
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations implement Council Directive [2001/86/EC](#) supplementing the Statute for a European Company with regard to the involvement of employees (“the Directive”) and also make provision for the parts of Council Regulation 2157/2001 on the Statute for a European Company (“the Regulation”) which permit or oblige the Member States to make certain provisions in their national law including provision for the effective application of the Regulation.

The Regulation provides for the creation of a new form of public limited-liability company, the *Societas Europaea*, known as the “SE”. This type of company can be formed in a number of ways set out in the Regulation. It will be governed by the Regulation and, in respect of matters where the Regulation so provides, by the law applying to public limited-liability companies of the Member State in which it is, or is proposed to be, registered. The Regulation, although directly applicable in the territory of the Community, obliges Member States to make arrangements in relation to SEs which register in their territory. The Regulations therefore:

- (1) make provision as to the registration and transfer of SEs and the registration authority (Part 2);
- (2) contain provisions required by the Regulation that Member States enact particular measures (Part 5);
- (3) contain provisions needed to achieve the effective application of the Regulation (Part 6); and
- (4) provide for an SE to convert to a public company (Part 7).

The Regulation also gives Member States the discretion as to whether to implement options set out in the Regulation and which is exercised in Part 4 of the Regulations.

Part 3 of the Regulations implements the Directive and sets out the provisions relating to employee involvement in the SE. The principal provisions are:

- (1) the establishment of a special negotiating body (Chapter 2);
- (2) election or appointment of UK members of the special negotiating body (Chapter 3);
- (3) negotiation of an employee involvement agreement (Chapter 4);
- (4) standard rules on employee involvement (Chapter 5);
- (5) compliance and enforcement (Chapter 6);
- (6) treatment of confidential information (Chapter 7); and
- (7) employee protection (Chapter 8).

A full Regulatory Impact Assessment of the effect that this instrument will have on the costs of business has been prepared and placed in the library of both Houses of Parliament. This document can be obtained from the Department of Trade and Industry, Corporate Law and Governance Directorate, 1 Victoria Street, London SW1H 0ET and can be downloaded from <http://www.dti.gov.uk/cld/condocs.htm>. Transposition notes setting out how these Regulations implement the Directive have been placed in the libraries of both Houses of Parliament and are also available from the above address.