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ICSA issues new guidance note on proper purpose

The Institute of Chartered Secretaries and Administrators (ICSA) has today published a guidance note on proper purpose. Ss116 – 119 of the Companies Act 2006 will make access to a company's register of members subject to a 'proper purpose' test but has not defined what is, or is not, a 'proper purpose'.

Whether a purpose is proper or not, is, ultimately, a matter for the courts. The guidance note provides an industry view, determined by the working group below, on what should constitute a proper purpose and provides examples of both proper and improper purposes. This will provide a useful starting point for companies and their registrars in their assessment of any requests they receive in relation to these sections of the Act.

In light of the tapered commencement of ss116-119 from 1 October 2007, and the short time frame within which companies have to refer a request to the court or supply the register, it is vital that companies get to grips with these provisions in readiness for when they will apply to them.

The ICSA is grateful to the working group who helped to develop the guidance note. The group's range of expertise has enabled the note to cover a wide range of examples of both proper and improper purposes and set out further guidance as to what companies should do if they are in doubt about an application for access and on the court process. The guidance note is one of a series that ICSA is publishing on the Companies Act.

The guidance note is available at <http://www.zoomerang.com/recipient/survey-intro.zqi?p=WEB226KRW2QFWL>

For further information, or if you have any comments, please contact Bridget Salaman on 020 7612 7039 or bsalaman@icsa.co.uk

Editor's notes

The working group was comprised as follows:

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