

SCHEDULES

SCHEDULE 2

Section 4

REGISTRABLE BENEFICIAL OWNERS

PART 1

MEANING OF “REGISTRABLE BENEFICIAL OWNER”

Introduction

- 1 (1) This Part defines “registrable beneficial owner” for the purposes of this Part of this Act.
- (2) A registrable beneficial owner may be—
 - (a) an individual (see paragraph 2),
 - (b) a legal entity (see paragraph 3), or
 - (c) a government or public authority (see paragraph 4).

Registrable beneficial owners: individuals

- 2 An individual is a “registrable beneficial owner” in relation to an overseas entity if the individual —
 - (a) is a beneficial owner of the overseas entity (see Part 2), and
 - (b) is not exempt from being registered (see Part 4).

Registrable beneficial owners: legal entities

- 3 A legal entity other than a government or public authority is a “registrable beneficial owner” in relation to an overseas entity if it—
 - (a) is a beneficial owner of the overseas entity (see Part 2),
 - (b) is subject to its own disclosure requirements (see Part 3), and
 - (c) is not exempt from being registered (see Part 4).

Registrable beneficial owners: government or public authority

- 4 A government or public authority is a “registrable beneficial owner” in relation to an overseas entity in all cases where it is a beneficial owner of the entity (see Part 2).

PART 2

MEANING OF “BENEFICIAL OWNER”

Introduction

5 This Part defines “beneficial owner” for the purposes of this Part of this Act.

Beneficial owners

6 A person (“X”) is a “beneficial owner” of an overseas entity or other legal entity (“Y”) if one or more of the following conditions are met.

Ownership of shares

Condition 1 is that X holds, directly or indirectly, more than 25% of the shares in Y.

Voting rights

Condition 2 is that X holds, directly or indirectly, more than 25% of the voting rights in Y.

Right to appoint or remove directors

Condition 3 is that X holds the right, directly or indirectly, to appoint or remove a majority of the board of directors of Y.

Significant influence or control

Condition 4 is that X has the right to exercise, or actually exercises, significant influence or control over Y.

Trusts, partnerships, etc

Condition 5 is that—

- (a) the trustees of a trust, or the members of a partnership, unincorporated association or other entity, that is not a legal person under the law by which it is governed meet any of the conditions specified above (in their capacity as such) in relation to Y, and
- (b) X has the right to exercise, or actually exercises, significant influence or control over the activities of that trust or entity.

PART 3

MEANING OF “SUBJECT TO ITS OWN DISCLOSURE REQUIREMENTS”

7 (1) For the purposes of this Schedule a legal entity is “subject to its own disclosure requirements” if—

- (a) Part 21A of the Companies Act 2006 applies to it (whether by virtue of section 790B of that Act or another enactment that extends the application of that Part),
- (b) it is a company to which section 790C(7)(b) of that Act applies (companies with voting shares traded on UK or EU regulated markets),
- (c) it is of a description specified in regulations under section 790B(1)(b) or 790C(7)(d) of that Act (or under either of those sections as extended),
- (d) it is an eligible Scottish partnership within the meaning of regulation 3 of the Scottish Partnerships (Register of People with Significant Control) Regulations 2017 ([S.I. 2017/694](#)),

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- (e) it is registered in the register of overseas entities under this Part of this Act, or
- (f) it is of a description specified by the Secretary of State in regulations under this paragraph.

(2) Regulations under sub-paragraph (1)(f) are subject to the affirmative resolution procedure.

PART 4

BENEFICIAL OWNERS EXEMPT FROM REGISTRATION

“Exempt from being registered”

- 8 For the purposes of paragraphs 2(b) and 3(c) a person who is a beneficial owner of an overseas entity is “exempt from being registered” if—
- (a) the person does not hold any interest in the overseas entity other than through one or more legal entities (see paragraph 9),
 - (b) the person is a beneficial owner of every legal entity through which the person holds such an interest (see paragraph 9),
 - (c) as respects any shares or right in the overseas entity which the person holds indirectly as described in paragraph 9(3)(b)(i), the legal entity through which the shares or right are held is a beneficial owner of the overseas entity and is subject to its own disclosure requirements, and
 - (d) as respects any shares or right in the overseas entity which the person holds indirectly as described in paragraph 9(3)(b)(ii), at least one of the legal entities in the chain is a beneficial owner of the overseas entity and is subject to its own disclosure requirements.

