

Register of Significant Controllers – Implementation of the New Requirements

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Significant Controller

A **Significant Controller** of a company includes a **registrable legal entity** and a **registrable person**.



Significant Controller (2)

- Who is a Registrable Person?
 - a natural person or specified entity that has significant control over the company



Significant Controller (3)

- Which entity is a Registrable Legal Entity?
 - a legal entity which is a member of the company and has significant control over the company



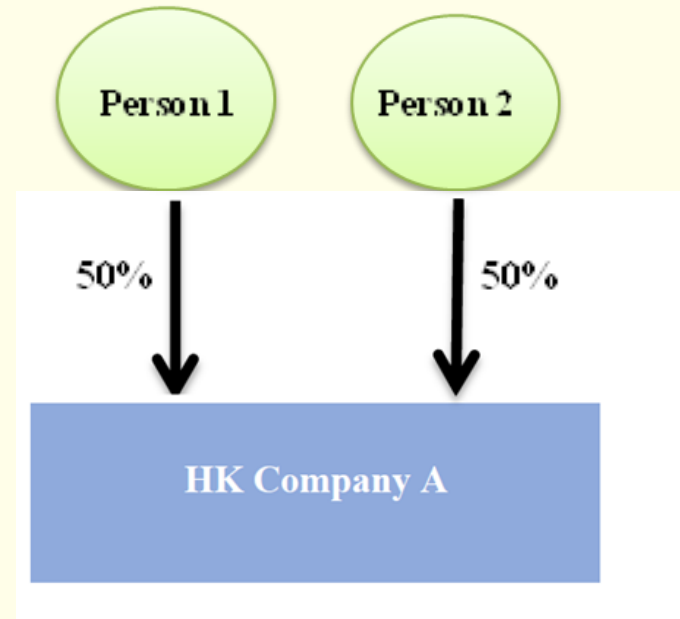
How to identify Significant Controllers

- ◆ Meet any one or more of the conditions in section 1 of Schedule 5A of the Companies (Amendment) Ordinance 2018:
 - Holds / Shares > 25% of issued shares / profits
 - Holds > 25% of voting rights
 - Appoint / Remove board of directors
 - Significant influence or control
 - Significant influence or control over a trust or firm whose trustees or members meet any one or more of the above four conditions

How to identify Significant Controllers (2)

Example 1:

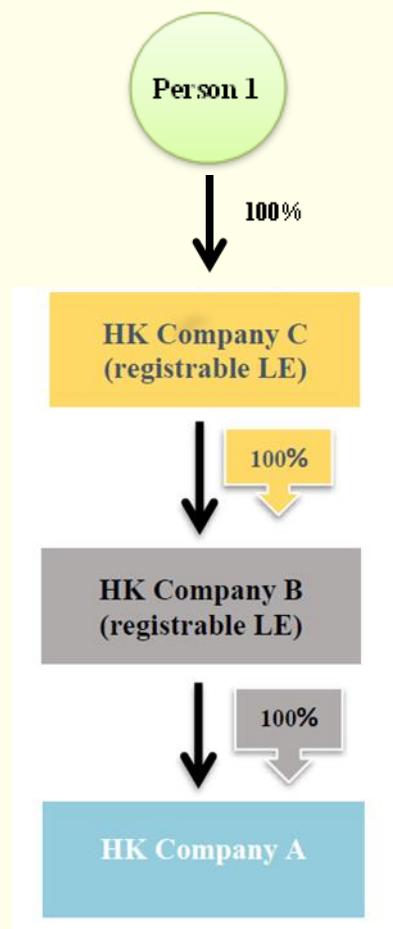
- Person 1 and Person 2 are both registrable persons of Company A.



