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## People with Significant Controls - Rules and Regulations

From 6 April 2016, UK incorporated companies (including dormant companies, companies limited by shares, companies limited by guarantee and unlimited companies), Societates Europaeae (SEs) and Limited Liability Partnerships (LLPs) are required to keep a register of people who carry significant control within a company under Part 21A and Schedules 1A and 1B of the Companies Act 2006. The register cannot be blank.

### **PSC Must be Registered at Companies House with your Annual Return**

**From 30 June 2016**, details of PSC will need to be registered at Companies House with the new version of your annual return, so that the UK can increase its transparency over who owns and runs our companies. The annual return is being replaced from June 2016 by a confirmation statement which will deliver the information required annually. All PSC information will need to be filed with the central public register at Companies House. Companies will need to make their PSC register available for inspection on request at the company's registered office. Failure to provide accurate information on the PSC register and failure to comply with the notices requiring someone to provide information are criminal offences which could result in a fine or prison sentence of up to two years.

#### **Note**

- From 30 June 2016, upon incorporation of a new company, SE or LLP there is a requirement to send a statement of initial significant control to Companies House alongside the usual documents to incorporate
- Different rules apply where a company is owned or controlled by another entity such as a parent company

### **The PSC Register**

There is no prescribed format of the register to be kept, however a PSC register must be arranged in a manner that the Directors of the company think fit. However, the Register of People with Significant Control Regulations (PSCR) (SI 2016/339) determines when a company must make certain entries into the register. This is usually determined by the circumstances at any given time after the creation of the register.

## Qualifying People with Significant Control

For an individual to be identified as a PSC, they must meet the following conditions;

1. Directly or indirectly hold more than 25% of the company's shares.
2. Directly or indirectly hold more than 25% of the company's voting rights.
3. Directly or indirectly have the right to appoint or remove the majority of directors.
4. Otherwise having the right to exercise or actually exercising significant influence or control.
5. Having the right to exercise or actually exercising significant influence or control over the activities of a trust or firm which is not a legal entity, but would itself satisfy any of the first four conditions if it were individual.

Official wording has been given which gives supporting statements that should be used in the Confirmation Statement.

If members of a company do not meet the above conditions, and assuming that there are no arrangements between the shareholders to exercise their rights together, that company will then have no PSC's because none of the shareholders will own enough shares. A company like this must enter the fact that it has no PSC's on its PSC register; supplementing it with a statement from the official wording.

Before a PSC is entered on to the register, their name, date of birth, nationality, and country where they reside must be confirmed. In addition, a service address, the date the individual became a PSC and which of the 5 conditions the PSC meets; supplemented with statements from the official wording. Any restrictions on disclosing the PSC's information should be given. A PSC's residential address must not be included on the register.

If a company is still trying to decide who it is allocating as its PSC, there will be a number of statements to choose from until it has been decided. Once a company has identified that it does not have any PSC's, the company will still be required to keep a PSC register. If a company is unable to identify a PSC immediately, then it must consider serving notices requesting the information on anyone reasonably believed to be a PSC.

As the register must never be empty, whilst in the process of identifying the PSC's it must carry an entry as follows;

*The company has not yet completed taking reasonable steps to find out if there is anyone who is a registerable person or a registerable legal entity in relation to the company.*

If it is identified that the company does not have a PSC, then the following wording must be

inserted in the register;

*The company knows or has reasonable cause to believe that there is no registerable person or registerable legal entity in relation to the company*

A PSC is by definition an individual and not a legal entity. If the company is controlled or owned by a legal entity, the details of that entity must be entered on to the register if it is both relevant and registerable in relation to the company. A legal entity is relevant if it meets the conditions 1-5 above and;

1. It keeps its own PSC register.
2. It is subject to Chapter 5 of the Financial Conduct Authority Disclosure and Transparency Rules.
3. It has voting shares admitted to trading on a regulated market in the UK or European Economic Area.

A relevant legal entity (RLE) is registerable in relation to a company if it is the first relevant legal entity in the company's ownership chain. If a RLE is registerable, the information to enter onto the PSC register does not need to be confirmed beforehand.

## Confirmations Statement

The confirmation statement will need to be reviewed at least once a year by the company to check the information held by Companies House is correct. If any amendments need to be made to the details, this can be done by filing the relevant form at Companies House. This service will be done online. The details which need to be checked and completed in the confirmation statement are as follows;

- Details of registered office, directors and location of registers
- Shareholder information, statement of capital and the standard industry of the company
- Check and confirm the record is up to date

**Note** - A company is only required to provide the information contained in their registers of PSC when they lodge their very first confirmation statement. Thereafter, it is updated online annually

There will be a fee for this service.

If you would like further information or advice please contact [Roy Colaba](#) <sup>[1]</sup>, email [r.colaba@sydneymitchell.co.uk](mailto:r.colaba@sydneymitchell.co.uk) <sup>[2]</sup> or complete our [online enquiry form](#) <sup>[3]</sup>.

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### Links

[1] <https://www.sydney-mitchell.co.uk/about-us/our-people/staff/roy-colaba>

[2] <mailto:r.colaba@sydney-mitchell.co.uk>

[3] <https://www.sydney-mitchell.co.uk/contact>