Opinion: post-implementation review
Origin: domestic
RPC reference number: RPC-BEIS-4411(1)
Date of review: June 2019

Regulatory Policy Committee

Register of people with significant control

Department for Business, Energy and Industrial Strategy

RPC Rating: fit for purpose

The post-implementation review (PIR) is now fit for purpose as a result of the Department's response to the RPC's initial review. As first submitted, the PIR was not fit for purpose.

Description of proposal

The objectives of the measure were to *'enhance transparency around the ultimate owners and controllers of UK companies through the implementation of a publicly accessible central register of company beneficial ownership information'*. This was to assist in transparency to deter illicit activity, improve enforcement outcomes, and promote good corporate behaviour.

Impacts of proposal

The measure has resulted in near complete compliance; over 99% of companies have registered their people of significant control (PSC). Of those who have not registered: 65 directors and 77 companies have been convicted for failure to notify the registrar of the company's PSC, or changes of PSCs. The majority of law enforcement agencies that have used the PSC register have found that it allows them to obtain information much faster. Financial institutions use the register to cross-check data, but some lack confidence in the data provided by the register and have tended to make use of alternative sources with more reliable data available. Civil society organisations believe that the PSC register has had a positive impact on their work, as it streamlined their process of investigating individuals and made the process cheaper.

Quality of submission

As initially submitted, the PIR included four areas that meant the RPC did not consider it fit for purpose. Following the Initial Review Notice (IRN), the Department submitted a revised PIR that responds to the points below:

- justification of PIR recommendation;
- lack of assessment of the policy objectives;
- the use of the register; and
- occurrence of unintended consequences.

The PIR now justifies the PIR recommendation, through its clear explanation of the upcoming changes to the Companies Act 2006, and how these are separate from the PSC register. This is also supported by the information provided in footnote 10, which advises that the Fifth Money Laundering Directive will not have an impact on the PSC register and explains why this is the case.

The PIR has now included evidence and assessment outlining how 4 of the 5 policy objectives are being completed, which the RPC finds satisfactory. The RPC also notes that the inclusion of the table after paragraph 79 is a useful addition, as is paragraph 81 which considers the scope of a future review.

The PIR now provides more evidence that shows how the register is used; as well as different consultation opinions about the register from financial institutions and other major stakeholders. However, the RPC feels that the PIR would benefit from evidence demonstrating how the measure ensures that companies provide good quality data, rather than just requiring them to tick a box to show that data has been provided in order to be compliant.

The RPC believes that the explanation about how the regulations are functioning as intended is clear. The clear explanation about how any changes to Companies House requirements are separate from the PSC register now shows that there are no unintended consequences from the PSC register.

The RPC would also like to commend the Department for improving the Baseline and Annex sections, which were listed under areas for improvement in the IRN. The baseline is set out clearly and provides a good point of reference for the rest of the PIR, which supports the recommendation to ‘keep’ the regulation. The Annex has been extended and provides detailed evidence and analysis on several areas, assisting the rest of the PIR.

Departmental recommendation	Keep

RPC assessment

Is the evidence in the PIR sufficiently robust to support the departmental recommendation?	Yes

Regulatory Policy Committee