



Department for  
Business, Energy  
& Industrial Strategy

# Corporate Transparency and Register Reform

## Powers of the Registrar

Closing date: 03<sup>rd</sup> February 2021



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# General information

## Why we are consulting

On 18 September 2020, the Government published a response to the Corporate Transparency and Register Reform Consultation. It set out a broad package of reforms to Companies House to ensure it is fit for the future and continues to make a valuable contribution to the UK's business environment. The proposed reforms are also designed to give Companies House a more effective role in assisting the Government's wider efforts to tackle economic crime affecting the UK by improving the integrity of the information available about companies and other business entities.

The Government response also noted that we would consult further on certain aspects of the reform package. This consultation provides more details on our proposed approach to the Registrar's power to query information, and changes to the Registrar's existing powers. Responses will inform the parameters of both. The 2019 consultation also asked stakeholders whether Companies House should be able to query, and possibly reject, company names before they are registered. Stakeholders agreed with this proposal and our broad proposals for this aspect of the querying power are outlined in this consultation.

Other matters considered within this consultation include the widening or reframing of the Registrar's current administrative removal powers; the requirement for digital filing; the obligation for companies to keep a Register of Directors; and changes to other statutory registers and the register election regime.

## Consultation details

**Issued:** 9<sup>th</sup> December 2020

**Respond by:** 03<sup>rd</sup> February 2021

**Enquiries to:**

Analysis, Company law and Corporate Transparency Team  
Department for Business, Energy and Industrial Strategy  
1<sup>st</sup> Floor, Victoria 1  
1 Victoria Street  
London  
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Email: [transparencyandtrust@beis.gov.uk](mailto:transparencyandtrust@beis.gov.uk)

**Consultation reference:** Corporate Transparency and Register Reform: Powers of the Registrar

**Audiences:**

The views of the following people and organisations would be particularly useful:

- Directors of companies (and officers of other corporate entities)
- Company shareholders and the investor community
- Business representative bodies
- Trust or Company Service Providers and other professional bodies
- Wider civil society groups
- Academics and think tanks
- Members of the public

**Territorial extent:**

The UK Government is responsible for the operation and regulation of business entities in England and Wales, and in Scotland. Previously, the Northern Ireland administration has agreed that, while the operation and regulation of business entities remains a transferred matter within the legislative competence of the Northern Ireland Assembly, amendments to the Companies Act 2006 and legislation regulating business entities should be made in the same terms for the whole of the United Kingdom.

## How to respond

Your responses can be made in three ways:

Respond online at:

<https://beisgovuk.citizenspace.com/business-frameworks/powers>

or

**Email to:** [transparencyandtrust@beis.gov.uk](mailto:transparencyandtrust@beis.gov.uk)

or

**Write to:**

Analysis, Company law and Corporate Transparency Team  
Department for Business, Energy and Industrial Strategy  
1<sup>st</sup> Floor, Victoria 1  
1 Victoria Street  
London  
SW1H 0ET

A response form is available on the GOV.UK consultation page:

[www.gov.uk/government/consultations/corporate-transparency-and-register-reform](http://www.gov.uk/government/consultations/corporate-transparency-and-register-reform)

When responding, please state whether you are responding as an individual or representing the views of an organisation.

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

## Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable data protection laws. See our [privacy policy](#).

We will summarise all responses and publish this summary on [GOV.UK](#). The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

## Quality assurance

This consultation has been carried out in accordance with the government's [consultation principles](#).

If you have any complaints about the way this consultation has been conducted, please email: [beis.bru@beis.gov.uk](mailto:beis.bru@beis.gov.uk).

# Introduction

## Context

1. In 2019, the Government consulted on a range of options to enhance the role of Companies House, increase the transparency of corporate entities and help combat economic crime. On 18 September 2020, the Government published a response to the Corporate Transparency and Register Reform Consultation.<sup>1</sup> It set out a broad package of reforms to Companies House to ensure it is fit for the future and continues to make a valuable contribution to the UK's business environment. The proposed reforms are also designed to give Companies House a more effective role in assisting the Government's wider efforts to tackle economic crime affecting the UK by improving the integrity of the information available about companies and other business entities.
2. The Government response also noted that we would consult further on certain aspects of the reform package: on the detailed scope of the new querying power and how it will work in practice; and on further improvements to the financial information available on the register, primarily through the submission of accounts to Companies House. We are also taking this opportunity to consult further on a new set of principles for Corporate Director appointments given the transparency read-across to our wider package of reforms.<sup>2</sup>
3. The Government is publishing these consultations separately, and in parallel, given differing stakeholder interests, and recognising that stakeholders may not wish to respond to all questions were the consultations to be combined. We look forward to receiving your response.

