

The Government has recently published the report "[Transparency & Trust: Enhancing the Transparency of UK Company Ownership and Increasing Trust in UK Business](#)", detailing some notable proposals for change in corporate regulation.

The thrust of the Government's position is that enhancing accountability and transparency will build trust that will foster economic growth and the UK's reputation for providing a sound business environment.

A major feature of the proposals is the creation of a public register which identifies the beneficial owners of a company. UK companies will need to obtain and hold information on individuals who ultimately own or control more than 25% of a company's shares or voting rights, or who otherwise exercise control over a company or its management. Where that beneficial interest is held through a trust, the identity of the trustees or any other natural persons exercising effective control over the activities of the trust will need to be disclosed.

In addition, individuals with a qualifying beneficial interest in a company will be required to disclose this information to the company. This will mirror the disclosure requirement on significant investors in listed companies. However, to reduce red tape, the Government intends to exempt companies who comply with the Financial Conduct Authority's Disclosure and Transparency Rules, or who have securities listed on a regulated market subject to equivalent disclosure requirements.

Companies will be required to maintain a register of beneficial owners. This will contain information on the beneficial owners' full name, date of birth, nationality, country or state of usual residence, residential address, service address, date on which they acquired the beneficial interest and details of that beneficial interest and how it is held. The register will be kept available for public inspection, with the exception of residential addresses.

Companies will be required to provide the information to Companies House. Such information will be publicly available with the exception of residential addresses and full dates of birth.

This will be in keeping with the current position regarding directors' residential addresses and the outcome of the Company Filing Requirements consultation to suppress the "day" of the birth date. In exceptional circumstances, full public disclosure will not be required although enforcement authorities will be able to access the protected information.

On incorporation, companies will be required to provide an initial statement of beneficial ownership, failing which they will not be registered at Companies House. Companies will then be required to confirm that the information held at Companies House is correct at least once every 12 months, detailing all changes that have occurred during the year. However, under complementary proposals in the Company Filing Requirements reform package, companies will be able to update the information more frequently should they wish to do so.

Introducing a central registry of company beneficial ownership represents a significant change in company law, imposing new duties on both companies and their beneficial owners. These obligations will be backed by new criminal offences.

As part of a three-pronged approach to transparency, the Government also intends to outlaw bearer shares and, in most instances, the use of corporate directors.

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