

2023 No. 534

COMPANIES

The Register of Overseas Entities (Definition of Foreign Limited Partner, Protection and Rectification) Regulations 2023

Made - - - -

11th May 2023

Coming into force

1st June 2023

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 25(1), (3)(b) and (4), 29(1) and (2), and 67(2) of, and paragraphs 23(5)(b) and 23(6) of Schedule 2 to, the Economic Crime (Transparency and Enforcement) Act 2022^(a).

In accordance with section 67(4) of that Act, a draft of these Regulations has been laid before and approved by a resolution of each House of Parliament.

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Register of Overseas Entities (Definition of Foreign Limited Partner, Protection and Rectification) Regulations 2023 and come into force 21 days after the day on which they are made.

(2) These Regulations extend to England and Wales, Scotland and Northern Ireland.

Interpretation

2. In these Regulations—

“the Act” means the Economic Crime (Transparency and Enforcement) Act 2022;

“law enforcement authority” means any authority responsible for preventing, detecting, investigating, combating or punishing criminal offences.

Characteristics of a foreign limited partner

3.—(1) The characteristics prescribed for the purposes of paragraph 23(5)(b) of Schedule 2 to the Act are that the individual—

(a) participates in a foreign limited partnership as a limited liability participant, or

(b) directly or indirectly, holds shares or a right in or in relation to a legal entity which participates in a foreign limited partnership as a limited liability participant.

(2) In this regulation a “foreign limited partnership” is an arrangement which—

(a) is established under the law of a country or territory outside the United Kingdom,

- (b) consists of at least one person who has unlimited liability for the debts and obligations of the arrangement, and
 - (c) consists of at least one person who has no, or limited, liability for the debts and obligations of the arrangement for so long as that person does not take part in the management of the arrangement’s business.
- (3) In this regulation a “limited liability participant” is a person who—
- (a) has no, or limited, liability for the debts and obligations of the foreign limited partnership for so long as that person does not take part in the management of the foreign limited partnership’s business, and
 - (b) does not take part in the management of the foreign limited partnership’s business.

Rectification of the register on application

4.—(1) On application under this regulation (but not if there is a valid objection to the application under regulation 6) the registrar must remove from the register any relevant material that—

- (a) derives from anything that was done without the authority of the overseas entity to which the material relates,
- (b) derives from anything invalid or ineffective, or
- (c) is factually inaccurate, or is derived from something that is factually inaccurate or forged.

(2) “Relevant material” means material on the register that was included in, or is derived from material that was included in, a document delivered to the registrar by any person.

(3) An application to the registrar for removal from the register solely on the ground in paragraph (1)(a) may only be made by the overseas entity to which the material relates(a).

(4) An application to the registrar for removal from the register on the grounds in paragraphs (1)(b) or (c) may only be made by—

- (a) the person that delivered the relevant material to the registrar,
- (b) the overseas entity to which the relevant material relates,
- (c) the person to whom the relevant material relates, or
- (d) a law enforcement authority.

(5) An application to the registrar under this regulation must be in writing and must(b),—

- (a) state the applicant’s name and address,
- (b) state the applicant’s relationship to the overseas entity, if any,
- (c) state the applicant’s relationship to the relevant material, if any,
- (d) state the impact of information remaining on the register if not rectified,
- (e) include any supporting documents to substantiate the application, if applicable,
- (f) where the application is made under paragraph (3) or (4)(b), confirm that the applicant is the overseas entity to which the relevant material which is the subject of the application relates,
- (g) where the application is made under paragraph (4)(a), confirm that the applicant is the person that delivered the relevant material to the registrar,
- (h) where the application is made under paragraph (4)(c), confirm that the applicant is the person to whom the relevant material relates,

(a) An overseas entity may only make an application for rectification under this regulation after complying with the requirements of regulation 6 of the Register of Overseas Entities (Verification and Provision of Information) Regulations 2022 (S.I. 2022/725), where applicable.

(b) Additional requirements are set out in section 29(3) of the Economic Crime (Transparency and Enforcement) Act 2022 (c. 10).