How to identify Significant Controllers (3)

Example 3:

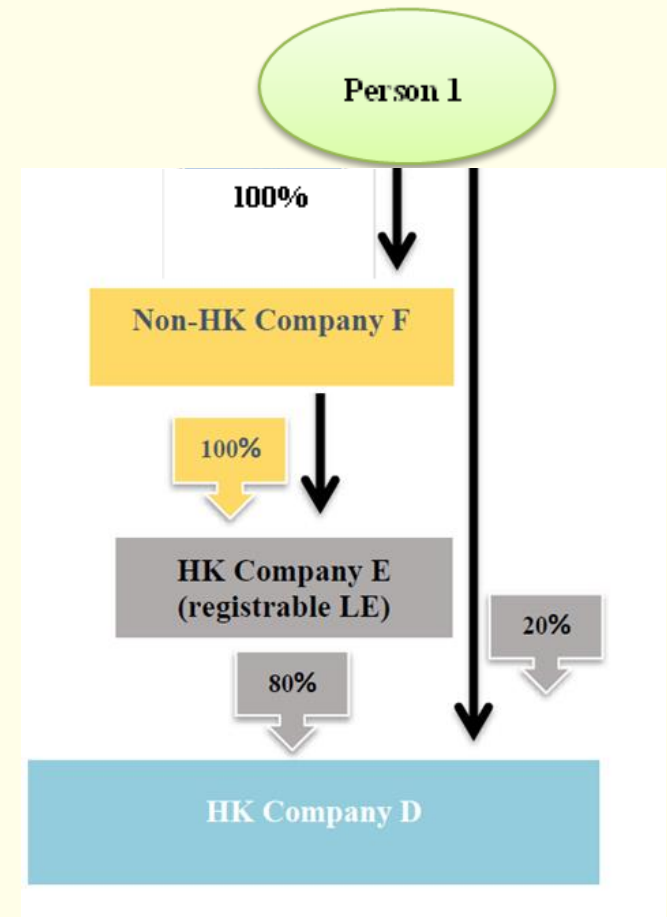
- Company C's SCR:
Person 1 is a registrable person.
- Company B's SCR:
Person 1 is a registrable person and HK Company C is a registrable LE.
- Company A's SCR:
Person 1 is a registrable person by holding interests in Company A through Company B and Company C, and HK Company B is a registrable LE.



How to identify Significant Controllers (4)

Example 4:

- Company E's SCR:
Person 1 is a registrable person.
Company F is a registrable LE
- Company D's SCR:
Person 1 is a registrable person by holding a direct interest in Company D, cumulative with an indirect interest in Company D through Companies E and F.
Company E is a registrable LE.



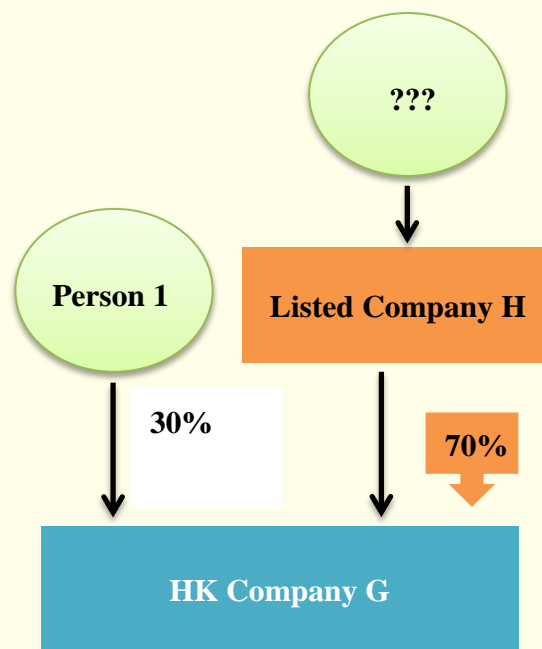
How to identify Significant Controllers (5)

Example 5:

- Company G's SCR:
Person 1 is a registrable person.

Company H is a registrable LE.

Individuals holding interests in Company G through the listed Company H are not registrable persons of Company G. It is not necessary for Company G to investigate whether any person has significant control over the company through Company H.



