

BIPA response to BiS Discussion Paper:-

“The Register of People with Significant Control (PSC Register)”

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Introduction

This response is being made on behalf of the Business Information Providers Association (BIPA). BIPA was formed in March 2011 following feedback from UK business. We are an association comprising the principal Commercial Credit Reference Agencies in the UK – Creditsafe, Dun & Bradstreet, Equifax, Experian, Graydon and Jordans. It operates in a non-competitive way to address issues pertinent to the industry as a whole with the primary aim of “Promoting Economic Growth by facilitating access to Business Information”.

One of the Association’s key objectives is to protect the availability of the statutory public data used by the Credit Reference Agencies (CRAs). This information is essential because it helps to reduce the risk inherent in business transactions; deters fraud; and facilitates the granting of in particular trade credit between businesses. Trade Credit is essential to business cash flow and far outweighs bank lending as a source of finance. Collectively the Agencies facilitate billions of pounds of business decisions each year.

Overview

In general terms BIPA welcomes the proposal to establish the PSC Register in the form described and looks to support its successful implementation. BIPA believes that more information is always better than less information and that the provision of this data in an accurate, consistent and easy to understand format will aid BIPA members in the accurate credit scoring of businesses and allow them to provide fuller information on all companies to their customers. This should help improve the decision making process when companies extend trade credit to customers and thereby help facilitate trade, as well as further help in the fight against fraud.

Responses to specific questions

Chapter 1: Understanding the new requirements

1) We welcome your views on the structure, format and content of the statutory guidance on significant influence and control.

In overall terms BIPA welcomes the proposals and believes that making them statutory is necessary to ensure consistent compliance for all businesses. Where possible we believe that wider rather than narrower information should be made available in the register but that it is more important that the system in place is one that delivers consistent complete and comparable datasets. Ambiguity should be avoided and we believe the proposals offer a workable solution.

- 2) Do you agree that a Working Group would be useful? a) If yes, which organisations and interests ought to be represented on it?
b) If not, what would be your preferred alternative?**

The basic proposals appear to be sufficiently robust to not require the establishment of a Working Group unless there are significant differences raised in the responses to the discussion paper. If a Working Group is established BIPA would welcome the opportunity to be represented given the role of the CRAs in both dealing with the proposed information but also their experience in handling directors' data under the currently established arrangements.

- 3) What are the key areas we should cover in non-statutory guidance?**

The non-statutory guidance should be explicit in explaining the different forms of "significant control" to enable companies and individuals to enter their details in an appropriate and accurate manner on the register. If the more detailed structure for the register is chosen then this must be explained in clear terms to ensure consistent data entry.

- 4) How best should it be communicated to companies and others?
5) Who should lead on or be involved in its production?**

If the PSC register is to be managed by Companies House it would make sense for them to take the lead in both these areas.

Chapter 2: Recording nature of control on the PSC register

- 6) We welcome your views on whether the [outlined] objectives are appropriate and whether there are any other factors that should be taken into account?**

BIPA believes that the proposed objectives are appropriate and appear to take account of most pertinent factors.

- 7) Do you agree with the approach of simplifying and standardising what is recorded under nature of control?
a) If yes, which is your preferred model?
b) If not, what is your preferred alternative?**

Given the importance of providing consistent and comparable data BIPA believes that the approach of simplifying and standardising what is recorded is appropriate however given the benefits of providing more rather than less information in terms of both transparency and also in the utility of properly understanding the nature and

structures involved BIPA prefers the more detailed model. This should not be too complicated to implement but will also provide more useful information. We believe that the amount of “free text” options should be reduced where possible in order to avoid ambiguity and allow greater comparability.

8) Should there be a different approach for more complex arrangements? Does this need to provide a full explanation of the nature of control?

If the more detailed model is implemented effectively there should not be a need for separate arrangements. However if in practice insufficient information is provided then this may need re-visiting.

9) If you prefer a less prescriptive system, what safeguards should exist to ensure that entries in the register are comparable and easy to understand?

