Introduction

The final implementation date for the Companies Act 2006 (the “CA06”) is set for 1 October 2009. This alert summarises some of the significant changes introduced by the CA06 that will apply from that date (but does not focus on provisions which generally re-state the existing law under the Companies Act 1985 (the “CA85”) nor on minor differences between the two Acts).

Our re-issued alert “The Companies Act 2006: the final implementation timetable” lists all the CA06 provisions that will come into force on 1 October 2009 and shows the dates on which other provisions of the CA06 came into force. The CA06 has been implemented over a number of dates starting from when the CA06 received Royal Assent on 8 November 2006, and represents over 11 years’ work which began in March 1998 with the Government’s announcement of its review of company law.

Various sections of the CA06 that are coming into force on 1 October 2009 are subject to transitional provisions and savings, some of which we discuss in the relevant sections below.

Key action points

Companies and their directors should be focussing on the following key action points to take account of implementation of the CA06 on 1 October 2009.

**ACTION POINTS FOR PUBLIC AND PRIVATE COMPANIES**

1. Consider amending articles to:

   (a) remove or update items which will be incorporated from the memorandum on 1 October 2009, such as a restrictive objects clause (see *A company’s constitution (remaining sections of Part 3)*);

   (b) entrench provisions in the articles (although this may be less relevant for public companies) (see *A company’s constitution (remaining sections of Part 3)*);

   (c) remove any restriction on authorised share capital which will be imported from the memorandum on 1 October 2009 (see *A company’s constitution (remaining sections of Part 3)*). Alternatively, this can simply be done by passing an ordinary resolution; and

   (d) update them generally to reflect the new law (see *Updating articles of association*).
2. Split the existing register of directors and secretaries into two separate registers; prepare the new register of directors’ residential addresses and ensure that all staff with access to the register of directors’ residential addresses are aware that its use is strictly limited (see A company’s directors and company secretaries (remaining sections of Parts 10 and 12)).

3. Remove details of shadow directors from the register of directors (see A company’s directors and company secretaries (remaining sections of Parts 10 and 12)).

4. Consider whether to have a location other than the company’s registered office for inspection of the company’s registers and ensure that the company secretary is fully aware of the new requirements regarding inspecting and providing copies of registers (see Supplementary provisions (remaining sections of Part 37)).

ADDITIONAL ACTION POINTS FOR PRIVATE COMPANIES WITH ONLY ONE CLASS OF SHARE

5. Consider passing an ordinary resolution to allow directors to allot shares without members’ prior authority (see A company’s share capital (remaining sections of Part 17)).

6. Consider amending articles or passing a special resolution to allow directors to allot shares without the statutory pre-emption provisions applying (see A company’s share capital (remaining sections of Part 17)).

Updating articles of association

Many of the changes outlined in this alert will require a review of the company’s articles of association. The exact extent and timing of any resulting amendments to the articles will depend on various factors including whether they are otherwise up to date and when the Government finalises proposed amendments to the CA06 to reflect implementation of the EU Shareholder Rights Directive in the UK. The main provisions which need to be reviewed for the purposes of the CA06 include those dealing with authorised share capital, power of directors to allot shares, disapplication of pre-emption rights, redemption or purchase of own shares, variation of class rights and closure of the register of members.

The UK must implement the EU Shareholder Rights Directive by 3 August 2009. Implementation of that Directive will result in changes to the CA06, particularly Part 13 (which deals with resolutions and meetings). These changes could impact on provisions of the articles dealing with, for example, how many votes a proxy has on a show of hands, members’ powers to require directors to call a general meeting, appointment of corporate representatives and holding general meetings at more than one venue. Most of the changes will affect companies whose shares are admitted to trading on a regulated market (such as the London Stock Exchange’s main market but not AIM). However, some of the changes will apply to all companies (whether public or private) because the implementing regulations will also amend the CA06 to correct some anomalies in the existing law on shareholders’ rights. The implementing regulations have not yet been finalised, and we recommend that companies wait until they have been finalised before amending their articles to tackle these issues. We will report further on the implementing regulations once they have been finalised.
Key changes introduced by the CA06

COMPANY FORMATION

(PART 2)

From 1 October 2009 it will be possible to form any type of company with a single shareholder – currently a public company must have at least two shareholders. The method of forming a company (i.e. filing of certain documents at Companies House) will remain the same, but the documents to be filed will change. Companies will have a new form of streamlined memorandum. This is simply a statement by each subscriber that they wish to form a company and have agreed to become a member and take at least one share each. The memorandum will have to be in a prescribed form and cannot be subsequently amended. In addition to the memorandum, the applicant must file an application containing certain information, a statement of capital and initial shareholdings, a statement of the company’s proposed officers and a statement of compliance, along with the company’s proposed articles (assuming it is not adopting the model articles wholesale).

