Factsheet - shareholder identity verification (analysis)

Background

The Economic Crime and Corporate Transparency Bill ('the bill'), which received Royal Assent in October 2023, includes significant reforms to improve the transparency of UK companies such as: identity verification requirements for directors, people with significant control and those who deliver documents to Companies House, as well as measures to improve the usefulness of information held on shareholders of UK companies. Factsheets on identity verification and improving transparency of company ownership provide more information on the detail of these reforms.

During the passage of the bill non-government amendments have been tabled requiring additional information to be collected and published on shareholders, and for all shareholders to be required to verify their identities.

A comprehensive Impact Assessment (IA) was published at the bill's introduction. [footnote 1] The net annual direct cost to business for Companies House reform was estimated at £19 million. The introduction of identity verification was the costliest element, making up around 75% of the estimated cost in the reform package.

Given that the identity verification measures - requiring identity verification for directors, PSCs and those who deliver documents to Companies House - constitute the majority of the overall cost to business of the act's company reform package, the Department for Business and Trade has undertaken further analysis to estimate what additional cost would fall to business if the act also introduced requirements for shareholders to verify their identity.

As well as presenting the estimated cost to business, this fact sheet summarises the analysis approach used to produce the final estimate and explains the government's position for not proceeding with identity verification requirements for shareholders who are not PSCs.

Cost to business

Companies currently only have to provide shareholder names and limited information about shareholdings to Companies House and providing any further information will come at a cost. With over ten million shareholders across five million companies on the register, a small increase in cost per company could lead to a sizeable burden on business.

The cost to non-traded companies of introducing identity verification for all shareholders is uncertain but we estimate it could have a net annual direct cost to business of up to around £154 million. The analysis used to reach this estimate is set out at Annex A.

Key costs identified are:

- **Companies having to understand this policy change and collect additional information on shareholders to submit to Companies House.** Further information on shareholders will need to be collected and submitted to Companies House by companies. Some of this might be used to enable shareholder identity verification. This will have a cost to business.

- **Shareholders having to understand and take part in the identity verification process or confirm they have already been verified as PSC / director.** Shareholders who are identity verified from another role (eg as a director) will still likely need to submit an additional statement confirming they have verified their identity.

In absence of better data, we have relied on estimates in the PSC Post Implementation Review on costs of introducing the PSC regime, which may not be representative of costs associated with identity verifying shareholders. [footnote 2] The full methodology is outlined in Annex A.

Summary of government position

The government consulted on extending identity verification to shareholders in its 2019 Corporate Transparency and Register Reform Consultation and decided not to proceed with this, having considered the range of views received. A minority of respondents supported the proposal, and this was on the basis of identity verification for shareholders being optional.

Those who own more than 25% of shares, or who are a PSC by virtue of meeting any of the other conditions for being a PSC such as exercising significant influence or control of a company, are already required to verify their identity as people with significant control [footnote 3]. For the remainder, the government views the requirement to verify as a disproportionate burden on smaller investors which may disincentivise investment and lead to privacy concerns.

Even if the requirement was limited so it only applied to people who held a certain percentage of shares - say 3% - the government still considers this a disproportionate intrusion into the private life of those people when set against the heightened transparency the measure would bring about. The government considers that there are better alternatives to achieve more transparency of shareholders, which could be put to public consultation after Royal Assent and delivered via amendments to secondary legislation.

If a minority shareholder – however small their shareholding - exercises significant influence or control in a company, they will be required under the Act to verify their identity as a PSC. So the key players who have any say in companies will be captured. To require identity verification from people who solely hold property rights without any control or influence over a company, and to put such individuals at risk of committing a criminal offence if they failed to comply with such requirement, would be disproportionate. This would especially disadvantage the vast majority of law-abiding shareholders, and may discourage investors.

Given that the measure would extend identity verification requirements to those not exerting significant control over a company the benefit of improved transparency is unlikely to exceed the cost to business. Existing identity verification requirements in the act will already mean that all companies will have an individual with a verified identity connected to them. The assurance that there is a verified natural person attached to every entity registrable with Companies House will already significantly reduce the chance of exploitation of the UK's company framework by increasing the traceability of those setting up and running companies. Requiring that more shareholders, who are not directly involved in the management and control of a company as either a director or PSC, verify their identity is unlikely to produce much more benefit than already achieved by the Act.

