

Ruth Murday, Associate in the Corporate Department at Hawkins Hatton considers how The Small Business, Enterprise and Employment Act 2015 (the "Act") may affect SME's in the coming years.

The Act received Royal Assent on 26 March 2015 and aims not only to enhance the transparency of UK Company ownership and to increase trust in UK Businesses, but also to simplify Company's statutory filing requirements. This Article examines some of the key changes in terms of Company transparency although the Act covers far wider areas including access to finance, public sector procurement, insolvency and the Pubs Code.

Companies will be required to keep a publicly available statutory register of people with significant control over the company ("PSC Register") from April 2016. The PSC Register should be made available for inspection at the company's registered office until the requirement to file at Companies House is implemented in June 2016.

Generally speaking, an individual or legal entity will have significant control of the company if they either hold 25% of the shares or the voting rights, have the power to appoint or remove the majority of the board of directors or have the right to exercise significant control over the company. The Act places a responsibility on the company to investigate and update the PSC Register with a corresponding duty on those registrable individuals/entities to actively disclose their status.

So how will this affect SME's in the next 12 months? How the Act will be interpreted and enforced is yet to be seen however the following should be considered:

- 1) Companies need to start to consider whether there are persons with significant control and find a means of identifying the true owner of shares.
- 2) Shareholders need to consider whether they have "significant control" and if so should be aware that their details will be on the public record when the Act is implemented, other than in very exceptional circumstances.
- 3) Nominee arrangements seeking to "disguise" the true ownership of shares may no longer be possible. With transparency as one of the key focuses of the Act, it follows that nominee and other such arrangements will be questioned.

How the Act will work in practice will be determined over the next few years however, what is clear is transparency on ownership is one of the key focuses of the Act therefore Companies and the beneficial owners of shares alike will need to consider the obligations placed on them under the Act. This article only considers one area covered by the Act, and Companies should ensure they familiarise themselves with all of the impending changes to ensure they are able to comply on implementation.

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