

## SCHEDULE 1

Regulation 3

### APPLICATION OF PART 21A COMPANIES ACT 2006

#### “PART 8A

#### AN LLP’S REGISTER OF PEOPLE WITH SIGNIFICANT CONTROL

##### Overview

**31A.** Section 790A applies to LLPs, modified so that it reads as follows—

##### “790A Overview

This Part is arranged as follows—

- (a) Section 790C explains some key terms, including what it means to have “significant control” over an LLP;
- (b) Sections 790D to 790K impose duties on LLPs to gather information, and on others to supply information, to enable LLPs to keep the register required by the remainder of this Part;
- (c) Section 790M to 790V require LLPs to keep a register, referred to as a register of people with significant control over the LLP, and to make the register available to the public;
- (d) Sections 790W to 790ZD give LLPs the option of using an alternative method of record-keeping; and
- (e) Sections 790ZF and 790ZG make provision for excluding certain material from the information available to the public.”

##### Key terms

**31B.**—(1) Section 790C applies to LLPs with the following modifications.

(2) Read references to a company as references to an LLP.

(3) Subsection (7) is modified so that it reads as follows—

“(7) A legal entity is “subject to its own disclosure requirements” if—

- (a) this Part applies to it (whether by virtue of the Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009 or otherwise),
- (b) it is a DTR5 issuer,
- (c) it is a company or other legal entity which has voting shares admitted to trading—
  - (i) on a regulated market in an EEA State other than the United Kingdom; or
  - (ii) on a market listed in Schedule 1 to the PSC Regulations.”.

(4) Omit subsection (11).

(5) In subsection (12), omit “and to any modifications prescribed by regulations under this subsection”.

(6) After subsection (12), insert—

“(12A) Sections 790M(2) to (6) and (8) of the Act are to be read and have effect as if a person within subsection (12) were an individual.

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(12B) “PSC Regulations” means the Register of People with Significant Control Regulations 2016(1).

(12C) “Voting shares” means shares (or, in relation to a legal entity which is not a company or an undertaking, interests equivalent to shares) carrying voting rights.

(12D) For the purposes of subsection (12C), “voting rights” means rights to vote at general meetings of the company or legal entity in question, including rights that arise only in certain circumstances, and in relation to a legal entity that does not have general meetings at which matters are decided by the exercise of voting rights, a reference to voting rights is to be read as a reference to rights in relation to the entity that are equivalent to those of a person entitled to exercise voting rights in a company.”.

(7) Omit subsections (13) and (14).

### **Information gathering**

**31C.**—(1) Sections 790D to 790J apply to LLPs.

(2) As those provisions apply to LLPs—

- (a) read references to a company as references to an LLP;
- (b) omit “to which this Part applies” where it occurs;
- (c) read references to an officer as references to a designated member;
- (d) read section 790D as if subsections (9) and (10) were omitted; and
- (e) read section 790E(7) as if for “Subsections (8) to (10) of section 790D applies” there were substituted “Section 790D(8) applies”.

### **Required particulars**

**31D.** Section 790K applies to LLPs, modified so that it reads as follows—

#### **“790K Required particulars**

- (1) The “required particulars” of an individual who is a registrable person are—
  - (a) name,
  - (b) a service address,
  - (c) the country or state (or part of the United Kingdom) in which the individual is usually resident,
  - (d) nationality,
  - (e) date of birth,
  - (f) usual residential address,
  - (g) the date on which the individual became a registrable person in relation to the LLP in question,
  - (h) the nature of his or her control over that LLP (see Schedule 1A of this Act and regulation 7 of, and Schedule 2 to, the PSC Regulations), and
  - (i) if, in relation to that LLP, restrictions on using or disclosing any of the individual’s PSC particulars (within the meaning of section 790ZG(2)) are in force under Part 7 of the PSC Regulations, that fact.

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- (2) In the case of a person in relation to which this Part has effect by virtue of section 790C(12) as if the person were an individual, the “required particulars” are—
- (a) name,
  - (b) principal office,
  - (c) the legal form of the person and the law by which it is governed,
  - (d) the date on which it became a registrable person in relation to the LLP in question, and
  - (e) the nature of its control over the LLP (see Schedule 1A and regulation 7 of, and Schedule 2 to, the PSC Regulations).
- (3) The “required particulars” of a registrable relevant legal entity are—
- (a) corporate or firm name,
  - (b) registered or principal office,
  - (c) the legal form of the entity and the law by which it is governed,
  - (d) if applicable, the register of companies in which it is entered (including details of the state) and its registration number in that register,
  - (e) the date on which it became a registrable relevant legal entity in relation to the LLP in question, and
  - (f) the nature of its control over that LLP (see Schedule 1A and regulation 7 of, and Schedule 2 to, the PSC Regulations).
- (4) Section 163(2) (particulars of members to be registered: individuals) applies for the purposes of subsection (1).”