Finally, imposing any additional identity verification requirements would have significant resourcing burdens for Companies House, which could likely delay the implementation of other necessary reforms for minimal value.

Annex A

Costs note: introducing shareholder identity verification

Shareholder transparency: summary

This note sets out some high level of analysis of possible costs from the introduction of measures to require companies to provide information on their shareholders to Companies House and to require all shareholders to carry out identification verification. Given data gaps the analysis only covers non-traded companies. It looks at possible costs for introducing identity verification for:

a) all shareholders

b) for shareholders holding more than 20%, 15%, 10%, 5% or 2.5% of all shares or

c) new companies going forward

Uncertainties in the analysis

There are significant uncertainties in this analysis, particularly regarding the data available on shareholders:

- Shareholder names are not currently in a consistent format on the companies register, so it is hard to know whether the shareholder T. Smith is also the director 'Trevor Smith'
- Non-traded companies are only required to provide Companies House with changes in shareholder names/shareholdings, and/or information about any new shareholders, on their confirmation statement. Each company does not provide an annual comprehensive list of shareholder details
- Traded companies are only required to provide Companies House with the above in relation to shareholders with a shareholding of 5% or more. Therefore, we do not know how many shareholders there are in these companies, so have focused our analysis on non-traded companies. We also excluded companies limited by guarantee due to poor data quality.
- It is not possible to look at the entire population of company shareholders - information on shareholders is not currently searchable on the public register. We use the FAME database, which scrapes Companies House data, to produce aggregate level analysis, or analysis on samples. [footnote 4] There are challenges of using this data which are explained throughout.
- Finally, we do not yet know what information companies would have to obtain from shareholders to make identify verification happen. We have assumed that more information would be needed than name and address to facilitate identify verification, for example, date of birth, thus companies are required to directly contact shareholders.

In absence of better data, we have relied on estimates in the PSC Post Implementation Review on costs of introducing the PSC regime, which may not be representative of costs associated with identity verifying shareholders. [footnote 5]

Given the a) lack of understanding of how this would work practically, b) estimates have excluded a subset of companies and c) the low data quality, there is significant uncertainty and further analysis is required to improve estimates.

Key costs

The key costs for identity verifying all shareholders for current companies are:

- Companies having to understand this policy change and collect additional information on shareholders to submit to Companies House. Estimated to cost £787 million in year one (£160 per company) and £89 million annually (£20 per company).
- Shareholders having to understand and take part in the identity verification process or confirm they have already been verified as PSC / director. Estimated to cost £54 million -£130 million for the current stock of shareholders and £6 million-£21 million annually for the new flow, or around £8-£14 per shareholder.

The estimated net annual direct cost to business, including when a threshold is set or only new companies have to identity verify their shareholders, are summarised in the table below. No benefits have been monetised at this stage.

Figure 1: Estimated net annual direct annual cost to business for introducing shareholder verification (2019 prices, 2020 discounting base year, assumes 2023 introduction)

Company	Estimated cost
All companies	£153.4 million
20% threshold	£150.3 million
15% threshold	£152.2 million
10% threshold	£152.2 million
5% threshold	£153 million
2.5% threshold	£153.1 million
New companies	£134.7 million

Key takeaways

Key takeaways from the analysis include:

- **Introducing identity verification will impact shareholders who are PSCs / directors.** Those shareholders who are identity verified from another role will still likely need to submit an additional statement confirming they have verified their identity so that they can be allocated a unique identifier by Companies House. This will come at a cost / time burden.
- **Companies may need to collect additional information on their shareholders and provide this to Companies House to make identity verification feasible.**

Companies are currently only required to provide shareholder names/shareholdings to Companies House. It is not clear how this policy would be implemented in practice, making it difficult to assess the costs to business. However, at a minimum, contact details of shareholders will need to be submitted to Companies House by companies so the shareholder can a) undertake identity verification or b) confirm they have been verified already. This will have a cost to business. Companies should already have a name and address for shareholders on their Register of Members. If any further information is required (for example, date of birth), companies will need to contact shareholders to collect this. We have considered the latter scenario within this analysis.

