to step two. You must also note on your register that a notice was issued but there was no reply. If the reply was late then you must note that on the register.

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Part 2: Warning notice

8.4.3 If the individual or legal entity who has failed to reply has a relevant interest in your company, you can issue a warning notice²⁹. This must set out that you plan to issue a restrictions notice if they do not reply to the initial notice requesting information. They then have one further month to reply.

8.4.4 You should consider carefully what the relevant interest is and whether it can therefore be restricted. A relevant interest is any share or right in your company held or controlled, directly or indirectly, by the individual or legal entity you are trying to contact. ~~(In order to be restricted, the interest does not have to meet the test of conditions (i) to (v) for being a PSC, You can restrict the interest of anyone who fails to respond to requests for information about a PSC, even if their interest would not make them a PSC themselves.)~~

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8.4.5 You must consider if the restrictions would have an unfair effect on ~~[third parties]~~. If they would, then you should not ~~impose restrictions.~~ You must consider ~~joint interests and joint arrangements in the same way as described in section 7.4, where all parties involved are considered to hold the interest.~~ [Note: some examples of third party interests to be taken into account would be very helpful.]

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8.4.6 You must consider circumstances involving nominees and rights controlled by others slightly differently from the way described in section 7.4, however. When considering restrictions, all parties involved are considered to hold the interest. Nominees, people holding interests without controlling them and people controlling interests without holding them can all have their interests restricted.

8.4.7 If the addressee fails to reply or provide a valid reason for not replying within one month you can move to step three.

Part 3: Imposing restrictions

8.4.8 If the individual or legal entity fails to reply then you can ~~impose restrictions.~~ You do this by sending a notice³⁰ to the individual or legal entity informing them that restrictions are in place as of the date of the notice. You must also note on your register that restrictions are now in place.

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8.4.9 You should consider carefully whether there was a valid reason for the lack of response, before you issue the restrictions notice. You should particularly consider whether the individual or legal entity was capable of responding. Logistical issues would not be a valid

²⁹ See Annex 3 for a sample warning notice containing the required information.

³⁰ See Annex 3 for a sample notice containing the required information.

reason, but a long period of hospitalisation could be. You can ask for evidence to support any reasons given.

8.5 WHEN RESTRICTIONS ARE IN PLACE

8.5.1 Restrictions can apply to any share or right held directly or indirectly in your company, with the effect that:

- the interest cannot be sold³¹ or transferred and any agreement to sell or transfer the interest is void,
- no rights associated with the interest³² can be sold or transferred and any agreement to sell such is void,
- no rights may be exercised in respect of the interest,
- no shares may be issued in right of the interest or in pursuance of an offer made to the interest-holder,
- no payment may be made [by the company](#) in respect of the interest, whether in respect of capital or otherwise - except if the company is liquidated.

8.5.2 Once restrictions have been ~~imposed~~, you should try to make sure there is no breach of them. For example, you should prevent any attempts to vote or to transfer any rights associated with the interest and alert law enforcement [authorities](#) to any attempts to do so. Any person who breaches the restrictions is guilty of an offence. (This can include your company if they, for example, make a payment in respect of the restricted interest.) Additionally, ~~you~~ [your PSC](#) register should say that:

"The company has issued a restrictions notice under paragraph 1 of Schedule IB to the Act."

[\[Note: what about the members' register?\]](#)

8.6 LIFTING RESTRICTIONS

8.6.1 Your company must lift restrictions if:

- the individual or legal entity provides the PSC information requested; or
- the individual or legal entity provides a valid reason for not complying and you are satisfied with it; or
- you discover that the restriction is in fact unfairly affecting the rights of a third party [\[It could be useful to set out some examples\]](#); or
- you are ordered by the court to do so.

³¹ The company may apply to court for an order that the relevant subject to restrictions to sold or transferred [\[sense?\]](#). Only the company may apply for such an order. If it grants a sale order, the court may make further orders relating to the sale or transfer as it see fit – or on application from the company, interest holder or a person appointed by the court to effect the sale.

³² An associated right might be the right to be issued with any shares, or receive payment of sums due from the company in respect of the relevant interest.

8.6.2 To lift restrictions you must issue a notice³³ to inform the individual or legal entity. You must do this before the end of 14 days beginning with the day on which your company became required to withdraw the restrictions notice. Restrictions are lifted on the day this notice is issued. You must note on the register that restrictions have been lifted, see Annex 2.

