C/M/S/ Cameron McKenna

Companies Act 2006

Implementation timetable

September 2007
(updated version)

By 1 October 2008 all sections of the 2006 Act will be in force. But to give companies time to prepare, and to make appropriate changes to their articles, most Parts will not be brought in until then. However, a small number of Parts, including most of the provisions relating to directors' duties, will be commenced on 1 October this year, and another handful on 6 April 2008.

This note summarises the expected timetable for Parts of the new Act to be brought into force, and sections of the 1985 Act to be repealed. Details are given of the main provisions of each Part of the new Act, and of the key differences from the 1985 Act, but not every aspect of the Act is covered and some aspects have been simplified. More information can be found in our note 'Companies Act 2006: Overview', which is being published alongside this note.

This note was originally published in April 2007. We have updated it to take account of changes to the timetable that have been announced by the Government since then.

Highlights

8 November 2006

- New section 90A Financial Services and Markets Act 2000 makes a listed company, but not its directors personally, liable to compensate investors who reasonably rely on untrue or misleading annual, half-yearly or quarterly results for financial years starting on or after 20 January 2007 where directors are dishonest or reckless.

1 January 2007

- Corporate websites and business emails must now include company details.

20 January 2007

- Changes to FSA's Listing Rules and Disclosure Rules (now called the Disclosure and Transparency Rules or DTRs), including new rules for Official List companies on periodic financial reporting.
- Repeal of sections 198-220 of the 1985 Act (notification of major shareholdings in public companies). Shareholders in Official List, AIM and PLUS Markets companies instead have to comply with similar notification rules in the DTRs.
- Commencement of new 2006 Act provisions designed to facilitate electronic communications between companies and shareholders.
- Section 463 of the 2006 Act specifically restricts the circumstances in which directors may be liable to their company for errors in a directors' report or a directors' remuneration report published after 20 January 2007.

6 April 2007

- Repeal of section 324 of the 1985 Act (disclosure of interests by directors and connected persons).
- Various technical changes to the statutory procedure for acquiring compulsorily the shares of a dissenting minority following a takeover.
- Companies with shares admitted to trading on the Official List or another EU regulated market will have to include in their directors' report for all financial years starting on or after 20 May 2006 certain information that could be relevant to a potential bidder, such as any restrictions on transferring shares; any concert party agreements between shareholders; and any contracts containing a change of control clause.

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Highlights continued

1 October 2007

- Commencement of sections codifying the principal duties of directors (duty to act within powers; duty to promote the success of the company; duty to exercise independent judgement; and duty to exercise reasonable skill, care and diligence).
- New rules on derivative actions (whereby a member can bring a claim on behalf of the company against a director in respect of his negligence or breach of duty), which might increase the number of claims against directors.
- Corporate trustee of an occupational pension scheme will be able to indemnify its directors.
- Registered holders of quoted shares will be able to nominate one or more indirect investors to receive circulars, notices of general meetings, and reports and accounts. If permitted by the articles, registered holders will also be able to nominate indirect investors to exercise voting rights and appoint proxies.
- Once a company has filed an annual return made up to a date after 30 September 2007, a person wishing to inspect the company's register of members will be refused access if a court is persuaded that access is not sought for a proper purpose.
- Simplification of regime for private companies to take decisions at meetings or by written resolution.
- The default articles in Table A to the 1985 Act will be amended to reflect the new provisions on directors' duties, electronic communications, and resolutions and meetings.
- Business review published by quoted companies for financial years starting on or after 1 October 2007 will have to contain additional forward-looking information and information about the company's key customers and suppliers.

6 April 2008

- Private companies will no longer have to have a company secretary.
- A public or private company will be able to execute a deed by the signature of a single director before a witness.
- Auditors will be able to limit their liability by agreement with a company, subject to annual shareholder approval.
- Shareholders in a quoted company will be entitled to publish ahead of the AGM a statement of any concerns about the audit or the circumstances in which the auditors have resigned.