## Purpose of this consultation

4. The proposals included reforming the powers of the Registrar of Companies ("the Registrar") by introducing a discretionary power to query and check information before it is placed on the register. This means the Registrar will no longer be obliged to accept documents where there is a reason to query the information provided. For example, it may be Companies House has reason to believe the use of a registered office address may be fraudulent. The 2019 consultation also proposed extending the Registrar's powers to amend information already on the register, making it easier to remove inaccurate information. Respondents to the consultation agreed that Companies House should have more powers to query information submitted pre-registration and post-registration. However, respondents raised concerns about the range of circumstances in which such a power might be used and the risk that it could

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<sup>1</sup> <https://www.gov.uk/government/consultations/corporate-transparency-and-register-reform>

<sup>2</sup> <https://www.gov.uk/government/consultations/corporate-transparency-and-register-reform-implementing-the-ban-on-corporate-directors>  
<https://www.gov.uk/government/consultations/corporate-transparency-and-register-reform-improving-the-quality-and-value-of-financial-information-on-the-uk-companies-register>

have a detrimental impact on the ease of incorporating companies and doing business.

5. This consultation provides more details on our proposed approach to the querying power, and changes to the Registrar's existing powers. Responses will inform the parameters of both. The 2019 consultation also asked stakeholders whether Companies House should be able to query, and possibly reject, company names before they are registered. Stakeholders agreed with this proposal and our broad proposals for this aspect of the querying power are outlined in this consultation.
6. Other matters considered within this consultation include the widening or reframing of the Registrar's current administrative removal powers; the requirement for digital filing; the obligation for companies to keep a Register of Directors; and changes to other statutory registers and the register election regime.

## Summary of Proposals

The proposals are set out in three chapters:

### *Chapter 1: Introducing a new power to query information*

7. The first chapter of the consultation document outlines our proposal to introduce a new power for the Registrar to query information. It sets out its scope, the risk-based approach and scenarios for when the power may be used. It also covers our proposed approach for how the querying power may apply to company names.

### *Chapter 2: Reform of the Registrar's existing powers*

8. The second chapter introduces proposals to reform some of the Registrar's existing powers. This includes greater powers for the Registrar to administratively remove information from the register, and to close current loopholes, such as the rectification of a registered office address. It also sets out our proposals for conferring the power to require documents to be delivered by electronic means only from the Secretary of State to the Registrar.

### *Chapter 3: Rules governing company registers*

9. This part of the consultation document sets out proposals related to changing parts of the rules governing the registers kept by companies themselves. It proposes removing the requirement to keep a Register of Directors. It also seeks views on the impact of making amendments to other company registers and on the election regime which was introduced in 2016.

### *Next steps*

10. Following this consultation, we will analyse responses and issue a response. These proposals will be implemented alongside proposals set out in the Corporate Transparency and Register Reform government response. They will require primary legislation to implement, as well as being dependent on funding for the associated operational changes at Companies House.

# Chapter 1: Introducing a new power to query information

11. This chapter outlines our proposal to introduce a new power for the Registrar to query information. It sets out its scope, the risk-based approach and scenarios for when the power may be used. It also covers our proposed approach for how the querying power may apply to company names.
12. Respondents to the 2019 consultation agreed that Companies House should have more discretion to query information before it is placed on the register, and to ask for evidence where appropriate, rather than having to accept information purely on the basis of its valid submission. In addition, the Government response to the consultation proposed to significantly broaden the powers the Registrar has to remove information from the register in certain circumstances.

## Scope of the proposed querying power

13. The Government has announced that the Registrar will have a power that can be used in cases of identified “errors and anomalies”. In deciding the scope of the power, we have adopted two basic assumptions:
  - That the Registrar should have the power to query any information supplied to her, and any information already held on the register; and,
  - That it would be disproportionate to propose that the Registrar queries every error, anomaly or inaccuracy that is brought to her attention.
14. In framing the parameters of the power, we have considered a number of ways in which this could be implemented: for example, by applying the power to information that is deemed to be “suspicious or irregular”. However, we consider that to frame the power definitively in this way may lead to unintended consequences regarding consistency in application of the power. It might hinder the Registrar’s flexibility as, for example, it may lead to a situation where the power cannot be applied to unforeseen circumstances.
15. It is the Government’s intention that the querying power be applied on a risk-based approach. There are over 4.35 million companies on the register and Companies House incorporates over 665,000 companies per year; there are billions of individual pieces of data held on the companies register. It is not proportionate therefore to expect Companies House to actively monitor the register to act on every error, inaccuracy or anomaly. Where queries are raised, the Registrar will act as expeditiously as possible in each case.
16. The basic principle will be that the Registrar can use the querying power where the identified error, inaccuracy or anomaly appears fraudulent, suspicious or might impact significantly on the integrity of the register and the UK’s business environment. Where issues are highlighted to the Registrar, whether from updated Companies House

systems or from third parties, such as law enforcement, the evidence will be reviewed on a case by case basis. This will enable Companies House to react in a targeted and proportionate way, focusing resources on those matters that present the highest risk.

17. Defining the application of the power in these terms will also future-proof it, enabling the Registrar to respond to changing circumstances and risks. If we set certain parameters now restricting the scope of application, we may not be able to respond to future threats and a changing risk environment.
18. In future the delivery of apparently compliant documents and information to Companies House (so called 'proper delivery') may not necessarily result in the formation of a company or the acceptance of that document for filing on the register. Companies House will continue to carry out validation checks on documents, e.g. checking that filings are submitted in the appropriate format, all the fields filled in, etc. But this will no longer guarantee acceptance if broader information is available which suggests a risk to the integrity of the register or the business environment. Though the vast majority of incorporations and filings will be unaffected, this will be an important change of principle.

