



BENEFICIAL OWNERSHIP REGISTERS

AUGUST 2017

Most readers will be aware that companies in the UK have been required (since 2016) to identify individuals who have significant interests in their shares, and disclose their details in a public register known as the "PSC Register".

Jersey and Guernsey, along with other major offshore jurisdictions, have introduced, or are in the process of introducing, beneficial ownership registers.

In Guernsey, the Beneficial Ownership of Legal Persons (Guernsey) Law, 2017 is expected to come into force on **15 August 2017**.

These developments add another layer of administration for many companies and their corporate service providers (**CSPs**) in gathering information they have on file, and updating the relevant registers. However the impact of these changes in the law go beyond the annoyance factor for many CSPs and their long-suffering clients. Note that:

- Civil and criminal penalties may be imposed
- Non-compliance could also result in the transaction being held to be ineffective (see [Essam Abdulmir Al Fadhi Al Tamimi v Rouzin Marwan Al Charmaa \(2017\)](#))
- Companies which do not comply may be subject to a restriction notice which prohibits any dealing with the shares in question. This could jeopardise any attempt to take and enforce security over the shares in question
- In Jersey, consent of the Jersey Financial Services Commission (**JFSC**) is required *before* a change of beneficial ownership occurs in relation to a company which is not administered by a CSP. This will have timing implications (allow 21 days after JFSC consent is obtained) for completion of any sale of the shares of the Jersey company

What should you do?

If you are a CSP, you should take the opportunity to review your service agreements to provide for appropriate powers and remedies to compel clients/shareholders/beneficial owners to comply.

If you are a lender, you may wish to review your finance documents, particularly for any ongoing transactions. The inclusion of warranties and additional conditions precedent documents would not be unreasonable.

If you are dealing with a seller of shares in a Jersey company without a CSP, note the need for JFSC consent and make it a condition to completion.

And finally, if you are a client or a resident agent yourself, be aware of your legal obligations to comply with these provisions and the strict timescales.

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