8.7 AFTER RESTRICTIONS ARE LIFTED

8.7.1 Once restrictions are lifted the shares or rights may be voted, exercised, sold or transferred. New agreements to sell or transfer shares or rights can be made. Your company can issue shares or pay any dividends or other sums due from the date the restrictions are lifted, but not any dividends or other sums that became due while the restrictions were in force.

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8.8 SELLING A RESTRICTED INTEREST

8.8.1 Your company can apply to court to sell a restricted interest. This might be helpful if the restrictions do not seem to be encouraging the provision of PSC information and the restrictions are affecting the operation of your company or preventing a sale. The proceeds of the sale will be held by the court to be claimed by the person who held the restricted interest.

8.9 WHAT TO PUT ON THE REGISTER WHEN YOU CAN'T GET INFORMATION ABOUT YOUR PSCS

8.9.1 On your company's own PSC register you must always have information about your company's PSCs or registrable RLEs, or an update on the status of your company's investigations. It must never be empty. When you can't get information about your company's PSCs your company's PSC register must make that clear. You should enter the fact below which applies to you. When a statement ceases to be true you must note this along with the date on which it ceased to be true and insert new information as appropriate.

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When you know you have a PSC but can't identify them

8.9.2 You might find that your company has one or more PSCs, but that you are unable to identify them even when you have taken all reasonable steps. You must note this fact on the register for each unidentified PSC. Your register should say that:

"The company knows or has reasonable cause to believe that there is a registrable person in relation to the company but it has not identified the registrable person."

When you issue notices but don't get replies

8.9.3 You might find that you issue notices but don't get replies. You must note these facts on the register. Your register should say, as appropriate, that:

- when you are seeking new PSC information -

"The company has given a notice under section 790D of the Act which has not been complied with."

³³ See Annex 3 for a sample notice containing the required information.

- when you are seeking an update to previous PSC information you must note against the particulars of the PSC in question that -

"The addressee has failed to comply with a notice given by the company under section 790E of the Act."

- 8.9.4 You might also find that you get late replies. In this case, you should note on the register the date of the reply and that:

"The notice has been complied with after the time specified in the notice."

When you have identified a PSC but can't confirm their details

- 8.9.5 You might find that you have identified the PSC but they will not confirm one or more pieces of information you need about them, even when you have taken all reasonable steps. You must note this fact on the register for each PSC lacking confirmed information. Your register should say that:

"The company has identified a registrable person in relation to the company but all the required particulars of that person have not been confirmed."

ANNEX 1: REGIME FOR SUPPRESSING PSC INFORMATION IN EXCEPTIONAL CIRCUMSTANCES

1. Company information in the UK is usually public, apart from residential addresses and the day of the date of birth of individuals involved in a company. PSC information will also be public, in the interests of transparency.
2. If you consider that exceptional circumstances apply to your company or your company's PSCs resulting in a serious risk of violence or intimidation, then you can apply for their PSC information to be protected. This means that their PSC information would not be made public or shared with credit reference agencies. You will still have to comply with all the remaining PSC requirements and PSC information will still be available to law enforcement [agencies](#).
3. This guidance will help your company or your company's PSCs determine whether an application for protection is necessary. You should refer to Chapter 5 (about public information) and Chapter 6 (for companies who choose to keep their company's own [PSC](#) register at Companies House) to understand more about where PSC information is made available for public inspection under normal circumstances.
4. Applications for protection may be made by the PSC themselves or the company on the PSC's behalf. For more information on who can apply, see paragraph 10. If you think an application for protection is necessary on behalf of your company's PSC, more information on how to make an application, and what PSC information your company needs to protect and by when, is available on the Companies House site [here](#) (link)

Categories of protection

5. There are two categories of protection for PSC information.
 - (i) Preventing the PSC's residential address from being shared with credit reference agencies
 - o Residential addresses are never made public on a company's own PSC register or on the central public register at Companies House (unless a residential address has been provided as a service address³⁴), but Companies House does normally share them with credit reference agencies.
 - (ii) Preventing any information about the PSC from being seen on the public record or being shared with credit reference agencies and replacing the PSC's information in the company's PSC register with a note that a protection application has been made in respect of the PSC.

³⁴ If a residential address is provided as a service address there will be no indication that it is a residential address.

- o PSC information is usually available on a company's own PSC register and on the central public register at Companies House, other than the residential address and the day of the date of birth³⁵.

