



## Client Briefing

### **PERSON WITH SIGNIFICANT CONTROL RULES**

As of 6 April 2016 all UK Companies and Limited Liability Partnerships are required to maintain a register of individuals or legal entities that have control over them. From 30 June 2016 this information is to be filed at Companies House as part of the company's first Confirmation Statement (which replaces the Annual Return) and will be freely searchable.

The rules have been introduced as part of the government's drive for greater transparency, in order to allow the full picture of both the legal and beneficial ownership of businesses to be created.

### **The new rules**

The recently implemented Small Business, Enterprise and Employment Act 2015 requires companies to identify the Person with Significant Control (**PSC**) including details such as name, date of birth and nationalities.

A PSC in respect of a company is someone who either directly or indirectly:

1. owns or holds more than 25% of the shares or voting rights in the company;
2. holds the right to appoint or remove the majority of directors;
3. otherwise has the right to exercise or actually exercises significant influence or control;
4. holds the right to exercise or actually exercises significant control over an arrangement but is not a legal 'person' in their own right (e.g. a trust or firm that is not a legal entity), but would satisfy any of the above conditions if it were an individual.

### **Application to trusts**

If a trust directly or indirectly holds or controls more than 25% of the shares of a UK company, then those persons who exercise significant influence or control over the trust must be disclosed in the PSC Register. At present it is unclear as to who would be considered a PSC in relation to a trust, but it is likely to include the trustees as well as a settlor or anyone who has the power to make investment decisions or generally exert significant influence or control over the trust.

### **What do companies need to do?**

Companies are under a duty to take reasonable steps to determine if anyone is a registrable person under the PSC Rules on an annual basis. Failure to comply could result in criminal sanctions and financial penalties for the company officers.

Clients are advised to review their structures and talk with us if they have any concerns as to complying with the new PSC Rules when filing their next Confirmation Statement at Companies House.

If you wish to discuss how PSC may impact you or your business further, please get in touch with us by contacting [jcohen@gscsolicitors.com](mailto:jcohen@gscsolicitors.com) or [sanasheikh@gscsolicitors.com](mailto:sanasheikh@gscsolicitors.com)

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