### **Register of people with significant control**

**31E.**—(1) Section 790M (1) to (6) applies to LLPs, modified so that it reads as follows—

#### **“790M Duty to keep register**

- (1) An LLP must keep a register of people with significant control over the LLP.
- (2) The required particulars of any individual with significant control over the LLP who is “registrable” in relation to the LLP must be entered in the register once all the required particulars of that individual have been confirmed.
- (3) The LLP must not enter any of the individual’s particulars in the register until they have all been confirmed.
- (4) Particulars of any individual with significant control over the LLP who is “non-registrable” in relation to the LLP must not be entered in the register.
- (5) But the required particulars of any entity that is a registrable relevant legal entity in relation to the LLP must be noted in the register once the LLP becomes aware of the entity’s status as such.
- (6) If the LLP becomes aware of a relevant change (within the meaning of section 790E) with respect to a registrable person or registrable relevant legal entity whose particulars are stated in the register—
  - (a) details of the change and the date on which it occurred must be entered in the register, but
  - (b) in the case of a registrable person, the details and date must not be entered there until they have all been confirmed.”

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(2) Section 790M(9) to (14) applies to LLPs, modified so that it reads as follows—

“(9) A person’s required particulars, and the details and date of any relevant change with respect to a person, are considered for the purposes of this section to have been “confirmed” if—

- (a) the person supplied or confirmed them to the LLP (whether voluntarily, pursuant to a duty imposed by this Part or otherwise),
- (b) another person did so but with that person’s knowledge, or
- (c) they were included in a statement of initial significant control delivered to the registrar under section 12A by the persons who subscribed their names to the incorporation document in relation to the LLP.

(10) In the case of someone who was a registrable person or a registrable relevant legal entity in relation to the LLP on its incorporation—

- (a) the date to be entered in the register as the date on which the individual became a registrable person, or the entity became a registrable relevant legal entity, is to be the date of incorporation, and
- (b) in the case of a registrable person, that particular is deemed to have been “confirmed”.

(11) For the purposes of this section—

- (a) if a person’s usual residential address is the same as his or her service address, the entry for him or her in the register may state that fact instead of repeating the address (but this does not apply in a case where the service address is stated to be “The LLP’s registered office”);
- (b) see section 790J (exemptions) for cases where a person does not count as a registrable person or a registrable relevant legal entity.

(12) If an LLP makes default in complying with this section, an offence is committed by—

- (a) the LLP, and
- (b) every designated member of the LLP who is in default.

(13) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

(14) An LLP is not by virtue of anything done for the purposes of this section affected with notice of, or put upon inquiry as to, the rights of any person in relation to any shares or rights in or with respect to the LLP.”

### **Inspection and copies of the register**

**31F.** Sections 790N and 790O apply to LLPs, modified so that they read as follows—

#### **“790N Register to be kept available for inspection**

(1) An LLP’s PSC register must be kept available for inspection—

- (a) at its registered office, or
- (b) at a place specified in Part 2 of the Companies (Company Records) Regulations 2008 (S.I. 2008/3006).

(2) An LLP must give notice to the registrar of the place where its PSC register is kept available for inspection and of any change in that place.

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(3) No such notice is required if the register has, at all times since it came into existence, been kept available for inspection at the LLP's registered office.

(4) If an LLP makes default for 14 days in complying with subsection (2), an offence is committed by—

- (a) the LLP, and
- (b) every designated member of the LLP who is in default.

(5) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

### **790O Rights to inspect and require copies**

(1) An LLP's PSC register must be open to the inspection of any person without charge.

(2) Any person may require a copy of an LLP's PSC register, or any part of it, on payment of the fee prescribed by regulation 6 of the PSC Regulations.

(3) A person seeking to exercise either of the rights conferred by this section must make a request to the LLP to that effect.

(4) The request must contain the following information—

- (a) in the case of an individual, his or her name and address,
- (b) in the case of an organisation, the name and address of an individual responsible for making the request on behalf of the organisation, and
- (c) the purpose for which the information is to be used."

### **Supplementary provision regarding requests to inspect and copies of PSC register**

**31G.**—(1) Sections 790P to 790S apply to LLPs.

(2) As those provisions apply to LLPs—

- (a) read references to a company as references to an LLP;
- (b) read references to an officer as references to a designated member.