The case for a protection application

6. Protection will only be granted if your application contains evidence proving a serious risk of violence or intimidation to the PSC or someone who lives with the PSC. There can be exceptions to this evidential requirement where the person on whose behalf the application is being made already has protection in their capacity as a company director, or as a member of an LLP (see paragraphs 16 and 17).
7. If the application is to prevent a PSC's residential address from being shared with credit reference agencies by Companies House, the risk must come either from the activities of your company or from another company for which the PSC already has residential address protection. For the former, your company might itself be engaged in, or is engaging in business with another company whose activity is sensitive or contentious and may give rise to protests or campaigns which result in violence or intimidation against those involved in the company.
8. If the application is to prevent all of a PSC's information from being made public then the risk must come either from the activities of your company, or must come from the association of the PSC with your company. In respect of the latter, the application must demonstrate that if the PSC is publicly identified as the PSC of your company, certain characteristics or attributes of that person when associated with your company could put them or someone who lives with them at risk of violence or intimidation. The activities of your company need not be sensitive in and of themselves, but the [application must demonstrate that the](#) association with [the](#) particular PSC might result in violence or intimidation against that person.
9. Applications and the related evidence are assessed on a case by case basis, so there is no set list of circumstances where protection will be granted. Applications will be treated very seriously. The registrar of companies at Companies House makes a decision after consulting law enforcement agencies like the National Crime Agency (NCA). Law enforcement agencies will carry out a full risk assessment on the basis of evidence you provide, and the registrar might contact you for more evidence.

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Making a protection application

10. A protection application can be made by:
 1. an individual who is considering whether to become a PSC of your company;
 2. an existing PSC;
 3. an individual who used to be a PSC of your company;
 4. your company; or
 5. a founding member of your company ahead of incorporation.³⁶

³⁵ See Chapter 5. If a residential address is provided as a service address, that residential address would be visible but would not be labelled as such. If the company chooses to keep its own register at Companies House then the day of the date of birth would be visible.

11. Applications for either category of protection can be made from April 2016.
12. Protection of the information on the public register will start as soon as an application is registered at Companies House. Your company must not use or disclose the information on your register as soon as an application is made. Applications can be made before a person becomes a PSC or before a company is incorporated, so information about the PSC never appears on the central public register.
13. After the assessment, the registrar will write to confirm the response to the application. If the application is unsuccessful, the applicant can appeal within 42 days, during which time protection continues.
14. Once an application is granted, the PSC information will be protected indefinitely.

Transitional arrangements for protection applications

15. From April 2016 companies are required to enter PSC information into their company's own register, and from June 2016 companies must file that PSC information at Companies House.
16. If an individual is a PSC of your company on 6 April 2016 (by virtue of the regime coming into force) and an application is made on their behalf before 30th June 2016 which is unsuccessful, under the transitional arrangements if that person ceases to be a PSC of your company within 12 weeks [\[clarify: 12 weeks of what?\]](#), their details as PSC of your company will never be made available for public inspection³⁷.

Protected information about directors

17. If your PSC is or was a company director, or is or was a member of your LLP, they may already have some protection³⁸. This protection means their residential address is not already shared with credit reference agencies. In this case it might be possible to make an application on that individual's behalf on the basis that they have existing protection under that regime. No evidence would be required to demonstrate the risk of violence or intimidation. Some details would be required about the company or LLP in respect of which the protection was given and Companies House may ask for further information if necessary.
18. Where an application is made on this basis, it can only be made for the protection of a PSC's residential address, as outlined in paragraph 5(1). More information on when such an application can be made is available here [\[link\]](#).

³⁶ A subscriber to a memorandum of association.

³⁷ For more details on the transitional arrangements see regulation 46 of the Register of People with Significant Control Regulations 2016.

³⁸ This protection is often called "section 243 protection" since it is set out in section 243 of the Companies Act 2006 and the Companies (Disclosure of Address) Regulations 2009.

ANNEX 2: OFFICIAL WORDING FOR ENTERING ON YOUR PSC REGISTER

1. You must always have information about your company's PSCs or registrable RLEs, or an update on your company's status, on your company's own PSC register. It must never be empty.
2. This guidance describes the steps your company must take and the different possible outcomes. When you have taken the required steps and worked out your company's status at any given point, you must enter the official wording on your company's own PSC register. You must also use the official wording when you file the information on the central public register at Companies House. The official wording should be used alongside any of the relevant information you are entering on the register as described in Chapter 8 (such as an individual's name or a service address). You should date all entries on your company's PSC register.
3. This is a quick reference guide to the official wording for entry on the PSC register.

