

**EXPLANATORY MEMORANDUM TO**  
**THE REGISTER OF OVERSEAS ENTITIES (ANNOTATION AND REMOVAL)**  
**REGULATIONS 2024**

**2024 No. 53**

**AND**

**THE REGISTRAR (ANNOTATION, REMOVAL AND DISCLOSURE**  
**RESTRICTIONS) REGULATIONS 2024**

**2024 No. 54**

**1. Introduction**

1.1 This explanatory memorandum has been prepared by the Department for Business and Trade and is laid before Parliament by Command of His Majesty.

**2. Purpose of the instruments**

2.1 Both the Companies Act 2006 (c. 46, “the 2006 Act”) (as amended by the Economic Crime and Corporate Transparency Act 2023, (c. 56, “the 2023 Act”)) and the Economic Crime (Transparency and Enforcement) Act 2022 (c. 10, “the 2022 Act”), as also amended by the 2023 Act, provide the Secretary of State with powers exercisable by regulations to confer on the registrar of companies powers to annotate the registers of which the registrar is custodian under the 2006 Act and the 2022 Act, and to remove material from them.

2.2 The purpose of these instruments is to establish annotation powers for the registrar and to establish the administrative processes to be followed in respect of the registrar’s powers to remove material from the companies register and register of overseas entities, whether exercised by the registrar’s own motion or following the application of another party.

2.3 Pursuant to powers in the Limited Liability Partnerships Act 2000 (c. 12, “the 2000 Act”), the first of these instruments also extends the company law annotation powers and removal provisions in that instrument to limited liability partnerships.

2.4 The first of these instruments also contains provisions which ensure that it continues to be the case that the usual residential address and the day of the date of birth of a person with significant control over a company cannot be disclosed by the registrar to a credit reference agency if the person has obtained protection with respect to those sensitive pieces of information under Part 7 of the Register of People with Significant Control Regulations 2016 (S.I. 2016/399, “the PSC Regulations”).

**3. Matters of special interest to Parliament**

*Matters of special interest to the Joint Committee on Statutory Instruments*

3.1 None.

#### **4. Extent and Territorial Application**

- 4.1 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the whole of the United Kingdom.
- 4.2 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the whole of the United Kingdom.

#### **5. European Convention on Human Rights**

- 5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

#### **6. Legislative Context**

##### **6.1 The Registrar (Annotation, Removal and Disclosure Restrictions) Regulations 2024**

Section 85 of the 2023 Act amends and expands existing provisions of the 2006 Act governing the removal of information from the register of companies. Section 85 inserted a new section 1094A into the 2006 Act, which obliges the Secretary of State to make these Regulations to establish administrative processes around matters including application for, notice of and objection against removals. These Regulations also exercise the power in section 1081(2) of the 2006 Act to add to the existing powers the registrar has to annotate the register. Section 15(a) of the 2000 Act allows for the making of regulations to apply company law provisions to limited liability partnerships. Part 4 of these Regulations does so, applying the company law annotation provisions set out in Parts 2 and 3. Part 5 of these Regulations contain provision which ensures that it remains the case sensitive information about a person who has significant control over a company cannot be disclosed to credit reference agencies if the person has obtained protection in respect of that information under Part 7 of the PSC Regulations.

##### **6.2 The Register of Overseas Entities (Annotation and Removal) Regulations 2024**

Section 20(2) of the 2022 Act provides a power to make regulations specifying the circumstances where the registrar either may or must annotate the Register of Overseas Entities and the detail any such annotations should contain. Part 2 of these Regulations exercise this power for the first time. Section 29 of the 2022 Act provided for regulations to be made to establish administrative procedures and requirements around applications to the registrar to remove from the Register of Overseas Entities material derived from anything invalid or ineffective or done without the authority of the overseas entity, as well as material which is factually inaccurate, or is derived from something that is factually inaccurate, or forged. The 2023 Act repeals section 29 and replaces it with a new statutory framework for removal of registered material which mirrors the reformed statutory framework that the 2023 Act established for companies in the 2006 Act. Part 3 of these Regulations make provision in connection with removals which mirror those in Part 4 of the Registrar (Annotation, Removal and Disclosure Restrictions) Regulations 2024.

## 7. Policy background

### *What is being done and why?*

- 7.1 Section 1 of the 2023 Act amends the 2006 Act with the addition of new s.1081A which provides the registrar with a series of objectives aimed at promoting the integrity of the registers of which the registrar is custodian under any enactment.
- 7.2 The expanded and enhanced powers to annotate and to remove information, underpinned by these instruments, are directed principally towards two of those objectives:
- Objective 2 is to ensure that information contained in the register is accurate and that the register contains everything it ought to contain.
  - Objective 3 is to ensure that records kept by the registrar do not create a false or misleading impression to members of the public.
  - In Objective 2 the reference to “the register” includes any records kept by the registrar under any enactment.

### *Explanations*

#### What did any law do before the changes to be made by this instrument?

- 7.3 Prior to the changes introduced by these instruments and the primary legislative provisions they support, the registrar could not remove material until a period for objecting to the removal had expired, and had more limited power to remove material from the register on her own motion. The registrar was constrained from removing from relevant registers material whose registration had legal consequences in relation to a company as regards:
- its formation,
  - a change of name,
  - its re-registration,
  - its becoming or ceasing to be a community interest company,
  - a reduction of capital,
  - a change of registered office,
  - the registration of a charge,
  - its dissolution,
  - a change in its membership,
  - an address that is a person's registered address.

#### Why is it being changed?

- 7.4 In order to empower the registrar to pursue the objectives outlined above it is necessary to expand the ability to remove erroneous and misleading material from relevant registers and, where appropriate, to annotate them.

