

The Minister for Industry and the Regions (Margaret Hodge): The Companies Act 2006, which received Royal Assent on 8 November 2006, will bring major benefits to business by modernising and simplifying company law.

Lord Sainsbury made a statement to the House of Lords on 2 November 2006, in which he explained that it is our intention to commence all parts of the Act by October 2008. I set out the first part of the detailed commencement timetable by written statement on 18 December 2006. In particular, I announced that we would commence provisions in the Act relating to changes to the First Company Law Directive with effect from 1 January 2007, and the provisions on company communications to shareholders and others, which include provisions facilitating electronic communication, with effect from 20 January 2007. I also announced that we would commence the provisions in Part 28 of the Act implementing the takeovers directive and provisions extending the community interest company regime to Northern Ireland with effect from 6 April 2007, and I laid a draft instrument to commence these provisions before Parliament on 8 February 2007. Certain free-standing repeals would also be commenced with effect from 6 April 2007.

The Government have had extensive discussion with business and other stakeholders about the timetable for further commencement of the Act. There are a number of important considerations which we have taken into account.

We want to introduce benefits for business as quickly as possible. It is important, for example, that private companies can benefit as quickly as possible from the deregulatory measures introduced by the Act (such as those on resolutions and meetings).

We want to minimise the commencement dates in line with our commitment to small and medium sized businesses to hold to common commencement dates.

We recognise that companies and their legal advisers will need to familiarise themselves with the Act's provisions and make proper preparation for full implementation. In particular, where substantive secondary legislation is needed, this needs to be in place in good time before the relevant provisions are commenced.

We need to ensure that we implement EU company law requirements falling due during the implementation period alongside our implementation of the Act in a way which minimises the number of changes for business.

We also need to ensure that the registrar of companies has sufficient time to implement important changes to Companies House systems and processes in relation to areas such as company formation, and give appropriate notice to users of the new forms.

In the light of these considerations, the Government have decided on the following commencement timetable for provisions not covered by my earlier written statement:

With effect from 1 October 2007:

Part 9 (Exercise of members' rights);

Part 10 (A company's directors), other than provisions relating to directors' conflict of interest duties, directors' residential addresses and underage and natural directors;

Part 11 (Derivative claims and proceedings by members);

Part 13 (Resolutions and meetings), and, related to this, sections 485-488 of Part 16 (Audit);

Part 14 (Control of political donations and expenditure);

Section 417 of Part 15 (Contents of directors' report: business review);

Part 29 (Fraudulent trading);

Part 30 (Protection of members against unfair prejudice);

Part 32 (Company investigations: amendments).

The commencement provisions in respect of Part 9 would be drafted so as to enable nominee investment operators to send indirect investors' requests to companies from 1 October to entitle indirect investors to enjoy information rights from 31 December 2007.

With effect from 6 April 2008:

Part 12 (Company secretaries);

Part 15 (Accounts and reports), other than section 417;

Part 16 (Audit), other than sections 485-488;

Part 19 (Debentures);

Part 20 (Private and public companies);

Part 21 (Certification and transfer of securities);

Part 23 (Distributions);

Part 26 (Arrangements and reconstructions);

Part 27 (Mergers and divisions of public companies);

Part 42 (Statutory auditors).

With effect from 1 October 2008:

Part 1 (General introductory provisions);

Part 2 (Company formation);

Part 3 (A company's constitution);

Part 4 (A company's capacity and related matters);

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);

Part 8 (A company's members);

Part 10 (A company's directors)-provisions relating to directors' conflict of interest duties, directors' residential addresses and underage and natural directors

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).

In the light of further consultation with business, we will repeal section 358 of the Companies Act 1985, which provides a power for companies to close the register of members, with effect from 1 October 2008.

Part 36 (Offences under the Companies Acts), Part 37 (Companies: supplementary provisions), Part 38 (Companies: interpretation), Part 45 (Northern Ireland) and Schedule 16 (Repeals) should come in with the relevant provisions.

We will aim to make all secondary legislation, including commencement orders, or lay it in draft if parliamentary approval is required, by the end of 2007 to facilitate business preparation for full implementation.

I am also publishing today a consultative document on the policy issues related to secondary legislation which will need to be made under the Act, and on transitional and savings provisions. Comments are invited by 31 May 2007. Draft regulations following the policy approach outlined in that document will be placed on our website at: www.dti.gov.uk/bbf/co-act-2006/ for comment as they become available. Any changes to the policy decided in the light of the consultation will then be reflected in revised drafting of the regulations.