Your company has no PSCs or registrable RLEs

- 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.

Unidentified PSC

- The company knows or has reasonable cause to believe that there is a registrable person in relation to the company but it has not identified the registrable person.

Unconfirmed particulars

- The company has identified a registrable person in relation to the company but all of the required particulars of that person have not been confirmed.

Taking reasonable steps

- The company has not yet completed taking reasonable steps to find out if there is anyone who is a registrable person or a registrable relevant legal entity in relation to the company.
4. Where any of the above statements cease to be true, you must enter that the additional matter ceased to be true on your company's PSC register along with the date on which the statement ceased to be true.

Notices

- The company has given a notice under section 790D of the Act which has not been complied with.
- The addressee has failed to comply with a notice given by the company under section 790E of the Act.

5. Where a notice given under section 790D or 790E of the Act is complied with after the time specified in the notice, your company should enter on your company's PSC register, along with the date on which the notice was complied with, that -
 - The notice has been complied with after the time specified in the notice.
 - The company has issued a restrictions notice under paragraph 1 of Schedule IB to the Act.
6. Where a company withdraws a restrictions notice, you should enter on your company's PSC register, along with the date specified in the withdrawal notice as the date on which the withdrawal notice was given, that -
 - The company has withdrawn the restrictions notice by giving a withdrawal notice.
7. Where a court makes an order directing that a relevant interest in your company must cease to be subject to restrictions, you should enter on your company's PSC register, along with the date on which the order takes effect, that -
 - The court has made an order under paragraph 8 of Schedule IB to the Act directing that a relevant interest in the company cease to be subject to restrictions.
8. As stated in Chapter 3, your company must enter on its PSC register which of the conditions (i) to (v) a PSC or registrable RLE meets in relation to your company, with quantification of the interest where relevant. You should enter all of the following statements which are applicable:

Condition (i)

- The person holds, directly or indirectly, more than 25% but not more than 50% of the shares in the company.
- The person holds, directly or indirectly, more than 50% but less than 75% of the shares in the company.
- The person holds, directly or indirectly, 75% or more of the shares in the company.

Condition (ii)

- The person holds, directly or indirectly, more than 25% but not more than 50% of the voting rights in the company.
- The person holds, directly or indirectly, more than 50% but less than 75% of the voting rights in the company.
- The person holds, directly or indirectly, 75% or more of the voting rights in the company.

Condition (iii)

- The person holds the right, directly or indirectly, to appoint or remove a majority of the board of directors.

Condition (iv)

9. This will only be applicable where a PSC or registrable RLE does not meet one or more of conditions (i) to (iii).

- The person has the right to exercise, or actually exercises, significant influence or control over the company.

Condition (v) - trusts

- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust; and the trustees of that trust (in their capacity as such) hold, directly or indirectly, more than 25% but not more than 50% of the shares in the company.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust; and the trustees of that trust (in their capacity as such) hold, directly or indirectly, more than 50% but less than 75% of the shares in the company.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust; and the trustees of that trust (in their capacity as such) hold, directly or indirectly, 75% or more of the shares in the company.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust; and the trustees of that trust (in their capacity as such) hold, directly or indirectly, more than 25% but not more than 50% of the voting rights in the company.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust; and the trustees of that trust (in their capacity as such) hold, directly or indirectly, more than 50% but less than 75% of the voting rights in the company.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust; and the trustees of that trust (in their capacity as such) hold, directly or indirectly, 75% or more of the voting rights in the company.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust; and the trustees of that trust (in their capacity as such) hold the right, directly or indirectly, to appoint or remove a majority of the board of directors of the company.

- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust; and, the trustees of that trust (in their capacity as such) have the right to exercise, or actually exercise, significant influence or control over the company.

Condition (v) - firms

- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity as such) hold, directly or indirectly, more than 25% but not more than 50% of the shares in the company.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity as such) hold, directly or indirectly, more than 50% but less than 75% of the shares in the company.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity as such) hold, directly or indirectly, 75% or more of the shares in the company.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity as such) hold, directly or indirectly, more than 25% but not more than 50% of the voting rights in the company.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity as such) hold, directly or indirectly, more than 50% but less than 75% of the voting rights in the company.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity as such) hold, directly or indirectly, 75% or more of the voting rights in the company.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity as such) hold the right, directly or indirectly, to appoint or remove a majority of the board of directors of the company.

- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity as such) have the right to exercise, or actually exercise, significant influence or control over the company.