1 October 2008

- Commencement of sections dealing with directors' duty to avoid conflicts of interest, not to accept benefits from third parties, and to declare interest in a proposed transaction or arrangement.
- Residential addresses for directors and company secretaries in documents filed after this date will no longer be open to the public at Companies House.
- Most shareholder addresses will not have to be disclosed in annual returns filed at Companies House.
- Ability to form a company under the 2006 Act, and to adopt the new model articles.
- Relaxation of the restriction on private companies giving financial assistance for the acquisition of their own shares or shares in their private holding company.
- Ability for private companies to reduce their share capital without going to court.

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Changes on 8 November 2006

The following provisions of the new Act were brought into force on Royal Assent:

- Most of **Part 43**, which:
  - gave the FSA power to make rules to **implement the Transparency Directive** by its deadline of 20 January 2007. Using its new powers, the FSA amended the Listing and Disclosure Rules with effect from 20 January 2007, in particular to introduce new chapters 4, 5 and 6 of the re-named Disclosure and Transparency Rules (DTRs). Broadly, these cover periodic financial reporting by listed issuers; the disclosure of major shareholdings in listed and AIM companies; and communications between listed companies and their shareholders, including by electronic means;
  - **inserted section 90A into the Financial Services and Markets Act 2000** (FSMA), which broadly makes a listed company, but not its directors personally, liable to compensate investors who suffer loss in aquiring securities where they have reasonably relied on annual, half-yearly or quarterly results published in respect of financial years commencing on or after 20 January 2007 that are misleading or untrue as a result of dishonesty or recklessness by any director.
- Power for the Secretary of State to make Regulations under the Act.

Changes on 1 January 2007

The new Companies (Registrar, Languages and Trading Disclosures) Regulations 2006 **extended to websites and various electronic communications the longstanding statutory requirement for companies to state certain particulars on their stationery and other hardcopy documents.** The Regulations amended the relevant provisions of the Companies Act 1985, making it an offence, among other things, for a company incorporated under the Companies Acts (or the equivalent Northern Ireland legislation) not to state:

- the company's name
- its place of registration and the number with which it is registered, and
- the address of its registered office,

on all the company's websites and all its business letters and order forms that are in electronic form.

For further information see our Law-Now™ article published on 15 January 2007.

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Changes on 20 January 2007

- **Repeal of sections 198-211 of the 1985 Act** (which required a person with an interest of 3% or more in the shares in a public company, whether or not listed, to notify the company when reaching that threshold and on any change taking that interest through a whole percentage point). For companies listed on the Official List, AIM or PLUS Markets, these provisions were replaced by similar rules in chapter 5 of the DTRs.
- **Repeal of sections 212-220 of the 1985 Act (company's right to investigate its share register).** These sections were restated without significant amendment in sections 791-810, 811(1) to (3), 813 and 815-828 of the 2006 Act, which came into force on 20 January. A section 212 notice (requiring a person to disclose who is interested in his shares) is now a section 793 notice.
- Repeal of various provisions of the 1985 Act relating to **electronic communications** between companies and their shareholders. These were replaced with various new sections, and Schedules 4 and 5, of the 2006 Act which allow companies to use the internet as the default means of communicating with shareholders. Existing agreements to receive documents electronically continue to be valid. For further information see the May 2007 edition of our newsletter, 'Clearly Corporate'.
- Commencement of **section 463** of the 2006 Act, which specifies the **circumstances in which directors may be liable to their company in relation to a directors' report** (including the business review) or a directors' remuneration report published after 20 January 2007. Broadly, a director will only be liable to compensate the company for any loss it suffers as a result of any untrue or misleading statement in, or omission from, such a report if the director knew or was reckless as to whether the statement was untrue or misleading or knew the omission to be a dishonest concealment of a material fact.