A COMPANY’S CONSTITUTION

(REMAINING SECTIONS OF PART 3)

Model articles

Secondary legislation has been made which contains model articles for the three most frequently used types of company: private companies limited by shares, private companies limited by guarantee and public companies. The model articles will apply by default on the formation of a limited company under the CA06 where articles are not registered or where articles are registered but they do not exclude or modify the relevant model articles (in which case the model articles will augment the articles which are registered). The model articles will not apply by default to existing companies.

Entrenching provisions of the articles

Companies will be able to entrench provisions in their articles, with the effect that those provisions can only be amended or repealed if conditions are met or procedures complied with that are more restrictive than those that would otherwise be required to amend the articles by special resolution. Provisions can only be entrenched on formation of the company or otherwise if all the members agree. There will be special filing requirements whenever provisions are entrenched or where entrenched provisions are amended or repealed. Companies should consider whether any of the provisions in their articles should be entrenched.

The section of the CA85 which permits companies to entrench certain provisions in the memorandum (as opposed to the articles) will be repealed and not replaced. However, any provisions which have already been entrenched in the memorandum will not be affected by the new rules, except that from 1 October 2009 they will be automatically inserted into the articles where they will remain entrenched subject to any in-built conditions which they already contain.
Old provisions of memorandum inserted into articles

Any provisions of an existing memorandum which go beyond the new short prescribed form will automatically be inserted into the company's articles on 1 October 2009. This includes not only the company's objects but also provisions in the memorandum dealing with its name, location of registered office, limited liability status, authorised share capital and, in the case of a public company, the required statement that it is to be a public company. There is nothing to prevent a company from amending its articles by special resolution to remove some or all of these provisions, or adopting new articles which do not contain these provisions. If a company's articles are amended so as to add, remove or alter a statement of the company's objects, that amendment will only be effective once it has been formally notified to the registrar of companies (the "Registrar") and entered on the register (i.e. it will not be effective when the resolution has been passed, as now). Existing companies should consider whether to amend their articles to remove any provisions which are automatically incorporated from the memorandum. However, care should be taken not to remove inadvertently any provision establishing the company's limited liability status unless it is replaced with appropriate alternative wording.

In relation to on-going display and filing requirements, the articles will need to be accompanied either by the old memorandum marked up to show which provisions are deemed to have been incorporated or by a copy of the relevant provisions themselves.

Limit on amount of shares which may be allotted

Companies formed after 1 October 2009 will not have an authorised share capital (this is part of a wider change involving the removal of authorised share capital as a relevant concept for UK companies). Under transitional provisions, the authorised share capital of existing companies will continue to have effect – from 1 October 2009, the statement in an existing company's memorandum that sets out a company's authorised share capital will be treated as a provision of the company's articles setting the maximum amount of shares that may be allotted. If an existing company wants to remove this limitation it can do so by ordinary resolution, either before 1 October 2009 (the implementing legislation provides that such a resolution will not take effect until 1 October 2009) or afterwards or by adopting new articles on or after 1 October 2009 which do not contain this limitation. Existing companies should consider whether to remove this limitation on the maximum amount of shares that may be allotted. Institutional shareholders have not indicated whether they would object to the removal of this limitation but we would not expect them to do so.

Unrestricted objects

A company's objects will be unrestricted unless its articles specifically restrict them.

A COMPANY'S DIRECTORS AND COMPANY SECRETARIES
(REMAINING SECTIONS OF PARTS 10 AND 12)

The CA06 introduces new provisions designed to help maintain the confidentiality of directors’ and secretaries’ addresses when appropriate. Companies will need to split their existing register of directors and secretaries into two separate registers, one with the details of the company's directors and one with the details of the company's secretary (if any). The register of directors will need to contain, among other things, a service address for each director, which may be the company's registered office or
another address of the company. A further register will then need to be created and
maintained, containing the residential address of each director who is an individual.