ANNEX 3: EXAMPLE NOTICES

[insert]

ANNEX 4: GUIDANCE FOR LIMITED LIABILITY PARTNERSHIPS (LLPS)

1. This annex is directly addressed to you if you are:

- a designated member, of an LLP; or
- acting for an LLP as an adviser.

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2. It may also be of interest if you:

- are otherwise involved in an LLP (e.g. as a member);
- could be a PSC; or
- are interested in how PSC information is defined and recorded.

3. The regime for registering people with significant control (PSCs) covers companies, limited liability partnerships (LLPs) and *societas europaea* (SEs). You should consider all the requirements of the regime, set out in the main part of this guidance, in relation to your LLP (even where they are addressed mainly to companies.) The only sections which are not likely to be of interest to you are 7.1, 7.2 and 7.3.

4. This annex covers identification of a PSC specifically in relation to an LLP. It deals with specific differences between how the requirements are applied to LLPs and companies. Where there is no specific difference, the requirements as they apply to companies should be considered to apply to LLPs.

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Requirements

5. The requirements are set out in the Limited Liability Partnerships (Register of People with Significant Control) Regulations 2016. These regulations apply Part 21A of, and Schedules 1A and 1B to the Companies Act 2006 (as inserted by the Small Business Enterprise and Employment Act 2015), and the Register of People with Significant Control Regulations 2016, to LLPs with modifications.

6. The requirements apply to all UK incorporated LLPs.

Your LLP's PSCs

7. A PSC is an individual who meets any one or more of the following conditions in relation to your LLP:

- vi. [fix numbering] Directly or indirectly holding rights over more than 25% of the surplus assets on a winding up,
- vii. Directly or indirectly holding more than 25% of the voting rights,
- viii. Directly or indirectly holding the right to appoint or remove the majority of those involved in management,

- ix. Otherwise having the right to exercise, or actually exercising, significant influence or control,
- x. Holding the right to exercise, or 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.

Understanding the first condition - right to assets

- 8. An individual is a PSC if they hold, directly or indirectly, rights over more than 25% of the surplus assets on winding up.

Identifying rights to surplus assets

- 9. You need to consider where the assets of your LLP would go if your LLP were to wind up today, under the agreements you have in place. You are interested in a hypothetical winding up in which your LLP is solvent.
- 10. Information in your LLP agreement will help you work out if any individual or [Registrable Relevant Legal Entity \("RRLE-"\)](#) holds rights over more than 25% of the surplus assets on winding up. Your LLP agreement covers any agreement between the members of the LLP, or between the LLP and its members, about rights. The agreement might be written down, but need not be. The agreement might be explicit and obvious, or it might be implicit and arise from the way the LLP is operated in practice. The provisions of the LLP legislation as to the "default" position in the absence of any contrary agreement may also be relevant – i.e. s.17 LLP Act and s.7 LLP Regs 2001 (because absent any agreement, s.7(1) would apply an equal division on a winding up).
- 11. You might have other agreements alongside your LLP agreement. If these are relevant to the holding of rights over the surplus assets on winding up, you must consider them too.
- 12. The agreements you have identified might well specify the rights of individuals or registrable RLEs to surplus assets on winding up, in those words or similar. You are interested in the proportion, or percentage, afforded to each to identify PSCs or registrable RLEs. Assessment of the percentages could be possible without needing to calculate the actual value of the assets in question.

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When rights to surplus assets are not specified

- 13. If the agreements you have identified do not specify any rights of individuals or registrable RLEs to surplus assets on winding up, then you should treat the surplus assets on winding up as being split equally between the members of the LLP. You must then consider if this means that anyone has rights to more than 25%.
- 14. If the agreements you have identified do not specify the rights of individuals or registrable RLEs to surplus assets but do specify their rights to profit, then (without limitation to paragraph 13 above) you should consider whether they have significant influence or control under the fourth condition (Chapter 2).

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Other

15. In all other respects the assessment of whether a person or entity should be entered on the register as a PSC or registrable RLE by meeting this condition operates in the same way as for any company (see section 7.4).

