



There are going to be a significant number of changes to company law which will affect all companies registered at Companies House. The Small Business, Enterprise and Employment Act 2015 (the "Act"), which amends the Companies Act 2006 and the Company Directors Disqualification Act 1986, follows the Government's consultations on enhancing the transparency of UK company ownership, increasing trust in UK business and reducing red tape for companies.

A summary of the **key** company law provisions that are due to come into force over the coming year are as follows:

New register of persons having significant control – January 2016 (provisional implementation date)

Every company will be required to regularly maintain and keep available for public inspection a PSC register, which is a register of persons having significant control. These requirements will apply to all private and public companies incorporated in the UK, except those publicly-traded companies which already report under DTR5.

A person having significant control of a company will be any individual who has an interest in more than 25% of the shares or voting rights, or who otherwise exercises control over the company and its management. There will be a duty on a company to take reasonable steps to identify those persons the company knows or suspects to have significant control over it. As well as maintenance of the register, this information will also need to be filed at Companies House annually.

In exceptional circumstances however, it will be possible to make an application to Companies House to prevent beneficial ownership information from being publicly disclosed.

The principal objective is to prevent corrupt individuals from hiding behind secret companies.

Abolition of corporate directors – October 2015 (provisional implementation date)

The use of a company as a director of another company will be prohibited, save for certain exceptions which are still being debated by the Government.

Existing corporate directors will automatically cease to be directors one year and one day after the Act came into force. Companies will need to consider, in particular, the impact on quorum requirements and provisions in the Articles of Association in respect of the number of minimum directors.

Directors' duties to apply to shadow directors – October 2015 (provisional implementation date)

Shadow directors will be subject to the general duties that apply to directors "where and to the extent they are capable of so complying".

Disqualification of directors to be made easier – October 2015 (provisional implementation date)

Under the new Act, there will be a considerably more extensive list of factors to be considered when determining whether an individual is unfit to be a director, including culpability and materiality of past conduct, track record, misconduct overseas and breach of sectoral regulation as well as general directors' duties.

The intention is to decentivise and thereby minimise risky business decisions being made.

Director appointment disputes – October 2015 (provisional implementation date)

Companies House will write to all newly appointed directors to make them aware that their appointment has been filed on the public register and explain their statutory duties.

The aim of this provision is to get falsely appointed directors' details removed from the register.

Abolition of bearer shares – May 2015 (provisional implementation date)

There will be a ban on the creation of new bearer shares (shares where legal title is evidenced by possession of a certificate and not the owner's name in the register of members) and those in existence will need to be surrendered to the company and exchanged for registered shares within nine months of the Act coming into effect. Bearer shares not so surrendered and exchanged will be compulsorily cancelled.

New option to keep certain company statutory books at the central registry – April 2016 (provisional implementation date)

Private companies will, with shareholder approval, have the option to stop maintaining, in part, their own company statutory books. Instead, companies will be able to elect to keep information on a central register at Companies House. The obligation to maintain and update the information will however remain as before.

Abolition of annual returns – April 2016 (provisional implementation date)

Instead of having to submit an annual return, companies will be required to deliver a confirmation statement during a twelve month period that there have been no changes to information on the record, or if so, update the same accordingly.

Shortening of striking off procedure – October 2015 (provisional implementation date)

The procedure for striking off a company from the register will be shortened from three to approximately two months.

New statement of capital requirements for companies – April 2016 (provisional implementation date)

There will no longer be a requirement for companies to include the amount paid up and unpaid on each share. Instead, companies will be required to specify the aggregate amount unpaid on the total number of shares, which is expected to be easier to comply with.

Registered office disputes – October 2015 (provisional implementation date)

Companies House will have new powers to tackle the unauthorised use of an address as a registered office.

Electronic communications

Companies House plans to broaden its use of electronic communications under the Act.

What happens now?

As discussed, the Act is expected to be implemented in phases over the coming year, commencing two months after its enactment with the aim of being fully in force by April 2016.

Contact details

If you would like to discuss any of these changes, please contact:



Sarah Dann
Head of Company Secretarial Unit

+44(0)117 902 7741
sarah.dann@burges-salmon.com



Abi Longman
Company Secretarial Unit

+44(0)117 902 7295
abi.longman@burges-salmon.com

Alternatively you can visit our pages **Company Secretarial page** on our website.

Burges Salmon LLP, One Glass Wharf, Bristol BS2 0ZX Tel: +44 (0) 117 939 2000 Fax: +44 (0) 117 902 4400
6 New Street Square, London EC4A 3BF Tel: +44 (0) 20 7685 1200 Fax: +44 (0) 20 7980 4966
www.burges-salmon.com

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