#### What will it now do?

- 7.5 These Regulations introduce administrative procedures to underpin the registrar’s ability to remove legal effect material from registers where the interests of either the company concerned or an applicant for removal outweigh those of other parties. These Regulations also permit the registrar to choose whether to give people an

opportunity to object to the removal of material, reflecting that in some cases it may be appropriate for the registrar to act swiftly to remove material, e.g. where it is false and its presence on the register is misleading. Both of these Regulations empower the registrar to annotate the registers: the first instrument adds to her existing power under company law to place notes in the register to address the misleading or confusing nature of any registered material, with a new power to address any confusion that may arise from the removal of material which the registrar has subsequently determined was not legally part of the register. The second instrument confers both of these powers on the registrar in respect of the Register of Overseas Entities. The first of the instruments extends the company law annotations and removal provisions to limited liability partnerships. It also contains provisions designed to safeguard sensitive information concerning people with significant control over companies.

7.6 For more detail, please see the Explanatory Notes of the instruments.

## **8. European Union Withdrawal and Future Relationship**

8.1 These instruments do not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act.

## **9. Consolidation**

9.1 These instruments are standalone measures and do not amend or consolidate existing laws.

## **10. Consultation outcome**

10.1 In respect of the 2023 Act, the Government consulted in 2019 on a range of options to enhance the role of Companies House and increase the transparency of companies and other legal entities. The consultation received 1,320 responses, and respondents broadly supported the proposals. A copy of the consultation and Government response can be found here: <https://www.gov.uk/government/consultations/corporate-transparency-and-register-reform>.

10.2 The initial consultation was followed by three further consultations. These focused on: the powers of the registrar, improving the quality and value of financial information on the UK companies register, and on implementing the ban on corporate directors. These three consultations opened in December 2020 and closed in February 2021. Respondents were broadly supportive of all the measures proposed.

10.3 A copy of the latter three consultations, a summary of the responses and the Government's position on reforming Companies House as a whole can be found in the Corporate Transparency and Register Reform White Paper: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1060726/corporate-transparency-white-paper.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1060726/corporate-transparency-white-paper.pdf).

10.4 In respect of the 2022 Act, a Call for Evidence was undertaken in 2017 and consultation carried out in 2018, alongside the publication of a draft Registration of Overseas Entities Bill. Stakeholder suggestions were taken into account during the drafting of the Bill, and afterwards following publication of the draft Bill.

10.5 The draft Bill underwent pre-legislative scrutiny by an ad-hoc Joint-Committee in 2019 and many of the Committee's recommendations were added to the Bill.

10.6 The Government has also engaged with Devolved Governments on matters which fall within areas of devolved competence. This includes the provisions of the 2023 Act

and the 2022 Act which are referred to in this Memorandum. All devolved issues have been settled. Legislative consent has been obtained from Welsh and Scottish Governments. As legislative consent from Northern Ireland cannot be obtained until an Executive is formed, the Government legislated without consent, but agreement was reached at official level.

## **11. Guidance**

- 11.1 Technical guidance relating to registration and verification for the Register of Overseas Entities can be found here:  
<https://www.gov.uk/government/publications/register-of-overseas-entities-guidance-on-registration-and-verification>
- 11.2 Companies House will publish guidance on their approach to applying the new procedures provided for by these instruments.

## **12. Impact**

- 12.1 There is no, or no significant, impact on business, charities or voluntary bodies.
- 12.2 There is no, or no significant, impact on the public sector.
- 12.3 A full Impact Assessment has not been prepared for these Regulations because compliant businesses who do not provide erroneous or fraudulent information should not be impacted. This was outlined in the Impact Assessments published alongside the 2022 and 2023 Acts. See here for more information:  
<https://publications.parliament.uk/pa/bills/cbill/58-03/0154/1.ImpactAssessmentfromDepartmentforBusinessEnergyandIndustrialStrategy.pdf>;  
[https://www.legislation.gov.uk/ukpga/2022/10/pdfs/ukpgaod\\_20220010\\_en.pdf](https://www.legislation.gov.uk/ukpga/2022/10/pdfs/ukpgaod_20220010_en.pdf).

## **13. Regulating small business**

- 13.1 The legislation applies to activities that are undertaken by small businesses. No specific action is proposed to minimise the regulatory burdens on them as no regulatory burden is expected for companies that are acting legitimately.

## **14. Monitoring & review**

- 14.1 The Department for Business and Trade and Companies House will monitor all the reforms to Companies House and all the reforms to the Register of Overseas Entities enabled through the Economic Crime (Transparency and Enforcement) Act 2022 and the Economic Crime and Corporate Transparency 2023 Act and will periodically publish research on their impact.
- 14.2 These instruments do not include a statutory review clause and, in line with the requirements of the Small Business, Enterprise and Employment Act 2015, Kevin Hollinrake, the Parliamentary Under Secretary of State, Department for Business and Trade, has made the following statement:

“A statutory review clause is not included in these instruments since the additional requirements are not extensive and are considered to meet the Government’s ‘de minimis’ regulatory impact criteria, meaning no impact assessment is required.”

## **15. Contact**

- 15.1 David Leitch at the Department for Business and Trade  
Telephone: 0300 068 5713 or email: david.leitch@businessandtrade.gov.uk can be contacted with any queries regarding the instrument.
- 15.2 Matthew Ray, Deputy Director for Company Law and Transparency at the Department for Business and Trade, can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Kevin Hollinrake, Parliamentary Under Secretary of State at the Department for Business and Trade, can confirm that this Explanatory Memorandum meets the required standard.