



Corporate Governance snapshot: the transformation of Companies House

Following initial consultation in 2019, and follow-up consultations in 2020, the Government has now published its final position on the reform of Companies House ahead of introducing legislation to effect the changes. This snapshot summarises the key proposals.



Enhanced role and greater powers for the Registrar

Registrar will have power to:

- **query any filings** (including company names) that appear erroneous, anomalous or suspicious, and which may impact integrity of the register/wider business environment. Additional power to reject filings where the Registrar has queried the information provided. Information already on the register in scope;
- **remove** material from the register more swiftly and in wider circumstances than is currently the case;
- **sanction** entities for failure to respond to a query or to provide additional evidence. Type of sanctions still being considered;
- require all information to be filed **digitally**.

“ ... from being a largely passive recipient of information to a much more active gatekeeper...”

“ ...biggest changes in the role of the Registrar since it was created in 1844...”



Other planned reforms

- **Discrepancy reporting** to Companies House by regulated professionals expanded to include all director and registered office information.
- **One-off shareholder list** to be provided by private companies, and certain traded companies, to Companies House.
- **Company formation agents** to prove they are adequately AML supervised before they can register with Companies House, form new companies and make filings. Overseas agents will effectively no longer be able to access Companies House.
- **Financial information** on the register to be improved by requiring companies to file their accounts in iXBRL and tagged. No changes to accounts filing deadlines for now.
- New processes to **suppress sensitive information** (eg names, addresses, signatures) from the register will be put in place, eg for those able to prove they are at risk of harm.



Corporate directors

- **General prohibition on corporate directors** unless the principle-based exception applies.
- **Principle-based exception** has two conditions:
 - all the directors of the corporate director are natural persons; and
 - prior to their appointment as directors of the corporate director, all of those natural person directors have had their identities verified.
- **Only UK registered corporate directors will be permitted.** UK companies cannot have overseas registered corporate directors.

Identify verification requirements for, and restrictions on the use of, corporate directors
Yellow = identity verification required



Identity verification and data sharing

- **New identity verification requirements** for all new and existing company directors (and equivalents for other entities), PSCs and those filing information with Companies House. Photo ID will be digitally compared to a photo of the individual, and the ID document verified. Company formation agents that are registered with Companies House can conduct the checks.
- Directors and PSCs who do not verify their ID will commit a **criminal offence and/or incur a civil penalty**. Companies that are directed by an unverified director will also commit an offence.
- Registrar empowered to **share data** proactively – as opposed to on request, as now – with other regulatory and law enforcement bodies and authorities.