

WATSON FARLEY & WILLIAMS

UK: CORPORATE BRIEFING

CHANGES TO THE PSC REGIME – EXTENSION TO AIM COMPANIES AND NEW UPDATING AND FILING DEADLINES FROM 26 JUNE 2017 JUNE 2017

- CHANGES HAVE BEEN INTRODUCED FOR UK INCORPORATED AIM COMPANIES.
- THIS INCLUDES A NEW REQUIREMENT TO KEEP A PSC REGISTER.
- ALL COMPANIES AND LLPS SUBJECT TO THE PSC REGIME FACE NEW TIMING REQUIREMENTS.
- RELEVANT COMPANIES SHOULD TAKE IMMEDIATE ACTION.



UK incorporated companies trading on AIM (and other prescribed markets such as NEX Exchange Growth Market) have been brought within the PSC regime and are now required to keep a PSC register for the first time, under changes brought into force on 26 June 2017. The changes also introduce new 14-day event driven deadlines to update the PSC register and notify changes to Companies House for all companies and LLPs subject to the regime.

With short deadlines and minimal transitional periods for compliance, relevant companies should take immediate action.

Background

In April 2016, a new regime requiring companies and LLPs to maintain a register of people with significant control (the "PSC register") was introduced in the UK. Implementation of the EU Fourth Money Laundering Directive (the "4MLD")¹ in the UK has required certain changes to be made to the regime, the detail of which was finally confirmed only on 23 June 2017, when regulations were laid before Parliament and published, having been delayed by the General Election. The regulations (the "2017 Regulations") came into force on 26 June 2017.

¹ While 4MLD requires the introduction of a beneficial ownership regime throughout the EEA, other jurisdictions are also introducing beneficial ownership reporting requirements. For example, under recently passed legislation, certain BVI companies will be required to identify and collect details of their beneficial owners and registrable legal entities and provide these details to their registered agent. The Cayman Islands has also passed legislation establishing a beneficial ownership register requirement for certain companies, which comes into force on 1 July 2017 (with a one-year transitional period).

“NEWLY IN SCOPE COMPANIES WILL NOT BE REQUIRED TO COMPLY WITH THE REQUIREMENT TO KEEP A REGISTER OR NOTIFY INFORMATION TO COMPANIES HOUSE UNTIL 24 JULY 2017.”

“FROM 26 JUNE 2017, ALL COMPANIES AND LLPS SUBJECT TO THE PSC REGIME WILL BE REQUIRED TO UPDATE THEIR PSC REGISTERS WITHIN 14 DAYS OF OBTAINING UPDATED INFORMATION...”

A PSC is an individual (or relevant legal entity (“RLE”)) who meets one or more of the following criteria in relation to a company:

- holds, directly or indirectly, more than 25% of the aggregate nominal share capital;
- holds, directly or indirectly, more than 25% of the voting rights;
- holds, directly or indirectly, the right to appoint or remove a majority of the board of directors;
- has the right to exercise, or actually exercises, significant influence or control over the company; or
- has the right to exercise, or actually exercises, significant influence or control over the activities of a trust or firm that is not a legal entity, but would meet any of the above conditions if it were an individual.

What are the changes for UK incorporated AIM companies?

UK incorporated companies trading on AIM and other prescribed markets (such as NEX Exchange Growth Market) were previously exempt from the requirement to keep a PSC register. Due to the wording of 4MLD, the UK exemptions have been modified, bringing these companies within the PSC regime for the first time from 26 June 2017. These companies will therefore need to establish if they have any PSCs or RLEs, obtain relevant information to go on the company’s PSC register and enter it on the PSC register, keep the PSC register up to date, and notify relevant information/changes to Companies House.

UK companies with voting shares admitted to trading on an EEA regulated market (such as the Main Market of the London Stock Exchange) or one of the other markets specified in Schedule 1 to the Register of People with Significant Control Regulations 2016 (the “2016 Regulations”) will continue to be exempt.

