



# The PSC register

From 6 April 2016 most unlisted UK companies (including charitable companies) are required to keep a register of persons with significant influence or control ('PSCs') over the company. If a company does not immediately know if it has any PSCs or who they are, it must take reasonable steps to find out. The PSC register will have to be kept up to date and sent to Companies House with the company's annual confirmation statement (which replaces the annual return) from 30 June 2016 onwards. Most of the PSC information will be entered onto the public register held by Companies House.

If there are no PSCs then the following entry must be made on the PSC register:

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

In addition, during the start-up phase, a company can say:

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

## Meaning of person with significant influence or control

A person (natural or legal) is a PSC for a company if they meet any of the following five conditions:

- 1 They hold more than 25% of the shares in the company
- 2 They hold more than 25% of the voting rights in the company
- 3 They hold the right to appoint or remove the majority of the board of directors
- 4 They have the right to exercise or actually exercise 'significant influence or control' over the company
- 5 They have the right to exercise or actually exercise 'significant influence or control' over a trust or firm that itself meets any of conditions 1 - 4

If a person meets any of the first three tests, it is not necessary to go on to consider tests 4 and 5.

- **Holdings and rights.** Holdings and rights include holdings and rights held directly and indirectly. For example if person A holds 20% of the shares in company B, but A also holds 100% of the shares in a company which holds 10% of the shares in company B, then A is considered to hold 30% of the shares in company B directly and indirectly.
- **Control.** means the ability to direct the activities of a company, trust or firm. This includes absolute decision rights or veto rights over important decisions such as borrowing or the appointment or removal of the CEO. However it excludes rights held for the purposes of protecting minority interests.
- **Significant influence** means a person can ensure that a company, trust or firm generally adopts the activities which they desire. A person would exercise significant influence over a company if they are significantly involved in the management and direction of the company or if their recommendations are always or almost always followed by persons who hold the majority of the voting rights in the company
- **Nominees.** Shares or rights held by a nominee are treated as held by the person for whom the nominee is acting
- **Joint interests.** If two or more people hold shares or rights jointly, each of them is treated as holding the total number of shares or rights held
- **Firm:** a firm is an entity that does not have legal personality. LLPs and Scottish partnerships have legal personality and are not “firms”

## Registrable PSCs

Persons to be entered on a company’s PSC register can include natural persons and legal entities. However legal entities are only entered on the register if they are both ‘relevant’ and ‘registrable’:

- **Relevant** means the legal entity meets one or more of the 5 conditions above and either keeps its own PSC register or it has voting shares admitted to trading on a regulated market in the European Economic Area (including the UK) or on specified markets in Switzerland, the USA, Japan or Israel, or it is subject to Chapter 5 of the Financial Conduct Authority’s Disclosure and Transparency Rules
- **Registrable.** A relevant legal entity is registrable if it is the first relevant legal entity in the company’s ownership chain

A company only reports the first registrable persons in an ownership chain. For example if A (a natural person) holds 100% of the shares in company B, and B holds 100% of the shares in company C, then company C would report company B in its PSC register and company B would report natural person A in its PSC register.

## Excepted roles

Certain 'excepted roles' are not considered, on their own, to result in a person having significant influence or control. These include:

- Employees acting in the course of their employment
- Representation rights held by a group of employees
- Professional advisors and third party commercial or financial agreements
- A person who makes one off recommendations

## Implications for charities and trading subsidiaries

- **Charitable company limited by guarantee.** As a limited company the charity will have to keep its own PSC register. The charity should review its articles of association and register of members to establish who holds the voting rights in the company. If the charity has 4 or more vote holders and their votes are equal, then there are likely to be no PSCs. If a charitable company has 3 or fewer vote holders, each with equal votes, then they are each likely to be a PSC. However where members act together, where there are nominees or joint holdings, then further analysis may be required. If a charitable company holds all the shares in a limited company (for example a trading subsidiary), the parent charity is the PSC for the trading company as it is both relevant and reportable.
- **CIOs, SCIOs and Royal Charter companies.** These entities are not required to keep their own PSC registers. If such an entity holds all of the shares in a limited company, the parent entity is not itself a relevant legal entity so should not be included in the company's PSC register. However if any person holds more than 25% of the voting rights in the parent entity or has the right to exercise or actually exercises significant influence or control over the parent entity, then that person may have to be included in the trading company's PSC register.
- **Charitable trust.** An unincorporated charitable trust is not required to keep its own PSC register. If a charitable trust holds all the shares in a limited company (including shares held by trustees as nominees), the trust is not itself a relevant legal entity so should not be included in the company's PSC register. However if a person has the right to exercise or actually exercises significant influence or control over the trust, that person will meet test 5 above and may therefore have to be included in the company's PSC register.

## Information required

Natural person	Legal entity
<ul style="list-style-type: none"> <li>• Name</li> </ul>	<ul style="list-style-type: none"> <li>• Name</li> </ul>
<ul style="list-style-type: none"> <li>• Date of birth (only month and year will be shown on the public register)</li> </ul>	<ul style="list-style-type: none"> <li>• Address of its registered or principal office</li> </ul>
<ul style="list-style-type: none"> <li>• Nationality</li> </ul>	<ul style="list-style-type: none"> <li>• The legal form of the entity and the law by which it is governed</li> </ul>

Natural person	Legal entity
<ul style="list-style-type: none"> <li>● Country, state or part of the UK where they usually live</li> <li>● Service address</li> <li>● If different, usual residential address (not shown on the public register)</li> <li>● The date when the individual became a PSC</li> <li>● Which of the five conditions for being a PSC the individual meets, with quantification of the interest where relevant</li> <li>● Any restrictions on disclosing the PSC's information that are in place</li> </ul>	<ul style="list-style-type: none"> <li>● If applicable, a register in which it appears (including details of the state) and its registration number</li> <li>● The date when it became registrable</li> <li>● Which of the five conditions for being a PSC it meets, with quantification of its interest where relevant</li> </ul>

## Further information

### Non-statutory summary guidance for companies

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/496738/PSRegister\\_summary\\_guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/496738/PSRegister_summary_guidance.pdf)

### Statutory guidance for companies

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/498275/Statutory\\_company\\_PSC\\_Guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/498275/Statutory_company_PSC_Guidance.pdf)

### Non-statutory detailed guidance for companies

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/502114/Non-statutory\\_guidance\\_for\\_companies\\_SEs\\_and\\_LLPS\\_V6.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/502114/Non-statutory_guidance_for_companies_SEs_and_LLPS_V6.pdf)

### Statutory guidance for LLPs

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/495414/LLP\\_Statutory\\_Guidance\\_for\\_PSC\\_register.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/495414/LLP_Statutory_Guidance_for_PSC_register.pdf)