

EXPLANATORY MEMORANDUM TO
THE LIMITED LIABILITY PARTNERSHIPS (APPLICATION OF COMPANY
LAW) REGULATIONS 2024

2024 No. 234

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.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

- 2.1 This instrument will ensure that the reforms to company law made by the Economic Crime and Corporate Transparency Act 2023 also apply to the law governing limited liability partnerships.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 Only some provisions of this instrument attract the affirmative resolution procedure. These provisions are in Part 2 as well as Chapters 6 and 9 of Part 3.

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 Limited Liability Partnership (Application to Company Law) Regulations 2024 are compatible with the Convention rights.”

6. Legislative Context

- 6.1 The Limited Liability Partnerships Act 2000 (c. 12, “the 2000 Act”) provides for the creation of limited liability partnerships and for the making of regulations concerning them. The Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009 were made under the 2000 Act (S.I. 2009/1804, “the 2009 Regulations”) to apply some provisions of the Companies Act 2006 (c.46, “the 2006 Act”) to limited liability partnerships.
- 6.2 This instrument amends and supplements the 2009 Regulations.
- 6.3 This instrument is part of a series of Statutory Instruments to be made following the Economic Crime and Corporate Transparency Act 2023 (c. 56, “the 2023 Act”)

implementing the reforms within it. The instrument introduces new provisions into the 2009 Regulations which apply provisions of the 2006 Act and the 2023 Act, and modifies the 2009 Regulations' application of certain the 2006 Act's provisions, so that they apply to limited liability partnerships.

7. Policy background

What is being done and why?

- 7.1 Following the Corporate Transparency and Register Reform White Paper published in February 2022, the 2023 Act, among other things, reforms the role and powers of the Registrar of Companies, thereby making changes to company law.
- 7.2 This instrument is needed to adapt the application of the 2006 Act, as amended by the 2023 Act, in the law governing limited liability partnerships. It will ensure that company law applies coherently and without arbitrary differences between companies and limited liability partnerships.
- 7.3 The amendments to the 2009 Regulations concern application of provisions of the 2006 Act relating to a company's name, a company's registered office and email address, a company's directors, annual confirmation of accuracy on the register, information about Persons with Significant Control, dissolution and restoration to the register, the Registrar of companies, and business names.
- 7.4 This instrument also provides for consequential and supplemental amendments to the 2000 Act, resulting from the application of the new sections 76C, 76D, 86 and 88A of the 2006 Act to limited liability partnerships.
- 7.5 This instrument only contains application of provisions of the 2006 Act which are commenced in the 2023 Act's first two Commencement Regulations (S.I. 2023/1206 and *The Economic Crime and Corporate Transparency Act 2023 (Commencement No. 2 Supplementary Provision) Regulations 2024*, the latter due to be made in early 2024, bringing into force certain measures under the 2023 Act amending provisions in selected parts of the 2006 Act). Further provisions will be applied in due course as company-related provisions of the 2023 Act are commenced. More information can be found here: <https://www.gov.uk/government/publications/economic-crime-and-corporate-transparency-bill-2022-factsheets/fact-sheet-impact-of-corporate-transparency-reforms-on-limited-liability-partnerships>
- 7.6 For more detail, please see the Explanatory Note of the instrument.

8. European Union Withdrawal and Future Relationship

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

9. Consolidation

- 9.1 This instrument amends provisions of the Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009 (S.I. 2009/1804) which apply to limited liability partnership provisions of the Companies Act 2006 (c. 46).
- 9.2 The legislation will be consolidated once further amendments to the 2009 Regulations have been made via further Statutory Instruments resulting from the 2023 Act.

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, including limited liability partnerships. 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 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. 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.

11. Guidance

- 11.1 Companies House has extensive guidance for limited liability partnerships. Ahead of the new regulations coming into force, Companies House will amend the relevant guidance to ensure that limited liability partnerships understand the new requirements.
- 11.2 Current guidance for limited liability partnerships can be found here:
<https://www.gov.uk/guidance/set-up-and-run-a-limited-liability-partnership-llp>

12. Impact

- 12.1 The impact on business, charities or voluntary bodies is included in the Primary legislation Impact Assessment which is available here:
<https://publications.parliament.uk/pa/bills/cbill/58-03/0154/1.ImpactAssessmentfromDepartmentforBusinessEnergyandIndustrialStrategy.pdf>. This SI applies with modifications the new Registrar's powers and restrictions to limited liability partnerships.
- 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 the impacts have already been assessed (see 12.1).
- 12.4 No impact on the environment is expected as a result of this instrument.

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 significant regulatory burdens are expected.

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 Trevor Smith at the Department for Business and Trade
Telephone: 07917955883 or email: trevor.smith@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.