



Companies House

Register of Overseas Entities (ROE) and the Economic Crime and Corporate Transparency Bill

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TRANSFORMING BUSINESS REGISTRIES FOR THE POST PANDEMIC ERA
21 - 24 SEPTEMBER 2022



Companies House drives confidence in the economy and makes the UK a great place to start and run a business. The data on our registers informs business decisions, supports growth, and combats economic crime.

Mae Tŷ'r Cwmnïau yn hybu hyder yn yr economi ac yn gwneud y Deyrnas Unedig yn lle gwyd i ddechrau a rhedeg busnes. Mae'r data ar ein cofrestrau yn llywio penderfyniadau busnes, yn cefnogi twf ac yn brwydro yn erbyn troseddau economaidd.





#RegisteringCompaniesSince

1844





History of ROE

Objectives of ROE

Who will the measures apply to

How will the register work?

Verification

Non-Compliance and Sanctions

March 2016

Discussion paper published on foreign companies undertaking certain economic activities in the UK.

April 2017

Call for Evidence published seeking views on the design of the policy and potential impact.

July 2018

Draft Bill was published on 23 July 2018.

March 2022

The expedited Economic Crime (transparency and Enforcement) Act 2022 receives Royal Assent.

May 2016

At the Anti-Corruption Summit in London, a commitment was made to establish the public register.



March 2018

Response to the Call for Evidence published.

Spring 2019

Pre-legislative scrutiny by ad hoc joint committee. Government response published 18 July 2019.

Aug 2022

Register goes live.



New law forces foreign companies to reveal 'beneficial owner' of properties

An Act of Economic Warfare? What to expect from the Economic Crime Act

19 MAR 2022 | Reading time: 11 minutes

The oligarch's guide to getting round the UK's economic crime bill

Oliver Bullough

The Roman Empire: Abramovich's vast £250m UK portfolio of 70 properties including 42 Chelsea flats worth up to £40m and £120m Kensington mansion is revealed among £12BN of global Russian assets linked to Putin

Debate on the Economic Crime Bill to stop 'Putin and his band of thugs'

Economic Crime Act: will the new properties register become a vital tool for asset tracing?

 Nathan Caporn
16/05/2022





Objectives of ROE

- To prevent and combat the use of UK property for money laundering purposes
- To increase transparency about who really owns UK property
- To level the playing field with UK companies, who already provide information about their “People with Significant Control” (PSC)
- To ensure the provisions are proportionate so that legitimate businesses continue to see the UK as a great place to invest



