

## REGISTER OF OVERSEAS ENTITIES: NEW REGISTRATION REQUIREMENTS FOR FOREIGN OWNERS OF UK LAND

The Register of Overseas Entities opened on 1 August 2022. It is the first stage of implementing [new rules](#) under the [Economic Crime \(Transparency and Enforcement\) Act 2022](#) that require overseas entities wishing to acquire UK land to disclose details of their beneficial owners on a new public register. The new rules also require overseas entities that already own land in England or Wales which was acquired in the last 20 years to disclose details of their beneficial owners. The new rules are of particular relevance to investors in, and lenders to, UK real estate. This briefing considers steps investors should be taking to comply with the registration requirements.

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### STAGGERED COMMENCEMENT

It has been confirmed by The Economic Crime (Transparency and Enforcement) Act 2022 (Commencement No. 3) Regulations 2022 that the new rules under the Economic Crime (Transparency and Enforcement) Act 2022 ("**ECTEA**") that require registration of overseas entities which hold or wish to acquire UK land are being implemented on a staggered basis. The Register of Overseas Entities ("**ROE**") at Companies House opened on 1 August 2022 for overseas entities to electronically submit registration applications and the main provisions of ECTEA relating to the operation of the

### Key issues

- The UK Companies House [website](#) hosts the Register of Overseas Entities (**ROE**), a new public register of overseas entities owning UK land and their beneficial owners
- The ROE opened on 1 August 2022 for registration applications which are to be made online
- Information submitted by or on behalf of overseas entities to Companies House must be verified by a UK AML regulated 'relevant person'
- Existing overseas owners of UK land must register on or before 31 January 2023
- Overseas entities disposing of UK land between 28 February 2022 and 31 January 2023 must also register
- From 5 September 2022, overseas entities acquiring UK land must be ROE registered before applying to HM Land Registry to register as the legal owner
- Registered overseas entities will be required to update the register at least annually
- From 5 September 2022, overseas owners who acquire UK land after 1 August 2022 and fail to register or update the register will be prevented from transferring, leasing or charging UK land
- An equivalent restriction applies to existing owners from 1 February 2023
- Criminal sanctions for contraventions include imprisonment and fines, plus administrative financial penalties may be imposed

ROE came into force at the same time. However, the land registration aspects will not come into force until 5 September 2022. The reason for the staggered implementation is to allow overseas entities acquiring UK land a window to register on the ROE before the land registration requirement to be registered on the ROE takes effect. This staggered implementation is good news for overseas entities which are currently negotiating purchases or new leases of UK land.

This briefing considers the ROE registration process and what overseas entities will need to do to register on the ROE.

## RECAP ON THE NEW RULES

In our [previous briefing](#), we outlined the background and key features of the new rules. In summary, overseas entities (see Box 1) which are existing owners of a 'qualifying estate' (see Box 2) must register on the ROE and disclose their beneficial owners and will have 6 months to do so. Overseas entities acquiring a qualifying estate after 5 September 2022 must also register on the ROE and overseas entities which have recently disposed of their qualifying estates will also need to provide details of their beneficial owners.

The new rules apply across the UK but there are differences in how they operate in England and Wales, Scotland and Northern Ireland reflecting differences in their land registration systems. The rules in England and Wales apply retroactively to a 'qualifying estate' (see Box 2) acquired on or after 1 January 1999. This briefing focuses on the rules as they apply in relation to qualifying estates in England and Wales only.

Failure to comply with the registration obligations will result in fetters on registration of dispositions (see the *5 September 2022 Land Registration Changes* section below). A breach of the restriction on dispositions does not affect the validity of the disposition itself but, under existing land law, a failure to register a disposition will prevent legal title from passing such that it only takes effect in equity potentially leaving the parties in a difficult position.

Failing to register an existing interest, providing false or misleading information, failing to comply with a notice requiring registration or making a disposition in breach of a restriction are criminal offences which may also result in imprisonment and an unlimited fine. Failing to update the register or existing owners failing to provide beneficial ownership information as required following a disposition by an overseas entity on or before 31 January 2023 are criminal offences which may result in daily default fines of up to £2,500. The officers and 'shadow directors' of a company may also be liable where the company commits an offence under ECTEA.