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Changes on 6 April 2007

- Commencement of **Part 28 of the 2006 Act (Takeovers),** which:
  - extended the Takeover Panel's statutory powers to cover all takeovers, rather than only those within the scope of the Takeovers Directive;
  - implemented permanently various other provisions of the Directive (such as the ability to opt in and out of the rules on frustrating action) - replacing the Interim Regulations that were put in place on 20 May last year to meet the Directive's deadline;
  - repealed and replaced the **compulsory acquisition procedure** previously in sections 428-430F of the 1985 Act and the Interim Regulations with provisions that are similar but designed to avoid some of the technical difficulties with the old sections. For further details see our Law-Now™ article published on 22 December 2006.
  - requires every GB-incorporated company whose shares are admitted to trading on the Official List or another EU regulated market to **include in its directors' report** for financial years starting on or after 20 May 206 certain information that could be relevant to a potential bidder, such as any restrictions on transferring shares; any concert party agreements between shareholders; and any contracts containing a change of control clause.
- **Repeal of the following sections of the 1985 Act,** which have not been replaced by anything equivalent in the 2006 Act:
  - **Section 41,** which provided that where a document needed to be authenticated by a company, the signature of a director, secretary or other authorised officer sufficed;
  - **Sections 293 and 294,** which stipulated that (unless the company's articles provided otherwise) a person who reached the age of 70 could only be a director of a public company or a private company subsidiary of a public company with the approval of shareholders, and that a director had to disclose his age to the company;
  - **Section 311,** which prohibited a company from paying a director remuneration free of income tax;
  - **Section 323,** which prohibited directors (including shadow directors), and their spouses and children, from buying "put" and "call" options over listed shares or debentures in the company or another in the same group;
  - **Sections 324-326 and 328-329, and Parts 2 to 4 of Schedule 13, which required directors and certain other persons to disclose to the company their interests** in shares in and debentures of the company or any holding company or non-wholly-owned subsidiary company within the group. Directors of companies listed on the Official List, AIM or PLUS Markets (and certain persons connected to them) continue to be required under the DTRs, AIM or PLUS Markets Rules to notify their company of any dealings, but directors of other companies no longer have to notify the company of their interests in the company's shares.

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Changes on 1 October 2007

The following Parts will be introduced on 1 October 2007:

- **Sections 116-119 of Part 8 (Inspection of a company's register of members).** Once a company has filed an annual return made up to a date after 30 September 2007, a shareholder or member of the public who wishes to inspect the company's register of members will have to give his name, address and the purpose for which access is sought and, if a court accepts that the purpose is not a proper one, it will order the company to refuse access. For further details see our note 'Companies Act 2006: Overview' published at the same time as this note.
- **Part 9 (Exercise of members' rights).** These sections, which have no counterpart in the 1985 Act, are designed to make it easier for indirect investors who hold quoted shares through nominees or other intermediaries to exercise voting and other rights attaching to their shares, principally by allowing a registered member to nominate one or more indirect investors to receive a copy of all notices and circulars the company sends to its members, and copies of all reports and accounts (so-called "information rights"). In addition, section 145 will make clear that all companies can provide in their articles for one or more indirect investors to exercise some or all of a member's rights, including the right to vote and to appoint proxies. From 1 October 2007 nominee investment operators will be able to nominate a person to enjoy information rights, but companies have until 31 December 2007 to act on a nomination.
- **Most of Part 10 (Directors),** including:
  - **The new sections 170-174, codifying the principal duties of directors (duty to act within powers; duty to promote the success of the company; duty to exercise independent judgement; and duty to exercise reasonable skill, care and diligence).** However, the sections codifying the duties to avoid conflicts of interest, not to accept benefits from third parties, and to declare any interest in a proposed transaction will not be brought in until 1 October 2008, to give companies time to make any appropriate changes to their articles – for example, to allow independent directors to authorise a director to continue acting notwithstanding a potential conflict. All of these sections, and the sections relating to derivative claims, are discussed in more detail in our note 'Companies Act 2006: Overview' published at the same time as this note;
  - **Requirement for shareholders to approve** (i) transactions between a company and one of its directors that involve assets of a substantial value; (ii) loans and similar arrangements with directors; (iii) certain payments to directors for loss of office. These provisions are based on sections 320, 330 and 312 of the 1985 Act, but various changes have been made;
  - **Right for members to inspect directors' service contracts,** which is similar to the existing right in the 1985 Act;
  - Provisions allowing companies to **indemnify their directors** against certain liabilities, and to advance funds to them to meet defence costs. These essentially restate sections 309A-C of the 1985 Act, but the rules will be **extended to allow a corporate trustee of an occupational pension scheme (or a member of its group) to indemnify its directors** against liability incurred in connection with the company's activities as trustee of the scheme, other than fines, penalties or the costs of defending criminal proceedings in which the director is convicted;
  - Definitions of "director" and "shadow director" which are unchanged. The definition of persons connected to a director will be extended slightly.
- **Part 11 (Derivative claims and proceedings by members),** which sets out the circumstances in which a member can bring a claim on behalf of the company against a director in respect of his negligence, default, breach of duty or breach of trust. These provisions are likely to make it slightly easier for shareholders to bring proceedings.