The register containing residential addresses will be “protected information” and will
only be able to be used or disclosed for very limited purposes. The Registrar similarly
will have to keep directors’ residential addresses off the company’s main accessible
records, but will be allowed to disclose the information to certain public authorities
and credit reference agencies. Companies will need to ensure that all staff with
access to the register of directors’ residential addresses are aware that its use is
strictly limited.

Directors and company secretaries will also be able apply for a residential address
that has been placed on the public record since 1 January 2003 to be removed.
Directors and secretaries whose addresses are currently the subject of confidentiality
orders will be treated as if they had made a successful application.

Company secretaries will only need to notify a service address to the company and
the Registrar, not their “usual residential address” as is currently required. The
address currently given for a director or secretary will be deemed to be a service
address after 1 October 2009, and new provisions will allow any document to be
served on a director or secretary at this address, whether or not the document relates
to his or her appointment or the relevant company. If a director or secretary does not
want this address to continue to be a service address they will need to notify the
company of a new service address on or after 1 October 2009 and the company will
need to notify the Registrar.

Other changes include the removal of the requirements that details of shadow
directors be recorded in the register of directors and that directors notify other
directorships. Companies should ensure details of shadow directors are removed
from the register of directors from 1 October 2009.

Directors will have to notify the country or state (or part of the UK) in which they are
usually resident, although for current directors this information will not be needed
until the first annual return made up to a date after 1 October 2009 is filed. The new
information will be needed immediately in relation to any registration of details
made on or after 1 October 2009, whether the details relate to a new director or are
simply altered details for an existing director and whether the appointment or
alteration happened before, on or after 1 October 2009.

A COMPANY’S SHARE CAPITAL
(REMAINING SECTIONS OF PART 17)

Stock
It will no longer be possible for a company’s shares to be converted into stock.
However, a company that has stock as at 1 October 2009 will be able to reconvert its
stock back into shares at any time if its members have authorised the reconversion.
Companies that do not have stock but have articles with provisions dealing with stock
should consider deleting those provisions.
Directors’ authority to allot shares
Directors will still require an authority to allot shares (or rights to subscribe for, or to convert any security into, shares). Whilst the relevant CA06 provisions are generally the same as the CA85 provisions, the CA06 provisions do not use the defined term “relevant securities”, which is usually referred to in s80 authorities. As a result, companies with s80 authorities or mechanics in their articles should review those provisions with a view to updating them so they reflect the wording of the CA06. Resolutions proposed after 1 October 2009 to authorise the directors to allot shares will also need to be drafted so that they reflect the CA06 provisions.

The directors of a private company with only one class of shares will be empowered to allot shares and to grant rights to subscribe for, or to convert any security into, shares. This will remove the current requirement for the directors to have prior authority from the company’s members for such an allotment. The company’s articles can prohibit the exercise of this new power. Directors of a private company with only one class of shares formed under the CA06 will automatically have this new power (subject to any prohibitions in the company’s articles). However, directors of an existing company will not have this new power unless it is given by ordinary resolution, and existing private companies with only one class of shares should consider passing an ordinary resolution to give the directors this power. The ordinary resolution will need to be filed with the Registrar.

At the moment, a private company can pass an elective resolution that the directors’ authority to allot shares is to be given either for an indefinite period or for a fixed period (instead of for a period of not more than five years after the authority to allot shares is given, which is the general position under the CA85). From 1 October 2009, a private company will no longer be able to pass an elective resolution. However, an authority given pursuant to an elective resolution before 1 October 2009 will continue to apply after that date.

As now, within a month of an allotment of new shares in a limited company, the company must deliver a return of allotment to the Registrar. From 1 October 2009, a return must be accompanied by a statement of capital. If shares are allotted otherwise than in cash, the return must contain details of the consideration for the allotment. A company will no longer be obliged to deliver the contract that it has with the allottee (or details of the contract if it is not in writing) to the Registrar. A company will be obliged to register an allotment of shares as soon as practicable and in any event within two months after the date of the allotment.

Pre-emption rights
Whilst the CA06 generally restates the CA85 provisions dealing with the allotment of equity securities and existing shareholders’ rights of pre-emption, companies with s89 disapplication provisions in their articles should review those provisions with a view to updating them so they refer to the relevant sections of the CA06. Resolutions proposed after 1 October 2009 to disapply pre-emption rights will need to be drafted so that they reflect the CA06 provisions.