## ROE REGISTRATION DEADLINES

The ROE registration deadlines depend on whether an overseas entity is an existing owner or acquiring a qualifying estate. Even overseas entities which have disposed of their qualifying estates since 28 February 2022 still need to provide details of their beneficial owners.

### When do overseas entities that currently own a qualifying estate need to register?

Overseas entities that became registered as the proprietor of a qualifying estate pursuant to an application made on or after 1 January 1999 must apply for registration on the ROE on or before 31 January 2023. Failure to do so will

#### Box 1:

##### What is an overseas entity?

Under the new rules:

'overseas entity' means a legal entity that is governed by the law of a country or territory outside the United Kingdom; and

'legal entity' means a body corporate, partnership or other entity

#### Box 2:

##### What is a qualifying estate?

A 'qualifying estate' is:

- a freehold estate in land; or
- a leasehold estate in land granted for a term of more than seven years.

be a criminal offence and the overseas entity will be prevented from transferring, charging or granting leases for a term of more than 7 years. Companies House has indicated that it will write to all overseas entities which currently own UK land to inform them of their registration obligation and the 31 January 2023 deadline for applying to register.

Companies House has been asked to design and implement the ROE at speed and it is likely to take some time for their systems and processes to be fully established and registration processing times to optimise. As such Companies House has informally suggested that overseas entities with non-time critical registrations should consider waiting until later in the 6-month period to register to avoid an initial overload of the ROE systems and ensure that overseas entities which need a registration by 5 September 2022 for HM Land Registry purposes avoid being caught in a backlog.

### **When do overseas entities acquiring a qualifying estate need to register?**

From 5 September 2022, overseas entities that acquire a qualifying estate will need to register on the ROE before applying to HM Land Registry to become the registered proprietor of the relevant qualifying estate. HM Land Registry will cancel applications by overseas entities which do not include an Overseas Entity ID number (see *How does the registration process work in practice below*). Due to the current HM Land Registry processing times notice of the cancellation may not be received until after the priority period for the transaction has expired, potentially causing issues with loss of priority.

Overseas entities which acquire a qualifying estate between 1 August and 4 September 2022 (inclusive) will not need an Overseas Entity ID to apply to HM Land Registry to become the registered proprietor of the relevant qualifying estate. However, from 5 September 2022, they will be subject to the same restrictions on dispositions as overseas entities acquiring a qualifying estate after that date. Therefore, they should consider starting their registration process now. See *What are the new HM Land Registry rules if an overseas entity acquires a qualifying estate?* below.

### **Are overseas entities that have recently disposed of all their qualifying estates caught by the new rules?**

Yes. If an overseas entity disposes of all its qualifying estates between 28 February 2022 and 31 January 2023, it will still need to provide details of its beneficial ownership immediately prior to the disposition and details of such qualifying estates. This must be done by 31 January 2023 and we understand that such submissions will be made by email. Companies House will provide further details of the process on request.

### **How frequently do overseas entities need to update the register?**

Overseas entities will be required to re-confirm/update their information and that of their beneficial owners on the ROE annually until they successfully apply to be removed from it. Early updates are permitted under ECTEA, which is likely to prove useful if an overseas entity is contemplating a disposal when an update is imminent. Overseas entities will be able to apply to be removed from the ROE once they have disposed of all their qualifying estates in the UK. The ROE update and removal parts of ECTEA are not yet in force and will be brought into effect at a later date once Companies House's systems can cater for them.

## PRELIMINARY STEPS PRIOR TO REGISTRATION

In preparation for making an application to register there are several steps which an overseas entity must take if it currently owns, plans to acquire, or has recently disposed of a qualifying estate. Key preliminary steps include identifying registrable beneficial owners and serving 'information notices' (see Box 4 below) on those beneficial owners as required by ECTEA.

### Who are an overseas entity's registrable beneficial owners?

An individual, legal entity or a government or public authority will be registrable if it is a direct or indirect 'beneficial owner' of the overseas entity and is not exempt (see Box 3). The definitions and exemptions are based on the disclosure regime applying to UK companies in respect of people with significant control ("**PSC**"). For example, an individual will be a registrable beneficial owner if it holds, directly or indirectly, more than 25% of the shares or voting rights in an overseas entity.