- **The estimates across the thresholds are similar as most companies have very few shareholders.** For example, all companies with ten or fewer shareholders will be impacted by a 10% identity verification threshold, as mathematically at least one shareholder will have a 10% shareholding. The company would need to submit additional information to Companies House about that shareholder. Companies with ten or fewer shareholders represent over 99% of companies within our population. Whilst the smallest companies are likely to have all the information necessary as the shareholder will be a PSC, we would expect that the company would need to submit that information again so that Companies House has a record of it.

Data analysis

Within our analysis we focus on non-traded companies. These make up most entities on the register:

- private companies (limited by share)
- unlimited companies
- public companies (unlisted)

We focus on these entities due to the limited information known on traded companies. As traded companies are only required to provide Companies House with shareholder names when their shareholding is 5% or greater, we do not know the total number of shareholders.

We also exclude companies limited by guarantee as the data on the company register is very poor. Companies House does not receive updates to information about their members. If identity verification requirements were introduced this might also apply to the members of companies limited by guarantee, so further work would be needed.

The FAME database allows us to undertake analysis to disaggregate the number of shareholders per company. To note, no companies in scope of our analysis should have 0 shareholders (as these companies are limited by shares), again showing the poor quality of the data.

Figure 2: Number of non-traded companies (excluding limited by guarantee) by number of shareholders

Number of shareholders	Number of non-traded companies

0	102,000
1	3,046,000
2	1,216,000
3	211,000
4	120,000
5 to 10	101,000
11 to 20	24,000
21 to 99	18,000
100+	2,000
Total	4,839,000

Source: FAME database, March / April 2023. As the data is live, total values vary slightly with each new search.

Number of companies in scope

For the purposes of our analysis, we want to know the number of companies which have at least one shareholder with a 2.5%, 5%, 10%, 15% or 20% shareholding in the company. If a company only has one shareholder which is above that threshold, they will still need to collect/submit some additional information to Companies House because of the current limited information provided on shareholders. This is discussed further below under costs to companies.

Again, the data makes this difficult to estimate. We therefore make some assumptions:

- Mathematically, for a 10% threshold, all companies with 10 or fewer shareholders will be in scope. For example, if 9 shareholders have 5% shareholding, the final person will have 55% shareholding.
- Therefore, we assume only companies with 10 or fewer shareholders would have at least one shareholder with a 10% shareholding. This is a low scenario, as there will be companies with more than 10 shareholders who could have a shareholder with a greater than 10% shareholding.
- We apply the same assumption for the other shareholdings – for example, taking companies with 20 shareholders or 40 shareholders or fewer for the 5% and 2.5% scopes, respectively. This approach excludes complexities around corporate shareholders.

As figure 3 shows, as most companies only have several shareholders, most of the company population will have to provide some new information to Companies House, even when a threshold is applied:

Figure 3: Number of companies with at least one shareholder with more than 2.5, 5,or 10% shareholding

Company	Companies in scope
All companies	4,840,000
One shareholder with more than a 20% shareholding	4,695,000
One shareholder with more than a 15% shareholding	4,783,000
One shareholder with more than one 10% shareholding	4,796,000
One shareholder with more than 5% shareholding	4,820,000
One shareholder with more than 2.5% shareholding	4,824,000

Number of shareholders in scope

We do not know the proportion of shareholders who are not currently PSCs/directors who would need to undertake identity verification for the first time. However, shareholders who are already PSCs / directors and have already verified their identity would still likely need to submit a statement in their capacity as a shareholder confirming that they had verified their identity, in addition to any statement they submitted in relation to their capacity as a PSC or director. [footnote 6] [footnote 7]

The FAME database shows us company level data on the size of each shareholding held by each shareholder. As we cannot analyse the register in its entirety, we have taken a small sample of companies by shareholder size to look at the distribution of share ownership per company (see table 1 in the annex). [footnote 8]

As a part of this we make a few assumptions:

