

EXPLANATORY MEMORANDUM TO
THE SERVICE ADDRESS (RECTIFICATION OF REGISTER) REGULATIONS
2024

2024 No. [XXXX]

1. Introduction

- 1.1 This explanatory memorandum has been prepared by the Department for Business and Trade and is laid before Parliament by Command of His Majesty.

2. Purpose of the instrument

- 2.1 Directors and secretaries of companies, and persons with significant control over companies, are required to notify the companies registrar of their service address. A service address is defined in section 1141(1) of the Companies Act 2006 (c. 46) as an address, in relation to a person, at which documents may be effectively served on that person. Under section 1141(2) the Secretary of State may by regulations specify additional conditions with which a service address must comply.
- 2.2 This instrument establishes the process by which the registrar may change a registered service address to a “default address” nominated by the registrar, either on the registrar’s own motion or following application from a third party. The power to change the address is available where the registrar is satisfied the registered service address does not meet the requirements of section 1141(1) and 92) of the 2006 Act.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 None.

4. Extent and Territorial Application

- 4.1 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the whole of the United Kingdom.
- 4.2 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the whole of the United Kingdom.

5. European Convention on Human Rights

- 5.1 Kevin Hollinrake, the Parliamentary Under Secretary of State, Department for Business and Trade, has made the following statement regarding Human Rights:

“In my view the provisions of the Service Address (Rectification of Register) Regulations 2024 are compatible with the Convention rights.”

6. Legislative Context

- 6.1 Under section 1097A of the 2006 Act, regulations may be made by the Secretary of State which empower the registrar, acting on the registrar’s own motion or on an application by another person, to change a company’s registered office address to a “default address” nominated by the registrar if the registrar is satisfied the registered

office address is not an “appropriate address” within the meaning of section 86(2) of the 2006 Act. Section 106 of the Economic Crime and Corporate Transparency Act 2023 (c. 56) inserted a similar power into the 2006 Act: a new section 1097B which allows the Secretary of State to change the registered service address of a company director, secretary or person of significant control if satisfied that address does not meet the requirements of section 1141(1) and (2) of the 2006 Act.

- 6.2 Under regulation 10 of the Companies Act 2006 (Annual Return and Service Addresses) Regulations 2008 (S.I. 2008/3000), made under section 1141(2) of the 2006 Act, the conditions are that the service address must be a place where (a) the service of documents can be effected by physical delivery; and (b) the delivery of documents is capable of being recorded by the obtaining of an acknowledgement of delivery.

7. Policy background

What is being done and why?

- 7.1 Following the [Corporate Transparency and Register Reform White Paper](#) published in February 2022, and building on the enactment of the Economic Crime (Transparency and Enforcement) Act 2022 (c. 10) a key objective of the 2023 Act is to reform the role and powers of the registrar of companies (whose functions are carried out by the officials of Companies House) including in respect of the accuracy and legitimacy of the information pertaining to companies on the register.
- 7.2 It is possible that the service address listed in the register for a company director, secretary of person of significant control may fail to meet the statutory requirements as to a service address. This instrument is intended to assist the registrar maintain the accuracy of the register and act as a discipline on directors, secretaries and people with significant control over companies to maintain service addresses at which they can be served documents.

Explanations

What did any law do before the changes to be made by this instrument?

- 7.3 Before section 1097B of the 2006 Act was introduced there was no mechanism in law to enforce the requirements in section 1141(1) and (2) of the 2006 Act as to company directors’, secretaries’ and persons of significant control’s service addresses.

Why is it being changed?

- 7.4 This instrument introduces a means of maintaining the accuracy of the register (by changing addresses to default addresses where the address registered as the person’s service address was not one which met the requirements) and incentivising those persons to maintain service addresses that comply with those requirements.

What will it now do?