As with the PSC regime, to identify the registrable beneficial owners requires looking up the ownership chain until (i) an individual; (ii) government or public authority; or (iii) other legal entity which is subject to its own disclosure requirements (e.g. a UK company subject to PSC regime, an overseas entity which is itself on the ROE or a company listed on certain specified stock exchanges) and not otherwise exempt is identified. Governments and public authorities cannot qualify for an exemption.

### What steps must overseas entities take to identify their registrable beneficial owners?

Overseas entities must take reasonable steps to identify their beneficial owners and obtain the required information about them and if they are acting as a trustee, the trust of which they are a trustee.

Companies House provides some basic guidance on identifying beneficial owners on its [website](#). In addition, further non-statutory [technical guidance](#) published on 1 August 2022 will assist with interpretation of the new rules on identifying beneficial owners.

Where the overseas entity either has no registrable beneficial owners or it has not been able to identify all registrable beneficial owners and/or provide all the required information for them, it must instead provide required information about each managing officer (being a director, manager or secretary) of the overseas entity.

### What are information notices and when must they be served?

The steps that an overseas entity must take to identify its beneficial owners and obtain the required information about them includes serving an 'information notice' (See Box 4) on any person that it knows, or has reasonable cause to believe, is a registrable beneficial owner in relation to the overseas entity. Overseas entities also have powers to serve similar notices requiring other persons which the overseas entity believes may know the identity of a registrable beneficial owner (e.g. intermediate entities in the ownership chain) to provide information for this purpose.

The information notices must be served before the overseas entity can apply to register on the ROE and can only be served on or after 1 August 2022. Any

#### Box 3:

##### Who is a beneficial owner?

A person ("X") is a "beneficial owner" of an overseas entity or other legal entity ("Y") if one or more of the following conditions are met.

- **Ownership of shares:** X holds, directly or indirectly, more than 25% of the shares in Y.
- **Voting rights:** X holds, directly or indirectly, more than 25% of the voting rights in Y.
- **Right to appoint or remove directors:** X holds the right, directly or indirectly, to appoint or remove a majority of the board of directors of Y.
- **Significant influence or control:** X has the right to exercise, or actually exercises, significant influence or control over Y.
- **Trusts, partnerships, etc:** Both:
  - the trustees of a trust, or the members of a partnership, unincorporated association or other entity, that is not a legal person under the law by which it is governed meet any of the conditions specified above (in their capacity as such) in relation to Y, and
  - X has the right to exercise, or actually exercises, significant influence or control over the activities of that trust or entity.

notices served before this date may not meet the statutory requirement for information notices and should be re-served. One month must be allowed for the recipient to respond to an information notice (though it is expected that in group holding structures responses should be capable of being processed more quickly) and this should be factored into the timetable for registration.

ECTEA allows for regulations to specify the form and content of these notices and the manner in which they must be served. However, these powers have not been exercised and no regulations made to date. Therefore, there is currently no prescribed form but information notices should cover the matters set out in Box 4.

### What information does an overseas entity need to gather about itself for the ROE registration?

An overseas entity's application for registration on the ROE must contain specified information about the overseas entity as follows:

- name;
- country of incorporation or formation;
- registered or principal office;
- a service address;
- an email address;
- the legal form of the entity and the law by which it is governed;
- any public register in which it is entered and, if applicable, its registration number in that register; and
- the name and contact details of an individual who may be contacted about the application.

### What information does an overseas entity need to gather about others for the ROE registration?

An overseas entity's application for registration on the Register of Overseas Entities must also contain specified information about the following:

- the required information on any identified registrable beneficial owners of the entity including name, usual residential address (for individuals), legal form (for entities), the date on which they became a registrable beneficial owner and the nature of their beneficial ownership;
- if the overseas entity either has no registrable beneficial owners or it has not been able to identify all registrable beneficial owners and/or provide all the required information for them (i.e. it is making statement (2) or (3) from Box 5), then, it must instead provide required information about each managing officer (being a director, manager or secretary) of the overseas entity, including name and a description of their roles and responsibilities in relation to the overseas entity; and
- if any registrable beneficial owners are trustees of a trust, the required information about the trust (or so much of that information as the overseas entity has been able to obtain) and a statement as to whether the overseas entity has any reasonable cause to believe that there is required information about the trust that it has not been able to obtain will also need to be provided including (name of the trust, when it was created and its current and past trustees and its beneficiaries).