- If a company has 0 or 1 shareholder, that shareholder is a director / PSC as well. Therefore, all shareholders will already be identity verified.
- If a shareholder has at least a 25% shareholding, they are a PSC / director.
- Some shareholders are corporate shareholders (eg shares are owned through a company) and therefore cannot be identity verified. For now, we exclude corporate shareholders from our analysis. Though it is likely that at least one person in the corporate shareholder would have to identity verify if the shareholder requirements were introduced. Again, we cannot look across the register to estimate this, and rely on data from small samples. From the samples analysed, between 6% and 21%

shareholders are corporate members or firms. We therefore assume in our 'low' scenario more companies are corporates at 20% and in our 'high' scenario more are individuals and apply 10%.

We then apply these proportions to the number of companies to estimate the total number of shareholders in scope for our analysis: [footnote 9]

- The total number of non-corporate shareholders is between 6.4 million to 10.9 million.
- Of these, we assume between 4.7 million to 5.3 million are already a director / PSC (as they have at least a 25% shareholding).
- If no threshold was set, between 1.7 million to 5.6 million shareholders would need to be identity verified.
- If a threshold of 10% was set, 600k to 1 million shareholders would need to be identity verified.
- If a threshold of 5% was set, 900k to 1.5 million shareholders would need to be identity verified.
- If a threshold of 2.5% was set, 1.1 million to 2 million shareholders would need to be identity verified.

Costs

Costs to companies: The key costs to companies are to understand the new requirements on shareholders, as well as collecting and submitting this additional information to Companies House. Currently it is not clear how it would work for shareholders to be identity verified, so assumptions have been made and explained below.

Costs to shareholders: Shareholders will face a cost of having to undertake identity verification. We have estimated the cost for this, but are not treated as a cost to business given current Better Regulation guidance.

Cost to companies

In any scenario, we envisage companies will need to provide Companies House with more information on their shareholders to make identity verification possible.

The information available on shareholders is very limited. Companies currently only provide shareholders names to Companies House, which are not in a standard format – eg T Smith, Trevor Smith, or Mr TJ Smith. Therefore, further information will be required from companies to be supplied to Companies House for shareholders to comply with identity verification requirements. An explanation of how the regime may operate and why further information would be needed is given below:

- The identity verification regime has not yet been developed. The nearest comparator to shareholders would be the PSC identity verification regime. This involves companies having the option to include a statement confirming that their PSC has verified their identity when the company notifies the Registrar that they have a new PSC. A similar option to include a statement confirming a person with initial significant control has verified their identity can be delivered to the Registrar when the would-be company applies to be incorporated. If the statement is not voluntarily provided, the Registrar sends a direction to the PSC directly asking them to verify their identity within 14 days.

- This PSC identity verification framework could be replicated for shareholders. However, the Registrar already has a PSC's full name and address due to this notification procedure and the PSC register. As the Registrar does not have the contact details of shareholders, we envisage that companies would need to provide this to her to comply with identity verification requirements.
- Companies should already have a name and address for shareholders on their Register of Members. If any further information is required (eg date of birth), companies will need to contact shareholders to collect this. We have considered the latter scenario within this analysis to account for this uncertainty.

Therefore, we are asking companies to provide additional information on the individuals behind these companies. The PSC Post Implementation Review (PIR) undertook ex-ante analysis on a survey of companies and the associated costs to business of the introduction of the PSC regime, where companies were asked to provide information on their beneficial owners including full name, date of birth and address (figure 4): [footnote 10]

Figure 4: PSC PIR costs of regulatory compliance on companies in scope

One off cost (2018 prices)	Number of respondents reporting a cost	Weighted cost in survey (£) *	Weighted cost per entity covered by the regulation (£) **	Weighted cost per entity accounting for deadweight (£)
Familiarisation	500	94.9	94.9	94.9
Identifying	500	54.9	54.9	18.7
Collecting and collating	431	35.1	30.5	10.4
Submitting	500	33.9	33.9	33.9
Total	-	218.8	214.2	157.8
Ongoing cost	**Number of respondents reporting a cost**	**Weighted cost in survey (£) ***	**Weighted cost per entity covered by the regulation (£) ****	**Weighted cost per entity accounting for deadweight (£)**
Checking	322	30.1	16.8	5.7

