

Liability of trustees of Royal Charter bodies

The issue of whether the Royal Charter brings the same protection from personal liability as registration as a company has long been a vexed one. Because of the uncertainty surrounding the answer to the question, the Law Commission has decided to launch an investigation into Royal Charter status including the means by which they hold property, the methods of amending Royal Charters and, in particular, whether such bodies confer limited liability.

While the majority of Royal Charter bodies are very stable organisations with large reserves, these are difficult times and some charter bodies face real challenges and the possibility of insolvency. The question for these bodies is whether they are content to retain risk and personal liability for their trustees or whether, while retaining Royal Charter status, they might be best advised to run all or some of their more high risk activities through the separate limited liability structure such as a company limited by guarantee.

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