



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

17<sup>th</sup> April 2018

Annaliese Dodds MP & Kirsty Blackman MP  
House of Commons  
London  
SW1A 0AA

*Dear Annaliese & Kirsty*

I am writing to follow up on the concerns you both raised this morning regarding Scottish Limited Partnerships (SLPs).

This government is committed to making the UK a hostile place for illicit finance. Knowing who ultimately owns and controls a company is an important part of the global fight against corruption, money laundering and terrorist financing. It can assist law enforcement in their investigations of alleged criminal behaviour and additionally act as a deterrent. The UK is a global leader in promoting transparency of company ownership. Our public register of company beneficial ownership, the People with Significant Control (PSC) Register, went live in June 2016. This register is one of the first to be publicly available for searching worldwide, and the first in the G20. Already it has more than 4.6 million names of people with significant control over UK registered companies

The government recognises your concerns that certain SLPs are vulnerable to being misused for illicit purposes. The UK's second National Risk Assessment of Money Laundering and Terrorist Financing was published last year, and noted that Scottish Limited Partnerships "are particularly attractive to criminals" as they are subject to fewer reporting and transparency obligations than most other corporate forms.

This is actively being dealt with by the Department for Business, Energy and Industrial Strategy (BEIS), who are responsible for the PSC Register, which is maintained by Companies House. As you are aware, BEIS have taken steps to increase the transparency of SLPs, bringing them into scope of this register in June last year. SLPs are also required to submit an annual 'confirmation statement' that information held on this register is accurate, and to keep this information updated on an ongoing basis. Since BEIS introduced these new reporting requirements for SLPs in June 2017, new registrations of SLPs have declined by 80%.

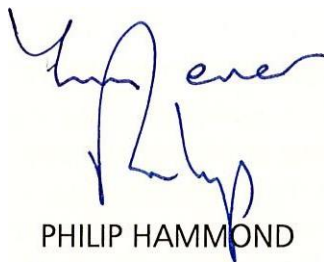
You expressed concern that no SLPs have yet been fined for non-compliance with PSC requirements. The UK operates a range of sanctions to enforce compliance with legal person transparency obligations, however, Companies House's primary aim is to help filers comply with their disclosure requirements. It is therefore taking robust action to ensure

that all SLPs report their PSC information. This work has included the issue of approximately 21,000 letters to SLPs, seeking compliance with filing requirements for PSCs. When that process is exhausted, cases may be passed to enforcement agencies who will, where appropriate, conduct a criminal investigation, possibly resulting in prosecution. Evidence needs to be gathered in each case before a prosecution can be considered. It is therefore to be expected that no prosecutions have yet taken place, given how recently the PSC requirements were extended to SLPs.

BEIS also sought views last year on whether changes need to be made to limited partnership law in order to address concerns around the misuse of some limited partnerships, including SLPs. Responses to this Call for Evidence are being analysed, and options for reform are being actively considered. BEIS will announce their next steps shortly.

Thank you for taking the time to raise these concerns.

A copy of this letter has been placed in the Libraries of the House.



PHILIP HAMMOND