

**BAR  
STANDARDS  
BOARD**

REGULATING BARRISTERS

29 July 2019

**Department for Business, Energy & Industrial Strategy  
Corporate transparency and register reform  
Consultation on options to enhance the role of Companies House and increase the  
transparency of UK corporate entities**

<https://www.gov.uk/government/consultations/corporate-transparency-and-register-reform>

As a general comment, we support the proposed changes for the reasons set out in this consultation. We think they will bring Companies House more into line with the standards of identity verification and information sharing that are set out in the Money Laundering Regulations (MLRs). The incorporation of entities can be critical to facilitating money laundering schemes. Consistent standards expected of Trust and Company Service Providers and their regulators under the MLRs should be applied to the activities of Companies House. These proposals will assist in closing that gap, but we think that Companies House should be brought fully within the scope of the Money Laundering Regulations.

In addition to this general observation, we have commented below on questions where we have specific points to raise and where the subject addressed is within the remit of the Bar Standards Board (BSB).

**PART A: Knowing who is setting up, managing and controlling corporate entities**

**Chapter 1 – The case for verifying identities**

**Question 1: Do you agree with the general premise that Companies House should have the ability to check the identity of individuals on the register? Please explain your reasons**

We agree with this for the reasons set out in this consultation. In particular, better linking of records will provide more useful information for the BSB when viewing the register.

## **Chapter 2 – How identity verification might work in practice**

**Question 6: Do you agree that the focus should be on direct incorporations and filing if we can be confident that third party agents are undertaking customer due diligence checks? Please give reasons.**

We agree that the focus should be on direct incorporations and filings. Companies House should not duplicate the identity checks already carried out by third party agents such as Trust and Company Service Providers (TCSPs).

If Companies House is placing reliance on the due diligence carried out by a TCSP, then it would need to be able to check that they are on the TCSP register hosted by HMRC. The ability of HMRC to share with third parties information from the register that has been provided by the BSB is governed by a Memorandum of Understanding that would need to be amended for this purpose.

If Companies House had any concerns about a TCSP, they should report it to the relevant regulator, based on the information held on the register by HMRC.

**Question 7: do you agree that third party agents should provide evidence to Companies House that they have undertaken customer due diligence checks on individuals? Please give reasons.**

It should be noted that the vast majority of barristers are traditionally instructed by a solicitor; the MLRs permit them to rely on the due diligence checks carried out by that solicitor. In practice, there are sometimes practical barriers to doing so, including concerns about liability. There may also be a barrier to sharing of information drawn from providers of electronic means of identification, who may limit the ability of those using the service to provide reliance to others. This is a matter that has been discussed amongst the supervisors under the MLRs, but has not been resolved. It could impact the ability of Companies House to take reliance from others, or the ability of regulated persons to pass on evidence to Companies House. An efficient solution that minimises bureaucracy is needed.

**Question 8: Do you agree that more information on third party agents filing on behalf of companies should be collected? What should be collected?**

All third party agents that are either [barristers with a practising certificate](#) or [BSB entities](#) can be checked by Companies House to our public registers on our website.

It may be helpful, therefore, to collect information about the agents' name, practising address and regulator to enable a cross-check to be made. The BSB does not publish a registration number.

All TCSPs must be included on the register maintained by HMRC, therefore Companies House could seek confirmation that they have been placed on the register either directly with HMRC, or via their own regulator, such as the BSB.

We would welcome the opportunity to share information where appropriate, lawful and in the public interest, through the mechanism of a Memorandum of Understanding or other legal gateway.

**Question 9: What information about third party agents should be available on the register?**

The following information could be available on the register, providing there are mechanisms in place to check the information, as described above:

- Name
- Practising address
- Regulator
- Inclusion on HMRC's TCSP register

**Chapter 3 – Who identity verification would apply to and when**

**Question 10: Do you agree that government should (i) mandate ID verification for directors and (ii) require that verification takes place before a person can validly be appointed as a director? Please set out your reasons**

We agree with this for the reasons set out in this consultation.

**Question 12: do you agree that government should require presenters to undergo identity verification and not accept proposed incorporations or filing updates from non-verified persons? Please explain your reasons.**

We agree with this for the reasons set out in this consultation.

**Question 13: do you agree with the principle that identity checks should be extended to existing directors and People with Significant Control? Please give reasons.**

We agree with this for the reasons set out in this consultation.

**Chapter 4 – Requiring better information about shareholders**

**Question 14: Should companies be required to collect and file more detailed information about shareholders?**

We agree with this for the reasons set out in this consultation.