Understanding the second condition - voting rights

16. An individual is a PSC if they hold, directly or indirectly, more than 25% of the voting rights in your LLP
17. You need to consider who has the right to vote in your LLP on matters to be decided by the members of the LLP.
18. Information in your LLP agreement will help you work out the voting rights of individuals or registrable RLEs. You might have other agreements alongside your LLP agreement. If these are relevant to voting rights, you must consider them too.
19. The agreements you have identified might specify the rights of individuals to vote in a manner particular to your LLP. You must consider rights to vote on matters which are decided by a vote of the members. You need not consider narrower rights to vote on specific issues, or on management issues, with respect to this condition. Voting rights might be exercisable in different ways, in meetings or in writing. Different individuals and registrable RLEs could have different voting rights as members.

Consider repeating paragraph 13 – i.e. if no agreement then all treated as having equal votes.

20. In all other respects the assessment of whether a person or entity should be entered on the register as a PSC or registrable RLE by meeting this condition operates in the same way as for any company.

Understanding the third condition - appointments

21. An individual is a PSC if they hold, directly or indirectly, the right to appoint or remove the majority of those entitled to take part in management of the LLP.
22. You must consider whether anyone has the right to appoint or remove people such that they control the majority of voting rights concerning management of the LLP.
23. Information in your LLP agreement will help you work out the rights of individuals or registrable RLEs to appoint or remove people. You might have other agreements alongside your LLP agreement. If these are relevant to appointing and removing people, you must consider them too.

Same re paragraph 13 above (note s.7(3) LLP Regs 2001 – if no agreement, all members have right to participate in management).

24. If everyone entitled to take part in management has equal sway then this is simple to calculate. If different people have different rights to take part in management, you must

consider whether anyone has the right to appoint or remove those who could carry the majority in votes on all or substantially all matters concerning management.

25. You should consider those involved in management as those involved with the management of the business as a whole, or those who may have little interest in day to day management (which they leave to others) but with roles and rights such that they could be involved with the business as a whole. People need not necessarily be members of the LLP in order to take part in management. Management can be exercised through a specific structure, like a board or committee, in your LLP, but need not be.

[Note to paragraphs 25 and 26: Some LLPs have a managing member, being a member to whom day to day management is delegated. In such case, that member is likely to have the power to "remove" themselves and is therefore in our view caught by condition (iii).]

26. You need not enter those involved with functions such as human resources (or the process for appointment or removal of members) onto the PSC register provided they are acting within their normal functions in appointing and removing those entitled to take part in the management of the LLP.
27. In all other respects the assessment of whether a person or entity should be entered the register as a PSC or registrable RLE by meeting this condition operates in the same way as for any company.

Understanding the fourth condition - significant influence or control

28. An individual is a PSC of your LLP if they have the right to exercise, or actually exercise, significant influence or control.
29. A person who does not meet the first three conditions above may still have significant influence or control of your LLP. They could be a PSC or RRLE by virtue of the fourth condition. To work out if someone has significant influence or control of your ~~company-LLP~~ you must consider a range of factors set out in statutory guidance. Deleted: and
30. Your LLP is only required to identify whether a PSC or registrable RLE meets this condition if they do not exercise control through one or more of conditions (i), (ii), or (iii).
31. The statutory guidance is not an exhaustive statement of what amounts to "significant influence or control," but provides examples of circumstances where an individual would normally fall within the definition, and where they would not. It also sets out some "safe harbours" which describe circumstances that do not, in and of themselves, amount to "significant influence or control."
32. The statutory guidance is provided separately because it has been approved by Parliament and therefore has statutory footing³⁹: [insert link to statutory guidance for LLPs]. Separate statutory guidance has been provided in relation to LLPs, and in relation to companies.

³⁹ Other guidance on the PSC register, including this document, does not have legal force but it explains the legal requirements and what you need to do to comply with the law.

33. The statutory guidance sets out some examples of what might constitute a right to exercise significant influence or control. The first example (paragraph 2.9) [should this be 2.7?] covers a person who is likely to receive more than 25% of the profits of an LLP. You should consider the LLP agreement, or any other agreement in order to make a reasonable assessment of who you think will receive the profits. You should consider profits as would appear in the profit and loss account and profits which are allocated automatically or otherwise. When the agreements change, you should consider whether the person likely to receive the profits has changed, and whether you need to update your PSC register. [See comment on LLP statutory guidance document. Also, this is more detailed and should be replicated in that document (see paragraph 2.7 of that document).]

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34. The second, third and fourth examples (paragraphs 2.8 - 2.10) cover a range of situations where significant influence or control might arise from the internal governance of your LLP, and are likely to be set out in your LLP agreement or other agreements. Some of the examples, however, illustrate situations of significant influence or control which might not be contained in an agreement - for instance where the founder of an LLP no longer has any formal interest but recommends to members how they should vote and such recommendation is always or almost always followed.

