

Articles of Association and the Companies Act 2006

19 December: Attendees at a breakfast briefing held today by the Institute of Chartered Secretaries and Administrators (ICSA) were advised that public companies must act by October 2008 and adopt new articles of association in relation to directors' conflicts of interests. The revised articles, which should be reviewed at the next AGM, need to reflect the provisions covered by the Companies Act 2006 and give directors wider power to authorise directors' conflicts of interest.

Although it is now possible to hold general meetings on 14 days notice, it was further recommended that all companies make a specific amendment in the articles for this notice period to be reduced in the event of a special resolution. Proxies have new rights under the Act and these too should be reflected in the articles, with any voting relating to corporate representatives removed.

Listed companies should make amendments in light of the new provisions for e-communications, particularly in relation to deemed notice and non-receipt. A common approach to listed company articles, recently agreed by a group of city law firms, is summarised in a circular which will be available on the ICSA website shortly.

By April 2008, private companies wishing to dispense with appointing a company secretary should remove any references that refer to this requirement. However, private companies are reminded that the duties performed by a company secretary still need to be performed, and they should consider the advantages of maintaining this role. Other changes to be included are the adopting the statutory written resolution procedure and providing the right for a proxy to vote on a show of hands.

Derek Woodward, Head of Secretariat at Centrica plc and member of the ICSA's Company Secretary Forum commented 'Companies should be working with their advisers on new sets of articles and conduct a thorough review to check that they haven't been overruled by the new provisions under the Act.'

Ends

For further information please contact Rosie Hamilton on 020 7612 7062 or pressoffice@icsa.co.uk or visit www.companiesact.org.uk

Editors Notes

Today's breakfast briefing is one of a series being held by ICSA Events. This morning's speaker was Nilufer von Bismarck, Partner at Slaughter and May and the panel consisted of Derek Woodward, Head of Secretariat at Centrica plc, Peter Swabey, Company Secretary at Equiniti Ltd and Simon Osborne, Chair of the ICSA Company Secretaries Forum. For dates of future events see www.icsaevents.com

The fifth commencement order for the Companies Act 2006 will be published on 5 January 2008 and will be available on the BERR website at www.berr.gov.uk and the ICSA website.

The Institute of Chartered Secretaries and Administrators (ICSA) is the qualifying body for company secretaries and a leading authority on corporate governance. It publishes guidance notes and best practice guides and through its subsidiaries provides events, information and training, boardroom performance evaluation and dedicated software. The ICSA has 47,000 members worldwide and is represented in over 70 countries. For further details see www.icsa.org.uk