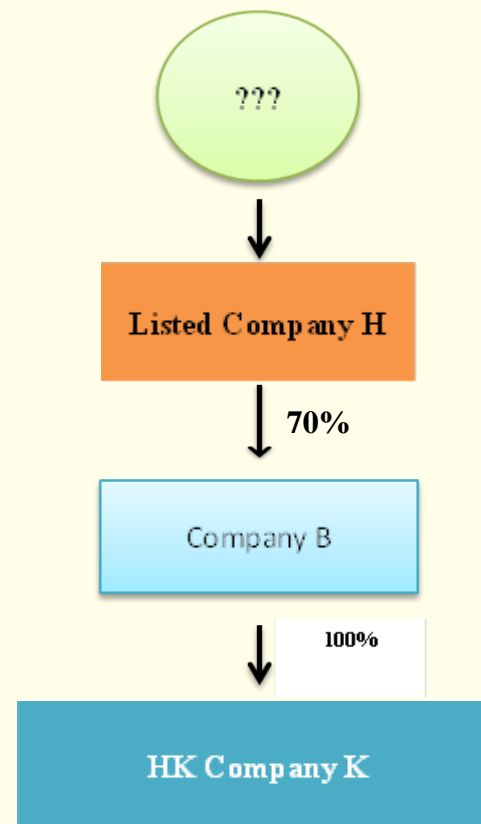
How to identify Significant Controllers (6)

Example 6:

Company K's SCR:

Company B is a registrable LE.

Listed Company H is not a registrable LE. Company K is required to trace upwards to ascertain if there is any person having significant control over the company through Company H and Company B.





Giving Notices

- Giving notice to the person that the company knows, or has reasonable cause to believe, to be a significant controller; OR
- Giving notice to the person that the company knows, or has reasonable cause to believe to know, the identity of another person who is a significant controller
- **Within 7 days**



Giving Notices (2)

Contents of Notice

- confirm whether the addressee is a significant controller or not
 - If yes, confirm or correct the required particulars and provide any missing particulars of the addressee
- state whether the addressee knows another person who is a significant controller or not.
 - If yes, provide specified particulars and state whether the particulars are provided with that person's knowledge or not



Giving Notices (3)

- addressee of the notice is required to confirm or provide the requested particulars **within one month**
- Failure to comply with the notice is an offence and the notice addressee and every related person are liable to a **fine at level 4 (\$25,000)**
- samples of Notices can be found in **Annex D of the Guideline on the keeping of Significant Controllers Registers by Companies**
- available on CR's website (**www.cr.gov.hk**)



Significant Controllers Register

- ✚ SCR can be in paper or electronic form

Entering particulars in the SCR

- Registrable Person

- particulars must not be entered unless all are confirmed by the registrable person
- must be entered **within 7 days** after so confirmed

- Registrable Legal Entity

- a particular must be entered **within 7 days** after the particular comes to the notice of the company



Significant Controllers Register (2)

◆ Required Particulars of significant controllers

Registrable person

- name
- correspondence address
- ID Card No. / Passport No. + Passport issuing country
- date of becoming a significant controller
- nature of control over the company

Significant Controllers Register (3)

Registrable legal entity

- Name
 - Registration No.
 - Address of its registered or principal office
 - Legal form and the law that governs it
 - Date of becoming a significant controller
 - Nature of control over the company
-
- ◆ **Name and contact details of Designated Representative**



Significant Controllers Register (4)

Example 1:

A Company Limited has only one shareholder,
Chan Tai Tai

Significant Controllers Register (5)

Entry No.	Date of entry	Name of registrable person / legal entity	Particulars	Remarks/ Notes
1	2/3/2018	Chan Tai Tai	(a) Correspondence address : Room 10, 11/F, 2000 Nathan Road, Kowloon (b) HKID Card No.: AA234567(8) (c) Date of becoming a registrable person: 1/3/2018 (d) Nature of control over the company : Chan Tai Tai holds more than 25% of the issued shares of the company	
Designated Representative				
Entry No.	Date of entry	Name (capacity)	Contact details	
1	2/3/2018	Chan Tai Ho (director of the company)	(a) Address : Room 10, 11/F, 2000 Nathan Road, Kowloon (b) Telephone No.: 1111-1111 (c) Fax No.: 1111-1111	



Significant Controllers Register (6)

Example 2:

B Company Limited has one shareholder, ABC Profits Limited

ABC Profits Limited is in turn wholly owned by Lee Tai Lung beneficially.