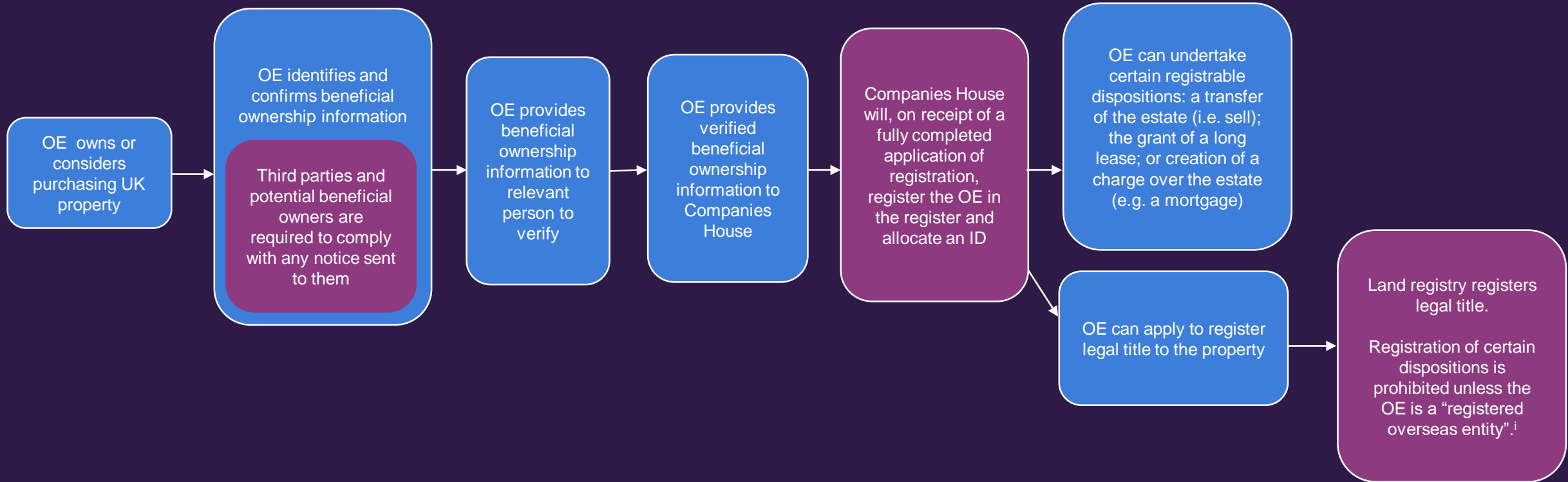
Who the Measures will apply to

- Overseas entities (any company or similar legal entity that is governed by the law of a country or territory outside the UK), who own property from:
 - 1 January 1999 in England and Wales
 - 8 December 2014 in Scotland.
 - Commencement of the Act in Northern Ireland
- Beneficial owners who have significant influence or control over the entity
- Managing officers, where the overseas entity has no beneficial owners or it has been unable to provide the required information about them.



How the Register works?

OE is required to comply with annual update requirements to remain a "registered overseas entity".





Verification

Information provided about beneficial owners and managing officers on application, when updating and on removal must have been verified within the previous 3 months



Must be verified by a relevant person supervised under the Money Laundering Regulations (MLRs)



Verification checks will be done in broadly the same way as required by the MLRs



We will require a statement from the relevant person to confirm they have verified the information, and to provide details about them, including as to their supervisory body

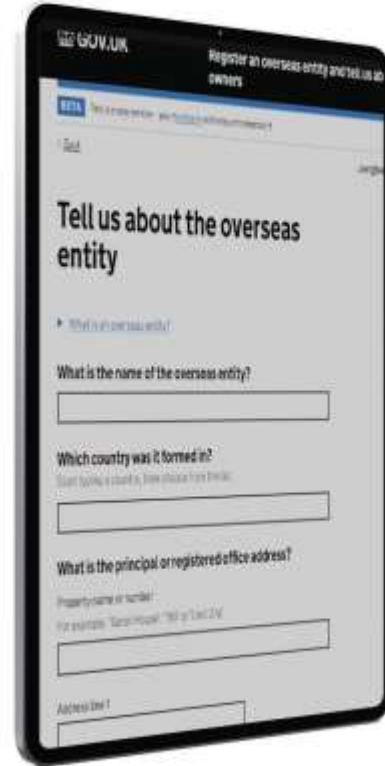
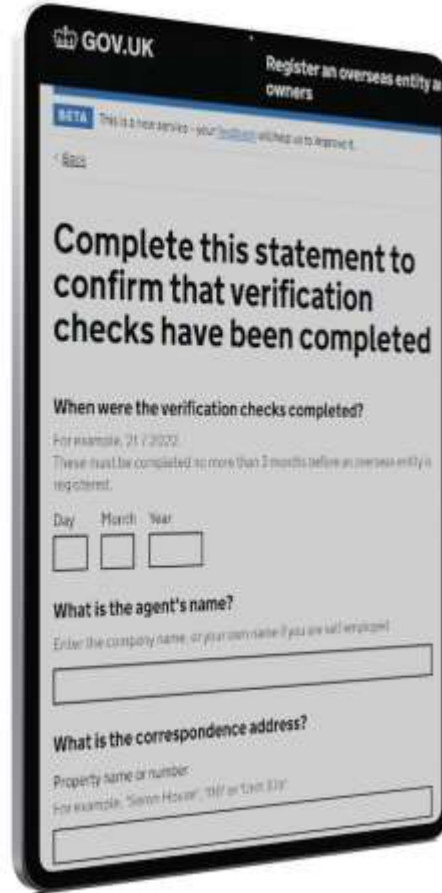
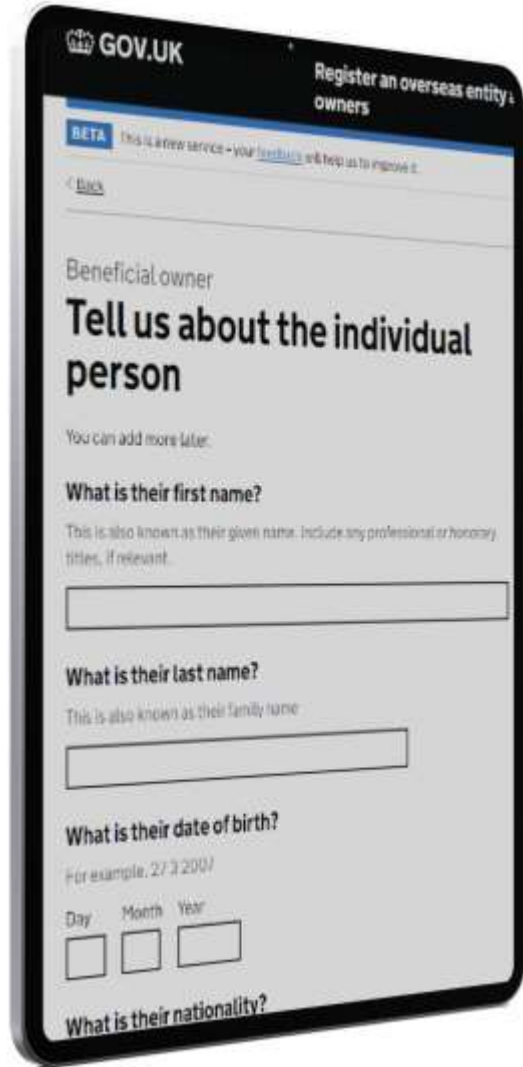