### A risk-based approach

19. The aim of a risk-based approach is to ensure that resources are used most efficiently in a targeted and proportionate way. Adopting this framework will help ensure that priority is given to those queries that present a significant risk to the integrity of the register and the UK's business environment. The vast majority of UK companies are law abiding. Based on past experience, we expect that Companies House will mostly detect or receive intelligence that relates to inaccuracies which will need querying, or, post-registration, correcting, but which do not indicate deliberate attempts to file false or inaccurate information. This intelligence will be evaluated and action taken as described below.
20. In the use of a risk-based approach, Companies House will assess the information it generates or receives in each case and prioritise querying in those cases that, in the Registrar's view, present the biggest risks to the integrity of the register and the quality of the information it holds. We believe, however, that this should go wider than errors, anomalies and inaccuracies: it includes circumstances where there is evidence that information on the register, or submitted to the Registrar, might pose a risk to the UK's reputation as a good place to do business, including the potential to facilitate crime.

21. The Registrar will raise queries about information submitted to her, or information already on the register. This might include, for example, a query made pre-registration relating to a company name. But the prioritisation of queries using the new power may be informed by other information that may be available to the Registrar.

For example: information is received about two companies, “A” and “B”, that suggests that both of their records contain inaccurate information. The Registrar has received other information about company A that suggests it may be being used to commit fraud, and that this crime is being facilitated by the inaccurate information. There is no other information available about company B to use in a prioritisation decision. In this case, priority will be given to raising a query with company A because (a) there may be inaccurate information on its record and (b) there is evidence that this inaccurate information may lead to public harm.

22. There are a number of sources from which we expect that information, intelligence or evidence that will be used to help inform querying decisions might be submitted to the Registrar, including:

- The Registrar’s own knowledge, including information and intelligence derived from pro-active analysis by Companies House to identify anomalies, patterns and trends in information;
- Anomalous information submitted to Companies House, e.g. those submitted under the duties set out in the Fifth Money Laundering Directive;
- Information supplied by others including law enforcement, government partners and civil society;
- Data derived from data sharing with other Government departments and agencies;
- The monitoring of current affairs (to ensure that people are not seeking to exploit these for unlawful purposes); and,
- From information supplied via direct customer contact with Companies House, e.g. through those affected by the abuse of Companies House processes, or the ‘Report it Now’ facility.

23. In some cases, a query may be raised in the absence of other information, where there is reason to do so. For example, where a company is being set up with what seems to be an unusually high amount of share capital. The new power is intended to apply also to this kind of scenario, where a risk-based decision on whether to raise a query will be made.

24. It is our intention that the Registrar can exercise the new power in other circumstances; we envisage that these will be:

- Prior to the registration of a document – if a query is raised, the document will be rejected. The document can be re-submitted but will not be registered until the Registrar’s query has been satisfied and appropriate evidence supplied;
- Post-registration of a document – the Registrar may query information contained in a document that has already been registered; and,
- To remove information or documents already registered - where there is no response to a query, or the Registrar is not satisfied with the response and/or evidence provided, the information may be removed from the register. Further, the register may be annotated to show that information has been removed.

**1. Q. Do you agree that the querying power should be exercised on a risk-based approach? If you disagree, please explain your rationale.**

## Querying power: potential scenarios

25. The purpose of this section is to illustrate where it might be appropriate to use the new querying power, though it is neither a definitive nor an exhaustive list. It also sets out the type of evidence that may be requested by the Registrar when querying the information under different scenarios.

### **Scenario one: Filings related to striking a company off the register**

26. A Company applies to be struck off the register and dissolved. Shortly after its application, the Company withdraws the strike off application. This is followed by changes to company officers and the registered office address. These circumstances suggest that the company may be being fraudulently ‘hi-jacked’. In this scenario, the Registrar may request evidence of intentions including the reason why the company withdrew its application for strike off.

### **Scenario two: Change of registered office address (ROA) filing**

27. A company frequently registers a change of registered office address filing. There is evidence that frequent address changes can indicate suspicious activity. The Registrar raises a query and may request evidence which demonstrates proof of a right to use that address such as a lease agreement.

### **Scenario three: Incorporation filing**

28. An application to incorporate a company is received and the proposed company name references a recent high-profile event. Based on intelligence available to Companies House, the proposed company name may be an indication of fraudulent activity. In this scenario, the Registrar may request evidence of the proposed company’s intentions or justification for using that name.

**2. Q: Are there specific circumstances under which you consider the querying power should be exercised? Please give reasons for your answer.**

## Application of the new querying power to company names

29. Companies House has limited powers to prevent a name from being registered. There is evidence that, in a small number of cases, the ability to register a company name is being abused. Companies are being set up purporting to be an established company or organisation when there is no connection, or a name is being registered to give legitimacy to criminal or fraudulent activity. Stakeholders are concerned that Companies House is unable to query the proposed name and the name is registered.

30. We envisage that the querying power might be used where a proposed name may be part of a campaign to target a company, organisation, or individuals with whom the applicant has no connection, where the name might give a veneer of legitimacy to criminal activity or where current affairs give reasonable cause to believe that a proposed name might pose a risk of fraud or other criminal activity.