A pre-emptive offer made under the CA85 can be made to a shareholder with no registered or service address in the UK by means of the London Gazette. Under the CA06, it will only be possible to make such an offer in this way if a shareholder does not have a registered or service address in an EEA State.
The subscription period for pre-emptive offers made under the CA85 must be at least 21 days. Under the CA06 as originally enacted, the 21 day period was to be retained but the CA06 also empowers the Secretary of State to reduce that period to not less than 14 days. The Government is proposing to reduce the 21 day period to 14 days with effect from 1 October 2009, when the relevant provisions of the CA06 apply.

From 1 October 2009, directors of a private company with only one class of shares may be empowered by the articles or by a special resolution to allot shares as if the statutory pre-emption provisions do not apply to the allotment, or apply with such modifications as the directors may decide. Private companies should consider whether to amend their articles or pass a special resolution allowing them to take advantage of this new power.

**Share premiums**
The uses to which a company’s share premium account can be put will be reduced – a company will no longer be able to use the share premium account for paying (i) its preliminary expenses or (ii) expenses or commission arising on an issue of shares other than those giving rise to the premium.

**Alteration of share capital**
Companies will no longer need authority in their articles to consolidate or subdivide their share capital, although a shareholders’ resolution will still be needed to effect such an alteration. Companies should consider deleting this authority from their articles. From 1 October 2009, companies will be empowered to re-denominate their share capital from one currency to another.

**Classes of shares and class rights**
From 1 October 2009, the CA06 will make it clear that companies can specify a lower threshold than 75 percent for approval of a variation of class rights.

**ACQUISITION BY A LIMITED COMPANY OF ITS OWN SHARES (PART 18)**

**Financial assistance**
On 1 October 2008, the financial assistance regime contained in the CA85 was repealed to the extent that it applied to the giving of financial assistance by a private company for the purpose of an acquisition of shares in itself or another private company. The CA85 continues to apply to public companies until 1 October 2009, when the CA06 provisions relating to financial assistance by public companies will apply. A general prohibition on the giving of financial assistance by a public company is required by EU law, and accordingly under the CA06, subject to a number of exceptions, it will continue to be unlawful for a public company or any of its subsidiaries to give financial assistance for the acquisition of shares in that public company. However, the CA06 does make it clear that the prohibition on giving financial assistance will not apply to the giving of assistance by a subsidiary incorporated in an overseas jurisdiction.

**Redeemable shares**
A private company will no longer need authority in its articles to issue redeemable shares. The CA06 will give private companies a general authority to issue redeemable shares (subject to any restriction or prohibition in the company’s articles).
A private company’s articles should be reviewed, with a view to removing any authority to issue redeemable shares. Any specific restrictions or prohibitions on the issue of redeemable shares should be set out in the articles. A public company will continue to need authority in its articles to issue redeemable shares.

Under the CA06, a company’s directors will be able to determine the terms, conditions and manner of redemption of shares if they are authorised to do so either by the company’s articles or by ordinary resolution. Where appropriate, such an authority should be included in a company’s articles from 1 October 2009 or an ordinary resolution should be sought to give the directors this authority. In the absence of the directors being given such authority, the terms, conditions and manner of redemption will need to be stated in the articles (as is currently the case).

Shares generally will still be paid for on redemption, although the terms of redemption will be able to provide that the amount payable on redemption may, if the company and the shareholder agree, be paid later than the redemption date. This will apply to shares issued on or after 1 October 2009, and to shares issued before that date where the terms of redemption have been amended on or after that date to allow for payment later than the redemption date.

When notifying a redemption to the Registrar, a company will also have to send the Registrar a statement of capital with respect to the company’s share capital immediately after the redemption.

**Purchase by a company of its own shares**

A company will no longer need authority in its articles to purchase its own shares. The CA06 will authorise both public and private companies to purchase their own shares (subject to any restriction or prohibition in the company’s articles). A company’s articles should be reviewed, with a view to removing any existing authority to purchase own shares, and to include any restrictions or prohibitions on doing so that are required by a particular company.

When notifying a cancellation of shares to the Registrar after a purchase of own shares, a company will also have to send the Registrar a statement of capital with respect to the company’s share capital immediately after the cancellation.

Under the CA85, the maximum duration of a shareholder authority for a company to make market purchases or off-market purchase of its own shares is 18 months. Under the CA06 as originally enacted, the 18 month time limit was to be retained. However, the Government is proposing to amend the relevant provision of the CA06 to increase the 18 month time limit to five years with effect from 1 October 2009, when the relevant provisions of the CA06 apply. Companies should review any existing authorities, and where appropriate put new authorities in place. Public companies may want to do this at their next annual general meeting after 1 October 2009.