#### Box 4:

#### What is an information notice?

An "information notice" is a notice requiring the person to whom it is given:

- to state whether or not the person is a registrable beneficial owner in relation to the overseas entity,
- if the person is a registrable beneficial owner, to confirm or correct any of the required information about the person that is specified in the notice and to supply any of the required information that the notice states the overseas entity does not already have,
- if the person is a registrable beneficial owner by virtue of being a trustee, to confirm or correct any of the required information about the trust that is specified in the notice and to supply any of the required information about the trust that the notice states the overseas entity does not already have, and
- to respond within one month.

Failure by a recipient to respond and comply with the notice within the period of **one month** beginning with the day on which it is given is a criminal offence as is knowingly or recklessly providing false statements in the response.

For full details of the required information for each category above, please refer to the table at the end of this briefing.

## THE REGISTRATION PROCESS

### How does the registration process work in practice?

ROE registration requires completion of an online form hosted on the Companies House [website](#) and payment of a fee of £100. Overseas entities should be aware that, as with other Companies House online filings, the form cannot be saved in draft and completed later and will time out after 60 minutes of inactivity. It is therefore recommended that all the required information (see above) is gathered in advance. If any beneficial owners are trustees of a trust, the information about the trust is provided via a separate excel spreadsheet which it is recommended should be completed before starting the main application form.

There is currently no ability to bulk register multiple overseas entities, even where their registrable beneficial owners are the same. Each overseas entity will need to make its own ROE application and will be given its own unique Overseas Entity ID number which is akin to the Companies House company registration number for a UK entity.

### Who can file the registration application?

The registration application can be filed by the overseas entity or any person appointed to make the filing on their behalf e.g. a corporate service provider. The person making the application will need a Companies House account to complete the filing. An option to register is offered when accessing the application form for the first time.

Companies House advise that the application is made by the person carrying out the verification exercise referred to below in order to simplify the process but this is not a legal requirement.

### What statements and information will the overseas entity need to provide with the ROE registration application?

An overseas entity's application for registration on the ROE must contain:

- a statement that (a) the entity has identified one or more registrable beneficial owners and that it has no reasonable cause to believe there are others, and (b) the entity is able to provide the required information about each registrable beneficial owner (or one of the alternative statements in Box 5 if it is not possible to make these statements);
- a statement that the entity has complied with the new duty to take steps to identify its registrable beneficial owners (this includes serving the information notices – see above);
- the required information about the overseas entity (see above);
- the required information about any identified registrable beneficial owners (see above);
- if applicable, the required information about the managing officers (see above);
- if applicable, the required information about any trusts (see above);

#### Box 5:

#### Required statements on beneficial ownership

1. A statement:
  - (a) that the entity has identified one or more registrable beneficial owners and that it has no reasonable cause to believe there are others, and
  - (b) that the entity is able to provide the required information about each registrable beneficial owner it has identified.
2. A statement that the entity has no reasonable cause to believe that it has any registrable beneficial owners.
3. A statement:
  - (a) that the entity has reasonable cause to believe that there is at least one registrable beneficial owner that it has not identified,
  - (b) that the entity is not able to provide the required information about one or more of the registrable beneficial owners it has identified, or
  - (c) that paragraphs (a) and (b) both apply.

- details of the 'relevant person' who verified the information on the overseas entity, registrable beneficial owner(s), managing officers and trusts (see *Who can verify the information submitted in an ROE application?* below);
- a statement that there have been no "relevant dispositions" (see Box 6) or details of any relevant dispositions made by the overseas entity on or after 28 February 2022 and details of any additional registrable beneficial owners at the time of the disposition; and
- the name and contact details of an individual who may be contacted about the application.