Holding an interest in an overseas entity etc

- 9 (1) This paragraph specifies the circumstances in which, for the purposes of paragraph 8—
- (a) a person (“V”) is to be regarded as holding an interest in an overseas entity (“entity W”);
 - (b) an interest held by V in entity W is to be regarded as held through a legal entity.
- (2) V holds an interest in entity W if—
- (a) V holds, directly or indirectly, shares in entity W,
 - (b) V holds, directly or indirectly, voting rights in entity W,
 - (c) V holds, directly or indirectly, the right to appoint or remove any member of the board of directors of entity W,
 - (d) V has the right to exercise, or actually exercises, significant influence or control over entity W, or
 - (e) the following conditions are both satisfied—
 - (i) the trustees of a trust, or the members of a partnership, unincorporated association or other entity, that is not a legal person under the law by which it is governed hold an interest in entity W in a way mentioned in any of paragraphs (a) to (d);

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(ii) V has the right to exercise, or actually exercises, significant influence or control over the activities of that trust or entity.

(3) Where V—

(a) holds an interest in entity W by virtue of indirectly holding shares or a right, and

(b) does so by virtue of having a majority stake (see paragraph 18) in—

(i) a legal entity (“L”) which holds the shares or right directly, or

(ii) a legal entity that is part of a chain of legal entities such as is described in paragraph 18(1)(b) or (2)(b) that includes L,

V holds the interest in entity W through L and, where relevant, through each other legal entity in the chain.

PART 5

SUPPLEMENTARY PROVISION ABOUT INTERPRETATION OF SCHEDULE

Introduction

10 This Part sets out further rules for the interpretation of this Schedule.

Joint interests

11 If two or more persons hold a share or right jointly, each of them is treated for the purposes of this Schedule as holding that share or right.

Joint arrangements

12 (1) If shares or rights held by a person and shares or rights held by another person are the subject of a joint arrangement between those persons, each of them is treated for the purposes of this Schedule as holding the combined shares or rights of both of them.

(2) A “joint arrangement” is an arrangement between the holders of shares (or rights) that they will exercise all or substantially all the rights conferred by their respective shares (or rights) jointly in a way that is pre-determined by the arrangement.

(3) “Arrangement” includes—

(a) any scheme, agreement or understanding, whether or not it is legally enforceable, and

(b) any convention, custom or practice of any kind.

(4) But something does not count as an arrangement unless there is at least some degree of stability about it (whether by its nature or terms, or the time it has been in existence, or otherwise).

Calculating shareholdings

13 (1) In relation to a legal entity that has a share capital, a reference to holding “more than 25% of the shares” in that entity is a reference to holding shares comprised in the issued share capital of that entity of a nominal value exceeding (in aggregate) 25% of that share capital.

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- (2) In relation to a legal entity that does not have a share capital—
- (a) a reference to holding shares in that entity is a reference to holding a right to share in the capital or, as the case may be, profits of that entity;
 - (b) a reference to holding “more than 25% of the shares” in that entity is a reference to holding a right or rights to share in more than 25% of the capital or, as the case may be, profits of that entity.

Voting rights

- 14 (1) A reference to the voting rights in a legal entity is to the rights conferred on shareholders in respect of their shares (or, in the case of an entity not having a share capital, on members) to vote at general meetings of the entity on all or substantially all matters.
- (2) In relation to a legal entity that does not have general meetings at which matters are decided by the exercise of voting rights—
- (a) a reference to exercising voting rights in the entity is to be read as a reference to exercising rights in relation to the entity that are equivalent to those of a person entitled to exercise voting rights in a company registered under the Companies Act 2006;
 - (b) a reference to exercising more than 25% of the voting rights in the entity is to be read as a reference to exercising the right under the constitution of the entity to block changes to the overall policy of the entity or to the terms of its constitution.
- 15 In applying this Schedule, the voting rights in a legal entity are to be reduced by any rights held by the entity itself.

Rights to appoint or remove members of the board

- 16 A reference to the right to appoint or remove a majority of the board of directors of a legal entity is a reference to the right to appoint or remove directors holding a majority of the voting rights at meetings of the board on all or substantially all matters.
- 17 References to a board of directors, in the case of an entity that does not have such a board, are to be read as references to the equivalent management body of that entity.

