EXPLANATORY MEMORANDUM TO

THE COMPANIES, LIMITED LIABILITY PARTNERSHIPS AND PARTNERSHIPS (AMENDMENT ETC.) (EU EXIT) REGULATIONS 2019

2019 No. 348

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Business, Energy and Industrial Strategy and is laid before the Parliament by Act.

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

2. Purpose of the instrument

2.1 This instrument is being made in order to address deficiencies in retained EU law in relation to the Companies Act 2006 and supporting secondary legislation that arise from the withdrawal of the United Kingdom from the European Union (this instrument does not directly address deficiencies in the area of accounting and audit which are being amended in separate instruments).

2.2 It will ensure that the UK's company law framework will be able to function effectively, providing clarity and a smooth transition for business on and after exit day.

Explanations

What did any relevant EU law do before exit day?

2.3 The Companies Act 2006 provides the framework for company law in the UK supplemented by various secondary legislation. This legislation reflects the UK's current status as a member state of the EU and an EEA state. It provides for different treatment of EEA companies and EEA "regulated markets" as compared to non-EEA companies and markets.

2.4 It also refers to arrangements in which the UK participates by being an EEA state, such as the cross-border merger regime and e-Justice portal. Chapter II of Title II of Directive 2017/1132 provides a regime for mergers between limited liability companies established in different EEA States and this is implemented in the UK by the Companies (Cross-Border Mergers) Regulations 2007. Commission Implementing Regulation (EU) 2015/884 provides technical requirements of the interconnection of business registers throughout the EEA known as the Business Registry Interconnection System (BRIS) which is linked to the e-Justice portal (an electronic one-stop-shop for EEA citizens and businesses in the area of justice, providing information on justice systems throughout the EEA). The UK business register is maintained by Companies House and is currently interconnected with business registers in the rest of the EEA via BRIS.

Why is it being changed?

2.5 Some changes are being made to the Companies Act 2006 and supporting secondary legislation because on exit day they will no longer operate effectively and therefore will require technical amendments to make them operable.

2.6 Some provisions will not be appropriate in a "no deal" scenario, and the amendments need to be made to reflect the UK's position outside of the single market and common framework in the area of company law. In line with this position the amendments ensure that the UK does not provide preferential treatment to EEA companies or EEA States which would breach the World Trade Organisation's Most Favoured Nation rules.

2.7 The changes will ensure that the UK's company law framework can continue to provide a functioning, clear system for companies and affected businesses after exit day.

What will it now do?

2.8 This instrument preserves the company law framework unchanged as far as possible and appropriate, mainly correcting those deficiencies arising from the presence of existing EEA references which cause inoperability and to reflect that the UK is no longer a member state of the EEA and so not part of the common framework in company law. The amendments cover various processes, functions and requirements as they apply to UK and EEA businesses, including filing requirements with the Companies Registrar (Companies House). There are also a small number of amendments to address the special treatment given in the legislation to EEA businesses or businesses with listing on or access to the EEA regulated markets, as these provisions will no longer be appropriate once the UK leaves the European Union.

2.9 The instrument also revokes legislation that relies on participation in EEA specific processes and systems including the Companies (Cross-Border Mergers) Regulations 2007 in relation to cross-border mergers and Commission Implementing Regulation (EU) 2015/884 regarding technical requirements for interconnection of registers, as after exit day the UK will no longer be interconnected to BRIS via the European e-Justice portal.

2.10 More detailed information on these changes are provided in section 7 of this memorandum.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 This statutory instrument was laid by BEIS for sifting by the Sifting Committees on 5 November 2018. The Commons European Statutory Instruments Committee (ESIC) published their report on 15 November[1] and the Lords Secondary Legislation Scrutiny Committee published their report on 22 November[2]. Both Committees recommended that this statutory instrument should be subject to the affirmative resolution procedure.