31. Any decision to exercise the power to query in relation to a company name will be made using the risk-based approach, and based on intelligence available to Companies House, as described above. In doing this, we will prioritise cases such as those where it appears\*:

- A company might be used to facilitate crime;
- The integrity of the register may be compromised by not querying;
- There may be a risk to the UK's reputation as a good place to do business; or,
- There is evidence that a company or organisation has been previously targeted.

\*This is not an exhaustive list.

32. There will be occasions when there is no other information available, but Companies House will still query the name if it appears to pose a significant risk to the integrity of the register or might be used for unlawful activity. For example, if the name of an international organisation or institution is being used for a UK company.

33. We will continue to consider the types of circumstances in which the power may be used. In many cases, the name will only be an aspect of the query raised, as there will be other underlying factors which necessitate a query being raised. However, there will be occasions when it is only the name that is queried.

34. It is currently the case that there are no proprietary rights in a company name. We do not propose changing this.

### **3. Q: In what circumstances do you think the power should be used in the context of company names? Please provide reasons for your answer.**

35. While Companies House should have the ability to query any name, it is not realistic to expect every potential risk to be caught pre-registration. For this reason, we propose to give Companies House the power to query a name after registration acting, for example, on Companies House's own intelligence or evidence supplied via direct customer contact, or intelligence from law enforcement. We expect most queries will be raised post-registration, at least at first. We anticipate, however, as

Companies House's knowledge and intelligence develop it will, over time, be able to capture more names pre-registration.

36. When a query raised post-registration is not satisfied, Companies House will be able to direct a company to change its name, and, in the event of non-compliance, have the ability to change the name to its company number (or an appropriate alternative name). Companies House will also be able to annotate the register to explain why such a change has been made. In addition, we are exploring whether Companies House should have the ability to change the name to its company number while a response from the company is awaited. Once a name is changed, it may be appropriate, in certain circumstances, to remove the previous name from the company's record and to annotate the register.

37. We believe that using the new power to query company names will affect the role of the Company Names Adjudicator, for example by having an impact on the number of cases, or by requiring them to operate in a different way. We will continue to consider the impact on the Adjudicator's role and to consult with them as we develop our proposals.

38. Companies House will take a proportionate approach which is intended will strike a balance between maintaining the current speed of registration and safeguarding the integrity of the register. Any minor delays should be mitigated by the intention to make querying, as far as possible, a digital process.

**4. Q: Do you agree that this is an appropriate use of the querying power? Please explain the reason for your view.**

39. We will consider whether it is appropriate to place the onus on the company or applicant to demonstrate that a name is being registered or was registered in good faith. Evidence that a name is adopted in good faith is a defence when an objection to a company's registered name is made to the Company Names Adjudicator.<sup>3</sup>

**5. Q: Is it appropriate to place the onus on the company and / or the applicant to demonstrate that a name is being registered or was registered in good faith?**

40. Companies House has existing powers over company names and we will continue to review how the new power will work alongside these, and whether there is any need to strengthen the existing powers.

41. There is evidence that the Company, Limited Liability Partnership and Business Names (Sensitive Words and Expressions) Regulations 2014<sup>4</sup> (made under s.55 of the Act) are being circumvented in a small number of cases for unlawful purposes by, for example, using a sensitive word in another language (e.g. Banque for Bank). The regulations only allow Companies House to consider a list of prescribed words, including plurals, and only if the word is in English, Welsh or Gaelic. We consider that the sensitive names regulations should be amended to give Companies House discretion to consider other languages, abbreviations (for example, Uni for University),

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<sup>3</sup> <https://www.legislation.gov.uk/ukpga/2006/46/section/69>

<sup>4</sup> <https://www.legislation.gov.uk/uksi/2014/3140/contents/made>

or the use of other characters or punctuation when considering sensitive words or phrases.

**6. Q: Do you agree that the “sensitive words and expressions” regulations should be amended to capture circumstances such as those described above?**

## Other company name loopholes

42. There are other gaps in the legislation that we are considering closing. For example, the Company Names Adjudicator can order a change of name only to find that the company later reverts back to the offending name or one very like it, thereby breaching the terms of the order. Companies House does not have the power to refuse a company’s application to change its name in these circumstances; this could be a never-ending loop. We intend to ensure that this gap is closed by giving Companies House the power to refuse such a change of name. The same principle should also apply where Companies House has issued a direction to change a name, or changed the name to its number, only for the company to seek to change its name back to the original, offending name.<sup>5</sup>

**7. Q: Do you agree that we should close this gap in the way we propose? Are there any other gaps that we should consider?**

## The querying process and annotation of the register

43. The Registrar will be able to query information pre- and post-registration. When querying information pre-registration, we propose that the Registrar will reject the document. The Registrar may also ask for further evidence to be submitted if the company attempts to file the document again without having resolved the issue that led to the query being raised.

44. The process will be different for querying information post-registration as it will already appear on the register. Our aim is for all queries to be sent to companies by digital means, which is consistent with Companies House Digital First approach, and we propose a 14-day period within which the company must reply. If a company replies but provides no or insufficient evidence, they will be asked once more to provide evidence. A failure to do so will result in an annotation being made to the relevant document on the register and in some cases, we may also remove the queried material.

