



Corporate Alert

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Companies Act 2006

After eight years of consultation the Companies Act 2006, said to be the largest act ever passed by Parliament, received Royal Assent on 8 November 2006.

This Act will replace the existing legislation for UK companies with the aim of modernising company law to make it simpler and more flexible for the business community. Although the Government does not intend the Act to be implemented in full until October 2008, certain sections have already come into force and others will apply from 20 January 2007.

Disclosure of Information

With effect from 31 December 2006, company websites, order forms and electronic communications must all state the following information:

- company name
- registered number
- place of registration
- registered office address

Companies who fail to comply are liable to a fine.

Electronic Communication with Shareholders

With effect from 20 January 2007 companies will be able to take advantage of provisions allowing them to communicate with their shareholders electronically. In particular, companies will be allowed to send or supply documents or information by making them available via a website. It is anticipated that these provisions will streamline communication procedures and costs for companies, especially those with a large number of shareholders. Provided that shareholders consent (either by resolution in general meeting or by provision in the company's articles of association), communication by website can become the default position for a company. Individual shareholders may still request information to be sent to them in paper form if they prefer. Companies wishing to take advantage of these provisions should consider including an appropriate resolution in the notice for their next AGM.

In February 2007 the Government will be providing further information about the implementation of the new Act. Halliwells LLP will keep you updated on this.

For further information speak to your usual Halliwells' contact or Sophie Brookes at sophie.brookes@halliwells.com or on 0161 831 2683.

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