

**EXPLANATORY MEMORANDUM TO**  
**THE COMPANY, LIMITED LIABILITY PARTNERSHIP AND BUSINESS NAMES**  
**(SENSITIVE WORDS AND EXPRESSIONS) REGULATIONS 2014**

**2014 No. 3140**

1. This explanatory memorandum has been prepared by the Department for Business, Innovation and Skills and is laid before Parliament by command of Her Majesty.

2. **Purpose of the instrument**

This instrument replaces The Company, Limited Liability Partnership and Business Names (Sensitive Words and Expressions) Regulations 2009 (S.I. 2009/2615) (the “2009 Regulations”) which will be revoked. The instrument reduces the list of sensitive words and expressions for which companies, limited liability partnerships (“LLPs”) and businesses need approval to use in their name.

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

Regulations made under sections 55 and 1194 of the Companies Act 2006 (c. 46) (the “2006 Act”) are subject to approval after being made.

4. **Legislative context**

4.1 The 2009 Regulations specify a list of words and expressions that require approval by the Secretary of State to be used as part of a company name, an LLP name or a business name. The 2009 Regulations also specify Government departments or other bodies whose view must be sought by the applicant in connection with an application for approval of the Secretary of State. This instrument revokes the 2009 Regulations, and introduces a reduced list of specified sensitive words and expressions.

4.2 This instrument is made under sections 55 and 56 (words and expressions requiring approval for registration of a company name including such a word or expression), 1194 and 1195 (words and expressions requiring approval for the carrying on of a business under a name including such a sensitive word or expression). This instrument also applies to LLPs by section 55 and 56 as applied by regulation 8 of the Limited Liability Partnerships (Application of Companies Act 2006) Regulations (S.I. 2009/1804).

4.3 The 2006 Act makes other provisions with respect to the use of names for companies (in Part 5 of the 2006 Act), LLPs (in Part 5 of the 2006 Act as applied by Part 3 of the Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009 and business names (in Part 41 of the 2006 Act). In particular, there is separate provision to require prior approval for company, LLP and business names that suggest a connection to certain public bodies including power to specify further bodies. Additional regulations (the “Company, Limited Liability Partnership and Business (Names and Trading Disclosures) Regulations 2014”) are being made concurrently with this instrument.

## **5. Territorial Extent and Application**

5.1 This instrument extends and applies to all of the United Kingdom.

5.2 The UK Government is responsible for company law in England and Wales and in Scotland. The Northern Ireland administration has agreed that, while company law remains a transferred matter within the legislative competence of the Northern Ireland Assembly, the Companies Act 2006 and associated legislation on companies and LLPs should apply to the whole of the United Kingdom.

## **6. European Convention on Human Rights**

The Parliamentary Under Secretary of State for Employment Relations and Consumer Affairs has made the following statement regarding Human Rights:

“In my view the provisions of the Companies, Limited Liability Partnership, Business Names (Sensitive Words and Expressions) Regulations 2014 are compatible with the Convention rights.”

## **7. Policy background**

### ***What is being done and why?***

7.1 The Government’s aim is to reduce burdens on business and to ensure that red tape is removed to help companies get on with doing business and grow. In order to have the benefits of limited liability a company must have a registered name. In order to help the public a company or business name should be unique. In addition it is important that the name does not convey that the company has a standing it does not in fact possess in a way which may harm the public.

7.2 As part of the company and commercial law Red Tape Challenge relating to company and business names were considered. The policy objective is to ensure that unnecessary burdens are not imposed when a new company is incorporated or a business name changed.

7.3 When a company incorporates it is required to have a registered name. This name cannot be one that is already in use by another company. There are also circumstances where it may not be appropriate for a company to use a certain word within its name. For example a company, LLP or business cannot use the word ‘government’ unless it has approval from the Secretary of State. Any word or expression that is on the sensitive word or expression list must have approval from the Secretary of State and seek views from any other appropriate body before the word or expression can be used in a company or business name. For example, approval must be sought from the Secretary of State and the views from the Financial Conduct Authority (FCA) for the use of ‘bank’ in a name.

7.4 This instrument includes a reduced list of sensitive words and expressions when compared with the 2009 regulations being revoked. Seeking approval for a name can cause a delay in registration. Therefore, the aim of reducing the list of

sensitive names is to allow a greater proportion of new companies to incorporate quickly without delays to the process.

7.5 The sensitive names list within Schedule 1 of this instrument has been reduced by 26 words compared to the list in the 2009 Regulations. A list of the words or expressions that will no longer be considered sensitive may be found in the Annex to this memorandum.

### ***Consolidation***

7.4 The aim of the Red Tape Challenge is to reduce burdens on business and remove unnecessary legislation from the Statute Book. The consultation on all names regulations considered whether it would be appropriate to reduce the names regulations relating to names legislation. It has not been possible to consolidate these regulations with others relating to names into one single instrument because regulations specifying sensitive words and expressions are subject to a different parliamentary procedure (i.e. “approval after being made”, rather than the affirmative procedure).

## **8. Consultation outcome**

8.1 As part of the Red Tape Challenge the Department undertook a formal consultation which sought views on whether it would be appropriate scrap all the names on the sensitive names list, to amend the list with a view to removing those that were not longer considered sensitive or to keep the list as it is.

8.2 The 2009 Regulations list 150 sensitive words. The department received over 250 responses to the consultation. The vast majority agreed that it was important to keep some sensitive words but there was support for reducing the number of names on the list. Following analysis of the responses to consultation the government issued its ‘response to consultation’ which proposed reducing the sensitive names list.

8.3 The list of names to be removed can be found in the Impact Assessment. The decision to remove words from the list is based on the views expressed in the responses to the consultation. The over-riding consideration was whether the use of such words ‘unchecked’ would still cause potential harm to the public. For example, the words to be removed include national, European and international. In a global world such words no longer represent pre-eminence in a particular sector.

## **9. Guidance**

Guidance will be available on the Companies House website.

## **10. Impact**

A verification Impact Assessment has been completed and approved by the Regulatory Policy Committee (RPC), who agreed that the changes will result in overall savings to business.

## **11. Regulating small business**

This instrument will apply to those companies, limited liability partnerships and businesses who intend to either change their name or register a new name.

## **12. Monitoring & review**

We would expect to review these Regulations within five years.

## **13. Contact**

Maureen Beresford at the Department for Business, Innovation and Skills (tel: 020 7215 3342 or email: [Maureen.beresford@bis.gsi.gov.uk](mailto:Maureen.beresford@bis.gsi.gov.uk)) can answer questions about these Regulations.

## **ANNEX**

WORDS AND EXPRESSIONS NO LONGER SPECIFIED AS SENSITIVE  
COMPARED TO THE COMPANY, LIMITED LIABILITY PARTNERSHIP AND  
BUSINESS NAMES (SENSITIVE WORDS AND EXPRESSIONS)  
REGULATIONS 2009

Abortion  
Authority  
Banknote  
Board  
Cenedlaethol  
Data protection  
Disciplinary  
Discipline  
European  
Giro  
Group  
Gwladol  
Holding  
Human Rights  
International  
National  
Oversight  
Pregnancy termination  
Register  
Registered  
Registration  
Registry  
Regulation  
Rule committee  
United Kingdom  
Watchdog