45. We are also considering whether there should be other escalating consequences to a failure to reply to a query or to provide sufficient evidence. These could take various forms, and the options that we are considering include more prominent annotation on the relevant company’s record, so that it is immediately obvious to anyone seeking to transact with the company that information has been removed from the record. This will provide a clear and transparent measure against companies that do not comply

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<sup>5</sup> <https://www.legislation.gov.uk/ukpga/2006/46/section/67>

with the requirement. We are also considering introducing an offence for failing to respond to a query from the Registrar.

46. We know that there will be genuine reasons when a company cannot reply within the 14-day period, but it is our view that in order to incentivise compliance with the new requirements, as with other requirements relating to Companies House filings, there must be some form of sanction for non-compliance. We are considering whether it is appropriate to make non-compliance an offence, and, if so, whether this should be a criminal offence potentially punishable by imprisonment and/or a fine, or a civil penalty, or a mixture of these options.

**8. Q: What sanctions do you consider are most appropriate to incentivise compliance with the new requirement to respond to a query raised by the Registrar?**

## Legal effect documents

47. Legal effect filings refers to filings which take legal effect upon registration at Companies House. We propose that the Registrar be able to query information contained in legal effect filings both pre- and post-registration. These include incorporation and change of registered office address. Not to include these in the scope of the new power would reduce the Registrar's flexibility and reduce our ability to improve the integrity of the register through the querying power.

48. The approach taken by the Registrar may differ depending whether she queries information pre- or post-registration. For example, the Registrar might query an error in an incorporation document pre-registration and reject it. However, the Registrar will respond differently if she queries an incorporation document post-registration. The Registrar may annotate the document to indicate that a query has been raised and not satisfied. We consider that in the majority of cases, the removal of a document which gives legal effect from the register should remain a matter for the court.

49. The proposals outlined in the Government response to the 2019 Corporate transparency and register reform consultation will change the timing of the legal effect of certain filings. For example, proposals to verify the identifies of directors mean that director appointments will have legal effect when registered on the public register. Whilst we consider the removal of most legal effect filings should be a matter for the court, we believe that, following an enquiry, filings such as director appointments and change of registered office address should be able to be removed administratively by the Registrar. We are considering whether the Registrar should have any other role in the case of legal effect filings.

50. The approach described above would be a proportionate way in which to ensure that these filings do not undermine the integrity of the register. There may be other consequences to a failure to respond to a query or failure to provide sufficient evidence to the Registrar following a query.

**9. Q: Do you agree that the removal of most documents which have legal effect by virtue of registration at Companies House should be a matter for the courts?**

**10.Q:** We propose that the Registrar should be able to remove certain filings which in future, will give legal effect such as director appointments. Do you have any views on whether the Registrar should have any other role in respect of legal effect filings?

## What information will be published?

51. Using the new querying power will ideally result in the Registrar being provided with evidence to satisfy the query. We do not intend that this evidence will be published on the public register. The evidence submitted will be held securely and stored by Companies House in line with relevant data protection legislation. The Government response sets out our proposals to provide Companies House with appropriate data sharing gateways, and for Companies House to proactively share more information with law enforcement. The information may therefore be made available in certain circumstances to law enforcement and other bodies. Any such sharing of this data will be done in accordance with these gateways and with the relevant data protection legislation.

**11.Q: Do you agree that the evidence provided as a result of the Registrar's queries should not be published unless it comprises information that would normally be published? Please give reasons for your answer.**

## Transparency on the use of the querying power

52. The exercise of the power will be at the Registrar's discretion. In formulating the processes for implementation of this approach, we are conscious of the need to ensure that the actions and approach taken by the Registrar are transparent. This will ensure that companies understand the role of the Registrar in querying information and their obligations following a query.

53. Currently, the Registrar will cite relevant parts of the Companies Act when contacting a company about information on the register. In future, when the Registrar queries information, she will contact the company and include an explanation about why the query is being made, which may include reference to the relevant part of the Act. A pre-registration query will always result in a rejection of the filing, though filing the document again and providing adequate evidence to resolve the query may result in it being accepted. The Registrar will need to provide enough information for the company to understand the query and how to respond, but in some cases it may not be appropriate to disclose the information that has informed the risk assessment process.

**12.Q: The Registrar will provide an explanation about why the query is being made. What other information would you expect the query to contain?**

54. The Registrar may also request evidence that supports the company's response when querying information. She will need to review the evidence which a company provides and decide how to respond. For example, where the Registrar queries information pre-registration she will reject the document and will ask for evidence if the company

wants to submit the same document to resolve the query. Where the Registrar queries information post-registration, she will contact the company to raise a query and request a response from the company, along with evidence which supports their response. The Registrar will then consider this evidence before taking action. The scenarios set out earlier in the consultation cover the different types of evidence the Registrar may request.

**13.Q: What kinds of evidence do you think it would be appropriate for the Registrar to request in support of a response to a query?**

55. Companies House regularly publishes guidance on its website which provides companies with information on how to comply with their legal obligations. The Registrar could provide information on the querying power and process in this guidance. However, the Registrar is unlikely to provide detailed information on the risk assessment criteria as this would impact upon its function.

**14.Q: What guidance on the Registrar's use of the querying power would you expect Companies House to publish?**

## Complaints

56. Companies House has a well-established complaints procedure and we intend that complaints about queries raised by the Registrar will be handled using the existing process, which can be viewed at:  
<https://www.gov.uk/government/organisations/companies-house/about/complaints-procedure>.

