

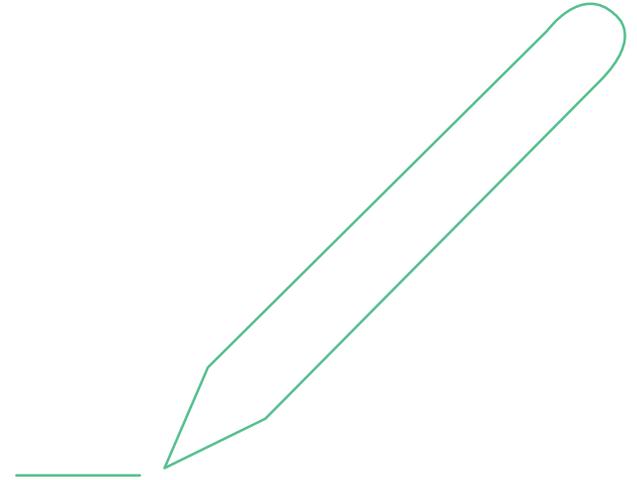
# What are the PSC rules and do they impact my business?

As part of the UK Government's trust and transparency agenda, the Small Business, Enterprise and Employment Act (SBEE) came into force in April 2016. If your business is a UK incorporated company or limited liability partnership (LLP), this means you'll be required to set up and maintain a 'people with significant control' (PSC) register. This article provides a helpful overview of the new PSC requirements, and briefly explains the steps for compliance.

## What is a PSC?

The government has set out the following five specific criteria to determine whether an individual is a PSC for a given company or LLP:

- Directly or indirectly owns more than 25 per cent of the company shares
- Directly or indirectly holds more than 25 per cent of the company's voting rights
- Directly or indirectly holds the right to appoint or remove the majority of the directors of the board
- Otherwise has the right to exercise, or actually exercises, significant influence or control
- Holds the rights to exercise, or actually exercises, significant influence or control over the activities of a trust or firm which is not a legal entity, but which would itself satisfy any of the first four conditions if it were an individual



Whereas a PSC must be an individual, for companies or LLPs where a legal entity meets one or more of the above conditions, such entities are referred to as relevant legal entities (RLEs).

## Does my business have a PSC?

The new legislation applies solely to UK incorporated companies, LLPs, and Societas Europaea, primarily targeting directors and company secretaries, as well as designated members of LLPs. While determining your PSC or RLE may be straightforward for most businesses, it can be more complicated for others, such as those with complex shareholding structures.

To identify your business's registrable PSCs or RLEs, you must refer to the government's statutory guidance, which outlines the mandatory steps for determining whether your business has any PSCs or RLEs, as well as the legislation's detailed procedures for then identifying your PSCs or RLEs.

## Information to include on the PSC register

The PSC register must contain the following confirmed information:

- Name
- Service address
- Country/state/part of UK where resident
- Nationality
- Date of birth
- Usual residential address
- Date first became registrable

- Nature of control
- Restrictions in force

For RLEs, the following confirmed information must be provided:

- Name of legal entity
- Registered or principal office address
- Legal form of entity and law by which it is governed
- Any register on which it appears and its registration number
- Date first became registrable
- Nature of control

#### What must my business do to comply with the PSC rules?

A PSC register cannot be left blank, and non-compliance is a criminal offence that can result in a fine or up to two years' imprisonment. Even if you are in the process of ascertaining whether or not your company has a PSC or registrable RLE, this must be stated on the PSC register using the government guidance's prescribed wording. If, after taking the required steps, you find that there are no individuals or entities that meet the PSC conditions, this must also be recorded on the register using the prescribed wording.

To comply, your business will have to follow the statutory steps to determine whether it has a PSC/RLE and then identify its PSCs/RLEs. You will then have to serve notices to your PSCs/RLEs to gather and verify their information, which will then be entered into your PSC register. If your PSC or RLE fails to provide the necessary information, you are legally able to freeze the person or entity's interests.

Your business must keep and update its own PSC register and ensure that all of your PSC information is also kept up-to-date on the central public register held at Companies House through the annual Confirmation Statement (which now replaces the annual return).

At Carter Bond Solicitors, our experienced team will ensure that your business is fully compliant with every aspect of the SBEE.

**For more information, or for expert advice on business or personal legal issues, call us on 020 3475 6751 or via email at [info@carterbond.co.uk](mailto:info@carterbond.co.uk)**

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Enis Rifat, MIYA Solicitors

#### HIGHLIGHTS

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We were awarded the 'Commercial Lawyers - London', in the prestigious 2020 UK Enterprise Awards

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