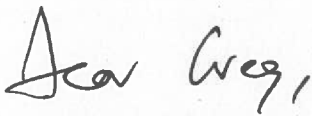


MAYOR OF LONDON

Rt Hon Greg Clark

Secretary of State for Business, Energy and Industrial
Strategy
Department for Business, Energy & Industrial Strategy
1 Victoria Street
London SW1H 0ET

Date: 15 MAY 2017



I am writing to respond to your Department's call for evidence on proposals for a register of the beneficial ownership of overseas companies and other legal entities.

London is an open, global city, but there can be no place for using London's property market for criminal activities. I welcome people from around the world who want to make London their home, but if they abuse this openness to launder the proceeds of tax evasion, theft, terrorist activities or any other offence, then they must be exposed and prosecuted.

For some time I have been calling on the Government to make the legal and beneficial ownership of companies and other entities that own property in the UK more transparent. I therefore welcome the principles behind the Government's proposals to increase transparency in this area, and I believe any measures must be backed up by effective sanctions for non-compliance, both for the owners of property and for those who illegally enable them, such as estate agents and other intermediaries.

My team is keen to work with you further on the detail of your proposals, and I would like to take this opportunity to highlight below three key principles that I believe the Government's action on this matter must address.

Transparency of overseas ownership

The ownership of property by entities registered abroad must be as transparent as that of entities registered in the UK. To this end, I support the 'People with Significant Control' (PSC) register and welcome proposals to extend its application to companies registered overseas.

I believe that every entity capable of owning property should come under the scope of these proposals. I consider a one-year registration period for supplying the proposed information on company ownership to Companies House by foreign-registered entities that already own UK property to be appropriate.

Investigation and sanction

Given that there is a strong incentive for criminal owners not to comply with the proposed requirements, the Government should commit funds to actively investigate and, where the evidence supports it, prosecute non-compliance after the one-year transition period has elapsed. I would welcome a public commitment from the Government to do so.

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It is important that this approach is backed up the threat of criminal sanction, including the possibility of significant fines if registration requirements are not complied with. I therefore believe the Government should consider introducing a new criminal offence of failing to supply information on the ownership or beneficial ownership of foreign-registered entities that own UK property.

Checks on purchasers and vendors

The call for evidence mentions the duty on estate agents (amongst others) to satisfy themselves as to the identity of, and other information about, their customers. This will usually be the vendor of a home and not the purchaser.

I urge the Government to consider extending this requirement to the purchaser of a home as well. This would require estate agents acting for vendors of homes to independently satisfy themselves as to the identity of the purchaser of a home and the legality of their funds, just as the vendor's solicitor is currently required to do.

I hope that this is helpful, and if you would like further information, please contact my team through Dominic Curran, Senior Housing Policy Officer, by email at dominic.curran@london.gov.uk.



Sadiq Khan
Mayor of London

Cc: Rt Hon Gavin Barwell, Minister for London