### How quickly will applications be processed?

There is currently no specified deadline for Companies House to process applications and there may be delays initially as the system and processes are established. Consequently, initially, it is recommended that plenty of time is allowed in transaction timetables for the ROE registration process. Note that if the verifier (see *Who can verify the information submitted in an ROE application?* below) is not the person making the ROE application on behalf of the overseas entity then the verifier will have 14 days after the application is made to submit their verification confirmation (by email). The ROE application will not be processed until the verification confirmations have been received so these should be submitted promptly following submission of the ROE application. (The verification confirmations cannot be submitted in advance as the application reference number for the specific ROE application will be required.)

Once processed and accepted, Companies House will email notice of registration together with the Overseas Entity ID to the contact person named in the registration application. The overseas entity and its Overseas Entity ID will also appear on the online searchable ROE register – see the *Information on the Register* section below for further details on what information is publicly available.

## VERIFICATION REQUIREMENTS

### What are the ROE verification requirements?

Information provided by an overseas entity when applying for registration on the ROE, complying with the updating duty or applying to be removed from the ROE must be verified **before** such application is made.

Whilst the information to be verified includes factual information relating to the overseas entity, its beneficial owners and (where relevant) its managing officers such as name, date of birth and nationality, it also appears from ECTEA to include technical information such as the nature of control held by the beneficial owners.

Verification must be carried out on the basis of documents or information obtained from a reliable source which is independent of the person whose identity is being verified and is a separate process to initial KYC checks which the verifier (see below) may carry out when initially onboarding their clients.

If the verifier is also acting as agent for the overseas entity to submit the ROE registration application on their behalf, the verification confirmation can be provided by the verifier as part of the application process. If this is not the case the verifier must provide the verification confirmation on the prescribed form by email within 14 days of submission of the application. Although the

#### Box 6:

#### What is a relevant disposition?

In relation to a qualifying estate, a 'relevant disposition' is:

- transfer;
- leasehold estate in land granted for a term of more than seven years;
- charge by way of legal mortgage,

except where it is pursuant to a statutory obligation or court order or made by a specified insolvency practitioner in specified circumstances (Note: the types of insolvency practitioner or relevant circumstances have yet to be specified so this exemption is not currently available.)

confirmation is submitted after the application, the verification itself must still occur prior to submission of the application.

## Who can verify the information submitted in an ROE application?

Subject to certain exceptions, verification must be carried out by a person who is a 'relevant person' for the purposes of the Money Laundering Regulations 2017, which includes independent legal professionals (note in-house solicitors will not be able to conduct verification of the overseas entity which employs them), accountants, trust or company service providers and estate agents who are regulated for anti-money laundering purposes under the Money Laundering Regulations. Those wishing to act as verifiers for ROE purposes must first register with Companies House and obtain an agent assurance code which confirms that they are authorised to undertake verification for ECTEA purposes.

Verifiers will face criminal sanctions if they provide false or misleading confirmations. There remain concerns about the practical ability to verify information on the basis required by the new rules, particularly given that verification would appear to require expertise in the laws of foreign jurisdictions and could require verification of beneficial ownership in the nature of significant influence or control, which is not typically documented and does not allow for the risk-based approach permitted under the Money Laundering Regulations. As the technical guidance on the verification exercise and the sources of information which may be relied upon was only published on 1 August 2022, the pool of available verifiers may be limited initially. However, we are aware that some corporate service providers are offering beneficial ownership analysis, verification and registration application filing services.

Overseas entities should identify as early as possible who will act as their verifier and check that they are willing to do so and have registered with Companies House to enable them to provide the verification confirmations.

## THE INFORMATION ON THE ROE

### How much of the information provided on registration appears on the public register?

Most of the information given to Companies House about overseas entities, beneficial owners and managing officers will be publicly available on the ROE. However certain personal information (see Box 7) is not shown.

### What if a beneficial owner or a managing officer has concerns about appearing on the public register?

As with the PSC regime, a registrable beneficial owner or managing officer (or the overseas entity on their behalf) may apply to have their information made unavailable for public inspection if they provide evidence that: (i) one or more of their characteristics or personal attributes when associated with the entity; or (ii) the activities of the entity, will put them or someone living with them at serious risk of being subjected to violence or intimidation.