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Understanding the fifth condition - the role of trusts or firms (partnerships without legal personality)

35. An individual is a PSC of your LLP if they have the right to exercise, or actually exercise, significant influence or control over the activities of a trust or a firm, which in turn satisfies any of the first four conditions

36. If a trust or firm (partnership without legal personality) has any ownership or control over your LLP, you must consider if that arrangement would have met any of conditions (i) to (iv) if it were an individual. Trusts or firms without legal personality include trusts and some partnerships⁴⁰.

37. If the trust or firm would have met any of conditions (i) to (iv) then you must consider the individuals or legal entities who control the trust or firm. To work out if someone has significant influence or control of the trust or firm you must consider a range of factors set out in statutory guidance⁴¹. The statutory guidance is provided separately because it has been approved by Parliament and therefore has legal force⁴²: [insert link to statutory guidance for LLPs], Separate statutory guidance is provided in relation to LLPs, and in relation to companies.

Condition:	What you need to consider:
i Directly or indirectly holding the right to more than 25% of the surplus	You should review your LLP agreement. This includes any agreement between the members of an LLP or between the LLP and its members. It covers any form of agreement, including written or verbal or implied.

⁴⁰ Partnerships without legal personality, including English limited partnerships, are "firms" for this purpose. LLPs and Scottish partnerships have legal personality and are not "firms" for this purpose.
⁴¹ Statutory guidance is approved by Parliament and as such has legal force.
⁴² Other guidance on the PSC register, including this document, does not have legal force but it explains the legal requirements and what you need to do to comply with the law.

	assets on winding up	You should then consider any other agreements which might be relevant, for instance between a subset of members, or between a member and a non-member. If there is no agreement regarding rights over more than 25% of the surplus assets on winding up, then you should consider the surplus assets as shared equally among the members, and see if anyone, as a result, has rights over more than 25%. [Again, also consider default rules under s.17 LLP Act and s.7 LLP Regs.]
ii	Directly or indirectly holding more than 25% of the voting rights	You should consider voting rights in respect of the matters to be decided on by a vote of the members of the LLP. You should review your LLP agreement. This includes any agreement between the members of an LLP or between the LLP and its members. It covers any form of agreement, including written or verbal or implied. You should then consider any other agreements which might be relevant, for instance between a subset of members, or between a member and a non-member, and consider whether voting patterns suggest some parties (for example members of the same family) might be acting together.
iii	Directly or indirectly holding the right to appoint or remove the majority of those entitled to take part in the management of the LLP	You should review your LLP agreement. This includes any agreement between the members of an LLP or between the LLP and its members. It covers any form of agreement, including written or verbal or implied. You should then consider any other agreements which might be relevant, for instance between a subset of members, or between a member and a non-member.
The following conditions are explained in Statutory Guidance - see chapters 10 & 11 These conditions will only be applicable in limited circumstances		
iv	Otherwise having the right to exercise, or actually exercising, significant influence or control	You should consider whether anyone else who does not meet one or more of conditions (i) to (iii) has significant influence or control over the way your LLP is run, irrespective of any formal role. Statutory guidance sets out what is meant by significant influence <u>or</u> control.
v	Holding the right to exercise, or 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	You should consider whether anyone who meets the first four conditions [is a trust or firm.] If so, you then need to consider whether anyone has significant influence or control over the activities of that trust or firm. Statutory guidance sets out what is meant by significant influence or control over the activities of a trust or firm.

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Official wording for entering on your PSC register

38. You must always have information about your LLP's PSCs or registrable RLEs, or an update on your LLP's status, on your LLP's own PSC register. It must never be empty.
39. This guidance describes the steps your LLP must take and the different possible outcomes. When you have taken the required steps and worked out your LLP's status at any given point, you must enter the official wording on your LLP's own PSC register. You must also use the official wording when you file the information on the central public register at Companies House. The official wording should be used alongside any of the relevant information you are entering on the register as described in Chapter 8 (such as an individual's name or a service address). You should date all entries on your LLP's register.
40. This is a quick reference guide to the official wording for entry on the PSC register.

Your LLP has no PSCs or registrable RLEs

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

Unidentified PSC

- The LLP knows or has reasonable cause to believe that there is a registrable person in relation to the LLP but it has not identified the registrable person.

Unconfirmed particulars

- The LLP has identified a registrable person in relation to the LLP but all of the required particulars of that person have not been confirmed.