### **Protected information**

**31H.** Section 790T applies to LLPs, modified so that it reads as follows—

#### **“790T Protected information**

Section 790N and subsections (1) and (2) of section 790O are subject to—

- (a) section 790ZF (protection of information as to usual residential address), and
- (b) Part 7 of the PSC Regulations.”

### **Removal of entries from the register**

**31I.** Section 790U applies to LLPs, with the references to a company read as references to an LLP.

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### **Power of court to rectify an LLP's PSC register**

**31J.** Section 790V applies to LLPs, modified so that it reads as follows—

#### **“790V Power of court to rectify register**

(1) If—

- (a) the name of any person is, without sufficient cause, entered in or omitted from an LLP's PSC register as a registrable person or registrable relevant legal entity, or
- (b) default is made or unnecessary delay takes place in entering on the PSC register the fact that a person has ceased to be a registrable person or registrable relevant legal entity,

the person aggrieved or any other interested party may apply to the court for rectification of the register.

(2) The court may either refuse the application or may order rectification of the register and payment by the LLP of any damages sustained by any party aggrieved.

(3) On such an application, the court may—

- (a) decide any question as to whether the name of any person who is a party to the application should or should not be entered in or omitted from the register, and
- (b) more generally, decide any question necessary or expedient to be decided for rectification of the register.

(4) In the case of an LLP required by this Act to send information stated in its PSC register to the registrar, the court, when making an order for rectification of the register, must by its order direct notice of the rectification to be given to the registrar.

(5) The reference in this section to “any other interested party” is to—

- (a) any member of the LLP, and
- (b) any other person who is a registrable person or a registrable relevant legal entity in relation to the LLP.”

### **Alternative method of record keeping**

**31K.**—(1) Sections 790W to 790ZD apply to LLPs modified so that those sections read as follows—

#### **“790W Introductory**

(1) This Chapter sets out rules allowing LLPs to keep information on the register kept by the registrar instead of entering it in their PSC register.

(2) The register kept by the registrar (see section 1080) is referred to in this Chapter as “the central register”.

(3) Chapter 3 must be read with this Chapter.

(4) Nothing in this Chapter affects the duties imposed by Chapter 2.

(5) Where an election under section 790X is in force in respect of an LLP, references in Chapter 2 to the LLP's PSC register are to be read as references to the central register.

## **790X Right to make an election**

- (1) An election may be made under this section—
  - (a) by the subscribers wishing to form an LLP under the Limited Liability Partnerships Act 2000(2), or
  - (b) by the LLP itself once it is formed and registered.
- (2) The election is of no effect unless—
  - (a) notice of the intention to make the election was given to each eligible person at least 14 days before the day on which the election was made, and
  - (b) no objection was received by the subscribers or, as the case may be, the LLP from any eligible person within that notice period.
- (3) A person is an “eligible person” if—
  - (a) in a case of an election by the subscribers wishing to form an LLP, the person’s particulars would, but for the election, be required to be entered in the LLP’s PSC register on its incorporation, and
  - (b) in the case of an election by the LLP itself—
    - (i) the person is a registrable person or a registrable relevant legal entity in relation to the LLP, and
    - (ii) the person’s particulars are stated in the LLP’s PSC register.
- (4) An election under this section is made by giving notice of election to the registrar.
- (5) If the notice is given by the subscribers wishing to form an LLP—
  - (a) it must be given when the documents required to be delivered under section 2 of the Limited Liability Partnerships Act 2000 are delivered to the registrar, and
  - (b) it must be accompanied by a statement confirming that no objection was received as mentioned in subsection (2).
- (6) If the notice is given by the LLP, it must be accompanied by—
  - (a) a statement confirming that no objection was received as mentioned in subsection (2), and
  - (b) a statement containing all the information that is required to be contained in the LLP’s PSC register as at the date of the notice in respect of matters that are current as at that date.
- (7) The LLP must where necessary update the statement sent under subsection (6)
  - (b) to ensure that the final version delivered to the registrar contains all the information that is required to be contained in the LLP’s PSC register as at the time immediately before the election takes effect (see section 790Y) in respect of matters that are current as at that time.
- (8) The obligation in subsection (7) to update the statement includes an obligation to rectify it (where necessary) in consequence of the LLP’s PSC register being rectified (whether before or after the election takes effect).
- (9) If default is made in complying with subsection (7), an offence is committed by—
  - (a) the LLP, and
  - (b) every designated member of the LLP who is in default.

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(2) 2000 c.12.