**Chapter 5 – Linking identities on the register**

**Question 17: Do you agree that verification of a person's identity is a better way to link appointments than unique identifiers?**

We agree with this for the reasons set out in this consultation.

## **PART B: Improving the accuracy and usability of data on the companies register**

### **Chapter 6 – Reform of powers over information filed on the register**

**Question 19: Do you agree that Companies House should have more discretion to query information before it is placed on the register, and to ask for evidence where appropriate?**

We agree with this for the reasons set out in this consultation.

**Question 20: Do you agree that companies must evidence any objection to an application from a third party to remove information from its filings?**

We agree with this for the reasons set out in this consultation. The process to remove a residential address that has been used without permission is currently weighted against the person making the objection and can be very stressful.

### **Chapter 8 – Clarifying People with Significant Control exemptions**

**Question 24: Should some additional basic information be required about companies that are exempt from People with Significant Control requirements, and about relevant legal entities that are themselves exempt?**

We agree with this for the reasons set out in this consultation.

## **PART C: Protecting personal information**

### **Chapter 10 – Public and non-public information**

**Question 26: Are the controls on access to further information collected by Companies House under these proposals appropriate? If not, please give reasons and suggest alternative controls.**

We agree with this, but it falls short of the drive under the Money Laundering Regulations to improve sharing information and intelligence with Professional Body Supervisors.

### **Chapter 11 – Information on directors**

**Question 27: Is there value in having information on the register about a director's occupation? If so, what is this information used for?**

As a Supervisory body under the MLRs, it can be helpful to identify barristers on the register. The consequences of removing this requirement could be mitigated if the enhanced checks set out in questions 8-9 in relation to TCSPs are introduced, together with improved linking of individuals in the register.

We too are aware of instances on the register where people have wrongfully claimed to be barristers, so if no cross-check is in place, this can be misleading or potentially amount to "holding out", which is a criminal offence.

**Question 30: Should people be able to apply to have information about a historic registered office address suppressed where this is their residential address? If not, what use is this information to third parties?**

There appears to be no mechanism for the current owner of a residential property to remove that address as a correspondence address for a director who has resigned from the company and is no longer resident at that address and/or is deceased. The information is of no value and it seems unfair to charge a fee for this to the subsequent owner who had no role in the company.

**PART D: Ensuring compliance, sharing intelligence, other measures to deter abuse of corporate entities**

### **Chapter 12 – Compliance, intelligence and data sharing**

**Question 32: Do you agree that there is value in Companies House comparing its data against other data sets held by public and private sector bodies? If so, which data sets are appropriate?**

Please note that OPBAS does not hold data on regulated persons (ie. those likely to be on the Companies House register), only on the supervisory bodies that regulate them, such as the BSB. As noted in question 8, the BSB provides a public register of practising barristers and BSB entities.

**Question 33: Do you agree that AML regulated entities should be required to report anomalies to Companies House? How should this work and what information should it cover?**

We would caution that, given the problems identified in this consultation, it may not be easy for regulated entities to be sure whether or not records are inaccurate and therefore reportable (eg. due to incomplete linking of individuals and discrepancies in names on the register). The focus must first be on verifying the accuracy of information that is placed on the register.

We think that the Government should give careful thought to how the reporting mechanism to Companies House will work and, before establishing an obligation, ensure that there is an appropriate and transparent process for reporting and how Companies House will handle the information, so that appropriate safeguards are in place.

**Question 34: Do you agree that information collected by Companies House should be proactively made available to law enforcement agencies, when certain conditions are met?**

We agree with this, but it falls short of the drive under the Money Laundering Regulations to improve sharing information and intelligence with Professional Body Supervisors.

## **Chapter 13: Other measures to deter abuse of corporate entities**

**Question 36: Are there examples which may be evidence of suspicious or fraudulent activity, not set out in this consultation, and where action is warranted?**

Companies House should prevent individuals from closing a company without filing company or tax accounts and then incorporating another company and repeating the cycle.

**Question 39: Do you agree that companies should provide evidence that they are entitled to use an address as their registered office?**

We agree with this for the reasons set out in this consultation.

We have come across an example where a company used someone's residential address as their registered office address without that individual's knowledge. When that individual contacted Companies House, the onus was on them to prove the inaccuracy, without their privacy being safeguarded. This caused considerable distress to the individual.

Julia Witting

**Head of Supervision**

Telephone: 020 7611 1468

Email: [jwitting@barstandardsboard.org.uk](mailto:jwitting@barstandardsboard.org.uk)