Taking reasonable steps

- The LLP has not yet completed taking reasonable steps to find out if there is anyone who is a registrable person or a registrable relevant legal entity in relation to the LLP.
41. Where any of the above statements cease to be true, you must enter that the additional matter ceased to be true on your LLP's register along with the date on which the statement ceased to be true.

Notices

- The LLP has given a notice under section 790D of the Act which has not been complied with.
 - The addressee has failed to comply with a notice given by [your LLP] under section 790E of the Act.
42. Where a notice given under section 790D or 790E of the Act is complied with after the time specified in the notice, your LLP should enter on your LLP's PSC register, along with the date on which the notice was complied with, that –

- The notice has been complied with after the time specified in the notice.
 - The LLP has issued a restrictions notice under paragraph 1 of Schedule IB to the Act.
43. Where a LLP withdraws a restrictions notice, you should enter on your LLP's PSC register, along with the date specified in the withdrawal notice as the date on which the withdrawal notice was given, that -
- The LLP has withdrawn the restrictions notice by giving a withdrawal notice.
44. Where a court makes an order directing that a relevant interest in your LLP must cease to be subject to restrictions, you should enter on your LLP's PSC register, along with the date on which the order takes effect, that -
- The court has made an order under paragraph 8 of Schedule IB to the Act directing that a relevant interest in the LLP cease to be subject to restrictions.
45. As stated in Chapter 3, your LLP must enter on its PSC register which of the conditions (i) to (v) a PSC or registrable RLE meets in relation to your LLP, with quantification of the interest where relevant. You should enter all of the following statements which are applicable:

Condition (i)

- The person holds, directly or indirectly, the right to share in more than 25% but not more than 50% of any surplus assets of the LLP on a winding up.
- The person holds, directly or indirectly, the right to share in more than 50% but less than 75% of any surplus assets of the LLP on a winding up.
- The person holds, directly or indirectly, the right to share in 75% or more of any surplus assets of the LLP on a winding up.

Condition (ii)

- The person holds, directly or indirectly, more than 25% but not more than 50% of the voting rights in the LLP.
- The person holds, directly or indirectly, more than 50% but less than 75% of the voting rights in the LLP.
- The person holds, directly or indirectly, 75% or more of the voting rights in the LLP.

Condition (iii)

- The person holds the right, directly or indirectly, to appoint or remove a majority of those members who are entitled to take part in the management of the LLP.

Condition (iv)

46. This will only be applicable where a PSC or registrable RLE does not meet one or more of conditions (i) to (iii).

- The person has the right to exercise, or actually exercises, significant influence or control over the LLP.

Condition (v) - trusts

- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust; and the trustees of that trust (in their capacity as such) hold, directly or indirectly, more than 25% but not more than 50% of the shares in the LLP.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust; and the trustees of that trust (in their capacity as such) hold, directly or indirectly, more than 50% but less than 75% of the shares in the LLP.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust; and the trustees of that trust (in their capacity as such) hold, directly or indirectly, more than 25% but not more than 50% of the voting rights in the LLP.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust; and the trustees of that trust (in their capacity as such) hold, directly or indirectly, more than 50% but less than 75% of the voting rights in the LLP.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust; and the trustees of that trust (in their capacity as such) hold, directly or indirectly, 75% or more of the voting rights in the LLP.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust; and the trustees of that trust (in their capacity as such) hold the right, directly or indirectly, to appoint or remove a majority of the those entitled to take part in management of the LLP.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust; and, the trustees of that trust (in their capacity as such) have the right to exercise, or actually exercise, significant influence or control over the LLP.

Condition (v) - firms

- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity as such) hold,

directly or indirectly, more than 25% but not more than 50% of the shares in the LLP.

- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity as such) hold, directly or indirectly, more than 50% but less than 75% of the shares in the LLP.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity as such) hold, directly or indirectly, 75% or more of the shares in the LLP.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity as such) hold, directly or indirectly, more than 25% but not more than 50% of the voting rights in the LLP.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity as such) hold, directly or indirectly, more than 50% but less than 75% of the voting rights in the LLP.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity - as such) hold, directly or indirectly, 75% or more of the voting rights in the LLP.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity as such) hold the right, directly or indirectly, to appoint or remove a majority of the board of directors of the LLP.
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a firm that, under the law by which it is governed, is not a legal person; and the members of that firm (in their capacity as such) have the right to exercise, or actually exercise, significant influence or control over the company.