

**EXPLANATORY MEMORANDUM TO  
THE COMPANY AND BUSINESS NAMES (MISCELLANEOUS PROVISIONS)  
REGULATIONS 2009**

**2009 No. 1085**

1. This explanatory memorandum has been prepared by the Department for Business, Enterprise and Regulatory Reform and is laid before Parliament by Command of Her Majesty.

**2. Purpose of the instrument**

2.1 This instrument provides the restrictions on the choice of name under which a UK company may be registered or which may be adopted by an overseas company as its UK name. It also provides for exemptions from the requirement for a private company's name to conclude in "limited" and ensures that this and other indicators of legal status for various bodies are only used in the names of such bodies.

**3. Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None

**4. Legislative Context**

4.1 The Regulations replace the requirements and prohibitions in sections 26, 30, 31, 33, 34 and 34A of the Companies Act 1985 (the "1985 Act") (and the equivalent provisions in the Companies (Northern Ireland) Order 1986) which cease to have effect from 1 October 2009.

**5. Territorial Extent and Application**

5.1 This instrument applies to all of the United Kingdom.

**6. European Convention on Human Rights**

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

**7. Policy background**

• *What is being done and why*

7.1 The registrar's index of company and corporate names (the "index") has the registered names of all UK companies, UK names of overseas companies and the registered names of certain other entities such as limited partnerships, limited liability partnerships. It has 2.7 million names (including the names of those that are in the process of liquidation or dissolution). In the year to 31 March 2008, 372,000 GB companies were incorporated and a further 58,000 changed their registered names.

7.2 This instrument applies to the name under which a company is registered. It also applies to the names under which any person carries on business in the UK. It has two objectives.

- The first objective is that the registered name of a company be sufficient for any member of the public to find the information on the public record relating to that company. This instrument provides detailed requirements and prohibitions. These rules are needed as, unusually for a system of unique identifiers, a company's registered name is chosen by or on behalf of the holder rather than allocated to it. A subsidiary objective is that the public are not confused by the registered name.
- The second objective is that the legal status of a business be clear (whether or not it is a company). With minor exceptions, the Companies Act 2006 requires a company's registered name to conclude in a specified indicator of its legal status; similar rules apply to the words and phrases that indicate other entities such as European Economic Interest Groupings. This SI prohibits these indicators being used by any person who is not of the indicated type. It also provides for an exception from the requirement for the registered name of a private company limited by guarantee to conclude in "limited" (or its Welsh equivalent or their prescribed abbreviations).

## **8. Consultation outcome**

8.1 In February 2007, in the consultative document "Implementation of the Companies Act 2006", the Government sought views on proposals for rules relating to company names. There was only one issue on which almost all those who commented did not agree with the proposed approach. Half were critical of the proposal that the power to exempt companies from the requirement for their names to end in "limited" should be used to exempt only those whose primary purpose is to regulate persons in accordance with a statutory obligation. It was argued strongly that the proposed exemption for statutory regulators should be in addition to the continuation of the existing exemption for non-commercial companies. The draft regulations published in July 2007 took account of the comments. In particular, the existing exemption for companies whose objects are the promotion of commerce, art, science, education, religion, charity or any profession was retained and widened to cover companies whose objects are the regulation of these activities.

8.2 In the light of further comments received and discussions with Companies House, further revised draft regulations were published in April 2008 with changes so that:

- (a) the permitted characters do not include ligatures, accents or other diacritical marks;
- (b) the indicators of legal status and their abbreviations which are subject to controls include indicators that are not yet in force, ie "Right to Enfranchisement" and "Charitable Incorporated Organisation" and their Welsh equivalents;
- (c) there is a prohibition on names that conclude with an imitation of one of the prescribed indicators of legal form in a way likely to mislead the public as to the legal form of the company or business;

- (d) there is an order to the consideration of matters to be disregarded when determining whether 2 names are the same;
- (e) the list of matters to be regarded as the same has had more Welsh equivalents added and most of the number/word equivalents removed.

Also, their structure was changed to make them simpler. Subsequently, following discussion with the Institute of Chartered Secretaries and Administrators, the word “international” was added to the list of words which are generally disregarded when determining whether two names are to be treated as being the “same” but which will not be so disregarded if two companies are in the same group.

## **9. Guidance**

9.1 Advice, entitled “choose the right name for your business”, is available from <http://www.businesslink.gov.uk> with links to the further advice provided by Companies House, both in hard copy and on its website [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk).

## **10. Impact**

10.1 The impact on business, charities or voluntary bodies is only in the event that they are adopting or a changing a name under which they carry on business in the UK.

10.2 The impact on the public sector is that Companies House must adapt its systems for registering company names to incorporate the changes to the rules. Companies House has been closely involved in the preparation of this instrument.

10.3 An Impact Assessment has not been prepared for this instrument because it has no effect on the continuing operation of businesses other than company registration agents.

## **11. Regulating small business**

11.1 This legislation applies to small businesses.

11.2 To minimise the impact of the requirements on firms employing up to 20 people, the approach taken does not affect the continued operation of any business under a name that is lawful when the Instrument comes into force.

## **12. Monitoring & review**

12.1 This instrument will be reviewed, from 2011, as part of the Companies Act 2006 evaluation. Particular attention will be given to any objections that a company’s newly-adopted name is “too like” a name already on the index.

## **13. Contact**

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