- (i) where the application is made under paragraph (4)(d), confirm that the applicant is a law enforcement authority,
- (j) state whether, and explain how, the relevant material which is the subject of the application—
 - (i) derives from anything invalid or ineffective,
 - (ii) derives from anything that was done without the authority of the overseas entity to which the material relates,
 - (iii) is factually inaccurate or derived from something that is factually inaccurate, or
 - (iv) is derived from something that is forged.
- (6) The registrar must not remove the relevant material from the register—
 - (a) in the period before the last of the notices under regulation 5 is sent, or
 - (b) in the period of 28 days beginning with the date on which the last of the notices under regulation 5 was sent.

Notice to be given to interested parties

5.—(1) When an application is made under regulation 4, the registrar must give notice in writing of the application to the following, unless they are the applicant—

- (a) the person who delivered the relevant material to the registrar (but only if the registrar knows the identity and e-mail or postal address of that person),
 - (b) the overseas entity, and
 - (c) any person mentioned in regulation 4(4) (a) to (c) whose identity and name and e-mail or postal address the registrar knows.
- (2) The notice given by the registrar must—
- (a) state the name and overseas entity ID of the overseas entity to which the material relates,
 - (b) specify what is to be removed from the register and indicate where on the register it is,
 - (c) state the information provided to the registrar under regulation 4(5)(j),
 - (d) state the date on which the notice is issued,
 - (e) give particulars of the recipient’s right to object to the application and the requirements applying to that right under regulation 6(2),
 - (f) explain the effect of regulation 6(3), and
 - (g) explain the effect of regulation 4(1) and of section 29(4) of the Act.

Objections to applications for rectification

6.—(1) An objection to an application under regulation 4 may be made to the registrar by any person on the basis that—

- (a) none of the grounds in regulation 4(1) are met, or
 - (b) the applicant was not a person entitled to make such an application under regulation 4(3) or (4).
- (2) In order to be valid, an objection must—
- (a) be made by giving notice in writing to the registrar, and the notice must state the name and address of the person making the objection and identify the application to which the objection relates,
 - (b) state the basis for the objection under paragraph (1),
 - (c) provide any supporting documents to substantiate the objection, if applicable, and
 - (d) be made before the end of the period of 28 days beginning with the date on which the last notice of the application under regulation 4 was sent under regulation 5.

(3) If a valid objection is made to the application, the registrar must not remove the relevant material from the register until they have decided whether or not to accept the application in accordance with paragraph (4).

(4) If a valid objection is made to the application, the registrar must—

- (a) reject the application if they are satisfied that paragraph (1)(a) or (b) applies, or
- (b) accept the application if they are satisfied that paragraph (1)(a) and (b) do not apply.

(5) The registrar must take the following into account when deciding whether to reject or accept the application—

- (a) the information and supporting documents provided by the applicant under regulation 4(5),
- (b) the information and supporting documents provided by the person who has objected to the application under paragraph (2), and
- (c) any other relevant information held by the registrar.

(6) The registrar may also seek and take into account representations on the application or the objection from—

- (a) the overseas entity that is the subject of the application,
- (b) the applicant,
- (c) law enforcement authorities, and
- (d) any other person to whom the relevant material relates.

(7) If representations are sought under paragraph (6), the registrar must—

- (a) contact those from whom representations are to be sought as soon as practicable, informing them of the nature of the application and objection, and
- (b) notify the applicant and objector of that fact.

(8) When a valid objection is made, the registrar must also—

- (a) send an acknowledgement of receipt to the person who made the objection,
- (b) notify the applicant of the fact that an objection has been made, and
- (c) notify every other person to whom the registrar gave notice under regulation 5 (but not the person who made the objection or any other person who has made an objection).

(9) If no valid objection is made, the registrar must notify the applicant of that fact.

(10) When the registrar has reached a decision whether or not to accept the application, the registrar must notify—

- (a) the applicant,
- (b) any person who has made an objection,
- (c) any parties from whom representations were sought or received under paragraph (6),
- (d) in circumstances where they are not the applicant, the overseas entity.

