

VEHICLE REGISTRATION MARKS ACT 2007

EXPLANATORY NOTES

INTRODUCTION

1. These explanatory notes relate to the Vehicle Registration Marks Act 2007 (“the Act”) which received Royal Assent on 19 July 2007. They have been prepared by the Department for Transport in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by Parliament.
2. The notes need to be read in conjunction with the Act. They are not, and are not meant to be, a comprehensive description of the Act. So where a section or part of a section does not seem to require any explanation or comment, none is given.

TERRITORIAL EXTENT AND APPLICATION

3. The Act extends to the whole of the United Kingdom.
4. The Act applies in Wales as in the rest of the United Kingdom. It does not confer any powers on the National Assembly for Wales.

SUMMARY

5. The Act amends the Vehicle Excise and Registration Act 1994 (“VERA”) to simplify the process of buying and selling, or otherwise transferring, registration numbers for both dealers and individuals without compromising the current legislative safeguards against fraud.

BACKGROUND

6. The registered keeper of a vehicle may apply to retain the vehicle’s registration mark separately from the vehicle¹. This would typically be done with a view to selling the right to use that mark on another vehicle. An application cannot be made by anyone other than the registered keeper of the vehicle.
7. A retention document confirming the grant of the right of retention (i.e. the right to have the mark transferred to another vehicle) is issued to the applicant (the “grantee”). The retention period (i.e. the period during which the mark may be retained separately from a vehicle) is 12 months. That period may be extended by the Secretary of State by further 12-month periods until the mark is eventually assigned to a vehicle². A new retention document is issued at each extension.
8. The grantee’s right of retention enables him to transfer the registration mark to a vehicle registered in his name or in the name of a nominee. The nominee’s name must be included on the retention document.
9. Although a grantee may sell entitlement to the registration mark to the nominee, the grantee must remain involved in the process, as it is only the grantee who can exercise

¹ See section 26 of VERA and the [Retention of Registration Marks Regulations S.I. 1993/987](#) (as amended), which have effect as if made under VERA (see paragraph 2 of Schedule 4 to VERA).

² See regulation 5 of [S.I. 1993/987](#).

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the right of retention and thereby have the mark assigned to the nominee's vehicle. The nominee/purchaser has no rights to the registration mark until it is assigned to a vehicle registered in their name.

10. The Act allows provision to be made enabling the registered keeper of a vehicle to transfer entitlement to the vehicle's registration mark to the purchaser at the point at which the application for a right of retention is made. Such provision removes the necessity for the registered keeper to be involved in the process beyond making the initial application for a right of retention to be granted in favour of their desired purchaser.

THE ACT

11. This Act amends VERA to allow a person other than the registered keeper of a vehicle to become the grantee of a right of retention in respect of the vehicle's registration mark.

COMMENTARY ON SECTIONS

12. [Section 1](#) amends section 26 of VERA, which sets out the Secretary of State's power to make regulations about the retention of vehicle registration marks pending their transfer.
13. *Subsection (1)* substitutes new subsections (1) and (1A) for the existing subsection (1). Under the new subsections, the power to make regulations providing for the granting of a right of retention in respect of a vehicle's registered mark is extended so that, at the request of the registered keeper of the vehicle, the right of retention may be granted to someone other than the registered keeper.
14. *Subsections (2) and (3)* make consequential amendments to section 26 and to the definition of "right of retention" in section 62(1) respectively.

COMMENCEMENT DATE

15. The Act came into force on Royal Assent.

HANSARD REFERENCES

The following table sets out the dates and Hansard references for each stage of this Act's passage through Parliament.

<i>Stage</i>	<i>Date</i>	<i>Hansard reference</i>
<i>House of Commons</i>		
Introduction	13 December 2006	Vol. 454 Col 889
Second Reading	23 March 2007	Vol. 458 Cols. 1101-1120
Committee Stage		
Public Bill Committee	18 April 2007	Col 3
Report and Third Reading	20 April 2007	Vol. 459 Col 623
<i>House of Lords</i>		
Introduction	23 April 2007	Vol. 691 Col 503
Second Reading	10 May 2007	Vol. 691 Cols. 1618-1630
Committee	28 June 2007	Vol. 693 Cols. 776-780
Report	28 June 2007	Vol. 693 Col 780
Third Reading	9 July 2007	Vol. 693 Col 1234

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Royal Assent - 19 July 2007	House of Lords Hansard Vol. 694 Col 363
	House of Commons Hansard Vol. 463 Col 429