1 https://publications.parliament.uk/pa/ld201719/ldselect/ldseclegb/236/23602.htm
2 https://publications.parliament.uk/pa/cm201719/cmselect/cmesic/1698/1698.pdf

3.2 Both committees noted the importance of the instrument for the continued functioning of the UK company law framework, as well as noting that the instrument includes changes of significance, including the revocation of the cross-border mergers regime. Both committees therefore recommended that Parliament would want to debate the issues included within the instrument as they deemed them of political and legal importance.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

3.3 The territorial application of this instrument varies between provisions.

4. Extent and Territorial Application

4.1 The territorial extent of this instrument is the United Kingdom, save that where some enactments which have a different territorial extent are amended or revoked, the amending or revoking provisions have the same extent as the enactment in question

4.2 The territorial application of this instrument is the United Kingdom.

5. European Convention on Human Rights

5.1 The Minister for Small Business, Consumers and Corporate Responsibility, Kelly Tolhurst has made the following statement regarding Human Rights:

"In my view the provisions of the Companies, Limited Liability Partnerships (Amendment etc.) (EU Exit) Regulations 2019 are compatible with the Convention rights."

6. Legislative Context

6.1 The Companies Act 2006 supplemented by a body of secondary legislation sets out the framework for company law in the United Kingdom.

6.2 To address the deficiencies in retained EU law that arise from the UK's exit from the EU, this instrument makes amendments to the Companies Act 2006 and secondary legislation made under that Act.

6.3 The amended secondary legislation is: the Companies (Political Expenditure) Exemption Order 2007; the Overseas Companies Regulations 2009; the Companies (Disclosure of Address) Regulations 2009; the Companies (Disclosure of Date of Birth Information) Regulations 2015; Register of People with Significant Control Regulations 2016; and the Scottish Partnerships (Register of People with Significant Control) Regulations 2017.

6.4 In respect of the changes to the Companies Act 2006, this instrument makes consequential amendments in the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and the Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009, and revokes Commission Implementing Regulation (EU) 2015/884 on the technical requirements for interconnection of registers as the UK will no longer be interconnected to BRIS via the e-Justice portal.

6.5 This instrument also revokes the Companies (Cross-Border Mergers) Regulations 2007, and makes consequential amendments to the Insolvency Act 1986; the Employment Tribunals Act 1996; the Employment Rights Act 1996; the Employment

Act 2002; the Employment Appeal Tribunal Rules 1993; the Companies (Companies Authorised to Register) Regulations 2009; the Banking Act 2009 (Parts 2 and 3 Consequential Amendments) Order 2009; the Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009; the Agency Workers Regulations 2010; the Investment Bank Special Administration Regulations 2011; the Companies (Reporting Requirements in Mergers and Divisions) Regulations 2011; the Employment Tribunals and the Employment Appeal Tribunal Fees Order 2013; the Bank Recovery and Resolution (No 2) Order 2014. As a consequence of revoking the Companies (Cross-Border Mergers) Regulations 2007, the instrument also revokes the Companies (Cross-Border Mergers) (Amendment) Regulations 2008; and the Companies (Cross-Border Mergers) (Amendment) Regulations 2015.

6.6 There are dependencies with two other EU Exit instruments which have been made. The term "regulated market" is used in a number of provisions in the Companies Act 2006. The current definition in section 1173(1) of the Act comprises the UK and EEA regulated markets. This definition has been amended in the Accounts and Reports (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/145) by cross referencing the definitions of "regulated market", "EU regulated market" and "UK regulated market" which are being inserted into Regulation (EU) No. 600/2014 by HM Treasury's instrument the Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1403). This amendment separates the geographical focus into "UK regulated market" and "EU regulated market". "UK regulated market" includes the UK part of the current definition which includes recognised investment exchanges such as the London Stock Exchange. "EU regulated market" consists of the other part the definition that includes markets in the EEA such as Euronext Paris.

7. Policy background

What is being done and why?

7.1 An explanation of the main effects is included below under the key groupings of changes.

"Regulated markets"

7.2 The references to "regulated market" in sections 146, 360C, 790B, 790C, and 853E(6) of the Companies Act 2006 have been amended to "UK regulated market or EU regulated market". These changes are consequential on the changes to the underlying definition mentioned in paragraph 6.6 above and are necessary to preserve the status quo. There will be no change to the legal framework as it currently applies and therefore no impact. Further consequential amendments have been made in relation to the definition of regulated market in regulation 31B of the Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009 which applies section 790C of the Companies Act 2006 with modifications to Limited Liability Partnerships.