Shares or rights held “indirectly”

- 18 (1) A person holds a share “indirectly” if the person has a majority stake in a legal entity and that entity—
- (a) holds the share in question, or
 - (b) is part of a chain of legal entities—
 - (i) each of which (other than the last) has a majority stake in the entity immediately below it in the chain, and
 - (ii) the last of which holds the share.
- (2) A person holds a right “indirectly” if the person has a majority stake in a legal entity and that entity—
- (a) holds that right, or
 - (b) is part of a chain of legal entities—

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- (i) each of which (other than the last) has a majority stake in the entity immediately below it in the chain, and
 - (ii) the last of which holds that right.
- (3) For these purposes, A has a “majority stake” in B if—
- (a) A holds a majority of the voting rights in B,
 - (b) A is a member of B and has the right to appoint or remove a majority of the board of directors of B,
 - (c) A is a member of B and controls alone, or pursuant to an agreement with other shareholders or members, a majority of the voting rights in B, or
 - (d) A has the right to exercise, or actually exercises, dominant influence or control over B.
- (4) In the application of this paragraph to the right to appoint or remove a majority of the board of directors, a legal entity is to be treated as having the right to appoint a director if—
- (a) a person’s appointment as director follows necessarily from that person’s appointment as director of the legal entity, or
 - (b) the directorship is held by the legal entity itself.

Shares held by nominees

- 19 A share held by a person as nominee for another is to be treated for the purposes of this Schedule as held by the other (and not by the nominee).

Rights treated as held by a person who controls their exercise

- 20 (1) Where a person controls a right, the right is to be treated for the purposes of this Schedule as held by that person (and not by the person who in fact holds the right, unless that person also controls it).
- (2) A person “controls” a right if, by virtue of any arrangement between that person and others, the right is exercisable only—
- (a) by that person,
 - (b) in accordance with that person’s directions or instructions, or
 - (c) with that person’s consent or concurrence.
- (3) “Arrangement” has the meaning given in paragraph 12(3) and (4).

Rights exercisable only in certain circumstances etc

- 21 (1) Rights that are exercisable only in certain circumstances are to be taken into account only—
- (a) when the circumstances have arisen, and for so long as they continue to obtain, or
 - (b) when the circumstances are within the control of the person having the rights.
- (2) But rights that are exercisable by an administrator or by creditors while a legal entity is in relevant insolvency proceedings are not to be taken into account even while the entity is in those proceedings.
- (3) “Relevant insolvency proceedings” means—

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- (a) administration within the meaning of the Insolvency Act 1986,
 - (b) administration within the meaning of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)), or
 - (c) proceedings under the insolvency law of a country or territory outside the United Kingdom during which an entity's assets and affairs are subject to the control or supervision of a third party or creditor.
- (4) Rights that are normally exercisable but are temporarily incapable of exercise are to continue to be taken into account.

Rights attached to shares held by way of security

- 22 Rights attached to shares held by way of security provided by a person are to be treated for the purposes of this Schedule as held by that person—
- (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in accordance with that person's instructions, and
 - (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in that person's interests.

Limited partnerships

- 23 (1) A person does not meet Condition 1, 2 or 3 of paragraph 6 in relation to an overseas entity by virtue only of being a limited partner.
- (2) A person does not meet Condition 1, 2 or 3 of paragraph 6 in relation to an overseas entity by virtue only of, directly or indirectly—
- (a) holding shares, or
 - (b) holding a right,
- in or in relation to a limited partner.
- (3) Sub-paragraphs (1) and (2) do not apply for the purposes of determining whether the requirement set out in Condition 5(a) of paragraph 6 is met.
- (4) In this paragraph “limited partner” means—
- (a) a limited partner in a limited partnership registered under the Limited Partnerships Act 1907 (other than one who takes part in the management of the partnership business), or
 - (b) a foreign limited partner.
- (5) In this paragraph “foreign limited partner” means an individual who—
- (a) participates in arrangements established under the law of a country or territory outside the United Kingdom, and
 - (b) has the characteristics prescribed by regulations made by the Secretary of State.
- (6) Regulations under this paragraph may, among other things, prescribe characteristics by reference to—
- (a) the nature of arrangements;
 - (b) the nature of an individual's participation in the arrangements.

(7) Regulations under this paragraph are subject to the affirmative resolution procedure.

Meaning of “director”

24 In this Schedule “director” includes any person occupying the position of director, by whatever name called.

PART 6

POWER TO AMEND THRESHOLDS ETC

25 (1) The Secretary of State may by regulations amend this Schedule for a permitted purpose.

(2) The permitted purposes are—

- (a) to replace any or all references in this Schedule to a percentage figure with references to some other (larger or smaller) percentage figure;
- (b) to change or supplement the conditions in paragraph 6 so as to include circumstances (for example, circumstances involving more complex structures) that give individuals a level of control over entity Y broadly similar to the level of control given by the other conditions in that paragraph;
- (c) in consequence of any provision made by virtue of paragraph (b), to change or supplement paragraph 9 so that the circumstances specified in that paragraph in which a person is to be regarded as holding an interest in an overseas entity correspond to any of the conditions in paragraph 6, or would do so but for the extent of the interest.

(3) Regulations under this paragraph are subject to the affirmative resolution procedure.