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- **Part 13 (Resolutions and meetings),** which will replace most of sections 366-383 of the 1985 Act. As well as various technical changes, Part 13:
  - gives shareholders in "quoted" companies (those listed on the UK or another EU member state's official list, or on the NYSE or NASDAQ) who hold at least 5% of the voting rights, or who number at least 100 (with an average of at least £100 of share capital each) the **right to require an independent report on any polled vote;**
  - entitles shareholders in public companies (whether quoted or not) to **require the company to circulate resolutions and statements** at the company's expense (rather than their own) if the materials are provided to the company before the end of the financial year;
  - **makes the current "elective" regime the default for private companies,** which will no longer be required to hold an AGM unless their articles require it. Related provisions in Part 16 will deal with the automatic re-appointment of auditors.
  - proceeds on the basis that in future most private companies will take decisions by written resolution of shareholders. **The rules on private company meetings and written resolutions will therefore be relaxed** so that, for example, other than resolutions to remove a director or auditor, all resolutions of private companies will be capable of being passed in writing and, instead of needing unanimity, an ordinary resolution will be capable of being passed in writing by a simple majority of the total voting rights of eligible members; and a special resolution in writing by 75%.
  - **relaxes the rules on shareholder meetings,** so that the percentage of shares or voting rights necessary to hold a meeting in a private company at short notice will be reduced from 95% to 90%, and EGMs of both private and public companies will only require 14 days' notice, even if a special resolution is proposed (although the company's articles of association may override this).
- To reflect the new provisions on directors' duties and on resolutions and meetings, and the provisions relating to electronic communications that were commenced on 20 January, **Table A to the 1985 Act will be amended**. Two updated versions of Table A – one for private and one for public companies - will apply by default to companies formed between 1 October 2007 and 1 October 2008 (when the new model articles will come into force).
- **Part 14 (Control of political donations and expenditure).** This broadly replicates the existing provisions in the 1985 Act, but:
  - private companies will be able to authorise donations and/or expenditure by written resolution;
  - a holding company will be able to seek authorisation of donations and expenditure in respect of both the holding company itself and one or more subsidiaries (including wholly-owned subsidiaries) through a single approval resolution;
  - a specific exemption will be introduced for donations to non-political funds of a trade union.
- **Section 417 of Part 15 (Contents of directors' report: business review).** This will introduce a new requirement for quoted companies to include in their business review, "to the extent necessary for an understanding of the development, performance or position of the company's business", information about:
  - the main trends and factors likely to affect the future development, performance and position of the company's business (forward-looking information);
  - information about the company's impact on the environment, its employees, and social and community issues; and
  - (except where the directors believe that disclosure would be seriously prejudicial to the person concerned and contrary to the public interest) key suppliers, customers and other persons with whom the company has an important contractual or similar arrangement.