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(10) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

(11) A reference in this Chapter to matters that are current as at a given date or time is a reference to—

- (a) persons who are a registrable person or registrable relevant legal entity in relation to the LLP as at that date or time and whose particulars are required to be contained in the LLP's PSC register as at that date or time, and
- (b) any other matters that are current as at that date or time.

### **790Y Effective date of election**

(1) An election made under section 790X takes effect when the notice of election is registered by the registrar.

(2) The election remains in force until a notice of withdrawal sent by the LLP under section 790ZD is registered by the registrar.

### **790Z Effect of election on obligations under Chapter 3**

(1) The effect of an election under section 790X on an LLP's obligations under Chapter 3 is as follows.

(2) The LLP's obligation to maintain a PSC register does not apply with respect to the period when the election is in force.

(3) This means that, during that period—

- (a) the LLP must continue to keep a PSC register in accordance with Chapter 3 (a "historic" register) containing all the information that was required to be stated in that register as at the time immediately before the election took effect, but
- (b) the LLP does not have to update that register to reflect any changes that occur after that time.

(4) The provisions of Chapter 3 (including the rights to inspect or require copies of the PSC register) continue to apply to the historic register during the period when the election is in force.

(5) The LLP must place a note in its historic register—

- (a) stating that an election under section 790X is in force,
- (b) recording when that election took effect, and
- (c) indicating that up-to-date information about people with significant control over the LLP is available for public inspection on the central register.

(6) Subsections (12) and (13) of section 790M apply if an LLP makes default in complying with subsection (5) as they apply if an LLP makes default in complying with that section.

(7) The obligations under this section with respect to a historic register do not apply in a case where the election was made by subscribers wishing to form an LLP.

### **790ZA Duty to notify registrar of changes**

(1) The duty under subsection (2) applies during the period when an election under section 790X is in force.



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(2) The LLP must deliver to the registrar any information that the LLP would during that period have been obliged under Chapter 3 to enter in its PSC register, had the election not been in force.

(3) The information must be delivered as soon as reasonably practicable after the LLP becomes aware of it and, in any event, no later than the time by which the LLP would have been required to enter the information in its PSC register.

(4) If default is made in complying with this section, an offence is committed by—

- (a) the LLP, and
- (b) every designated member of the LLP who is in default.

(5) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

#### **790ZB Information as to state of central register**

(1) When a person inspects or requests a copy of material on the central register relating to an LLP in respect of which an election under section 790X is in force, the person may ask the LLP to confirm that all information that the LLP is required to deliver to the registrar under this Chapter has been delivered.

(2) If an LLP fails to respond to a request under subsection (1), an offence is committed by—

- (a) the LLP, and
- (b) every designated member of the LLP who is in default.

(3) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

#### **790ZC Power of court to order an LLP to remedy default or delay**

(1) This section applies if—

- (a) the name of a person is without sufficient cause included in, or omitted from, information that an LLP delivers to the registrar under this Chapter concerning persons who are a registrable person or a registrable relevant legal entity in relation to the LLP, or
- (b) default is made or unnecessary delay takes place in informing the registrar under this Chapter that a person—
  - (i) has become a registrable person or a registrable relevant legal entity in relation to the LLP, or
  - (ii) has ceased to be a registrable person or a registrable relevant legal entity in relation to it.

(2) The person aggrieved, or any other interested party, may apply to the court for an order requiring the LLP to deliver to the registrar the information (or statements) necessary to rectify the position.

(3) The court may either refuse the application or may make the order and order the LLP to pay any damages sustained by any party aggrieved.

(4) On such an application the court may decide—

- (a) any question as to whether the name of any person who is a party to the application should or should not be included in or omitted from information

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delivered to the registrar under this Chapter about persons who are a registrable person or a registrable relevant legal entity in relation to the LLP, and

- (b) any question necessary or expedient to be decided for rectifying the position.
- (5) Nothing in this section affects a person's rights under section 1095 or 1096 (rectification of register on application to registrar or under court order).
- (6) The reference in this section to "any other interested party" is to—
  - (a) any member of the LLP, and
  - (b) any other person who is a registrable person or a registrable relevant legal entity in relation to the LLP.