7.3 There are two provisions where "regulated market" has been amended to "UK regulated market". Section 136 of the Companies Act 2006 prohibits subsidiaries from holding shares in their holding company, but there is an exemption in section 141 of the Act for a subsidiary that is an intermediary that deals in securities and holds the shares in the ordinary course of its business. One of the conditions for the exemption to apply (section 141(2)(b)) is that the intermediary is a member of or has access to a regulated market. This means that, for example, a UK (or overseas)

company acting as an authorised dealer in securities and which is only a member of or only has access to the New York Stock Exchange would not be able to own shares in its UK holding company in the same way that a UK (or overseas) company with access to French markets would.

7.4 This instrument replaces the reference to "regulated market" with "UK regulated market" so that after exit an authorised dealer in securities who is a member of, or has access to, an EEA market will be placed on the same footing as a dealer in securities who is a member of, or has access to, a non-EEA market. Without this amendment, intermediaries who are members of or have access to EEA regulated markets would continue to benefit from preferential treatment compared to intermediaries who are members of or have access to non-EEA regulated markets. This would create an environment where listing on EEA regulated markets would be more favourable than listing in other countries' regulated markets.

7.5 Under section 832 of the Companies Act 2006, investment companies are permitted to make distributions under certain conditions which include (section 832(5)(a)) that the company's shares must be admitted to trading on a regulated market. If this legislation is maintained on exit, it would mean that investment companies listed on an EEA regulated market would continue to be given preferential treatment over those listed on other, non-UK markets. The reference to "regulated market" is therefore being amended to "UK regulated market" which has the effect of placing investment companies listed on EEA markets on the same footing as those listed on other non-UK markets.

7.6 For each of these amendments transitional arrangements have been provided.

7.7 In relation to intermediaries holding shares in their holding company that were acquired before exit day those shares can continue to be held, but one year after exit day they will no longer be able to exercise voting rights in respect of those shares (this will operate in a similar way to section 137 of the Companies Act 2006 which provides for members to continue to hold shares in this way (without exercising voting rights) where they had been acquired before the prohibition in section 136 came into force).

7.8 Investment companies that only have shares admitted to an EEA market will be able to continue making distributions under section 832 for a period of one year after exit day, but after this period they will no longer be able to do so (this change does not relate to profits that the UK investment company may receive from shares in EEA companies), unless they make changes to their operations that brings them in scope of the amended provision. This measure applies to very few companies, but transitional provisions have nevertheless been provided that will allow sufficient time for impacted companies to consider the impact of the change on their operations and take appropriate action

Filing requirements in respect of EEA corporate directors and secretaries

Section 164 and 278 of the Companies Act 2006

7.9 A company may appoint a director or a company secretary which is not a natural person, but instead is incorporated as a company or is another type of legal person. The filing requirements for the appointment of an EEA company as a corporate director or secretary of a UK company currently require less information to be provided to the Registrar as compared to the appointment of a non-EEA company.

7.10 This instrument amends filing requirements for these appointments so that from exit day UK companies who already have an EEA company as an appointed corporate director or secretary or wish to do so in the future will be required to provide the same information as they would need to for non-EEA corporate directors and secretaries. The additional information required is minimal; it is the legal form of the company and the law by which it is governed.

7.11 A consequential amendment in respect of section 164 has been made in regulation 18 of the Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009, which applies the Companies Act to LLPs with practical modifications.

7.12 For companies that appointed an EEA corporate director or secretary before exit day, transitional arrangements are provided so that these companies are not required to comply with the duty to update relevant particulars until 3 months after exit day.

7.13 This change will require various initial system changes for the Companies Registrar to ensure they can collect and store the required information. However, for companies who have or make these appointments the impact is expected to be small: the information required is simple and will be clearly reflected in the forms they will be required to fill in. As this information is already collected for non-EEA corporate directors the impact on the Registrar will also be minimal once initial system changes have been completed.

Overseas Companies Regulations 2009

7.14 The Overseas Companies Regulations 2009 impose various registration, filing, and disclosure requirements on companies incorporated outside the United Kingdom ("overseas companies") that open an establishment, whether a place of business or a branch, in the United Kingdom (a "UK establishment"). The filing requirements are currently more limited in respect of EEA companies opening UK establishments, as compared to non-EEA overseas companies, and overseas companies are required to provide more limited particulars for EEA corporate directors and secretaries than they are for non-EEA corporate directors and secretaries.