Significant Controllers Register (7)

Entry No.	Date of entry	Name of registrable person / legal entity	Particulars	Remarks/ Notes
1	7/3/2018	ABC Profits Limited	<p>(a) Legal form : private limited company</p> <p>(b) Registration number : 123456</p> <p>(c) Place of incorporation : Hong Kong (Governing Law)</p> <p>(d) Address of registered office: Room 10, 10/F, Forever Green Building, 1000 Wong Chuk Hang Road, Aberdeen, Hong Kong</p> <p>(e) Date of becoming a registrable legal entity: 1/3/2018</p> <p>(f) Nature of control over the company : ABC Profits Limited holds more than 25% of the issued shares of the company</p>	

Significant Controllers Register (8)

Entry No.	Date of entry	Name of registrable person / legal entity	Particulars	Remarks/ Notes
2	7/3/2018	Lee Tai Lung	(a) Correspondence address : Suite 19, 19/F, Flourishing Tower, 3000 Chai Wan Road, Chai Wan, Hong Kong (b) HKID Card No.: AA200200(0) (c) Date of becoming a registrable person: 1/3/2018 (d) Nature of control over the company : Lee Tai Lung holds indirectly more than 25% of the issued shares of the company	
Designated Representative				
Entry No.	Date of entry	Name (capacity)	Contact details	
1	7/3/2018	Chan, Lee, Cheung & Co (legal professional)	(a) Address : Room 10, 10/F, Forever Green Building, 1000 Wong Chuk Hang Road, Aberdeen, Hong Kong (b) Telephone No.: 1111-1111 (c) Fax No.: 1111-1111	



Significant Controllers Register (9)

◆ Examples of additional matters to be noted in the significant controllers register

- Scenario 1 : no significant controller

“The company knows, or has reasonable cause to believe, that it has no significant controller.”



Significant Controllers Register (10)

- Scenario 2 : company's investigations are ongoing

“The company has not yet completed taking reasonable steps to ascertain whether it has a significant controller.”



Significant Controllers Register (11)

- Scenario 3 : notice to a significant controller – notice not complied with within 1 month

“The company has given a notice to a person, namely, [state the name of the person here], whom it knows, or has reasonable cause to believe, to be a registrable person / registrable legal entity of the company, but the person has failed to comply with the requirements of the notice within 1 month from the date of the notice.”

(Other examples can be found in Annex C of the Guideline)



Location of Significant Controllers Register

- A company must keep its Significant Controllers Register (“SCR”) at the company’s **registered office or a place in Hong Kong**

Notification to Registrar of Companies

- If the SCR is not kept at the company’s registered office:
 - file **Form NR2** with the Registrar
 - **within 15 days** after the SCR is first kept at that place



Location of Significant Controllers Register (2)

Exception to existing companies

- if the SCR is kept at the **same place** where the company's **register of members** is kept and the Registrar has already been **informed of that place**
- no need to file Form NR2



Location of Significant Controllers Register (3)

Change of Location

- If there is any change to the location of SCR:
 - file **Form NR2** with the Registrar
 - **within 15 days** after the change



Location of Significant Controllers Register (4)

Form NR2

- can be downloaded from CR's website
(www.cr.gov.hk)



Further Information

- Dedicated thematic section on “Significant Controllers Register” on Companies Registry’s website (www.cr.gov.hk/en/scr)
 - Companies (Amendment) Ordinance 2018
 - Companies Registry External Circular No. 2/2018
 - Guideline on the Keeping of Significant Controllers Registers by Companies
 - Frequently asked questions
 - Videos



Thank You

Thematic section: www.cr.gov.hk/en/scr

Enquiry Hotline: 3142 2822