### **790ZD Withdrawing the election**

- (1) An LLP may withdraw an election made by or in respect of it under section 790X.
- (2) Withdrawal is achieved by giving notice of withdrawal to the registrar.
- (3) The withdrawal takes effect when the notice is registered by the registrar.
- (4) The effect of withdrawal is that the LLP's obligation to maintain a PSC register applies from then on with respect to the period going forward.
- (5) This means that, when the withdrawal takes effect—
  - (a) the LLP must enter in its PSC register all the information that is required to be contained in that register in respect of matters that are current as at that time,
  - (b) the LLP must also retain in its register all the information that it was required under section 790Z(3)(a) to keep in a historic register while the election was in force, but
  - (c) the LLP is not required to enter in its register information relating to the period when the election was in force that is no longer current.
- (6) The LLP must place a note in its PSC register—
  - (a) stating that the election under section 790X has been withdrawn,
  - (b) recording when that withdrawal took effect, and
  - (c) indicating that information about people with significant control over the LLP relating to the period when the election was in force that is no longer current is available for public inspection on the central register.
- (7) Subsections (12) and (13) of section 790M apply if an LLP makes default in complying with subsection (6) as they apply if a LLP makes default in complying with that section."

### **Protection from disclosure**

- 31L.**—(1) Sections 790ZF and 790ZG(2) apply to LLPs.
- (2) As those sections apply to LLPs—
    - (a) read references to a company as references to an LLP;
    - (b) read references to a director as a reference to a member of an LLP; and
    - (c) subsection 790ZF(3) applies to LLPs modified so that it reads as follows—
      - “(3) Subsection (1) does not apply to information relating to a person if an application under Part 7 of the PSC Regulations has been granted with respect to that information and has not been revoked.”

## Schedule 1A

31M. Paragraphs 1 to 24 of Schedule 1A apply to LLPs, modified so that they read as follows

“SCHEDULE 1A

Section 790C(3)

### REFERENCES TO PEOPLE WITH SIGNIFICANT CONTROL OVER AN LLP

## PART 1

### The specified conditions

#### Introduction

1. This Part of this Schedule specifies the conditions at least one of which must be met by an individual (“X”) in relation to an LLP (“LLP Y”) in order for the individual to be a person with “significant control” over LLP Y.

#### Right to share in surplus assets on a winding up

2.—(1) The first condition is that X holds, directly or indirectly, the right to share in more than 25% of any surplus assets of LLP Y on a winding up.

(2) For the purpose of sub-paragraph (1), to the extent that the holding of a right to share in any surplus assets of LLP Y on a winding up is not expressly provided for, each member of the LLP shall be treated as holding the right to an equal share in any surplus assets on a winding up.

#### Ownership of voting rights

3. The second condition is that X holds, directly or indirectly, more than 25% of the rights to vote on those matters which are to be decided upon by a vote of the members of LLP Y.

#### Ownership of right to appoint or remove the persons entitled to manage the LLP

4.—(1) The third condition is that X holds, directly or indirectly, the right to appoint or remove the majority of the persons who are entitled to take part in the management of LLP Y.

(2) For the purposes of sub-paragraph (1), the right to appoint or remove a majority of the persons who are entitled to take part in the management of LLP Y includes the right to appoint or remove those persons who hold a majority of the voting rights at meetings of the management body of LLP Y.

#### Significant influence or control

5. The fourth condition is that X has the right to exercise, or actually exercises, significant influence or control over LLP Y.

#### Trusts, partnerships etc

6. The fifth condition is that—

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- (a) the trustees of a trust or the members of a firm that, under the law by which it is governed, is not a legal person meet any of the other specified conditions (in their capacity as such) in relation to LLP Y, or would do so if they were individuals, and
- (b) X has the right to exercise, or actually exercises, significant influence or control over the activities of that trust or firm.

## PART 2

### Holding an interest in an LLP, etc.

#### Introduction

7. This Part of this Schedule specifies the circumstances in which, for the purposes of section 790C(4) or (8)—

- (a) a person (“V”) is to be regarded as holding an interest in an LLP (“LLP W”);
- (b) an interest held by V in LLP W is to be regarded as held through a legal entity.

#### Holding an interest

8.—(1) V holds an interest in LLP W if—

- (a) V holds, directly or indirectly, the right to share in any surplus assets of LLP W on a winding up;
- (b) V holds, directly or indirectly, voting rights in LLP W;
- (c) V holds, directly or indirectly, the right to appoint or remove any of the persons entitled to take part in the management of LLP W;
- (d) V has the right to exercise, or actually exercises, significant influence or control over LLP W; or
- (e) sub-paragraph (2) is satisfied.

(2) This sub-paragraph is satisfied where—

- (a) the trustees of a trust or the members of a firm that, under the law by which it is governed, is not a legal person hold an interest in LLP W in a way mentioned in sub-paragraph (1)(a) to (d), and
- (b) V has the right to exercise, or actually exercises, significant influence or control over the activities of that trust or firm.