#### Box 7:

#### Personal information not shown on the public ROE

The following information is not shown on the publicly available ROE:

- home addresses
- full dates of birth - only the month and year will be shown
- the date verification checks were completed
- information about trusts (this may be shared with HMRC)
- email addresses



## 5 SEPTEMBER 2022 LAND REGISTRATION CHANGES

### What are the new HM Land Registry rules if an overseas entity acquires a qualifying estate?

Under existing rules, neither a transfer of a qualifying estate nor a grant of a lease for a term of more than seven years have legal effect until registered at HM Land Registry. From 5 September 2022, HM Land Registry will cancel any registration applications pursuant to which an overseas entity is acquiring a qualifying estate (by way of a transfer of an existing qualifying estate or the grant of a new lease which is a qualifying estate) unless the Overseas Entity ID is provided with the application. This will be the case even if the disposition occurred before 5 September 2022, if the registration application is received on or after 5 September 2022.

Due to the current HM Land Registry processing times notice of the cancellation may not be received until after the priority period for the disposition has expired potentially causing issues with loss of priority. Applications submitted before 5 September 2022 should be processed as normal without an Overseas Entity ID, even if not processed by HM Land Registry until after 5 September 2022.

In addition, when an overseas entity is registered as the registered proprietor of a qualifying estate pursuant to an application submitted on or after 1 August 2022, HM Land Registry will enter a restriction against transfers, charges and leases of more than seven years (see first restriction in Box 8). This will prevent the registration of these dispositions (and them taking legal effect) unless the overseas entity is registered with an up-to-date registration on the ROE at the time of that disposition. For applications submitted between 1 August 2022 and 4 September 2022 (inclusive) this restriction will only be added to the title of the relevant qualifying estate(s) on or after 5 September 2022 when the land registration parts of ECTEA take effect. For applications submitted from 5 September 2022, the restriction will be added at the same time that the overseas entity is registered as the registered proprietor of the relevant qualifying estate.

Due to the length of time that it can take for a land registry application to complete, HM Land Registry is also prohibited from registering a relevant disposition where an overseas entity has acquired land and then further disposes of it before becoming the registered proprietor, unless the overseas entity has first registered on the ROE.

The restrictions and prohibitions have limited exceptions where the overseas entity does not need an up-to-date ROE registration at the time of the disposition e.g. dispositions pursuant to contracts which pre-date the restriction, dispositions pursuant to court orders or statute and lenders enforcing under a power of sale (see Box 9). The Secretary of State may also consent to the registration of a disposition that would otherwise be prohibited by a restriction if satisfied:

- that at the time of the disposition the person to whom it was made did not know, and could not reasonably have been expected to know of the prohibition; and
- that in all the circumstances it would be unjust for the disposition not to be registered.

#### Box 8:

#### Forms of HM Land Registry restrictions

The two forms of HM Land Registry restriction are as follows:

#### Restriction for new overseas entity owners:

No disposition within section 27(2)(a), (b)(i) or (f) of the Land Registration Act 2002 is to be completed by registration unless one of provisions in paragraph 3(2)(a)-(f) of Schedule 4A to that Act applies.

#### Restriction for existing overseas entity owners:

After [31 January 2023] no disposition within section 27(2)(a), (b)(i) or (f) of the Land Registration Act 2002 is to be completed by registration unless one of the provisions in paragraph 3(2)(a)-(f) of Schedule 4A to that Act applies.

#### Box 9:

#### Exceptions from Land Registry restrictions

The land registry restrictions will not apply where:

- the disposition is made in pursuance of a statutory obligation or court order, or occurs by operation of law
- the disposition is made in pursuance of a contract made before the restriction is entered in the land register
- the disposition is made in the exercise of a power of sale or leasing conferred on the proprietor of a registered charge or a receiver appointed by such proprietor
- the disposition is made by an insolvency practitioner in circumstances to be prescribed by regulations.