  The new business review requirements will apply to financial years starting on or after 1 October 2007.
- **Part 29 (Fraudulent trading).** The elements of the offence are identical to section 458 of the 1985 Act.
- **Part 30 (Protection of members against unfair prejudice),** which is essentially identical to section 459 of the 1985 Act.
- **Part 32 (Power of Secretary of State to appoint inspectors to investigate a company or its shareholders),** which will change some of the rules currently set out in sections 431-453 of the 1985 Act.

Changes on 6 April 2008

The following Parts will be introduced on 6 April 2008:

- **Section 44 in Part 4 (Execution of documents).** A public or private company will be able to execute a deed by the signature of a single director before a witness, who must also sign.
- **Part 12 (Company secretaries),** which will allow private companies not to have a company secretary.
- **Part 15 (obligations to prepare, approve and file reports and accounts).** These provisions will replace those in sections 221-262A of the 1985 Act relating to reports and accounts, save that those relating to audit will be replaced by provisions in Part 16 of the 2006 Act. The existing provisions will be reordered and redrafted to make it easier for companies of whatever size to find the requirements relevant to them. In particular, following the approach of "think small first", the provisions applicable to small companies will appear first and in one place. Most of the detail as to the contents of accounts (currently in various Schedules to the 1985 Act) will be replicated, with only a few amendments of any substance, in Regulations to be finalised by the end of this year.

  The main substantive changes from the current provisions are:

  - a reduction in the time limit for private companies to file their accounts from ten months to nine months after the year end; and
  - a reduction in the time limit for public companies to lay full financial statements before the company in general meeting and file them from seven months to six months after the year end.
- **Part 16** (**Audit** – requirement to appoint auditors and to have accounts audited; duties and rights of auditors; removal of auditors; auditors' liability). In particular, it will become **possible for auditors to limit their liability by agreement with a company** subject to shareholder approval on an annual basis. The limit may not be less than the amount which a court considers is "fair and reasonable in all the circumstances of the case", having regard in particular to:
  - the auditor's statutory responsibilities;
  - "the nature and purpose of the auditor's contractual obligations to the company"; and
  - the professional standards expected of him.

  Very shortly after 6 April 2008, audit firms are therefore likely to ask their clients to sign a liability limitation agreement restricting their liability to an amount proportionate to the auditor's fault and, most likely, subject to a monetary cap.

  If the Government becomes concerned in the future that companies are being forced to accept unreasonable terms, it has the power to make regulations prohibiting or prescribing certain terms. For further information see our note 'Companies Act 2006: Overview' published at the same time as this note.

  In addition, shareholders in quoted companies who hold at least 5% of the voting rights, or who number at least 100 (with an average of at least £100 of share capital each) will have the **right to publish on the company's website free of charge a statement of any concerns about the audit,** or the circumstances in which the auditors have resigned, that they intend to raise at the AGM.
- **Part 19 (Debentures),** which will replicate the equivalent provisions in the 1985 Act with a few modifications.
- **Part 20 (differences between private and public companies).** The prohibition currently in section 81 of the 1985 Act on private companies offering their shares or debentures to the public will be replicated in the new Act but, instead of it being a criminal offence, a private company that does offer securities to the

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public in breach of the prohibition will normally have to re-register as a public company. However, where a private company intends to become a public company, it will be able to make an offer before it has completed the formalities of re-registration as a public company. A private company will also be able to undertake to re-register as a public company and then do so within six months of the offer being made.

The definition of "offer to the public" currently in section 742A of the 1985 Act (which is quite different to the definition used for prospectus purposes) will remain largely unchanged.

As at present, a public company will need to have an issued share capital that is not less than the authorised minimum of £50,000, of which at least a quarter must be paid up. New provisions will deal with circumstances where all or part of a public company's share capital is denominated in euros.