BIPA does not support a less prescriptive regime.

Chapter 3: Protection regime

10) Should any modifications to this [URA suppression] process be made in the context of PSCs?

BIPA believes that the current arrangements in place for company directors are appropriate in the context of PSCs. The system is understood and works at present and to have an alternative regime for PSCs could cause confusion.

11) Should applications be allowed to be made by third parties other than the company or subscribers to the memorandum? If so, who?

No. BIPA has no comment to make on the application process for suppression except to support the statement made in paragraph 88 of the discussion paper in that only individuals who are at genuine risk should be able to suppress their details and that this process should not be misused in order to allow individuals to hide from sight.

12) We welcome views on which of the required particulars should be suppressed from public disclosure [in the context of PSCs at serious risk of harm]?

BIPA does not have a comment on this issue

13) We welcome views on:

- a) The factors that should be taken into consideration when deciding whether someone is eligible for protection?
- b) Where the line should be drawn between actual and possible threat?

c) Whether there are sectors or types of company or individual that will be inherently at risk? Which?

d) Any evidence you have on the link between public disclosure and the consequences for individuals at risk; and the costs/impacts of those consequences?

BIPA does not have a comment on this issue

14) We welcome views on:

a) Who should be able to make an application, including whether and when third parties should be able to apply?

b) The evidence requirements to support the application?

BIPA does not have a comment on this issue

15) Do you think applications should be accompanied by a qualifying statement?

BIPA does not have a comment on this issue

16) If yes, who should be able to make such a statement?

BIPA does not have a comment on this issue

17) We welcome views on:

a) Retrospective applications;

b) Prospective applications;

c) Cumulative applications; and

d) Whether 'blanket' applications should be able to be made in respect of all companies of which an individual is a PSC.

BIPA does not have a comment on this issue

18) We welcome views on:

a) Whether a PSC's protection should be indefinite?

b) If not, how and how often it should be renewed?

BIPA does not have a comment on this issue

19) We welcome views on an appeals process.

BIPA does not have a comment on this issue

20) We welcome views on a revocation process.

BIPA does not have a comment on this issue

Chapter 4: Costs and access

21) We welcome views on:

- a) Whether the current list of public authorities is appropriate in the context of PSCs' URA information?**
- b) Whether the current list of public authorities should be narrowed in the context of information of PSCs at serious risk of harm?**
- c) If yes, who should still have access?**

BIPA does not have a comment on this issue

Chapter 5: Impact of proposals

22) We welcome your views on the costs and benefits of the policy changes set out in this discussion document for those identified as people with significant control, companies and other third parties. These might include:

Nature of control

- a) The costs of gathering and holding data on the nature of control for (i) the simpler approach and (ii) the more detailed approach; and**
- b) The expected benefits for (i) the simpler approach and (ii) the more detailed approach.**

Protection regime

- a) The costs for companies and individuals of familiarisation with the guidance;**
- b) The costs of gathering data and the type of evidence set out above and applying for the protection regime;**
- c) The possible numbers of applications by (i) companies and (ii) PSCs themselves;**
- d) The size and sectors of companies most likely to apply for protection on behalf of their PSCs;**
- e) Whether the degree of evidence/validation would affect the numbers of applications;**
- f) The expected benefits of protecting information on individuals at risk; and**
- g) The expected benefits of international exchange of PSC information.**

23) Any other costs or benefits or changes in investors' or firms' behaviour associated with the proposals outlined in this document.

BIPA believes that the financial and time costs of complying with the proposals are not significant and indeed given the simpler nature of structures that commonly exist for smaller businesses they are unlikely to be disproportionately burdened. If the system is clear and easy to use then the likelihood exists that it will be more

Facilitating business decisions by protecting access to publicly available data



widely complied with. In addition BIPA strongly believes that there are significant benefits for the wider economy in greater transparency and understanding of company structures and the role and involvement of individuals across businesses. Clarifying an individual's engagement with a number of businesses may well also serve to deepen an understanding of risk that may be associated with them and also help in the fight against fraud.