7.15 This instrument amends these regulations to ensure that after exit day all overseas companies have the same requirements irrespective of whether they are incorporated in the EEA or not. This means that, from exit day an EEA overseas company will need to provide additional particulars which include the law under which the company is incorporated, if applicable the period for which the company is required by its parent law to prepare accounts, together with the period allowed for the preparation and public disclosure (if any) of accounts for such a period, the address of its principal place of business in its country of incorporation or its registered office (unless already disclosed in its constitution), its objects, and the amount of its issued share capital.

7.16 Further, from exit day where any overseas company has corporate directors and secretaries the particulars required in respect of these will be the same whether or not the corporate director or secretary is EEA incorporated. This is in line with the changes to sections 164 and 278 of the Companies Act 2006 as mentioned above.

7.17 In addition to the filing requirements, a change to regulation 63 (particulars to appear in business letters, order forms and websites) will require all overseas companies to display the same information on their business letters, order forms and websites irrespective of whether they are EEA incorporated or not. For EEA companies this

means that from exit day they will be required to include certain additional information (such as the location of its head office, if it is a limited company, if it has a share capital a reference to the amount of share capital).

7.18 Transitional provisions are being provided so that overseas companies affected by these changes will have three months beginning on exit day to comply with the requirements for additional particulars to be filed and for the additional details of the company to be provided on their business letters, order forms, and websites. It may be that some companies already include this information on their public facing material and therefore will not need to make any changes to this material. Others may be familiar with the requirements but for those companies who are not they will incur the costs of familiarisation with the new requirements. For companies that need to make changes to their public facing material, these costs will be one-off with the overall costs of updating these details expected to be small.

7.19 This instrument does not directly address deficiencies in the area of accounting in the Overseas Companies Regulations 2009 which are being addressed in a separate instrument.

Documents subject to Directive Disclosure Requirements

7.20 The Companies Registrar is under additional requirements to notify, store and disclose all documents that are subject to the "Directive disclosure requirements" which are defined by reference to an EU Directive (Directive 2009/101/EC). Section 1078 of the Companies Act 2006 lists these documents in full, and the requirements under the EU Directive have been transposed in the Companies Act 2006 and supporting secondary legislation. Therefore, this instrument only makes changes so that after exit day these documents are referred to as "enhanced disclosure documents". There is no material effect of this change, but it requires that in Part 35 of the Companies Act 2006 and in regulation 76 of the Overseas Companies Regulations 2009 the original references to "Directive Disclosure requirements" are substituted with references to "enhanced disclosure documents".

Permitted disclosure provisions

7.21 The following Regulations permit disclosure of certain protected information (date of birth and address of company directors) from the Companies Registrar to specified public authorities, and to EEA (including UK) credit reference agencies, credit institutions and financial institutions, and the use by those agencies and institutions of EEA (including UK) data processors to process that information: Schedule 2 to the Overseas Companies Regulations 2009; Schedule 2 to the Companies (Disclosure of Address) Regulations 2009; Schedule 2 to the Companies (Disclosure of Date of Birth Information) Regulations 2015; Schedule 4 to the Register of People with Significant Control Regulations 2016; and Schedule 5 to the Scottish Partnerships (Register of People with Significant Control) Regulations 2017.

7.22 The amendments made by this instrument will enable the Companies Registrar to continue to disclose protected information to specified public authorities. In respect of permitted disclosures to credit reference agencies, credit institutions, financial institutions, and use of data processors, the current legislation gives preferential treatment to EEA (to the exclusion of non-EEA) credit reference agencies, credit and financial institutions to access protected information from the Companies Registrar. The legislation also sets out that only EEA data processors can be used by these

businesses for processing that protected information. These Regulations are being amended so that from exit day this will be restricted to those agencies and institutions carrying on business in the UK, to avoid giving preferential treatment to those carrying on business in the EEA.

7.23 A one-year transitional period is being provided for the affected businesses to continue as they are. This should enable them to adapt to new requirements if there is an impact on them.

Political Parties and expenditure

7.24 This instrument amends Part 14 of the Companies Act 2006 which sets out the shareholder authorisation required for a company's political donations to political parties, political organisations and candidates for election to public office, and for a company's political expenditure. The current legislation reflects the UK's membership of the European Union and that it is part of an integrated political system. It therefore applies to donations to political parties and candidates that participate in elections in EU member states, to expenditure in support of those parties and candidates and to expenditure incurred to influence referendums held in EU member states.

