

FAQ's

1. What is the overseas entity register?

The Register of Overseas Entities came into force in the UK on 1 August 2022 through the new Economic Crime (Transparency and Enforcement) Act 2022 (the Act).

Overseas entities who want to buy, sell or transfer property or land in the UK, must register with the UK Companies House and inform them who their registrable beneficial owners or managing officers are.

This will also apply retrospectively to overseas entities who bought property or land on or after the following dates:

- 1 January 1999 in England and Wales
- 8 December 2014 in Scotland

These overseas entities will need to register with Companies House and tell us who their registrable beneficial owners or managing officers are by 31 January 2023.

After registering, the overseas entity will get a unique Overseas Entity ID to give to the land registry when it buys, sells, transfers, leases or charges UK property or land.

This will lead to more transparency, which will allow law enforcement agencies to investigate suspicious wealth more effectively.

2. What do you need to provide in order to comply with the Act?

If there are no beneficial owners, the overseas entity has to state that this is the case and provide information about its managing officers. Information required includes name: the country of incorporation, a registered or principal office, a service address, an email address, a legal form of the entity and the law by which it is governed and any public register in which it is entered and its registration number on that register.

A person is a beneficial owner if (in broad summary only), in relation to the overseas entity, it:

- 2.1 Owns directly or indirectly more than %25 of the shares or voting rights;
- 2.2 Can appoint or remove a majority of the Board of Directors; or
- 2.3 Has the right to exercise or actually exercises significant influence or control over the overseas entity.

3. Verification

The information about the beneficial owners and managing officers must be verified by a wide range of UK based professionals including financial institutions, auditors, accountants and independent legal professionals. The required standard of verification is very high so not all professionals may be able or willing to provide the service. Verifiers could face both financial and criminal penalties for delivering any document that is misleading or false.

4. What happens upon registration?

Once registered, Companies House will issue a unique overseas entity ID which will allow an overseas entity to apply to be registered at the Land Registry. Overseas entities which already own real estate in the United Kingdom will be given until 31 January 2023 to register at Companies House and obtain an overseas entity ID.

There will also be an obligation for the entity to update the information at least every 12 months from the date of registration.

5. What happens if I do not comply with the Act?

If you do not comply with the Act, you could be fined up to £ 2,500 per day or get a prison sentence of up to 5 years. You will also face restrictions when buying, selling, transferring, leasing or charging property or land in the UK.

Summary:

In accordance with the Act, from 5 September 2022, National Bank of Kuwait (International) Plc, will not be able to fund the acquisition of new real estate in the United Kingdom without an overseas entity having an overseas entity ID. In addition, Counterparties may well require the provision of an overseas entity ID in a sales or purchase contract.

We strongly recommend you contact your legal advisors if you own, or intend to own any property within the UK in the name of an overseas entity. We are unable to provide any legal advice.

This FAQ is a brief note to inform you of the new Act. It is not intended to be a substitute for professional legal advice.

For further information, please visit the UK government website:

<https://www.gov.uk/guidance/register-an-overseas-entity>