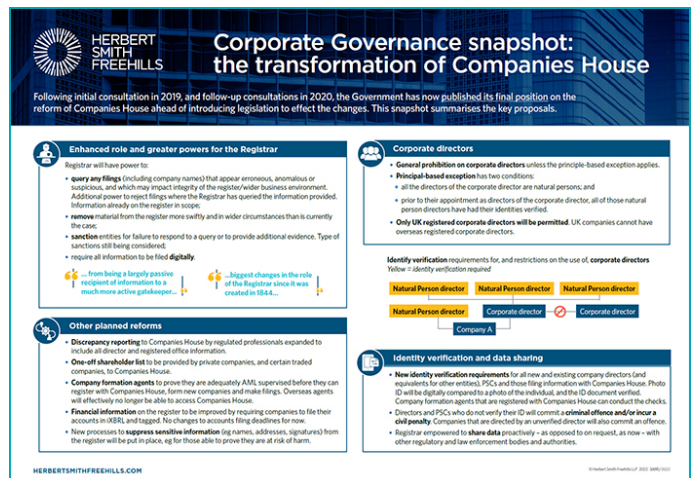


# CORPORATE GOVERNANCE SNAPSHOT: THE TRANSFORMATION OF COMPANIES HOUSE

10 March 2022 | Insight  
Legal Briefings

We break down the key measures as the UK unveils reforms to boost transparency on business registration

Following initial consultation in 2019, and follow-up consultations in 2020, the Government has now [published its final position](#) on the reform of Companies House ahead of introducing legislation to effect the changes. This snapshot summarises the key proposals.



**HERBERT SMITH FREEHILLS** Corporate Governance snapshot: the transformation of Companies House

Following initial consultation in 2019, and follow-up consultations in 2020, the Government has now published its final position on the reform of Companies House ahead of introducing legislation to effect the changes. This snapshot summarises the key proposals.

**Enhanced role and greater powers for the Registrar**

Registrar will have power to:

- query any filings (including company names) that appear erroneous, anomalous or suspicious, and which may impact integrity of the register/wider business environment. Additional power to reject filings where the Registrar has queried the information provided. Information already on the register in scope.
- remove material from the register more swiftly and in wider circumstances than is currently the case.
- sanction entities for failure to respond to a query or to provide additional evidence. Type of sanctions still being considered.
- require all information to be filed **digitally**.

... from being a largely passive recipient of information to a ... biggest changes in the role of the Registrar since it was created in 1844...

**Other planned reforms**

- Discrepancy reporting to Companies House by regulated professionals expanded to include all director and registered office information.
- One-off shareholder list to be provided by private companies, and certain traded companies, to Companies House.
- Company formation agents to prove they are adequately AML supervised before they can register with Companies House, form new companies and make filings. Overseas agents will effectively no longer be able to access Companies House.
- Financial information on the register to be improved by requiring companies to file their accounts in XBRL, and tagged. No changes to accounts filing deadlines for now.
- New powers to suppress sensitive information (eg names, addresses, signatures) from the register will be put in place, eg for those able to prove they are at risk of harm.

**Corporate directors**

- General prohibition on corporate directors unless the principle-based exception applies.
- Principle-based exception has two conditions:
  - all the directors of the corporate director are natural persons; and
  - prior to their appointment as directors of the corporate director, all of those natural person directors have had their identities verified.
- Only UK registered corporate directors will be permitted. UK companies cannot have overseas registered corporate directors.

Identify verification requirements for, and restrictions on the use of, corporate directors

Yellow = identity verification required

Natural Person director | Natural Person director | Natural Person director

Natural Person director | Corporate director | Corporate director

Company A

**Identify verification and data sharing**

- New identity verification requirements for all new and existing company directors (and requirements for other entities, PSCs) and those filing information with Companies House. Photo ID will be digitally compared to a photo of the individual, and the ID document verified. Company formation agents that are registered with Companies House can conduct the checks.
- Directors and PSCs who do not verify their ID will commit a criminal offence and/or incur a civil penalty. Companies that are directed by an unverified director will also commit an offence.
- Registrar empowered to share data proactively – as opposed to on request, as now – with other regulatory and law enforcement bodies and authorities.

HERBERTSMITHFREEHILLS.COM



## **ENHANCED ROLE AND GREATER POWERS FOR THE REGISTRAR**

Registrar will have power to:

- **query any filings** (including company names) that appear erroneous, anomalous or suspicious, and which may impact integrity of the register/wider business environment. Additional power to reject filings where the Registrar has queried the information provided. Information already on the register in scope;
- **remove** material from the register more swiftly and in wider circumstances than is currently the case;
- **sanction** entities for failure to respond to a query or to provide additional evidence. Type of sanctions still being considered;
- require all information to be filed **digitally**.

“

...from being a largely passive recipient of information to a much more active

”

gatekeeper...

“

...biggest changes in the role of the Registrar since it was created in 1844...

