

Companies Act 2006: Provisions coming into force on 1 October 2007



October 2007

Provisions relating to meetings, resolutions and general duties of directors under the Companies Act 2006 ("the 2006 Act") came into force on 1 October 2007. The following were among the key changes made by the legislation:

- Members of both private and public companies have the right to appoint a proxy to attend, speak and vote at meetings on their behalf. On a vote on a resolution by a show of hands, every proxy present has one vote. Where a company's articles provide that a proxy has fewer votes on a show of hands than the member present in person, that provision is void.
- One of the 2006 Act's most significant changes is the codification of director's duties by the introduction of a statutory statement of duties that replace many existing common law and equitable rules, although duties relating to conflict of interest are not yet in force.
- There has been a reduction in the notice period required for meetings held for the purposes of passing special resolutions from 21 days' to 14 days' notice, thereby bringing it into line with the notice period required for the passing of ordinary resolutions at a general meeting, unless different arrangements are specified in a company's articles.
- Private companies have been given the ability to pass written ordinary resolutions by a simple majority of those eligible to vote and written special resolutions with a 75% majority of those eligible to vote, rather than requiring unanimity for all types of written resolution.
- Private companies are no longer obliged to hold annual general meetings.
- An interim standardised form of default articles for Northern Ireland companies are available which are consistent with the provisions of the 2006 Act in force from 1 October 2007.

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