A company will be able to enter into a contract for an off-market purchase of its own shares conditional on the contract being approved by the shareholders (rather than having to obtain shareholder approval before entering into the contract). However, if the contract is not subsequently approved by special resolution, the company will not be able to purchase the shares and the contract will lapse.
Redemption or purchase by private company out of capital

A private company will no longer need authority in its articles to redeem or purchase its own shares out of capital (although the company’s articles may restrict or prohibit it from doing so). Again, a private company’s articles should be reviewed, with a view to removing any existing authority to redeem or purchase own shares out of capital. Any restrictions or prohibitions on doing so that are required by a particular company should be set out in the articles.

Under the CA85, one requirement that has to be satisfied before a private company can lawfully redeem or purchase shares out of capital is for the directors to swear a statutory declaration relating to the company’s ability to pay its debts and to carry on business as a going concern. Under the CA06, the requirement for a statutory declaration will be replaced with a requirement for a directors’ statement on the same matters. In making their statement, the directors will need to take account of all of the company’s liabilities, including any contingent or prospective liabilities. This is potentially wider than the scope of liabilities the directors have to take into account when making their statutory declaration under the CA85.

Treasury shares

When notifying a cancellation of shares to the Registrar after a cancellation of treasury shares, a company will also have to send the Registrar a statement of capital with respect to the company’s share capital immediately after the cancellation.

Under the CA85, the total nominal value of shares held in treasury must not exceed 10 percent of the nominal value of the company’s issued share capital (or 10 percent of the relevant class) at any time. These caps were also to apply under the CA06 as originally enacted, but the Government is proposing to repeal the relevant section of the CA06 with effect from 1 October 2009 so that the caps will be removed from that date.

SUPPLEMENTARY PROVISIONS
(REMAINING SECTIONS OF PART 37)

Location of registers

Companies will be able to keep some or all of their statutory records and registers at a place other than the registered office. Currently, some of the company’s registers, such as the register of members, may be kept at the place where they are maintained (often the offices of the company’s registrars) but others, such as the register of directors and secretaries, have to be kept at the registered office. A further category, including copies of directors’ service agreements and indemnities, may be kept at the company’s “principal office”. From 1 October 2009 the default location for a company’s statutory records and registers will be its registered office, but it will be able to keep any or all of them at one other location which must be in the same part of the UK as the company’s registered office. The company will need to notify the Registrar of the address of this alternative inspection location and the type of records kept there and will also need to give this information in its annual return. A company will also need to give that information in writing within five working days to anyone who deals with the company in the course of business and who asks in writing for it. Companies will need to consider whether they want to have an alternative inspection location, and if so where they want it to be, bearing in mind that it does not necessarily need to be the place where the registers are maintained (although obviously the registers kept at the alternative inspection location must be up to date).
Inspection of company records

An appointment system will be introduced for inspection of a private company’s records. The records must be available for inspection for at least two hours between 9 a.m. and 5 p.m. on a working day but anyone wishing to inspect them must give notice (two working days’ notice during the period of notice for a shareholders’ meeting and during the period for agreeing to a written resolution and ten working days’ notice in all other cases).

In relation to providing copies of registers and records, if a hard copy is requested a hard copy must be provided, and if an electronic copy is requested an electronic copy must be provided (unless the company only keeps the record in hard copy form). As now, fees may be charged for allowing inspection and providing copies, but a revised fee scale will take effect on 1 October 2009. Companies will need to ensure that their company secretary (if they have one) is fully aware of the new requirements regarding inspection and copying (including the new fees that may be charged).

Other noteworthy changes introduced by the CA06

Some of the other noteworthy changes introduced by the CA06 are summarised here.

**Limited liability status:** a company’s limited liability status has historically been dealt with by a simple provision in its memorandum. Under the CA06, a company will be “limited by shares” if the members’ liability is limited by its constitution to the amount, if any, unpaid on the shares held by them. For companies formed under the CA06, this will need to be specifically addressed in the company’s articles. For existing companies, the current provision in the memorandum dealing with limited liability status will automatically be inserted into the articles by the CA06. As and when the articles are next updated, existing companies should consider updating this provision so that it reflects the wording used in the CA06.