7.25 These provisions are being amended to reflect that on exit day the UK will not be an EU member state. The controls will therefore only apply to donations to UK-registered political parties and candidates at UK elections, to expenditure in support of those parties and candidates and to expenditure incurred to influence referendums held in the UK. Part 14 does not relate to foreign influence on UK referendums or elections, its purpose is for UK companies to be held accountable to their shareholders for expenditure and donations to political parties, organisations and candidates for election.

7.26 This instrument also makes a consequential amendment to the Companies (Political Expenditure) Exemption Order 2007.

European e-Justice portal

7.27 The European e-Justice portal is an electronic one-stop-shop for EEA citizens and businesses in the area of justice, providing information on justice systems throughout the EEA. It includes the interconnection of business registers in the EEA (known as BRIS) including the UK company register. On exit the UK will no longer take part in this system.

7.28 Section 1079A of the Companies Act 2006 provides an obligation on the UK Companies Registrar to provide certain information required by article 3a(1) of Directive 2009/101/EC for publication on the European e-Justice portal. As the UK will no longer be part of the EEA and no longer take part in the European e-Justice portal, this instrument will remove this requirement and post-exit the UK Companies Registrar will no longer be required to provide such information on the e-Justice portal.

7.29 This instrument also revokes Commission Implementing Regulation (EU) 2015/884 which was made under the Directive and provided for the technical requirements for BRIS. This change will only affect the UK company law aspect of the portal, not access to the portal as a whole. This means that the dedicated connection between the Registrar at Companies House and registrars in the EEA States will not continue.

However, all information currently provided to the public by Companies House will continue to be available via gov.uk, as it is now.

All other changes

Section 562 Communication of pre-emption offers to shareholders

7.30 Section 561 of the Companies Act 2006 requires that any offer of equity securities is first made to existing shareholders on a pre-emptive basis before it can be made to anyone else, and section 562 relates to the communication of the offer to these existing shareholders. This instrument substitutes "EEA state" with "UK or an EEA state" because the term "EEA State" will no longer include the UK on exit day. This is a technical change to ensure that after exit day the requirement for communication of a pre-emption offer to shareholders remains as it did before exit day. There is no impact because there is no change to the effect of the legislation.

Section 1047 Registered name of overseas companies

7.31 This amendment makes changes so that after exit day the provisions in Part 5 of the Companies Act (a company's name) that apply "checks" to the company name that is submitted to Companies House for registration will apply to EEA companies in the same way that it applies to all other overseas companies.

1173 Minor definitions: general

7.32 The definition of "transferable securities" has been amended to cross-refer to Regulation (EU) No 648/2012, as amended by the Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1403).

7.33 Consequential amendments have been made in regulation 55 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 which applies aspects of the Companies Act to LLPs.

Cross-border mergers revocation and related consequentials

7.34 Chapter II of Title II of Directive 2017/1132 provides a regime for mergers between limited liability companies established in different EEA States and is implemented in the UK by the Companies (Cross-Border Mergers) Regulations 2007.

7.35 Regulations that allow mergers between UK companies and companies in EEA States to take place are being revoked. After exit day the UK will no longer have access to the regime and EEA States will no longer be required to give effect to mergers involving a UK company. On average, around fifty cross-border mergers take place under the Regulations in the UK per year. After exit day, cross-border mergers will still be able to be structured through private contractual arrangements. This instrument also makes various consequential amendments to reflect the fact that these Regulations are being revoked.

7.36 This instrument applies to company law which is a transferred matter for Northern Ireland under section 4 of the Northern Ireland Act 1998. The UK Government remains committed to restoring devolution in Northern Ireland. This is particularly important in the context of EU Exit where we want devolved Ministers to take the necessary actions to prepare Northern Ireland for exit. We have been considering how to ensure a functioning statute book across the UK including in Northern Ireland for exit day absent a Northern Ireland Executive. With exit day less than one year away,

and in the continued absence of a Northern Ireland Executive, the window to prepare Northern Ireland's statute book for exit is narrowing.UK Government Ministers have therefore decided that in the interest of legal certainty in Northern Ireland, the UK Government will take through the necessary secondary legislation at Westminster for Northern Ireland, in close consultation with the Northern Ireland departments. This is one such instrument.

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

8.1 This instrument is being made using the power in section 8 of, and paragraph 21 of Schedule 7 to, the European Union (Withdrawal) Act 2018 in order to address failures of retained EU law to operate effectively or other deficiencies arising from the withdrawal of the United Kingdom from the European Union. In accordance with the requirements of that Act the Minister has made the relevant statements as detailed in Part 2 of the Annex to this Explanatory Memorandum.

