

The logo for verFides, featuring the word 'verFides' in a white, sans-serif font. The 'v' is lowercase, while 'erFides' is uppercase. The background of the logo is a dark, blue-tinted image of a modern architectural structure, possibly a bridge or a large overhang, with a cityscape visible in the background under a dark sky.

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Economic Crime and Corporate Transparency Bill

The UK Government has recently published the Economic Crime and Corporate Transparency Bill which will deliver a number of areas of reform in the way that UK companies and partnerships are formed and maintained, particularly in terms of the information that must be provided to Companies House.

The aim of the Bill is to strengthen existing UK corporate transparency measures. The reforms will be widespread and will affect most UK entities.

The Role and the Powers of the Registrar of Companies

Through the new Bill the government will reform the role and powers of the Registrar.

For example, the Registrar will have new powers to share data with the following bodies:

- Public Authorities
- Law Enforcement Bodies
- Supervisory Bodies
- Insolvency Practitioners

The Registrar will also have stronger grounds for rejection of filings, they will be provided with a new function relating to analysis of information, they will need to expand the requirements for proper delivery to include identity verification and they will also have power to change the address of a company's registered office without an application, where the Registrar is satisfied that the company is not authorized to use the address.

Companies House Reforms

Several changes are being implemented, including:

- Introducing Identity Verification for all new and existing company directors, People with Significant Control and those delivering documents to the Registrar. See further details of this below.
- Broadening the Registrar of Companies House's power so that the Registrar can become a more active gatekeeper over company creation and custodian of more reliable data.
- Providing Companies House with more effective investigations and enforcement powers and introducing better cross-checking of data with other public and private sector bodies.

Limited Partnership Reforms

The Government aims to tackle what it perceives to be the misuse of Limited Partnerships (LPs) (including Scottish Limited Partnerships) by tightening registration requirements, increasing transparency requirements and enabling the Registrar to deregister them.

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The changes will mainly affect the LPs registered in England and Wales and in Northern Ireland which are not legally separate from their partners so they cannot be beneficially owned. The Bill will introduce requirements for all the LPs to submit more in-depth information about their partners and statements confirming the accuracy of the information held by them to the Registrar.

The legislation will apply to both new and existing LPs and there will be a six month transitional period from enactment of the Bill for existing LPs to meet the new requirements. Significant penalties, and in some cases, prison sentences, will be applied to the general partners of LPs who do not comply with the legislation.

LPs will have to make applications and filings to the Registrar using an Authorised Corporate Service Provider, which will be the body supervised for anti-money laundering and which will be required to conduct due diligence checks on their customers.

Company Names

The government is enacting to expand the circumstances where use of a company name can be prohibited. The Registrar will be able to reject the incorporation application of a company, where the name could be used to facilitate certain crimes.

Preventing the abuse of personal information on the Register

The government will introduce a process whereby any individual listed on the Companies House Register can apply to have personal information suppressed from public view such as:

- Residential Address
- Signatures
- Business occupation
- Day of date of Birth for documents filed prior to 10 October 2015
- Name, or in the most serious cases, all required particulars
- Sensitive addresses where evidence is provided that the residents are at risk of violence or intimidation

Applicants will need to provide documentary evidence that one or more individual is at risk of harm to protect the below information:

- Name
- Other particulars (for example, service address and partial date of birth)
- A “sensitive” registered office address

The guidance gives examples of the documentary evidence which might be required for the suppression of sensitive data:

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“For example, if a person has changed their name and is at risk, evidence could include a court order such as a restraining order, or an attestation from a suitably qualified third party, such as a police officer or caseworker. In the case of sensitive addresses, the application will need documentary evidence that the residents are potentially at risk from the address being publicly disclosed, for example an attestation from a director at a women’s refuge.”

Improving transparency of company ownership

The government will introduce measures that will improve the usefulness of information held on the shareholders of UK companies, by:

- Introducing a requirement for companies to record the full names of shareholders in their registers, as opposed to using initials or abbreviations. This will be recorded in the annual Confirmation Statement submitted to Companies House
- Introducing a requirement for private companies already in existence to provide a one-off full shareholder list to bring the current register up-to-date. This will be required on the first Confirmation Statement due for filing after enactment of the Bill.

Identity Verification and Authorised Corporate Service Providers (“ACSPs”)

Individuals who register companies or file with the Registrar will have to prove they are who they say by verifying their identity. This will apply to existing directors, People with Significant Control, and those delivering documents to the Registrar. Companies already on the register will have a transition period in which to verify these identities. Identity verification requirements will also apply to all new registered company directors and People with Significant Control.

There will be two types of identity verification: direct verification through Companies House and an indirect one through an ACSP.

- **Direct Verification.** If an individual is verifying their identity with Companies House, identity verification will link a person with a primary identity document, such as a passport or a driving licence. The person undergoing verification will take a photograph or scan of their face and identifying documents. The two will be compared using likeness matching technology and the identity verified. Note that direct verification is not available to Limited Partnerships.
- **Verification by ACSP.** Most individuals will likely decide to use an ACSP to file with the Registrar, form a new entity, and/or verify their identity. The ACSP must be registered with a supervisory body for anti-money laundering (AML). The ACSP will need to register with the Registrar and they will need to demonstrate they are supervised for AML. The identity verifications checks undertaken by ACSPs will give the same level of assurance of the claimed identity as those undertaken by the direct verification route.



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There will be a transition period (to be announced) for existing directors and their equivalents and for PSCs to verify their identity. For new directors, identity verification must take place before an application for the formation of a company is delivered to the Registrar.

Corporate Directors

The government will further restrict the use of corporate directors. Only corporate entities with legal personality will be properly appointable as corporate directors. All directors of the latter will have to be natural persons and those natural person directors must, prior to the corporate director appointment, have been subject to an appropriate identity verification process.

Company Accounts

The government is reforming how companies report information and what information they report, when filing their annual accounts with Companies House.

They will achieve this by:

- Making filing obligations for micro-entities and small companies clearer
- Requiring small companies to file a profit and loss account and a directors' report
- Requiring micro-entities to file a profit and loss account
- Removing the option to file abridged accounts
- Requiring an eligibility statement for companies claiming an audit exemption
- Requiring documents to be delivered together, in cases where more than one document is filed, including for the filing of the accounts

Further Information and Advice

As an Authorised Corporate Services Provider, Verfides will be able to assist with all aspects Companies House requirements under the new regime.

For further information or advice, please speak to your usual Verfides contact, email london@verfides.com or call +44 20 7930 7111.

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