

Alert

New Registration Requirement for Cayman Entities That Own Property in the UK

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On 1 August 2022, a new Register of Overseas Entities came into force in the UK pursuant to the Economic Crime (Transparency and Enforcement) Act 2022 (the “ECA”).

Overseas entities are entities with legal personality, governed by the law of a country or territory outside of the UK (such as the Cayman Islands). Overseas entities that bought property or land in the UK on or after 1 January 1999 in England and Wales or after 8 December 2014 in Scotland and still held such property on or after 28 February 2022 will be required to register with Companies House and provide prescribed details regarding beneficial owners or managing officers by **31 January 2023**. Entities that disposed of property or land after 28 February 2022 will also need to register and provide details of that disposal. The ECA applies to entities buying property or land in Northern Ireland on or after 1 August 2022.

Failure to comply with the requirements of the ECA may result in fines of up to GBP2,500 per day or prison sentences of up to 5 years. Other ramifications include restrictions on buying, selling, transferring, leasing or charging property or land in the UK.

Whilst existing landowning overseas entities have six months to comply with the registration rules, from 5 September 2022 the ECA prohibits any application being made to HM Land Registry (or the equivalent, Registers of Scotland/ Land Registers Northern Ireland as applicable) to register an overseas entity as proprietor of land if the overseas entity has not yet registered and obtained an entity ID number.

Overseas entities can either register themselves or seek the assistance of a UK-regulated agent to attend to the registration and required filings. UK-regulated agents include accountants and legal professionals based in the UK and supervised under the Money Laundering, Terrorist Financing and Transfer of Funds Regulations, 2017. In either case, it is necessary for a UK-regulated agent to carry out verification checks on all beneficial owners and managing officers of an overseas entity and provide its agent assurance code and a verification checks statement in respect of the overseas entity before it can be registered.

Upon registration, the name of the overseas entity and its beneficial owner information will become publicly available unless the entity is a trust as information relating to trust beneficiaries, current or past beneficial owners, settlors, grantors and other interested persons will not be made public but may only be shared with law enforcement and other public authorities such as HMRC.

Beneficial owners that must be disclosed

A beneficial owner is any individual or entity that has significant influence or control over the overseas entity including an individual, legal entity, government or public authority, trustee of a trust or member of a firm that is not a legal person. It is necessary to register beneficial owners that satisfy any of the following ‘natures of control’:

- holds, directly or indirectly, more than 25% of the shares in the entity;
- holds, directly or indirectly, more than 25% of the voting rights in the entity;
- holds the right, directly or indirectly, to appoint or remove a majority of the board of directors of the entity; or
- has the right to exercise, or actually exercises, significant influence or control over the entity.

Beneficial owner information that must be disclosed

Individual person	Other legal entity	Government or public authority
<ul style="list-style-type: none"> • full name • date of birth • nationality • correspondence address and home address • date became a beneficial owner • nature of control • whether on a UK sanctions list 	<ul style="list-style-type: none"> • name • registered office address • correspondence address • legal form and governing law • public register and registration number • date became a beneficial owner • nature of control • whether on a UK sanctions list 	<ul style="list-style-type: none"> • name • registered office address • correspondence address • legal form and governing law • date became a beneficial owner • nature of control

Where there are no beneficial owners, it will be necessary to provide information on the overseas entity's managing officers being directors, managers or the company secretary.

Updating information on the register/ removal from the register

Overseas entities are required to file an annual update regarding any changes or confirming that the information filed is still up to date. An overseas entity can apply to be removed from the register if it ceases to own land or property in the UK.

For further information regarding the registration of overseas entities owning UK property, or the regulatory requirements applicable to Cayman Islands entities more generally, please contact your usual Conyers contact or one of our lawyers listed below.

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