Non Compliance and Sanctions

There are various criminal offences such as failure to comply with the updating duty and failure without reasonable excuse to comply with notices

The key measure is a **restriction on disposals** when an overseas entity is non-compliant – and this sanction also falls on third parties. This is because we expect that in many cases, those associated with the overseas entity will be out of reach for prosecution purposes.

Civil financial penalties – detail to be set in regulations, but we expect this to be enforced via a **charge over the property.**



So in summary the new 'Register of Overseas Entities' will

1

Provide more information for law enforcement to help them to track down those using UK property as a money laundering vehicle

2

Require anonymous foreign owners of UK property to reveal their real identity to ensure criminals can't hide behind secretive chains of shell companies

3

Level the playing field with property owned by UK companies, who already need to disclose their beneficial owners to Companies House

4

Impose sanctions for non-compliance, including restrictions on registering or disposing the title of the land

5

Apply retrospectively to property bought since January 1999 in England and Wales and since December 2014 in Scotland

and next...

“The agency will be transformed into a custodian of accurate and detailed information – ensuring that we can clamp down on those who seek to abuse UK corporate structures to launder money”

The Rt Hon Kwasi Kwarteng,
previous
Business Secretary



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Key elements of reform

- **Identity verification** will be compulsory for all directors, PSCs, and anyone submitting filings to Companies House (presenters).
- **Third parties** seeking to form companies or partnerships that are registered with Companies House, or to file on their behalf, **must be supervised for anti-money laundering purposes and register with Companies House.**
- **An agent will also be required to evidence that it is supervised** before it can register with Companies House and file on behalf of its clients. Their supervision will be cross-checked and confirmed using other Regulator's databases.



Key elements of reform

New Powers for the Registrar to query information. Key principles are:

Any information supplied to the Registrar or already held on the register will be within scope of the querying power

The power will be used on a discretionary basis

The discretionary power will be exercised using a risk-based approach

Companies House will proactively **share data** about suspicious activity on the register with enforcement agencies, and use intelligence provided by law enforcement

Key elements of reform

Ownership:

- Introduce a mechanism by which individuals can apply to Companies House (CH) to **protect their personal information from the public register** where they can provide evidence that **they are at risk of harm**.
- Introduce a mechanism by which **individuals can apply to CH to suppress some of their personal information from the public register**.
- Introduce a **requirement for companies to provide a forename and surname for shareholders** and for **non-listed companies to provide a one-off full shareholder list**, with any changes being updated annually when a company files a confirmation statement, as is currently the case.
- **Collect and display more information from companies claiming an exemption from the requirement to provide details of its PSC**, including the name of the market the company is listed on which will help direct searchers to where PSC information is published.
- Where a PSC is a **Relevant Legal Entity (RLE)**, subject to its own disclosure requirements, **collect and display the RLE condition it meets and, if listed, the name of the market it is listed on**.



Key elements of reform

- Introducing new measures in relation to **Privacy and Transparency of The Government** is considering introducing **restrictions on the use of corporate directors** in line with the “principle based” exception proposals trailed in the Government's consultation of December 2020;
- Corporate Directors will remain where:
 - they themselves had all “natural person” boards and
 - all those natural persons had been subject to ID verification.
- **Only** corporate entities with “**legal personality**” will be properly appointable as corporate directors
- Compliance principle will be applied consistently across the range of potentially appointable entities; and **registration in the UK will be an additional requirement for corporate directorship.**



Companies House

Thank you for your time

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