**Official seal for use outside the UK:** the current requirements for a company wanting to have an official seal for use outside the UK (i.e. that the company’s objects must require or comprise the transaction of business in foreign countries, and that the articles authorise the company to have an official seal) have not been re-enacted. Companies should consider deleting this authority from their articles.

**A company’s name:** a company’s articles will be able to specify a procedure for change of name, for example, by board resolution. This will sit alongside the special resolution route, which will continue to be available.

**Public company re-registration as an unlimited company:** a public company will be allowed to re-register directly as an unlimited company.

**Inspection / providing copy of the register of members:** when a person inspects a company’s register of members or a company provides a person with a copy of the register of members, the company will have to advise the person when the register was last updated, and that there are no further alterations to be made.

**Closure of register of members:** a company will no longer have the power to close temporarily its register of members. If a company’s articles provide for the temporary suspension of share transfers, this provision should be removed.
Period for registering a charge: the CA06 clarifies that the 21 day period for registering a charge starts on the day after the charge is created.

Slavenburg filings: the CA06 provisions do not reproduce the CA85 provisions which required non-UK companies with no registration at Companies House to register charges over property located in England and Wales (so-called Slavenburg filings). Instead, the CA06 includes a provision allowing regulations to be made covering this issue. These regulations have not yet been finalised but are due to come into force on 1 October 2009. The current draft is similar to the CA85 provisions but the filing requirement will only apply to an overseas company that has registered a branch or place of business in the UK.

Removal of an address from the company’s borrowing records: if a lender with a registered charge believes that he or she, or his or her employees or people who live with that lender, will be subjected to violence or intimidation, that lender will be able to apply for an address which has been recorded on the borrowing company’s records at Companies House since 1 January 2003 to be removed from the register.

Application for voluntary striking off: a public company (as well as a private company) will be able to apply to be voluntarily struck off from the register.

Restoration to the register: there will be a new procedure under which any interested person may apply to the court for an order that a company’s name be restored to the register. This will replace the procedures under the CA85 for applying to the court for an order declaring that the dissolution of a company is void and for an order that a company’s name be restored to the register. The CA06 will also introduce a new administrative procedure under which a director or former director of a company can apply to the Registrar to restore a company to the register.

Overseas companies: the CA06 will enable various registration, reporting and disclosure requirements to be imposed on overseas companies. Those requirements will be contained in regulations which have not been finalised yet but will apply from 1 October 2009. It is anticipated that there will be some changes to the registration, reporting and disclosure requirements for overseas companies but the exact extent of those changes will only be known when the final regulations have been made.

New powers of the Registrar of Companies: the Registrar will have several new powers which should make dealings with Companies House easier.

Business names: the CA06 provisions relating to business names will extend to all persons carrying on business in the UK, not just those who have a place of business in the UK. The CA06 will also introduce a new prohibition on carrying on a business in the UK under a name that gives so misleading an indication of the nature of the activities of the business as to be likely to cause harm to the public. This is an extension to the existing CA85 prohibition (which will be replicated under the CA06) on using a misleading company name.
**Northern Ireland:** from 1 October 2009, the CA06 (along with the provisions of the CA85 that remain in force and some other provisions of English company law) will apply to Northern Ireland as well. Although company law will remain officially a transferred matter (and the Northern Ireland Assembly can enact its own companies legislation if it wants to), the extension of the CA06 will avoid the need for separate Northern Irish companies legislation in the meantime. It is proposed that a single registry for all UK companies be created, with the current Northern Irish registry being merged with Companies House. Under the proposal, there will still be a Registrar for Northern Ireland, and a Companies House office in Belfast, and Northern Irish companies will retain their NI prefix. This will be the subject of secondary legislation which has not yet been published.

**Repeal of CA85 provision relating to directors share qualifications:** section 291 of the CA85 provides that where a company's articles require directors to hold a specified number of shares, they must obtain their share qualification within two months of being appointed or any shorter period specified in the articles. This section will be repealed and not replaced. If the company's articles contain mechanics for directors' share qualifications, they will need to be reviewed.

If you have any questions or require specific advice on any matter discussed in this alert or on the CA06 more generally, please contact Eric Campbell (T: +44 20 3130 3965 or E: ecampbell@mayerbrown.com), Annabel Evans (T: +44 20 3130 3858 or E: aevans@mayerbrown.com), Kirsty Payne (T: +44 20 3130 3795 or E: kpayne@mayerbrown.com), Justine Usher (T:+44 3130 3517 or E: jusher@mayerbrown.com) or your regular contact at Mayer Brown.