9. Consolidation

9.1 This is not a consolidation.

10. Consultation outcome

10.1 We have not been able to publicly consult in order to minimise sensitivities in advance of negotiations with the EU. Informal consultation has taken place with the Law Society who were given the opportunity to comment on the drafting of this instrument. Their comments helped to inform the final instrument.

11. Guidance

11.1 Companies House will issue Guidance that covers the relevant changes set out by this instrument.

12. Impact

12.1 The impact on business is less than £5 million due to the low estimated cost of the changes on business. The main direct costs relate to the familiarisation costs for companies in scope of the amendments to become familiar with the new filing and disclosure requirements, the costs of submitting additional information to Companies House including the preparation and filing of accounts and non-financial information statements.

12.2 There is a small impact on the UK Companies Registrar who will need to update their IT systems to take account of the changes described in this memorandum and to ensure that relevant forms for business are updated after exit day.

12.3 A full Impact Assessment has not been prepared for this instrument because of the low level of impact on business (less than £5 million).

13. Regulating small business

13.1 The legislation applies to activities that are undertaken by small businesses.

13.2 This instrument encompasses multiple amendments that overall, affect entities of all sizes, albeit in different ways, and where impacts fall on small businesses, we expect them to be commensurate with business size. Further, for some amendments, small

businesses may face higher relative impacts than larger businesses, but the reverse may apply for other amendments, so overall, we do not expect any significant disproportionate small business impact.

14. Monitoring & review

14.1 As this instrument is made under the EU (Withdrawal) Act 2018, no review clause is required.

15. Contact

15.1 Gemma Johnson at the Department for Business, Energy and Industrial Strategy Telephone: 020 7215 1054 or email: gemma.johnson@beis.gov.uk can be contacted with any queries regarding the instrument.

15.2 Andrew Death, Deputy Director at the Department for Business, Energy and Industrial Strategy can confirm that this Explanatory Memorandum meets the required standard.

15.3 Kelly Tolhurst the Minister for Small Business, Consumers and Corporate Responsibility can confirm that this Explanatory Memorandum meets the required standard.

Annex

Statements under the European Union (Withdrawal) Act 2018

Part 1

Table of Statements under the 2018 Act

This table sets out the statements that may be required under the 2018 Act.

Statement	Where the requirement sits	To whom it applies	What it requires
Sifting	Paragraphs 3(3), 3(7) and 17(3) and 17(7) of Schedule 7	Ministers of the Crown exercising sections 8(1), 9 and 23(1) to make a Negative SI	Explain why the instrument should be subject to the negative procedure and, if applicable, why they disagree with the recommendation(s) of the SLSC/Sifting Committees
Appropriate-ness	Sub-paragraph (2) of paragraph 28, Schedule 7	Ministers of the Crown exercising sections 8(1), 9 and 23(1) or jointly exercising powers in Schedule 2	A statement that the SI does no more than is appropriate.
Good Reasons	Sub-paragraph (3) of paragraph 28, Schedule 7	Ministers of the Crown exercising sections 8(1), 9 and 23(1) or jointly exercising powers in Schedule 2	Explain the good reasons for making the instrument and that what is being done is a reasonable course of action.
Equalities	Sub-paragraphs (4) and (5) of paragraph 28, Schedule 7	Ministers of the Crown exercising sections 8(1), 9 and 23(1) or jointly exercising powers in Schedule 2	Explain what, if any, amendment, repeals or revocations are being made to the Equalities Acts 2006 and 2010 and legislation made under them. State that the Minister has had due regard to the need to eliminate discrimination and other conduct prohibited under the Equality Act 2010.
Explanations	Sub-paragraph (6) of paragraph 28, Schedule 7	Ministers of the Crown exercising sections 8(1), 9 and 23(1) or jointly exercising powers in Schedule 2 In addition to the statutory obligation the Government has made a political commitment to include these statements alongside all EUWA SIs	Explain the instrument, identify the relevant law before exit day, explain the instrument's effect on retained EU law and give information about the purpose of the instrument, e.g., whether minor or technical changes only are intended to the EU retained law.
Criminal offences	Sub-paragraphs (3) and (7) of paragraph 28, Schedule 7	Ministers of the Crown exercising sections 8(1), 9, and	Set out the 'good reasons' for creating a criminal offence, and the penalty attached.