#### Interests held through a legal entity

9.—(1) This paragraph applies where V—

- (a) holds an interest in LLP W by virtue of indirectly holding a right, and
- (b) does so by virtue of having a majority stake (see paragraph 13) in—
  - (i) a legal entity (“L”) which holds the right directly, or
  - (ii) a legal entity that is part of a chain of legal entities such as is described in paragraph 13(1)(b) that includes L.

(2) Where this paragraph applies, V holds the interest in LLP W—

- (a) through L, and
- (b) through each other legal entity in the chain mentioned in sub-paragraph (1)(b)(ii).

## PART 3

### Supplementary provision

#### Introduction

**10.** This Part sets out rules for the interpretation of this Schedule subject to the fact that paragraph 21(1) does not apply to the interpretation of paragraph 2 of Part 1.

#### Joint interests

**11.** If two or more persons each 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” has the meaning given by paragraph 20.

#### Shares or rights held “indirectly”

**13.—(1)** 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—
  - (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.

(2) 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, 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.

(3) 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.

**14.—(1)** For the purposes of paragraph 13, 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

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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 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.

**15.** In applying paragraph 13, the voting rights in a legal entity are to be reduced by any rights held by the entity itself.

**16.** A reference in paragraph 13 to the right to appoint or remove a majority of the board of directors of a legal entity is 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 in paragraph 13 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 and rights held by nominees**

**18.** A share or right 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 person who controls their exercise**

**19.—(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.

**20.—(1)** “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.

(2) 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, the time it has been in existence or otherwise).

#### **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—
- (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 another country or territory 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.

### **Significant influence or control**

- 23.—**(1) The Secretary of State must issue guidance about the meaning of “significant influence or control” for the purposes of this Schedule.
- (2) Regard must be had to that guidance in interpreting references in this Schedule to “significant influence or control”.
- (3) Before issuing guidance under this paragraph the Secretary of State must lay a draft of it before Parliament.
- (4) If, within the 40-day period, either House of Parliament resolves not to approve the draft guidance, the Secretary of State must take no further steps in relation to it.
- (5) If no such resolution is made within that period, the Secretary of State must issue and publish the guidance in the form of the draft.
- (6) Sub-paragraph (4) does not prevent a new draft of proposed guidance from being laid before Parliament.
- (7) In this section “the 40-day period”, in relation to draft guidance, means the period of 40 days beginning with the day on which the draft is laid before Parliament (or, if it is not laid before each House on the same day, the later of the days on which it is laid).
- (8) In calculating the 40-day period, no account is to be taken of any period during which—
- (a) Parliament is dissolved or prorogued, or
  - (b) both Houses are adjourned for more than 4 days.
- (9) The Secretary of State may revise guidance issued under this paragraph, and a reference in this paragraph to guidance includes a reference to revised guidance.

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### **Limited partnerships**

24.—(1) An individual does not meet the specified condition in paragraphs 2, 3, 4, 5 or 6 in relation to an LLP by virtue only of being a limited partner.

(2) An individual does not meet the specified condition in paragraphs 2, 3, 4, 5 or 6 in relation to an LLP by virtue only of, directly or indirectly—

- (a) holding shares, or
- (b) holding a right,

in or in relation to a limited partner which (in its capacity as such) would meet the condition if it were an individual.

(3) Sub-paragraphs (1) and (2) do not apply for the purposes of determining whether the requirement set out in paragraph (a) of the specified condition in 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 regulation 8 of the PSC Regulations.”

### **Schedule 1B**

31N. Schedule 1B to the Act applies to LLPs, but with the omission of paragraph (6) and with the other paragraphs modified so that they read as follows—

#### “SCHEDULE 1B

Section 790I

### ENFORCEMENT OF DISCLOSURE REQUIREMENTS

#### **Right to issue restrictions notice**

1.—(1) This paragraph applies if—

- (a) a notice under section 790D or 790E is served by an LLP on a person who has a relevant interest in the LLP, and
- (b) the person fails to comply with that notice within the time specified in it.

(2) The LLP may give the person a notice under this paragraph (a “warning notice”) informing the person that it is proposing to issue the person with a notice (a “restrictions notice”) with respect to the relevant interest.

(3) The LLP may issue the restrictions notice if, by the end of the period of one month beginning with the date on which the warning notice was given—

- (a) the person has not complied with the notice served under section 790D or 790E, and
- (b) the LLP has not been provided with a valid reason sufficient to justify the person’s failure to comply with the notice served under that section.

(4) A restrictions notice is issued on a person by sending the notice to the person.



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(5) The effect of a restrictions notice is set out in paragraph 3.

