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S o l i c i t o r s

Company Law Changes

Company Law has undergone many changes in the last few years and another round of changes is now with us in the form of The Companies (Shareholder's Rights) Regulations 2009 which came into effect on 3rd August 2009 and the final stage of implementation for the Companies Act 2006 which is due on 1st October 2009.

It is important that companies make sure they are familiar with the changes and seek advice to ensure that all future company actions comply with the new legislation. In many cases the legislation does simplify procedures but in some cases these procedures can only be used by existing companies once they take certain actions and therefore applying the new legislation can be tricky.

Some of the changes which will be of interest to private companies include:-

1. The concept of authorised share capital was abolished from 1st October 2009. However for existing companies the authorised share capital set out in the memorandum of association will continue to restrict the company's ability to issue shares until;
 - a. the company passes an ordinary resolution removing the restriction;
 - b. the company passes a special resolution adopting new articles of association which do not contain any provisions limiting the number of shares to be issued;
 - c. the company passes a special resolution authorising the directors to allot shares in excess of the authorised maximum.
2. From 1st October 2009 the directors of private companies with only one class of shares will be able to allot shares without the need for the shareholders to authorise it in the articles or by resolution unless the articles specifically require such authorisations.
3. Members holding at least 5% of the voting rights can now requisition a general meeting whereas before the threshold had been 10%.
4. All companies are now allowed to conduct meetings in a way that facilitate electronic participation by persons not present in the room.
5. All companies may now allow members to cast votes in advance of a meeting without having to appoint a proxy.

In many cases it is wise for companies to have their articles of association professionally reviewed and where necessary amended to ensure that they are

consistent with changes that have come in over the last few years and that they can make use of the simplified procedures now available.

The filing requirements for companies (i.e. the requirements to send certain forms and documents to Companies House at specified times) also changed significantly on 1st October 2009. It is important that companies ensure that they comply with the correct filing requirements as in many cases companies and their officers will commit offences if they do not and this can result in significant fines being imposed.

For further information please contact Susie Smith at Dickinson Manser at Poole (01202) 673 071 or email s.smith@dickinsonmanser.co.uk.

This fact sheet is one in a series of publications designed to provide practical guidance on matters of interest to clients. Copies of all our fact sheets may be obtained free of charge on request from any of our Partners or Staff.

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