**15.Q: Do you agree that complaints should be handled using the same process as the current Companies House complaints process? If not, please include reasons for your answer.**

## Chapter 2: Reforming the Registrar's existing powers

57. This chapter introduces proposals to reform some of the Registrar's existing powers. This includes greater powers for the Registrar to administratively remove information from the register, and to close current loopholes, such as the rectification of a registered office address. It also sets out our proposals for conferring the power to require documents to be delivered by electronic means only from the Secretary of State to the Registrar.
58. The Companies Act 2006 provided the Registrar with limited administrative powers to rectify and remove information from the register. Whilst the Small Business, Enterprise and Employment Act 2015 widened the scope of the Registrar's administrative powers, there is increasing evidence that these powers do not extend far enough. The most common complaints Companies House receives are that the powers do not apply to all types of roles; that the period taken to remove information is too long; and, more recently, that abuses of certain processes take place, such as those relating to a company's registered office address. These are set out in further detail in the following sections.
59. Introducing the querying power may impact upon the proposals set out below and other areas of Part 35 of the Act ("the Registrar of Companies").<sup>6</sup> When reviewing responses to our proposals we will consider the impact on Part 35 and whether further review of Part 35, extensions to current powers or changes to current processes will be needed.

### Removal of information

60. The Registrar has a power to remove limited categories of information from the register upon application (s.1095 of the Act). The information that can be removed relates, broadly speaking, to officer appointments and there is a formal process that the Registrar must follow before information can be removed. The narrow scope of this power leads to complaints from a range of stakeholders including members of the public.
61. For example, the Registrar can remove fraudulent information about a company secretary on application. However, she is unable to remove false information about people with significant control under this section and instead, the individual must seek a court order for its removal. Further, as set out in the legal effect section above, proposals to verify identities under Registrar Reform will lead to director appointments becoming legal effect filings. We want to ensure the Registrar can continue to remove this information on application and will consider how this power can still apply in future.

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<sup>6</sup> <https://www.legislation.gov.uk/ukpga/2006/46/part/35>

62. We consider that the categories of information that can be removed under this power should be widened to cover any non-legal effect document and some legal effect filings. We believe the process followed before information is removed should be reviewed and updated to make it more responsive to individual circumstances. This power would sit alongside the Registrar's current administrative power of removal (s1094), although we intend to revisit this as well to make sure it remains fit for purpose.

**16.Q: Do you agree that the Registrar should have greater powers to remove information? Do you have suggestions for other approaches we could take?**

## Rectification of registered office address

63. The Registrar has a power, exercised upon application, to change a company's registered office address to a default address. However, there have been instances where a company subsequently files a change of registered office address and reverts to the previous address. Restrictions within the current framework mean the Registrar is unable to tackle such abuses. Whilst such abuse is not widespread, we believe it is unfair to ask those negatively affected individuals, e.g. those individuals located at the incorrect office address, to keep re-applying to the Registrar. Rather, our approach will be proactive and companies will be required to provide the appropriate evidence before changes to the register are made. So, for companies whose address has been changed to the default address by the Registrar, the Registrar will be able to ask for evidence when a company subsequently seeks to change its registered office. The Registrar may also impose an ongoing evidence requirement on the company in some circumstances, for example, in scenarios where the registered office has been moved to the default address for a second time.

64. Further, the Registrar does not currently have the power to change an address to the default address without an application, even when the address supplied by the company does not physically exist. We propose to provide the Registrar with the means to move a company to the default address where there is evidence that to do so would be appropriate and proportionate (as in the example above). We also intend to limit the amount of time any company (or other entity) can remain at the Companies House default address to 12 months. We are considering introducing measures such as making it an offence if a Company (or other entity) remains at the Companies House default address for longer than 12 months. This could be a criminal offence punishable by imprisonment and/or a fine, a civil penalty, or a mixture of the two.

**17.Q. Do you agree that the Registrar should close this loophole or are there circumstances where remaining at the default address, or moving to the default address more than once, is warranted?**

**18.Q. Do you agree that the amount of time a company (or other entity) can be defaulted to the Companies House address be limited to a specified period, e.g. 12 months?**

**19.Q. What action do you consider should be taken if a company remains at the default address for longer than 12 months?**

## Removal of Director's details

65. There have been instances where directors have been fraudulently appointed to companies and affected individuals have applied to the Registrar to have their details removed, only to find that the offending company subsequently re-appoints them. We intend to close this loophole so that if the company attempts to reappoint that person (to any office within the company), evidence will need to be provided to prove that the person has consented to act in that capacity. In line with the intention for Companies House to proactively share more information with law enforcement, this is an example of a circumstance in which such sharing would be considered.

## Speeding up processes

66. The Registrar's current powers were created at a time when paper filing was the norm. In the case of the Registrar's current powers, a company is given 28 days to raise an objection, or provide evidence, following an application for the removal of information. Stakeholders have raised concerns about this timescale, claiming it is too long and, in the meantime, people's details are shown on the register, potentially causing distress and harm. As the register and interactions with companies have become increasingly digital, we consider it is appropriate to reduce this 28-day period. For all enquiries raised by the Registrar, we propose therefore a timescale of 14 days for a company to provide the appropriate evidence.