(6) In deciding whether to issue a restrictions notice, the LLP must have regard to the effect of the notice on the rights of third parties in respect of the relevant interest.

#### **Relevant interests**

2.—(1) For the purposes of this Schedule, a person has a relevant interest in an LLP if the person—

- (a) holds any interest in the LLP;
- (b) holds any rights to vote on those matters which are to be decided upon by a vote of the members of the LLP; or
- (c) holds the right to appoint or remove any person entitled to manage the LLP.

(2) References to “the relevant interest” are to the right in question.

(3) Part 3 of Schedule 1A applies for the interpretation of sub-paragraph (1) save that, where the relevant interest is by virtue of paragraphs 13 or 18 of that Schedule treated for the purposes of that Schedule as held by a person other than the person who in fact holds the interest, both the holder and the other person are to be regarded for the purposes of this Schedule as having the relevant interest.

#### **Effect of restrictions notice**

3.—(1) The effect of a restrictions notice issued under paragraph 1 with respect to a relevant interest is as follows—

- (a) any transfer of the interest is void,
- (b) no rights are exercisable in respect of the interest,
- (c) except in a liquidation, no payment may be made of sums due from the LLP in respect of the interest, whether in respect of capital or otherwise.

(2) An agreement to transfer an interest that is subject to the restriction in sub-paragraph (1)(a) is void.

(3) Sub-paragraph (2) does not apply to an agreement to transfer the interest on the making of an order under paragraph 8 made by virtue of sub-paragraph (3)(b) of that paragraph (removal of restrictions in case of court-approved transfer).

(4) An agreement to transfer any associated right (otherwise than in a liquidation) is void.

(5) Sub-paragraph (4) does not apply to an agreement to transfer any such right on the making of an order under paragraph 8 made by virtue of sub-paragraph (3)(b) of that paragraph (removal of restrictions in case of court-approved transfer).

(6) An “associated right”, in relation to a relevant interest, is a right to receive payment of any sums due from the LLP in respect of the relevant interest.

(7) The provisions of this section are subject to any directions given under paragraph 4.

#### **Protection of third party rights**

4.—(1) The court may give a direction under this paragraph if, on application by any person aggrieved, the court is satisfied that a restrictions notice issued by the LLP under paragraph 1 unfairly affects the rights of third parties in respect of the relevant interest.

(2) The direction is given for the purpose of protecting those third party rights.

(3) The direction is a direction that certain acts will not constitute a breach of the restrictions placed on the relevant interest by the restrictions notice.

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- (4) An order containing a direction under this paragraph—
  - (a) must specify the acts that will not constitute a breach of the restrictions, and
  - (b) may confine the direction to cases where those acts are done by persons, or for purposes, described in the order.
- (5) The direction may be given subject to such terms as the court thinks fit.

#### **Breach of restrictions**

**5.—(1)** A person commits an offence if the person does anything listed in subparagraph (2) knowing that the interest is subject to restrictions.

- (2) The things are—
  - (a) exercising or purporting to exercise any right to dispose of a relevant interest,
  - (b) exercising or purporting to exercise any right to dispose of any right to be issued with a relevant interest, or
  - (c) voting in respect of a relevant interest (whether as holder of the interest or as proxy) or appointing a proxy to vote in respect of a relevant interest.

(3) A person who has a relevant interest that the person knows to be subject to restrictions commits an offence if the person—

- (a) knows a person to be entitled (apart from the restrictions) to vote in respect of the interest, whether as holder or as proxy,
- (b) does not know the person to be aware of the fact that the interest is subject to restrictions, and
- (c) fails to notify the person of that fact.

(4) A person commits an offence if the person—

- (a) either has a relevant interest that the person knows to be subject to restrictions or is entitled to an associated right, and
- (b) enters in that capacity into an agreement that is void by virtue of paragraph 3(2) or (4).

(5) References in this Schedule to an interest being “subject to restrictions” are to an interest being subject to restrictions by virtue of a restrictions notice under paragraph 1.

**6.** [Omitted.]

**7.—(1)** A person guilty of an offence under paragraph 5 is liable—

- (a) on conviction on indictment, to a fine;
- (b) on summary conviction—
  - (i) in England and Wales, to a fine,
  - (ii) in Scotland or Northern Ireland, to a fine not exceeding the statutory maximum.

(2) The provisions of those paragraphs are subject to any direction given under paragraph 4 or 8.

#### **Relaxation of restrictions**

**8.—(1)** An application may be made to the court for an order directing that the relevant interest cease to be subject to restrictions.