Under transitional provisions, newly in scope companies will not be required to comply with the requirement to keep a register or notify information to Companies House until 24 July 2017. However, these companies should start investigating their beneficial ownership as soon as possible with a view to having a register in place by 24 July 2017. Anyone who would appear as a PSC on any such register may apply to the Registrar of Companies during the transitional period for their information to be protected, where relevant.

What are the new timing requirements?

From 26 June 2017, all companies and LLPs subject to the PSC regime will be required to update their PSC registers within 14 days of obtaining updated information and file that information at Companies House within a further 14 days. Where a company knows or has reasonable cause to believe that a change has occurred to any PSC details, a 14-day period will also apply for giving a notice, seeking confirmation of the change.

However, these timeframes do not just apply to changes occurring on or after 26 June 2017. They also apply to changes that took place prior to that date. This means any change that occurred prior to 26 June 2017, which has not been previously notified to Companies House in a confirmation statement, should be notified in the 14-day period following 26 June 2017.

“PSC INFORMATION WILL NO LONGER BE UPDATED ANNUALLY... BUT WILL INSTEAD BE NOTIFIED ON AN EVENT DRIVEN BASIS.”

Where an obligation to give a notice or make an entry in the PSC register has arisen under the 2016 Regulations but has not been complied with, a company has 14 days from 26 June 2017 to comply with that obligation.

How is the confirmation statement changing?

PSC information will no longer be updated annually as part of the confirmation statement but will instead be notified on an event driven basis. Under transitional provisions, these changes apply to any confirmation statement delivered to the Registrar of Companies on or after 26 June 2017 (whether the confirmation period to which the confirmation statement relates ends before, on or after 26 June 2017). Changes have been made to the confirmation statement (CS01) to reflect this. However, companies will continue to be obliged to confirm annually that their PSC information on the central register is correct.

What forms must be used to file information?

Forms PSC01 to PSC09 must be used for filing PSC information at Companies House. These can be found on the Companies House [website](#). Where a number of changes have taken place, different forms may be required.

FORM NUMBER	FORM DETAILS
PSC01	Notice of individual person with significant control (PSC)
PSC02	Notice of relevant legal entity (RLE) with significant control
PSC03	Notice of other registrable person (ORP) with significant control
PSC04	Change of details of PSC
PSC05	Change of details of RLE
PSC06	Change of details of ORP
PSC07	Notice of ceasing to be a PSC, RLE or ORP
PSC08	Notification of PSC statements
PSC09	Update to PSC statements

What other changes have been introduced?

Unregistered companies, Scottish limited partnerships and certain Scottish general partnerships have also been brought within the PSC regime for the first time.

Changes have been made to the protection regime. The protection regime enables PSCs to apply for their information to be protected so that it does not appear on the public central register at Companies House and the registrar may disclose it only in certain circumstances and to specific bodies. The 2017 Regulations extend those bodies to include credit and financial institutions undertaking customer due diligence on the company.

“GIVEN THE SHORT TRANSITIONAL/FILING PERIODS PROVIDED IN THE 2017 REGULATIONS, COMPANIES WILL NEED TO BE QUICK TO ASSESS ANY ACTIONS THEY MAY NEED TO TAKE.”

What steps to take?

Given the short transitional/filing periods provided in the 2017 Regulations, relevant companies should act quickly to assess any actions they may need to take. The key actions required are:

- **Relevant AIM/NEX companies** – should identify any PSCs (or RLEs) and prepare a PSC register containing the relevant details and prescribed statements by 24 July 2017. Further information can be found in the guides referenced below.
- **Companies and LLPs already subject to the regime** – should familiarise themselves with the new updating timeframes and check to see whether any changes in PSC information have occurred prior to 26 June 2017 (that have not been previously notified to Companies House), which need to be notified by 10 July 2017.
- **Confirmation statement due shortly** – ensure the new form of CS01 is used and any relevant PSC notifications are made on forms PSC01 to PSC09.

The Department for Business, Energy & Industrial Strategy has reissued its various guides on the PSC regime. These can be found [here](#).

Our 2016 briefing on the PSC regime introduced in April 2016 can be found [here](#).

FOR MORE INFORMATION

Should you like to discuss any of the matters raised in this Briefing, please speak with one of the authors below or your regular contact at Watson Farley & Williams.



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