- **Part 21 (Certification and transfer of securities).** This Part mostly restates without amendment the corresponding provisions of the 1985 Act, but the following provisions are new:
  - section 771, which will require directors who refuse to register a transfer of shares or debentures to provide the transferee with reasons for their refusal;
  - section 784, which will give the Secretary of State power to make regulations requiring, as well as permitting, any specified type of company to provide for its shares to be held and transferred electronically - e.g. through CREST **(compulsory dematerialisation).** Such regulations will only be introduced after further consultation.
- **Part 23 (Distributions).** Mostly, the existing rules in the 1985 Act will be replicated, but in addition new provisions confirm the generally-held view that assets can be transferred intra-group at their book value, rather than a higher market value, provided that the transferor has distributable profits. If an asset is sold at less than its book value, the company will need to have sufficient distributable profits to cover the amount of the difference between the sale price and book value.
- **Part 26 (Schemes of arrangements and reconstructions),** which restates sections 425-427 of the 1985 Act without significant amendment.
- **Part 27 (Mergers and divisions of public companies),** which restates section 427A and Schedule 15B of the 1985 Act with changes that are unlikely to have a significant effect in practice.
- **Part 42 (Regulation of auditors).** This Part replaces Part 2 of the Companies Act 1989 with some modifications to reflect changes made in 2006 to the 8th Company Law Directive on Audit, and recommendations concerning Auditors General made by Lord Sharman in 2001. In particular:
  - the category of auditors that are subject to regulation is extended, and new rules deal with the registration and regulation of auditors (whether based in the UK or not) that audit companies which are incorporated outside the EU but listed in the UK;
  - the Comptroller and Auditor General and the regional Auditors General will be eligible to be appointed to perform statutory audits. Additional rules cover the regulation and supervision of their functions as statutory auditor.

Changes on 1 October 2008

The remainder of the 2006 Act will be introduced on 1 October 2008 (the full list of Parts is given at the end of this section). In particular:

- **The remaining provisions of Part 10 (A company's directors),** including:
  - **sections 175 (duty to avoid conflicts of interest), 176 (duty not to accept benefits from third parties) and 177 (duty to declare interest in proposed transaction or arrangement);**
  - **sections 182 to 187 (procedure for director to declare his interest in an existing transaction or arrangement);**
  - certain parts of sections 180 and 181 (transaction lawful where conflict authorised by other directors, or interest declared);
  - new provisions allowing **directors' and company secretaries' residential addresses** to be kept off the public register at Companies House. These will not come into force until 1 October 2008, to give Companies House time to establish separate registers of service addresses - which will be open to the public - and residential addresses - access to which will be limited to certain public authorities and credit reference agencies. Residential addresses already on the public register at that date will not be removed unless the director or secretary can show that he is at risk of violence or intimidation. Even then, it will not be possible for Companies House to remove addresses from documents filed prior to 1 January 2003;
  - the new prohibition on a person under 16 being a director;
  - the new requirement for a company to have at least one director who is a natural person. But a company that did not have a natural person as a director when the 2006 Act received Royal Assent on 8 November 2006 will have until October 2010 to appoint at least one natural person as a director.
- From 1 October 2008 it will be **possible to form a company under Parts 2 and 3 of the 2006 Act, and to adopt wholly or in part one of the three sets of new model articles** (for private companies limited by shares, public companies, and private companies limited by guarantee). For companies formed under the new Act, the memorandum of association will be a brief document simply stating that the subscribers have agreed to become members and to take at least one share each. Unless the articles provide otherwise, the company will have unlimited capacity (and will therefore have no objects). For existing companies, provisions in their memorandum (including their objects) will be treated as if they were in the articles.
- **Part 17 (A company's share capital),** under which:
  - **Private companies will be able to reduce their share capital by passing a special resolution,** supported by a directors' solvency statement signed by all the directors, rather than having to go to court. The statement will be similar to a statutory declaration of solvency for the purposes of a financial assistance whitewash under the current law. The current procedure for companies to reduce their capital by applying to court will remain and in some circumstances may be advantageous.
  - **The concept of authorised share capital will be abolished.** For existing companies, their authorised share capital will be treated as a restriction in the articles that is capable of being removed by an ordinary resolution.
  - Unless its articles provide otherwise, **a private company's directors will no longer need shareholder approval to allot shares,** although approval will be necessary if the company has, or will have as a result of the allotment, more than one class of shares. Existing authorities given under section 80 of the 1985 Act will continue to have legal effect.