(2) An application for an order under this paragraph may be made by the LLP in question or by any person aggrieved.

(3) The court must not make an order under this paragraph unless—

(a) it is satisfied that the information required by the notice served under section 790D or 790E has been disclosed to the LLP and no unfair advantage has accrued to any person as a result of the earlier failure to make that disclosure, or

(b) the relevant interest is to be transferred for valuable consideration and the court approves the transfer.

(4) An order under this paragraph made by virtue of sub-paragraph (3)(b) may continue, in whole or in part, the restrictions mentioned in paragraph 3(1)(c) so far as they relate to a right acquired or offer made before the transfer.

(5) Where any restrictions continue in force under sub-paragraph (4)—

(a) an application may be made under this paragraph for an order directing that the relevant interest cease to be subject to those restrictions, and

(b) sub-paragraph (3) does not apply in relation to the making of such an order.

#### **Orders for sale**

**9.—**(1) The court may order that the relevant interest subject to restrictions be sold subject to the court's approval as to the sale.

(2) An application for an order under sub-paragraph (1) may only be made by the LLP in question.

(3) If the court makes an order under this paragraph, it may make such further order relating to the sale or transfer of the interest as it thinks fit.

(4) An application for an order under sub-paragraph (3) may be made—

(a) by the LLP in question,

(b) by the person appointed by or in pursuance of the order to effect the sale, or

(c) by any person with an interest in the relevant interest.

(5) On making an order under sub-paragraph (1) or (3), the court may order that the applicant's costs (in Scotland, expenses) be paid out of the proceeds of sale.

**10.—**(1) If a relevant interest is sold in pursuance of an order under paragraph 9, the proceeds of the sale, less the costs of the sale, must be paid into court for the benefit of those who are beneficially interested in the relevant interest.

(2) A person who is beneficially interested in the relevant interest may apply to the court for the whole or part of those proceeds to be paid to that person.

(3) On such an application, the court must order the payment to the applicant of—

(a) the whole of the proceeds of sale together with any interest on the proceeds, or

(b) if another person was also beneficially interested in the relevant interest at the time of the sale, such proportion of the proceeds (and any interest) as the value of the applicant's interest bears to the total value of the relevant interest.

(4) If the court has ordered under paragraph 9 that the costs (in Scotland, expenses) of an applicant under that paragraph are to be paid out of the proceeds of sale, the applicant is entitled to payment of those costs (or expenses) out of the proceeds before any person receives any part of the proceeds under this paragraph.

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### **LLP's power to withdraw restrictions notice**

**11.** An LLP that issues a person with a restrictions notice under paragraph 1 must by notice withdraw the restrictions notice if—

- (a) it is satisfied that there is a valid reason sufficient to justify the person's failure to comply with the notice served under section 790D or 790E,
- (b) the notice served under section 790D or 790E is complied with, or
- (c) it discovers that the rights of a third party in respect of the relevant interest are being unfairly affected by the restrictions notice.

### **Supplementary provision**

**12.** In issuing and withdrawing restriction notices, LLPs must follow the procedures prescribed by Part 5 of the PSC Regulations.

### **Offences for failing to comply with notices**

**13.—(1)** A person to whom a notice under section 790D or 790E is addressed commits an offence if the person—

- (a) fails to comply with the notice, or
- (b) in purported compliance with the notice—
  - (i) makes a statement that the person knows to be false in a material particular, or
  - (ii) recklessly makes a statement that is false in a material particular.

(2) Where the person is a legal entity, an offence is also committed by every officer of the entity who is in default.

(3) A person does not commit an offence under sub-paragraph (1)(a) (or sub-paragraph (2)) as it applies in relation to that sub-paragraph) if the person proves that the requirement to give information was frivolous or vexatious.

(4) A person guilty of an offence under this paragraph is liable—

- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
- (b) on summary conviction—
  - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine (or both);
  - (ii) in Scotland, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
  - (iii) in Northern Ireland, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum (or both).

### **Offences for failing to provide information**

**14.—(1)** A person commits an offence if the person—

- (a) fails to comply with a duty under section 790G or 790H, or
- (b) in purported compliance with such a duty—
  - (i) makes a statement that the person knows to be false in a material particular, or

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- (ii) recklessly makes a statement that is false in a material particular.
- (2) Where the person is a legal entity, an offence is also committed by every officer of the entity who is in default.
- (3) A person guilty of an offence under this paragraph is liable—
  - (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
  - (b) on summary conviction—
    - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine (or both);
    - (ii) in Scotland, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
    - (iii) in Northern Ireland, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum (or both).”