- 7.5 This instrument empowers the registrar to change a service address to a default address when satisfied that it is not an address which meets the requirements of section 1141(1) and (2) of the 2006 Act.
- 7.6 The registrar may change the address acting on the registrar’s own motion or on application. The registrar has discretion whether to change the address without notice

or to provide for a period for objections. If the registrar decides to permit an objection period, the registrar has discretion as to the length of that period.

- 7.7 A director, secretary or person with significant control over a company who, having had their service address changed to a default address by the registrar, does not take reasonable steps in a compliance period laid down in the instrument to ensure the company notifies the registrar of a new service address that meets the statutory requirements commits an offence.

8. European Union Withdrawal and Future Relationship

- 8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

- 9.1 This instrument is a standalone measure and does not amend or consolidate existing laws.

10. Consultation outcome

- 10.1 In 2019, the Government consulted on a range of options to enhance the role of Companies House and increase the transparency of companies and other legal entities. The consultation received 1,320 responses, and respondents broadly supported the proposals. A copy of the consultation and Government response can be found here: <https://www.gov.uk/government/consultations/corporate-transparency-and-register-reform>.
- 10.2 The initial consultation was followed by three further consultations. These focused on: the powers of the registrar, improving the quality and value of financial information on the UK companies register, and on implementing the ban on corporate directors. These three consultations opened in December 2020 and closed in February 2021. Respondents were broadly supportive of all the measures proposed.
- 10.3 A copy of the latter three consultations, a summary of the responses and the Government's position on reforming Companies House as a whole can be found in the Corporate Transparency and Register Reform White Paper: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1060726/corporate-transparency-white-paper.pdf.
- 10.4 The Government has also engaged with Devolved Governments on matters which fall within areas of devolved competence. This includes the provisions of the 2023 Act which are referred to in this Memorandum. All devolved issues have been settled. Legislative consent has been obtained from Welsh and Scottish Governments. As legislative consent from Northern Ireland cannot be obtained until an Executive is formed, the Government legislated without consent, but agreement was reached at official level.

11. Guidance

- 11.1 Companies House will publish guidance on their approach to applying the new procedures provided for by this instrument.

12. Impact

- 12.1 There is no, or no significant, impact on business, charities or voluntary bodies.

- 12.2 There is no, or no significant, impact on the public sector.
- 12.3 A full Impact Assessment has not been prepared for this instrument because compliant company directors, secretaries or persons with significant control over companies who do not provide erroneous or fraudulent information should not be impacted. This was outlined in the Impact Assessment published alongside the primary legislation. See here for more information:
<https://publications.parliament.uk/pa/bills/cbill/58-03/0154/1.ImpactAssessmentfromDepartmentforBusinessEnergyandIndustrialStrategy.pdf>.

13. Regulating small business

- 13.1 The legislation applies to activities that are undertaken by small businesses. No specific action is proposed to minimise the regulatory burdens on them as no regulatory burden is expected for companies that are acting legitimately.

14. Monitoring & review

- 14.1 The Department for Business and Trade and Companies House will monitor all the reforms to Companies House enabled through the 2023 Act and will periodically publish research on their impact.
- 14.2 The instrument does not include a statutory review clause and, in line with the requirements of the Small Business, Enterprise and Employment Act 2015, Kevin Hollinrake, the Parliamentary Under Secretary of State, Department for Business and Trade, has made the following statement:
- “A statutory review clause is not included in the instrument since the additional requirements are not extensive and are considered to meet the Government’s ‘de minimis’ regulatory impact criteria, meaning no impact assessment is required.”

15. Contact

- 15.1 David Leitch at the Department for Business and Trade
Telephone: 0300 068 5713 or email: david.leitch@businessandtrade.gov.uk can be contacted with any queries regarding the instrument.
- 15.2 Matthew Ray, Deputy Director for Company Law and Transparency at the Department for Business and Trade, can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Kevin Hollinrake, Parliamentary Under Secretary of State at the Department for Business and Trade, can confirm that this Explanatory Memorandum meets the required standard.