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- A simplified procedure will allow limited companies to **convert their share capital from one currency to another,** and to redenominate their shares after conversion to achieve round share values, without having to go to court or buy back shares out of capital and issue new shares.

- **Part 18 (Acquisition by company of its own shares),** under which:
  - **The restriction on private companies giving financial assistance** for the purpose of the acquisition of their own shares or those of their (private company) parent **will be repealed,** as will the whitewash procedure. Even a private company subsidiary of a public company will be free of the restriction in relation to an acquisition of its own shares or the shares in an intermediate private company holding company. But public companies will still be prohibited from giving financial assistance for the acquisition of their own shares or those of their parent company (whether public or private). A saving provision is expected to make clear that these repeals will not revive any equivalent common law rule which existed prior to the introduction of the statutory prohibition on financial assistance. But where a private company is proposing to enter into an arrangement that will assist one or more of its shareholders, or even a potential purchaser, the parties will want to ensure that the arrangement will not amount to an indirect return of capital or be susceptible to challenge in the event of insolvency, and the company's directors may require shareholder sanction on the basis that they will otherwise be liable for breach of duty.
  - **The procedure for private companies to purchase or redeem their own shares out of capital** will be retained, but as companies will be able to cancel shares and return capital to shareholders by means of a reduction of capital, the procedure will probably be used less often.

    Shareholders in both public and private companies will be able to adopt articles that allow the directors to decide the terms on which redeemable shares are to be redeemed (rather than having to set out those terms in the articles). The terms of redemption must be decided before the shares are actually allotted.

- Regulations made under Part 24 are expected to provide that an annual return filed by a private company or a public company whose shares are not traded on an EU regulated market **will not have to include the address of any shareholder.** Public companies whose shares are traded on an EU regulated market will only have to include addresses for those shareholders who held five per cent or more of any class of shares at any time during the year.

- **Under section 121 of Part 8,** companies will be able to remove from the register details of former members ten years after they dispose of their shares (rather than 20 years at present).

- No substantive changes will be made to the existing rules on company charges, but the current practice of **"Slavenburg filings"** will be brought to an end. At present, lenders to companies incorporated outside Great Britain but with an established place of business which grant a charge over property situated in England or Wales risk their security being invalid unless they attempt to register it. Companies House will reject the filing if the company has not been registered, and lenders keep the rejection letter as proof that they have done all they can to perfect the security. New regulations to be made under Part 25 are expected to state that the duty to register will apply only if the overseas company is registered with Companies House as a branch: it will not apply if the company is not required to register as a branch or if it simply fails to do so. The duty to register will end if the company gives notice to the Registrar of Companies that it has ceased to have a registrable presence in any part of the UK.

- **Section 358 of the 1985 Act,** which provides a power for companies to close the register of members, will be repealed.

- Nearly all of the remaining sections of the 1985 Act will be repealed.

Below is the full list of Parts to be commenced on 1 October 2008. Those marked with an asterisk are discussed above:

- Part 1 (General introductory provisions)
- *Part 2 (Company formation)
- *Part 3 (A company's constitution)
- Part 4 (A company's capacity)
- Part 5 (A company's name)
- Part 6 (A company's registered office)
- Part 7 (Re-registration as a means of altering a company's status)
- *Remainder of Part 8 (A company's members)
- *Remainder of Part 10 (A company's directors)
- Those sections in Part 14 (Political donations) that relate to independent election candidates
- *Part 17 (A company's share capital)
- *Part 18 (Acquisition by limited company of its own shares)
- *Part 24 (A company's annual return)
- *Part 25 (Company charges)
- Part 31 (Dissolution and restoration to the register)
- Part 33 (UK companies not formed under the Companies Acts)
- Part 34 (Overseas companies)
- Part 35 (The registrar of companies)
- Part 41 (Business names)

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