Identifying updated	56	70.6	14.8	5
Collecting and collating updated	56	54.3	11.4	3.9
Submitting updated	56	31.3	6.6	6.6
Total	-	186.3	49.6	21.2

*This presents the adjusted mean value provided by respondents. No statistical transformation was applied to the following tasks: identifying new PCSs; collecting and collating information on new PSCs and submitting updated information on new PSCs as their distribution followed a normal pattern without the presence of outliers.

**This column translates the mean respondent value into an estimated mean value per entity taking into account that not all entities will have undertaken that activity since the regulations were first introduced.

As the PSC PIR assesses the cost of companies having to collect additional information on individuals behind their companies, we use these estimates - the weighted cost per entity covered by the regulation - within our analysis. [footnote 11] There are, however, differences worth noting, including:

- At the introduction of the PSC regime, there was no PSC information, whereas we do already have some minimal information on shareholders. We therefore do not include costs of 'identifying' individuals within our analysis.
- There are on average more shareholders per company than PSCs and not all companies will have a PSC, whereas all companies in scope of our analysis will have a shareholder.

We assess the one-off and ongoing costs to business on introducing shareholder identity verification below.

Year one costs - familiarisation costs

Companies will face a cost to understand that its shareholders will need to be identity verified and the processes associated with that.

No matter the threshold for shareholder verification, all companies will need to understand this policy change. If a company does not currently have any shareholders above the applied threshold, they will need to know that this could be the case in the future. The PSC PIR also found that all companies in their research had to familiarise with the regulations, even if they did not have any PSCs.

We therefore apply the familiarisation costs of £94.90 (£96.91 in 2019 prices) for all companies in scope of our analysis, no matter the size of the threshold.

Collecting and collating information to submit to Companies House

The PSC PIR identified the cost of collecting and collating PSC information for companies covered by the regulation to be £30.50 (£31.14 in 2019 prices) and submitting information to be £33.90 (£34.62 in 2019 prices). We apply this to our companies in scope under the different scenarios in figure 3 above. This may, however, be more costly for those companies with more shareholders.

Ongoing costs

We envisage companies will still have to collect, collate and submit additional information to Companies House going forward on their shareholders, although again this will depend on the process for identifying and verifying shareholders.

There are further uncertainties around how the process will look in practice and whether companies will be required to annually provide updated shareholder information or not. For example, currently companies are only required to provide an update on their shareholder information in an annual confirmation statement. If identity verification involves the company and the shareholder, there will be higher ongoing costs for a new flow of shareholders. However, if shareholders in the future are required to have their identity verification supplied directly to Companies House, there may be lower ongoing costs for companies (for example, providing Companies House with contact details of their shareholders).

The PSC PIR identified the cost of collecting, collating and submitting updated PSC information was £18 per company per year (£18.38 in 2019 prices). We again apply this to the relevant companies in scope.

Costs of applying identity verification to new companies

This analysis has also considered the cost of only introducing identity verification to the flow of new companies. To do this, we calculate the average number of company incorporations over the past five years, which is around 680,000 per year. [footnote 12] We apply the same costs as outlined above to this annual population of companies. These include:

- One off costs which apply to the flow of new companies every year.
- As new companies are brought into scope they create a stock of new companies that are subject to the requirements. Recurrent costs are incurred by the stock in any given year. The stock is calculated from the flow and from year 3 onwards, a 12% dissolution rate of companies (the average dissolution rate over the past 5 years) is assumed.

Summary of costs to business

The year one and ongoing costs to companies are summarised in figure 5 below.