		23(1) or jointly exercising powers in Schedule 2 to create a criminal offence	
Sub-delegation	Paragraph 30, Schedule 7	Ministers of the Crown exercising sections 10(1), 12 and part 1 of Schedule 4 to create a legislative power exercisable not by a Minister of the Crown or a Devolved Authority by Statutory Instrument.	State why it is appropriate to create such a sub-delegated power.
Urgency	Paragraph 34, Schedule 7	Ministers of the Crown using the urgent procedure in paragraphs 4 or 14, Schedule 7.	Statement of the reasons for the Minister's opinion that the SI is urgent.
Explanations where amending regulations under 2(2) ECA 1972	Paragraph 13, Schedule 8	Anybody making an SI after exit day under powers outside the European Union (Withdrawal) Act 2018 which modifies subordinate legislation made under s. 2(2) ECA	Statement explaining the good reasons for modifying the instrument made under s. 2(2) ECA, identifying the relevant law before exit day, and explaining the instrument's effect on retained EU law.
Scrutiny statement where amending regulations under 2(2) ECA 1972	Paragraph 16, Schedule 8	Anybody making an SI after exit day under powers outside the European Union (Withdrawal) Act 2018 which modifies subordinate legislation made under s. 2(2) ECA	Statement setting out: a) the steps which the relevant authority has taken to make the draft instrument published in accordance with paragraph 16(2), Schedule 8 available to each House of Parliament, b) containing information about the relevant authority's response to— (i) any recommendations made by a committee of either House of Parliament about the published draft instrument, and (ii) any other representations made to the relevant authority about the published draft instrument, and, c) containing any other information that the relevant authority considers appropriate in relation to the scrutiny of the instrument or draft instrument which is to be laid.

Part 2

Statements required when using enabling powers under the European Union (Withdrawal) 2018 Act

1. Appropriateness statement

1.1 The Minister for Small Business, Consumers and Corporate Responsibility, Kelly Tolhurst has made the following statement regarding use of legislative powers in the European Union (Withdrawal) Act 2018:

"In my view the Companies, Limited Liability Partnerships and Partnerships (Amendment etc.) (EU Exit) Regulations 2019 does no more than is appropriate".

1.2 This is because the Companies Act 2006 and supporting secondary legislation will no longer operate effectively on exit day and therefore will require technical amendments to make them operable and for the UK's legal framework as it applies to companies to work effectively and with clarity. Further, the are appropriate changes being made to ensure that the law is compliant with World Trade Organisation rules after exit day (where the UK will no longer be exempt when providing preferential treatment to EEA states) and that references to EEA specific arrangements between the UK and EEA member states, such as the e-Justice portal and cross-border merger regime are removed because they will no longer be possible on exit. A fuller explanation is provided in section 2 and 7 of this explanatory memorandum.

2. Good reasons

2.1 The Minister for Small Business, Consumers and Corporate Responsibility, Kelly Tolhurst has made the following statement regarding use of legislative powers in the European Union (Withdrawal) Act 2018:

"In my view there are good reasons for the provisions in this instrument, and I have concluded they are a reasonable course of action".

2.2 This is because of the policy explanation provided in section 7 of this explanatory memorandum on what is being done and why. The company law framework would have a lack of clarity after exit day if the changes made by this instrument were not made. This would impact business confidence both in the UK and EU.

3. Equalities

3.1 The Minister for Small Business, Consumers and Corporate Responsibility, Kelly Tolhurst has made the following statement(s):

"The instrument does not amend, repeal or revoke a provision or provisions in the Equality Act 2006 or the Equality Act 2010 or subordinate legislation made under those Acts.

3.2 The Minister for Small Business, Consumers and Corporate Responsibility, Kelly Tolhurst has made the following statement regarding use of legislative powers in the European Union (Withdrawal) Act 2018:

"In relation to the instrument, I, Kelly Tolhurst, the Minister for Small Business, Consumers and Corporate Responsibility at the Department for Business, Energy and Industrial Strategy have had due regard to the need to eliminate discrimination,

harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010.".

3.3 This legislation complies with the requirements of the Public-Sector Equality Duty (PSED) requirements.

4. Explanations

4.1 The explanations statement has been made in section 2 of the main body of this Explanatory Memorandum.