## What are the new HM Land Registry rules for existing overseas entity owners of qualifying estates?

HM Land Registry will enter an equivalent restriction on the registered titles of properties already held by overseas entities as at 31 July 2022 and which were registered pursuant to an application since 1 January 1999. These restrictions will be entered on the register between 5 September 2022 and 31 January 2023 but will be expressed not take effect until after 31 January 2023 (see second restriction in Box 8). HM Land Registry will notify existing overseas entity owners when the restriction is entered on their title. In some cases, the restriction will not be capable of being entered on the register immediately due to prior pending applications. In this case, the restriction will be entered on the HM Land Registry day list of pending applications and as such will take priority over any applications submitted after 31 January 2023.

The prior contract exemption to the restriction (See Box 9) will only apply to contracts exchanged prior to the restriction being entered on the title or appearing on the day list. As it is unknown exactly when the restriction will be entered on the title, it is recommended that parties purchasing from existing overseas entities work on the basis that the restriction will appear before exchange and that the prior contract exemption will likely not be available for contracts exchanging after 5 September 2022. Therefore, evidence of the seller's Overseas Entity ID is likely to be required by buyers particularly as there is not a simple way to cure the situation if the seller is not registered on the ROE at the time of the disposition.

The fact that the restriction does not take effect until after 31 January 2023 means that buyers purchasing from an existing overseas entity owner will not need to see evidence of the seller's Overseas Entity ID if they can be certain that the registration application will be submitted before 31 January 2023. However, for transactions due to complete close to 31 January 2023, timing will be key as, even if the transaction completes before 31 January 2023, if the application is submitted to HM Land Registry after 31 January 2023 then the restriction will be applied by HM Land Registry when processing the application. Therefore, it is anticipated that from 5 September 2022 buyers will in many cases require evidence of the seller's Overseas Entity ID and, timing permitting, may seek this before exchange rather than as a condition precedent to completion.

## WHAT TO DO NOW

### What should market participants do now?

See Box 10 for a summary of the key steps for overseas entities making an ROE registration. In particular:

- Overseas entities in the process of or planning to acquire a qualifying estate should begin preparing their ROE application now and submit their application to Companies House well in advance of 5 September 2022.
- Existing investors in qualifying estates through structures using an overseas entity need to ensure that the relevant overseas entity applies to register on the ROE on or before 31 January 2023.
- Overseas entities that have made a disposition of a qualifying estate since 28 February 2022 should ensure that they provide all required information to the ROE on or before 31 January 2023, even if they have completed the disposal and no longer have any interest in the qualifying estate.

#### Box 10:

#### Key steps for ROE registration:

- Existing investors to identify any overseas entities in their group which own qualifying estates
- Identify any relevant dispositions (see Box 6) made since 28 February 2022 and if applicable collate details
- Identify the registrable beneficial owners of the overseas entity
- From 1 August 2022, send information notices to the registrable beneficial owners (and intermediate entities in ownership chain if required) and obtain their response
- Collate evidence needed for the verification exercise (this can be requested from beneficial owners as part of the information notice process)
- Identify a UK AML regulated relevant person which is offering verification services and has registered with Companies House to do so e.g. a corporate service provider
- Provide details of the overseas entity and its registrable beneficial owners plus evidence required for verification to the verifier
- Prepare and submit the online application to register on the ROE or appoint an agent to do so e.g. a corporate service provider
- If the verifier is not also the agent preparing the application, provide the ROE application reference number to the verifier to provide the separate verification confirmations.

- Lenders to overseas entities who own UK land should refer [our separate briefing](#) on the impact of the new rules on lenders.
- All parties to current transactions involving overseas entities that require registration of a disposition at HM Land Registry need to consider the impact of the new rules on their transactions and include appropriate protections in their transaction documents.

Overseas entities captured by the new rules should seek advice on the process for registration as soon as possible, particularly in light of industry concerns raised in relation to the verification of information provided to Companies House. It has been suggested that the verification process will be modified when wider Companies House reforms are enacted, so the grounds for the concerns currently raised may be temporary. However, this does not mitigate the impact of issues with the verification requirements as they apply to transactions that parties intend to complete before the process is modified.

If you have any questions relating to the ROE and its impact please speak to one of the authors or your usual Clifford Chance contact.