67. In conjunction with this, we are considering whether it would be appropriate and proportionate to give the Registrar the ability to immediately remove disputed details whilst the response from the company is awaited.

**20.Q. Do you agree that it is appropriate to reduce the 28-day period to 14 days? If not, what period do you consider is appropriate and why?**

**21.Q. Do you agree that the Registrar should have the ability to remove the name or address of the affected individual while a response is awaited from the company?**

## Power to require delivery by electronic means

68. Under s.1068 of the Act the Registrar has the power to impose requirements on the form, authentication and manner of delivery of documents required or authorised to be delivered to her. Part of this section also enables the Registrar to require delivery of some documents by electronic means only, however this only applies to specific documents as set out in s.1068 (6A). The power to require documents to be delivered by electronic means only sits with the Secretary of State and s.1069 requires them to

make regulations (which are subject to affirmative resolution procedure) to enact the power.

69. Filing electronically enables more analysis and consistent reporting which makes the data much more useful and valuable for a wider audience and the economy. The Companies House 2020 – 2025 strategy sets out its vision to become a fully digitally-enabled organisation by the end of 2025.<sup>7</sup> In the consultation on accounts filings, published alongside this consultation document, we are proposing to require accounts to be delivered by electronic means only.
70. The Government intends to confer the power to mandate electronic filing from the Secretary of State to the Registrar, for example in the Registrar's Rules or guidance. This is key to the transformation of Companies House and delivery of the proposals set out in this and previous consultations. In future, the Registrar may wish to require electronic filing of certain documents to respond to opportunities presented by transformation. This would also lead to a better use of Companies House resources. For instance, storing information in digital format is more efficient and cost-effective than storing it in non-digital format as it is easier to access and retrieve and does not require large amounts of physical space.
71. The world outside Companies House is changing; to respond to emerging trends the Registrar should be able to adapt and respond accordingly. Conferring the power will allow the Registrar to respond flexibly and effectively to issues and opportunities as they arise. This will also enable the Registrar to use her knowledge to decide what documents should be required to be filed electronically and when. For instance, the Registrar might identify a pattern of fraudulent activity concealed in certain paper filings and respond by requiring these filings to be delivered electronically, to maintain register integrity. The Registrar needs also to consider ways to support business and quickly adapt to the changes in the business environment.
72. The current position doesn't support a proportionate approach as it requires the Secretary of State to make regulations. This process can take time and could lead to missed opportunities to respond to emerging issues. The role of the Registrar is evolving and the Government believes that the decision to require documents to be delivered by electronic means only should be in scope of her new remit.

**22. Q: Do you agree that the power to require (or mandate) delivery by electronic means should be conferred from the Secretary of State to the Registrar?**

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<sup>7</sup> <https://www.gov.uk/government/publications/companies-house-strategy-2020-to-2025>

## Chapter 3: Rules governing company registers

73. This part of the consultation document sets out proposals related to changing parts of the rules governing the registers kept by companies themselves. It proposes removing the requirement for companies to keep a Register of Directors. It also seeks views on the impact of amendments to other company registers and the company register election regime which was introduced in 2016.

74. Companies are legally required to keep and maintain their own records of certain categories of corporate information in statutory company registers which must be kept at either their registered office address (or a single alternative inspection location) and be available for public inspection. Some of the registers companies must keep and maintain under the Act are:

- Register of Directors;
- Register of Members;
- Register of Secretaries;
- Register of People with Significant Control (“PSC register”);
- Register of Directors’ Usual Residential Addresses; and,
- Register of Charges (only those created before 6 April 2013).

75. The Act requires companies to enter information into these registers within a statutory timeframe. In certain cases, companies are then obliged to file a notification of a change to Companies House. For instance, a change in the company’s own register of directors must be notified to the Registrar within 14 days of entry in the company’s own register.

76. Some of the measures that the Government has now committed to in its response to the 2019 consultation will have an impact on the statutory registers that companies are required to keep. In particular, the Government has committed to change the legislation to move the point of legal effect of a director’s appointment. Under these proposals a director becomes a director in law only once their identity has been verified and their information added to the public register.

77. This reform of company law has a significant impact on the practicality of a company retaining its own statutory register. When these reforms are introduced, the current ‘flow’ through the legislation (appointment as a director, entry into the company’s statutory register, notification of the event to the Registrar) will be broken.

78. Moreover, the Registrar’s new querying power may lead to the removal of a director from the public register which could give rise to discrepancies between it and the company’s own registers. Under the current regime, when information is rectified on the public register, for example amending an incorrect director’s service address, a company will need to correct their own register, in addition to updating the public

register. This can lead to discrepancies between a company's own register and the statutory register, and such instances are likely to increase.

79. In response, the Government intends to remove the requirement for companies to keep and maintain their own Register of Directors. This will reduce burdens on business, as we will not require companies to enter information into their own register, as well as notifying the Registrar of changes. Removing the obligation to keep a separate Register of Directors also removes the chance of discrepancies emerging and improves the integrity of the public register. The public register of companies will become the single, verified source of information with respect to directors.