Figure 5: Estimated costs to companies to collect additional information to identity verify shareholders

Year one costs	All shareholders	20% threshold	15% threshold	10% threshold	5% threshold	2.5% threshold	New companies

Familiarisation costs	£469 million	£469 million	£469 million	£469 million	£469 million	£469 million	£65.8 million
Collecting and collating shareholder information	£150.7 million	£146.2 million	£149 million	£149.4 million	£150.1 million	£150.2 million	£21.1 million
Submitting shareholder information to Companies House	£167.5 million	£162.5 million	£165.6 million	£166 million	£166.8 million	£166.9 million	£23.5 million
Total year one costs	£787 million	£778 million	£784 million	£784 million	£786 million	£786 million	£110 million
Ongoing costs	**All shareholders**	**20% threshold**	**15% threshold**	**10% threshold**	**5% threshold**	**2.5% threshold**	**New companies**
Ongoing collecting and submitting updated shareholder information	£89 million	£86 million	£88 million	£88 million	£89 million	£89 million	£129 million

The net annual direct cost to business in each of these scenarios is presented below. For context, the entire DBT measures for the Economic Crime and Corporate Transparency Act (Companies House and limited partnership reform) had a net annual direct cost to business of around £21 million.

Figure 6: Estimated net annual direct annual cost to business for introducing shareholder verification (2019 prices, 2020 present value year, assumed 2023 introduction)

Company	Cost
All companies	£153.4 million
20% threshold	£150.3 million
15% threshold	£152.2 million
10% threshold	£152.2 million
5% threshold	£153 million
2.5% threshold	£153.1 million
New companies	£134.7 million

Cost to shareholders

Shareholders will also face a cost to undertake identity verification. As per Better Regulation guidance, these are not currently included in our cost to business. **Our analysis on shareholders only covers all companies, and those with a 2.5, 5 and 10% shareholding.**

The costs to shareholders to undertake identity verification are based on the Economic Crime and Corporate Transparency Bill's Impact Assessment costing identity verifying directors and PSCs. [footnote 13]

The original Impact Assessment assessed that a small proportion (around 0.5%) of those who would need to undertake identity verification would not go through the digital route and would be more 'difficult to reach'. For simplicity, we assume all shareholders will go through the simpler digital route.

Stock of shareholders in scope

The table below outlines the stock of shareholders in scope under each policy option.

Figure 7: Estimated number of shareholders in scope of identity verification requirements and submitting a verification statement

Shareholders	New shareholders to verify	Shareholders who are a director / PSC (would

		submit verification statement)
All shareholders	1,750,000 (low) to 5,580,000 (high)	4,690,000 (low) to 5,330,000 (high)
10% threshold	590,000 (low) to 1,000,000 (high)	4,690,000 (low) to 5,330,000 (high)
5% threshold	870,000 (low) to 1,540,000 (high)	4,690,000 (low) to 5,330,000 (high)
2.5% threshold	1,050,000 (low) to 2,040,000(high)	4,690,000 (low) to 5,330,000 (high)

Year one costs - familiarisation costs

There will be a cost to the current stock of shareholders to understand they now need to identity verify and provide further information to companies. We apply this cost to all shareholders in scope. As outlined in the previous section, even those companies which already have verified PSCs / directors will likely have to supply additional information to companies which they had not done previously and need to understand this (eg they now need to submit another verification statement as a shareholder).

Familiarisation costs in the original Impact Assessment were assessed as an opportunity cost of fifteen minutes for a manager, director and senior official from the Annual Survey of Hourly Earnings (ASHE) data, uplifted by 20% to account for non-wage labour costs. For simplicity, we use the same assumption in this analysis, which comes out at a time cost of around £6 per shareholder.

Costs to identity verify

There will also be a cost to shareholders to undertake identity verification. We use the assumption in the original Impact Assessment that it will take between five (low) to fifteen (high) minutes to complete the digital identity verification process. This will cost between £4-£8 per shareholder.

We apply this cost to the stock of shareholders which we have estimated to not already be a PSC / director (e.g the new shareholders to verify in figure 7).

Costs to submit statement to show proof of verification

There will also be a cost to shareholders which are already a PSC/ director to submit a statement to show they have already verified their identity in another capacity. It is unclear how this process will work, but it will likely be that they submit a statement to say they have already verified their identity. In the absence of further evidence, we use the assumption that it will take between five (low) to ten (high) minutes to complete and submit a verification statement. Again, we use the ASHE data for directors in our calculations. This gives a range of between £2 and £4 per shareholder. We apply this to our stock of shareholders which we assume to already be a PSC or a director.