Amendments to protection regime

7.—(1) The Register of Overseas Entities (Delivery, Protection and Trust Services) Regulations 2022(a) are amended as follows.

(2) In regulation 2, in the definition of “protected information” after subparagraph (e) insert—

“(f) for an application made under regulation 7(1) on the ground in regulation 7(3)(b), the relevant individual’s usual residential address only;”.

(3) For regulation 7(3) substitute—

“(3) The grounds on which an application may be made are—

(a) S.I. 2022/870.

- (a) that the applicant reasonably believes that if protected information is available for public inspection or disclosed by the registrar, the relevant individual or a person living with the relevant individual would be at serious risk of being subjected to violence or intimidation; or
- (b) that the relevant individual’s usual residential address is on the register.”.

Kevin Hollinrake
Parliamentary Under Secretary of State
Department for Business and Trade

11th May 2023

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations supplement Part 1 of the Economic Crime (Transparency and Enforcement) Act 2022 (“the Act”). Part 1 of the Act established a register of overseas entities, which is to include information about an overseas entity’s “registrable beneficial owners”.

The meaning of “registrable beneficial owner” is set out in Part 1 of Schedule 2 to the Act. One of the conditions for being a “registrable beneficial owner” is that the individual, legal entity, or government or public authority is a “beneficial owner” of the overseas entity (paragraphs 2 to 4 of Schedule 2 to the Act). As “limited partners” (defined in paragraph 23(4) of Schedule 2 to the Act to include a “foreign limited partner”) are not normally involved in the management of the partnership business, paragraph 23 of Schedule 2 to the Act provides that a person does not meet Condition 1, 2 or 3 (under paragraph 6 of Schedule 2) for the purposes of determining whether a person is a “beneficial owner”, by virtue only of being a limited partner or by virtue only of holding shares or rights in relation to a limited partner.

Regulation 3 specifies the characteristics of a “foreign limited partner” (for the purposes of paragraph 23 of Schedule 2 to the Act).

Regulation 4 provides that an application may be made to the registrar by specified persons to rectify the register of overseas entities. This is achieved by removing material deriving from anything invalid or ineffective or from anything done without the authority of the company, or where the material is factually inaccurate or derived from anything that is factually inaccurate or forged. The requirements for applications are in addition to those in section 29 of the Act.

Regulation 5 provides that when an application for rectification under regulation 4 is made, the registrar of companies must notify specified parties of the application.

Regulation 6 makes provision for any person to object to an application. If no objection to the application is received, the Act provides that the registrar may accept the information provided in the application as sufficient evidence that the material should be removed from the register. However, if a valid objection is received the Regulations provide that the registrar will reject an application for rectification if they are satisfied that none of the grounds for rectification are met, or the applicant was not a person entitled to make an application. Otherwise, the application for rectification will be accepted. The registrar will take into account all relevant information held by them, including representations sought from third parties where appropriate.

Regulation 7 amends the Register of Overseas Entities (Delivery, Protection and Trust Services) Regulations 2022 so that there no longer needs to be a link to the overseas entity for a relevant individual to apply for protection and to allow for an individual to have their usual residential address protected.

A full impact assessment has not been published for this instrument as it has minimal impact on the private sector and the voluntary sector. A full regulatory impact assessment of the effect that the overseas entities register will have on the costs to business and the voluntary sector is available from the Department for Business and Trade, Old Admiralty House, Admiralty Place, London,

SW1A 2DY and is published with the Explanatory Memorandum to this instrument on www.legislation.gov.uk.

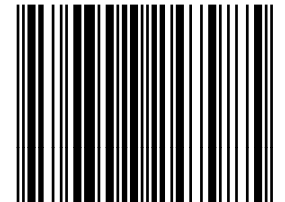
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£6.90

<http://www.legislation.gov.uk/id/uksi/2023/534>

ISBN 978-0-34-824798-5



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