80. Whilst removing the requirement to keep a Register of Directors will lead to the benefits set out above, we will need to consider the wider impacts of removing this obligation. The current regime requires the Register of Directors to be open for inspection for members of the company (without charge) and for the public (for a charge). We will consider the impact on members' rights to inspect the information within the Register of Directors when developing our proposals. We will also consider our approach to information which is included in the Register of Directors but is not available on the public register. For instance, the Register of Directors includes the full date of birth of a director whereas only the month and year are available on the public register.

**23.Q: We intend to remove the requirement for companies to keep and maintain their own Register of Directors. Do you have any concerns about this approach?**

81. We are also interested in views on the requirements to keep other statutory registers including:

- Register of Secretaries;
- Register of Directors' Usual Addresses;
- Register of Members;
- Register of People with Significant Control (PSC); and,
- Register of Charges.

82. Following the consultation, we will review whether changes are also required to the registers listed above. Whilst we will consider changes to the Register of Members, we are unlikely to remove this regime. The Government response to the 2019 consultation explained that an insufficiently strong case had been made to collect more shareholder (member) information for the public register. The Register of Members, kept by the company, will therefore still be an important source of information.

**24.Q: What impact would changes to the requirement to keep any of the registers in the list above have?**

83. As part of the Small Business, Enterprise and Employment Act, the Government introduced an option for private limited companies to elect to hold information normally kept in their own statutory registers on the public register instead of at its registered office (or a single alternative inspection address).

84. This was introduced in 2016 following a review which looked to simplify company law requirements and identified an opportunity to reduce duplication of holding information on both the public register and a separate company register.

**85. We will consider responses to the utility of the election regime and in line with the changes above, we will consider making amendments to or removing the election regime for private limited companies.**

**25.Q: We may also consider further changes to the election regime for private limited companies which was introduced in 2016. How useful is the election regime for private limited companies?**

# Catalogue of Consultation questions

## A risk-based Approach

1. **Q: Do you agree that the querying power should be exercised on a risk-based approach? If you disagree, please explain your rationale.**

## Querying power: potential scenarios

2. **Q: Are there specific circumstances under which you consider the querying power should be exercised? Please give reasons for your answer.**

## Application of the new querying power to company names

3. **Q: In what circumstances do you think the power should be used in the context of company names? Please provide reasons for your answer.**
4. **Q: Do you agree that this is an appropriate use of the querying power? Please provide reasons for your answer.**
5. **Q: Is it appropriate to place the onus on the company and/or the applicant to demonstrate that a name is being registered or was registered in good faith?**
6. **Q: Do you agree that the “sensitive words and expressions” regulations should be amended to capture circumstances such as that described above?**

## Other company name loopholes

7. **Q: Do you agree that we should close this gap in the way we propose? Are there any other gaps that we should consider?**

## The querying process and annotation of the register

8. **Q: What sanctions do you consider are most appropriate to incentivise compliance with the new requirement to respond to a query raised by the Registrar?**

## Legal effect documents

- 9. Q: Do you agree that the removal of most documents which have legal effect by virtue of registration at Companies House should be a matter for the courts?**
- 10. Q: We propose that the Registrar should be able to remove certain filings which in future, will give legal effect such as director appointments. Do you have any views on whether the Registrar should have any other role in respect of legal effect filings?**

## What information will be published?

- 11. Q: Do you agree that the evidence provided as a result of the Registrar's queries should not be published unless it comprises information that would normally be published? Please give reasons for your answer.**

## Transparency on the use of the querying power

- 12. Q: The Registrar will provide an explanation about why the query is being made. What other information would you expect the query to contain?**
- 13. Q: What kinds of evidence do you think it would be appropriate for the Registrar to request in support of a response to a query?**
- 14. Q: What guidance on the Registrar's use of the querying power would you expect Companies House to publish?**

## Complaints

- 15. Q: Do you agree that complaints should be handled using the same process as the current Companies House complaints process? If not, please include reasons for your answer.**

## Removal of information

- 16. Q: Do you agree that the Registrar should have greater powers to remove information? Do you have suggestions for other approaches we could take?**

## Rectification of registered office address

- 17.Q. Do you agree that the Registrar should close this loophole or are there circumstances where remaining at the default address, or moving to the default address more than once, is warranted?**
- 18.Q. Do you agree that the amount of time a company (or other entity) can be defaulted to the Companies House address be limited to a specified period, e.g. 12 months?**
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- 21.Q. Do you agree that Companies House should have the ability to remove the name or address of the affected individual while a response is awaited from the company?**

## Power to require delivery by electronic means

- 22.Q: Do you agree that the power to require (or mandate) delivery by electronic means should be conferred from the Secretary of State to the Registrar?**

## Rules governing company register

- 23.Q: We intend to remove the requirement for companies to keep and maintain their own Register of Directors. Do you have any concerns about this approach?**
- 24.Q: What impact would changes to the requirement to keep any of the registers in the list above have?**
- 25.Q: We may also consider further changes to the election regime for private limited companies which was introduced in 2016. How useful is the election regime for private limited companies?**

This consultation is available from: [www.gov.uk/government/consultations/corporate-transparency-and-register-reform-powers-of-the-registrar](http://www.gov.uk/government/consultations/corporate-transparency-and-register-reform-powers-of-the-registrar)

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