

Persons with significant control regime & corporate trustees

Alert | 04 March 2016



Introduction

From 6 April 2016, most companies will be required to identify and record the people or legal entities that own or control them.

Key points

- Trustee companies must take reasonable steps to determine whether any individual or legal entity must be recorded in the “persons with significant control” (“PSC”) register and confirm the details which must be provided.
- On and from 6 April 2016, a trustee company must have a PSC register. This register must never be blank. If, for some reason, PSC information is not available the register must contain a statement to that effect and the reasons why. Examples of such statements can be found in the [“Guidance on the register of people with significant control”](#) (“the Guidance”).
- The information on the PSC register must be provided to Companies House as part of the annual “Confirmation Statement” (which will replace the Annual Return from 30 June 2016 onwards).
- Information on the PSC register must be kept up to date so all companies need to be alive to changes in their ownership. The information at Companies House should be updated when the next Confirmation Statement is made.
- Failure to comply with the requirements (including certain deadlines for serving notices) is a criminal offence.

Background

The aim of the PSC register is to increase transparency over who owns and controls UK companies. The information such registers will contain is intended to help inform investors when they are considering whether to invest in a company and to support law enforcement agencies in money laundering investigations.

There is no exemption from the requirements in respect of trustee companies.

What is a PSC?

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

- An individual who holds, directly or indirectly, more than 25% of shares in the company
- An individual who holds, directly or indirectly, more than 25% of voting rights in the company
- An individual who holds, directly or indirectly, the right to appoint or remove the majority of the board of directors of the company
- An individual who has the right to exercise, or actually exercises, significant influence or control over the company
- Where the trustees of a trust or the members of a firm (who are not legal persons) satisfy one of the first four conditions in their capacity as such, or would do so if they were individuals, any individual holding the right to exercise, or actually exercising, significant control over the activities of that trust or firm.

Company is owned / controlled by another entity

Different rules apply where a company is owned or controlled by another entity (such as a parent company) instead of an individual.

A legal entity's details must be recorded on the PSC register if it is both "relevant" and "registrable" in relation to the trustee company.

Broadly, a legal entity is "relevant" in relation to a company if it is required to keep its own PSC register or, for example, it is a listed company in the UK, the EEA or on specified markets in Switzerland, the USA, Japan and Israel.

Broadly, a relevant legal entity ("RLE") is registrable in relation to a company if it has either a direct interest in the company, or an indirect interest through another company which is not an RLE. For example, a trustee company ("Company A") is wholly-owned by the sponsoring employer ("Company B"). Company B is wholly-owned by a parent company ("Company C"). Company B and Company C are both relevant legal entities for the purposes of the PSC regime. Company A would only include Company B on its PSC register. Company B would include Company C on its PSC Register. The aim is to avoid duplication of information.

Action needed before 6 April 2016

A trustee company must take reasonable steps to find out whether it has any PSCs or registrable relevant legal entities. Any such persons / entities, as well as any persons / entities the trustee company has reasonable cause to believe could be within scope, must be given notice requiring them to provide the trustee company with certain information, such as their address. Sample letters can be found in the [Guidance](#). Notices are not required where the trustee company has already been informed of the person / legal entity's status.

If the information for the PSC register is not received before 6 April 2016 (when the requirements come into force), the trustee company must record that it is still in the processing of determining whether it has persons or entities who or which are in scope. Again, sample wording is set out in the Guidance (page 18).