



MAPLES
GROUP

REGISTER INTRODUCED FOR OVERSEAS OWNERS OF UK PROPERTY

Sam Ellis | Senior Vice President, Head of Fiduciary Services – London
Emma Tighe | Vice President



MAPLES
GROUP

Register Introduced for Overseas Owners of UK Property

As the UK government steps up its efforts to combat financial crime, particularly the use of UK property by foreign criminals to launder money, it has introduced a new Register of Overseas Entities that will impact any non-UK company that owns UK real estate. While this regulatory initiative was originally drafted in 2018, Russia's invasion of Ukraine accelerated the government's initiative to increase transparency of overseas ownership of UK property. After legislation was fast-tracked through parliament, overseas entities that own UK land and property are now obliged to disclose certain information, including certain Ultimate Beneficial Owners (UBO), on a public register at Companies House.

Overseas entities are now responsible for assessing their need to comply with the new regulation, including establishing whether their property ownership is within its scope, verifying UBO information and taking the necessary steps to adhere to the requirements. After an initial filing is made to Companies House, annual filings will also be required. The Maples Group is well placed to assist, with an existing understanding of our clients' cross-border holding company structures, combined with hands on experience assisting clients to comply with the introduction of the People with Significant Control Register ("PSC Register") in 2016 and daily interactions with UK Companies House.

What Entities are In Scope?

Overseas entities, namely companies, partnerships and any other legal person governed by foreign law are impacted by the legislation.

The register will capture UBOs of an overseas entity that owns UK land or property, where UBOs hold 25% or more of the shares or voting rights, or the ability to remove or appoint directors, or the ability to exercise significant control such as through a contract. For entities that are not legal persons such as trusts or partnerships, where the trustees or partners meet any of these conditions, the beneficial owner will be any person with the power to exercise significant influence or control of that entity. Where the UBO of the property and the beneficial owner of the overseas entity which owns the property are not the same, it will be any beneficial owner of the entity, who meets the relevant thresholds of owning the property that must be disclosed. Once the relevant filings have been made to Companies House, the overseas entity will be provided with an overseas entity ID, with annual filings required until the property is sold and a request is made to be removed from the register.

Timing and Deadline Considerations

The UK government has determined that a transition period of six months will apply from the commencement date - 1 August 2022 – during which overseas entities are required to register with Companies House. The regulation applies retrospectively to any property purchased since January 1999 in England and Wales and since December 2014 in Scotland. These overseas entities will need to register with Companies House and provide information on beneficial ownership or managing officers by 31 January 2023. Entities that disposed of property or land after 28 February 2022 will also need to make an application and provide details of that disposal. Overseas entities only need to register property or land bought in Northern Ireland on or after 1 August 2022.

New purchasers of property from 1 August 2022 must register with and obtain an Overseas Entity ID number, although they will be able to register their title with the relevant land registry without the ID number until 5 September 2022. From 5 September 2022, new purchasers will not be able to apply to register their title without an Overseas Entity ID number.

Failure to comply with the regulation will attract a penalty fine of up to £500 per day per managing officer of the overseas entity or a prison sentence of up to five years, with officers of the overseas entity expected to take reasonable steps to identify all registrable beneficial owners. Reckless or false statements by officers can result in imprisonment and/or a fine.

The information required for the Overseas Entity Register about the beneficial owner includes their name, date of birth, address and the date when the individual became a registrable beneficial owner for the overseas entity. There must also be confirmation of which condition of beneficial ownership applies to the individual and whether the individual is a trustee – with details of the trust also required on a non-public basis – as well as if the individual is subject to financial sanctions under the Sanctions and Anti Money Laundering Act 2018.

Secondary Legislation

In the lead up to the implementation of the Register of Overseas Entities, the UK government also announced secondary legislation to cover certain practical measures required for the law to come in force. These include procedures for verification, as well as provisions for providing information during the transitional period for the new legislation.

Before an overseas entity registers its beneficial owners or managing officers on the new register, a UK-supervised 'relevant person' - covered by UK money laundering regulations - will need to verify the information about them. Such agents include credit institutions, financial institutions, auditors, insolvency practitioners, external accountants and tax advisers, as well as independent legal professionals, trust or company service providers and estate agents. As a supervised agent, the Maples Group can act as a relevant person and has obtained an assurance code, so can verify the required information regarding beneficial ownership along with processing the registrations on Companies House. Alternatively an overseas entity may complete the registration itself, which is a longer process. It is quicker and easier for an overseas entity to be registered by the same UK regulated agent that carried out its verification checks. All verification checks must be completed within the three months before the overseas entity is registered.

In addition, the relevant person undertaking the required verification cannot be a family member or close associate of the individual concerned and cannot verify information about themselves. Details about the person who verified the information about the beneficial owner or managing officer will also be on the public register.

Where overseas entities have made a relevant disposition of land on or after 28 February 2022, details of beneficial owners or managing officers at the time of the disposition must be registered. Information about the disposition must be included, with title numbers of the land interests, which will be publicly available for at least two years. Amendments to the Land Registration

Rules (2003) have also been made, including changes to HM Land Registry forms to facilitate the new requirements for overseas entities. Existing forms may be used for a period of 15 months from commencement, providing the overseas entity ID (or confirmation that none is required) is included with the application.

How the Maples Group can Assist

With this legislation now effective, the Maples Group would be delighted to assist in the registration and verification process required for compliance. Our London-based team of highly experienced professionals possess hands-on experience with UBO filings in the UK, engage in daily interactions with Companies House and have an intimate knowledge of the UK's regulatory environment and compliance culture, including the PSC Register, which mirrors this new legislation and beneficial ownership reporting regimes across our international network.

About the Authors

Sam Ellis

Sam is a Senior Vice President, Head of Fiduciary Services in the Maples Group's London office, where he leads the firm's UK corporate and fiduciary services business. He has extensive financial services experience across structured finance, alternative investment funds, capital markets and investment banking. Sam is also an experienced independent director, having served on the boards of a wide range of alternative investment vehicles, including hedge funds, private equity funds and structured finance vehicles across a variety of jurisdictions and strategies, bringing deep financial services expertise and knowledge from various strategies, regions and structures.

Emma Tighe

Emma is a Vice President in the Maples Group's UK fiduciary services team, based in the London office. She is a highly experienced financial services professional, specialising in structured finance, with over fourteen years' experience in the industry, with a strong focus on securitisation transactions across the capital markets. Emma is well versed in the effective functioning of boards of directors, including robust corporate governance and the effective management of relationships.