



Department
for Business
Innovation & Skills

Baroness Neville-Rolfe DBE CMG
Minister for Intellectual Property
Parliamentary Under-Secretary-of-State

1 Victoria Street
London
SW1H 0ET

T +44 (0) 20 7215 5000
E enquiries@bis.gov.uk

www.gov.uk/bis

Lord Watson of Invergowrie
House of Lords
London
SW1A 0AA

21 January 2015

Dear Lord Watson,

SMALL BUSINESS, ENTERPRISE AND EMPLOYMENT BILL: PSC REGISTER

I would like to thank you for your contributions to the Committee debates on the register of people with significant control ('PSC register') on 19th January.

We spent some time discussing the new clause ('Duty to keep register updated') tabled by you, Lord Phillips of Sudbury, Lord Mendelsohn and Lord Stevenson of Balmacara. On the question of information in the central register needing to be up to date, I explained that the Bill already contains a power which would allow us to increase the frequency with which information is filed at Companies House. You asked me to write setting out more detail.

By way of context, it may be helpful to note that a company will be required to keep its own PSC register up to date as information changes. This is set out in new section 790E (see Schedule 3). People with significant control – PSCs – will similarly be required to update the company if they know or ought to have known that their PSC information has changed (section 790H).

In terms of filing this information at Companies House, clause 89 of the Bill places a new requirement on companies to file a confirmation statement. The confirmation statement will replace the annual return. In short, companies must confirm that all required information has been delivered to Companies House for the period in question – including information on a company's PSCs. This statement must be made at least annually, but there is nothing to prevent a company from updating information more frequently should it wish to do so.

As part of this new requirement, clause 89 inserts a new section (853J) into the Companies Act 2006 ('Power to amend duties to deliver certain information'). Section 853J would allow regulations to be made requiring specified information – including PSC information - to be delivered to Companies House 'on such occasions as may be prescribed [and/or] at such intervals as may be prescribed.'

This power therefore gives us significant flexibility. We could require companies, for example, to file updated PSC information at Companies House within a set period of a change occurring. This would follow the existing model for company directors.

As I mentioned during the debate, we included PSC information in section 853J on the basis that the three year statutory review of the PSC register, as mandated by clause 79 of the Bill, might demonstrate that the efficacy of the register could be improved by requiring information in the central register to be updated more frequently.

We adopted the current position in the Bill on the grounds that a company's PSCs will often be the same people as its legal owners (shareholders). As legal ownership information is updated annually at Companies House our original thinking was to mirror this approach.

However, having listened to your arguments and those of other Noble Lords - and Government having heard similar arguments during negotiations on the Fourth Money Laundering Directive - I intend now to consider whether we should commit to using that power once the register goes live and the new system has had chance to bed in.

I will provide Noble Lords with an update on that thinking at Report Stage of the Bill. In the interim I would however be more than happy to meet with you to discuss this or any other aspect of the PSC register provisions.

I am copying this letter to those who participated in the debate and placing a copy in the House libraries.

Warm regards

Lucy

BARONESS NEVILLE-ROLFE DBE CMG