”

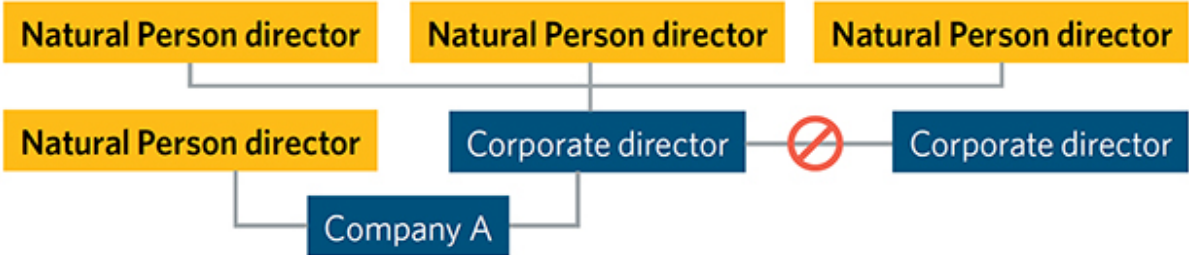


#### **CORPORATE DIRECTORS**

- **General prohibition on corporate directors** unless the principle-based exception applies.
- **Principal-based exception** has two conditions:
  - all the directors of the corporate director are natural persons; and
  - prior to their appointment as directors of the corporate director, all of those natural person directors have had their identities verified.
- **Only UK registered corporate directors will be permitted.** UK companies cannot have overseas registered corporate directors.

**Identify verification** requirements for, and restrictions on the use of, **corporate directors**

*Yellow = identity verification required*





## **IDENTITY VERIFICATION AND DATA SHARING**

### **• New identity verification requirements**

for all new and existing company directors (and equivalents for other entities), PSCs and those filing information with Companies House. Photo ID will be digitally compared to a photo of the individual, and the ID document verified.

Company formation agents that are registered with Companies House can conduct the checks.

• Directors and PSCs who do not verify their ID will commit a

### **criminal offence and/or incur a civil penalty.**

Companies that are directed by an unverified director will also commit an offence.

• Registrar empowered to **share data** proactively - as opposed to on request, as now - with other regulatory and law enforcement bodies and authorities.



## **OTHER PLANNED REFORMS**

- **Discrepancy reporting** to Companies House by regulated professionals expanded to include all director and registered office information.
- **One-off shareholder list** to be provided by private companies, and certain traded companies, to Companies House.
- **Company formation agents** to prove they are adequately AML supervised before they can register with Companies House, form new companies and make filings. Overseas agents will effectively no longer be able to access Companies House.
- **Financial information** on the register to be improved by requiring companies to file their accounts in iXBRL and tagged. No changes to accounts filing deadlines for now.
- New processes to **suppress sensitive information** (eg names, addresses, signatures) from the register will be put in place, eg for those able to prove they are at risk of harm.

## **SHARE**

[Share to Facebook](#) [Share to Twitter](#) [Share to LinkedIn](#) [Email](#) [Print](#)

Show Share Links

Resources

[Corporate Governance snapshot: the transformation of Companies House \(pdf 162.64 KB\)](#)

## RELATED TOPICS

[Transactions & Dealmaking](#)

## FEATURED INSIGHTS

# FEATURED INSIGHTS

HELPING YOU STAY AHEAD OF THE BIG ISSUES

BROWSE BY:



•

[TECH, DIGITAL & DATA](#)

---



- 

[GEOPOLITICS AND BUSINESS](#)

---



- 

[NEW BUSINESS LANDSCAPE](#)

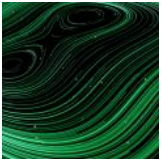
---

## RELATED ARTICLES





The challenging dimensions of Asia M&A



FSR OUTLOOK 2023: Braving the maelstrom



Are we headed for a Subsidy War? – A new front has opened as de-globalisation marches on



# KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



**SARAH HAWES**  
HEAD OF CORPORATE  
KNOWLEDGE, UK,  
LONDON

+44 20 7466 2953  
Sarah.Hawes@hsf.com



**ISOBEL HOYLE**  
PROFESSIONAL  
SUPPORT LAWYER,  
LONDON

+44 20 7466 2725  
isobel.hoyle@hsf.com



**ERICA MACDONALD**  
PROFESSIONAL  
SUPPORT LAWYER,  
LONDON

+44 20 3692 9643  
erica.macdonald@hsf.com



**JAMES PALMER**  
PARTNER, LONDON

+44 20 7466 2327  
james.palmer@hsf.com



**GARETH SYKES**  
UK HEAD OF  
CORPORATE  
GOVERNANCE  
ADVISORY, LONDON

+44 20 7466 7631  
Gareth.Sykes@hsf.com



**BEN WARD**  
PARTNER, LONDON

+44 20 7466 2093  
Ben.Ward@hsf.com



**JULIE FARLEY**  
PROFESSIONAL  
SUPPORT LAWYER,  
LONDON

+44 20 7466 2109  
Julie.Farley@hsf.com