## TABLE OF REQUIRED INFORMATION FOR ROE APPLICATIONS<sup>1</sup>

Category	Required Information
<b>Individual beneficial owner</b>	<ul style="list-style-type: none"> <li>(a) name, date of birth and nationality</li> <li>(b) usual residential address</li> <li>(c) a service address</li> <li>(d) the date on which the individual became a registrable beneficial owner in relation to the overseas entity</li> <li>(e) nature of control i.e. which of the conditions in Box 3 is met and why those condition(s) are met</li> <li>(f) whether the individual meets that condition by virtue of being a trustee</li> <li>(g) whether the individual is on the <a href="#">UK sanctions list</a></li> </ul>
<b>Government or public authority as beneficial owner</b>	<ul style="list-style-type: none"> <li>(a) name</li> <li>(b) principal office</li> <li>(c) a service address</li> <li>(d) its legal form and the law by which it is governed</li> <li>(e) the date on which the entity became a registrable beneficial owner in relation to the overseas entity</li> <li>(f) nature of control i.e. which of the conditions in Box 3 is met and why those condition(s) are met</li> <li>(g) whether the entity is on the <a href="#">UK sanctions list</a></li> </ul>
<b>Other legal entity beneficial owner</b>	<ul style="list-style-type: none"> <li>(a) name</li> <li>(b) registered or principal office</li> <li>(c) a service address</li> <li>(d) the legal form of the entity and the law by which it is governed</li> <li>(e) any public register in which it is entered and, if applicable, its registration number in that register</li> <li>(f) the date on which the entity became a registrable beneficial owner in relation to the overseas entity</li> <li>(g) nature of control i.e. which of the conditions in Box 3 is met and why those condition(s) are met</li> </ul>

<sup>1</sup> For further details, refer to Schedule 1 of ECTEA.

	<p>(h) whether the entity meets that condition by virtue of being a trustee</p> <p>(i) whether the individual is on the <a href="#">UK sanctions list</a></p>
<b>Individual managing officer</b>	<p>(a) name, date of birth and nationality</p> <p>(b) any former name</p> <p>(c) usual residential address</p> <p>(d) a service address (which may be the entity's registered or principal office)</p> <p>(e) business occupation (if any)</p> <p>(f) a description of the officer's roles and responsibilities in relation to the entity</p>
<b>Legal entity managing officer</b>	<p>(a) name</p> <p>(b) registered or principal office</p> <p>(c) a service address</p> <p>(d) the legal form of the entity and the law by which it is governed</p> <p>(e) any public register in which it is entered and, if applicable, its registration number in that register</p> <p>(f) a description of the officer's roles and responsibilities in relation to the entity</p> <p>(g) the name and contact details of an individual who may be contacted about the managing officer</p>
<b>Trust</b>	<p>(a) the name of the trust or, if it does not have a name, a description by which it may be identified</p> <p>(b) the date on which the trust was created</p> <p>(c) in relation to each person who has at any time been a registrable beneficial owner in relation to the overseas entity by virtue of being a trustee of the trust:</p> <p>(i) the person's name,</p> <p>(ii) the date on which the person became a registrable beneficial owner in that capacity, and</p> <p>(iii) if relevant, the date on which the person ceased to be a registrable beneficial owner in that capacity</p> <p>(d) in relation to each beneficiary under the trust, the information specified in paragraphs (a) to (c) for individual beneficial owners above (if beneficiary is an individual) or paragraphs (a) to (e) for legal entity beneficial owners above (if beneficiary is a legal entity)</p> <p>(e) in relation to each settlor or grantor, the information specified in paragraphs (a) to (c) for individual beneficial owners above (if settlor/grantor is an individual) or paragraphs (a) to (e) for legal entity beneficial owners above (if settlor/grantor is a legal entity)</p> <p>(f) in relation to any interested person (being any person who, under the terms of the trust, has rights in respect of: (1) the appointment or removal of trustees, or (2) the exercise by the trustees of their functions):</p> <p>(i) the information specified in paragraphs (a) to (c) for individual beneficial owners above (if interested person is an individual) or paragraphs (a) to (e) for legal entity beneficial owners above (if interested person is a legal entity), and</p> <p>(ii) the date on which the person became an interested person</p>
<b>Relevant disposition</b>	<p>(a) the date of the disposition</p> <p>(b) the registered title number of the qualifying estate</p>

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