Ongoing cost

There will be additional costs for our ongoing flow of shareholders. They will need to a) understand this policy, and b) get their identity verified or c) submit a verification statement. We envisage these costs are similar to those incurred by the current stock of officers.

We do not know the flow of new shareholders on the register. We therefore look at the flow of new 'unique officers' on the register as per the original Impact Assessment. The proportion of new unique officers against the stock was between 12-17%. We therefore apply this to our stock of shareholders (12% low, 17% high) as a proxy of the turnover of new unique shareholders on the register per year and apply the same cost estimates as before.

A summary table of costs to shareholders is outlined below. We include these in our net present value estimates.

Figure 8: One-off and ongoing costs for shareholders to identity verify

Year 1 costs (millions)	All shareholders	10% threshold	5% threshold	2.5% threshold
Familiarisation costs	£38 (low) to £65 million (high)	£31 (low) to £37 million (high)	£33 (low) to £41 million (high)	£34 (low) to £43 million (high)
Costs to identity verify	£7 (low) to £44 million (high)	£2 (low) to £8 million (high)	£3 (low) to £12 million (high)	£16 million
Costs to submit verification statement	£9 (low) to £21 million (high)	£9 (low) to £21 million (high)	£9 (low) to £21 million (high)	£9 (low) to £21 million (high)
Year one costs for current stock of shareholders	£54 (low) to £130 million (high)	£43 (low) to £66 million (high)	£46 (low) to £74 million (high)	£59 (low) to £82 million (high)
Ongoing costs for new flow of shareholders	£6 (low) to £21 million (high)	£5 (low) to £11 million (high)	£5 (low) to £13 million (high)	£6 (low) to £13 million (high)

Table 1: Estimated proportion of shareholders in each company which are currently PSC / directors or would be above a threshold to undertake identity verification (excluding impact of corporate shareholders)

Shareholders per company	Shareholder is PSC / director	Between 10% and 25%	Between 5% and 25%	Between 2.5% and 25%	Less than 2.5%
0	100%	0%	0%	0%	0%
1	100%	0%	£0%	0%	0%
2	79%	7%	11%	13%	8%
3	70%)	16%	21%	23%	7%
4	57%	24%	34%	37%	6%
5 to 10	9%	66%	78%	82%	10%
11 to 20	3%	3%	57%	75%	21%
21 to 100+	0.42%	1%	3%	11%	88%

Footnotes

1. Economic Crime and Corporate Transparency Bill 2022: impact assessments ↩
2. Post-implementation review of the people with significant control register ↩
3. The Register of People with Significant Control Regulations 2016 ↩
4. FAME database ↩
5. Post-implementation review of the people with significant control register ↩
6. Our analysis on shareholders covers all companies, and those with a 2.5, 5 and 10% shareholding. ↩
7. There may also be some individuals who are shareholders of more than one company who again would only have to identity verify once, and submit a verification statement in their other role. However, for simplicity, we will assume one shareholding needing to identity verify = one shareholder. ↩
8. The data in these samples was very poor. For example, in our sample of 2 shareholders, around 8% of shareholders came up as having 100% shareholding value. ↩
9. Companies House management statistics shows there to be 10.2 million shareholdings on the register, showing this is a reasonable range of total shareholders. ↩
10. Recording your PSC information ↩
11. We do not include the costs accounting for deadweight because of companies in our analysis will be in scope of the regulation. The deadweight costs in the PIR for 'collecting and collating' take into account some companies won't have a PSC and are already collecting this information. ↩

12. Companies register activities: statistical release 2021 to 2022, tab A2. CH data does not disaggregate private company incorporations by type, therefore, a broad adjustment was made to account for private companies limited by guarantee. These companies represented around 4% (on average) of all private companies on the register over the previous 5 years. We used this proportion to adjust the total number of private company incorporations (on the assumption that the distribution of private company types at incorporation reflects the distribution of the population on the register), from tab C1. ↩
13. Economic Crime and Corporate Transparency Bill 2022: impact assessments ↩