

Significant Controllers Register

A new regime requiring Hong Kong companies to obtain and maintain up-to-date beneficial ownership information by keeping a Significant Controllers Register comes into force on March 1 2018.

ILS World will support our clients with all the regulatory requirements including the creation and maintenance of a SCR if instructed to do so.

Who is required to keep a SCR?

All companies formed and registered under the Hong Kong Companies Ordinance (HKCO) including dormant companies, financial institutions, charitable organisations, companies limited by guarantee and any other types of companies incorporated in Hong Kong.

Companies which have their shares listed on the Stock Exchange of Hong Kong and foreign companies registered under Part 16 of HKCO are exempt.

A significant controller can be:

- A registrable person who is a natural person that has significant control over the company
- A registrable legal entity (eg. a company), which is a shareholder of the company that has significant control over the company.

A person (or entity) has significant control over a company if one or more of the following five conditions are met:

- The person holds, directly or indirectly, more than 25per cent of the issued shares in the company or, if the company does not have a share capital, the person holds, directly or indirectly, a right to share in more than 25per cent of the capital or profits of the company
- The person holds, directly or indirectly, more than 25per cent of the voting rights of the company
- The person holds, directly or indirectly, the right to appoint or remove a majority of the board of directors of the company
- The person has the right to exercise, or actually exercises, significant influence or control over the company
- The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust or a firm that is not a legal person, but whose trustees or members satisfy any of the first four conditions in relation to the company.

The SCR can be kept at the registered office of the company or any other place in Hong Kong. It must contain the required particulars of the significant controller(s), as well as the name and contact



details of the designated representative of the company who maintains the SCR. The Register should be open for inspection by law enforcement officers upon demand.

The information required for a significant controller is:

- For a registrable person: name, correspondence address, identity card number (if the person does not have an identity card, the number and issuing country of the passport)
- For a registrable legal entity (eg. a company): name, legal form, registration number, place of incorporation (governing law) and address of registered office
- Date of becoming a significant controller
- Nature of control over the company.

Who can access the SCR?

Law enforcement officers of the following authorities will have access to the SCR:

- Companies Registry
- Customs and Excise Department
- Hong Kong Monetary Authority
- Hong Kong Police Force
- Immigration Department
- Inland Revenue Department
- Insurance Authority
- Independent Commission Against Corruption
- Securities and Futures Commission.

Penalties

Failure to comply with the Significant Controllers Register obligations is a criminal offence, with both the company and every responsible person of the company potentially liable for a fine of HK\$25,000 and possible additional daily fines of HK\$700.

For further information on doing business in the Hong Kong please contact Lilian Cheung at lilian.cheung@ils.world

Please note: ILS World does not offer tax advice. If you are not professionally qualified to give tax advice we will be happy to make an appropriate introduction.

