

## Companies Act 2006 – 6 April 2007 Changes

Following our recent 'Special Alert' on the Implementation Timetable for the Companies Act 2006 (the 'Act'), a reminder of those provisions coming into force on 6 April 2007.

### Takeovers

The main provisions being introduced are those contained in Part 28 of the Act to implement the Takeovers Directive. Note that:

- the Takeover Panel's statutory authority will apply to all bids and mergers (including schemes of arrangement) in relation to companies currently covered by the Takeover Code, not just bids within the meaning of the Takeover Directive (i.e., in the UK, companies listed on the LSE); and
- the squeeze-out and sell-out procedures in the Act, allowing the mandatory buy-out of minority shareholders (and the right of minority shareholders to be bought out) if 90 per cent acceptances under a bid are achieved and the procedure is implemented within three (instead of four) months of the end of the time allowed for acceptance of the bid, will, on the whole, apply to all bids falling within the definition of 'takeover offer'.

### Directors

The following provisions of the Companies Act 1985 relating to directors will be repealed:

- the prohibition on a public company (or a subsidiary of a public company) appointing a director of 70 years old or over;
- the prohibition on a company paying a director remuneration free of income tax;

- the provisions (s323 and s327 CA85) prohibiting a director of a listed company dealing in put or call options over its shares (although note that market regulations may have other restrictions in relation to such dealings); and
- a director's duty (under s324 to 329 CA85) to disclose share dealings by him (or his family) to the company (although the notification obligations imposed on listed company directors by the Disclosure and Transparency Rules still apply) and the company's obligation to record such interests in a register.

### Other Provisions

- The new provisions relating to fees payable by companies to the Registrar of Companies will come into force.
- The amendments to Part 9 of the Enterprise Act 2002 (governing the release of certain consumer and competition information) to allow information to be disclosed by public authorities in civil proceedings or otherwise for the purpose of establishing, enforcing or defending legal rights (section 1281, the Act) will come into being.

### Comment

Companies should consider reviewing their articles of association to take account of the changes relating to directors, bearing in mind the provisions that have been made regarding existing consents by shareholders to receive documents electronically.

Further updates on the Act will follow.

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## Practice group contacts

For more information, please contact one of the lawyers listed or the Dechert lawyer with whom you regularly work. Visit us at [www.dechert.com/corporateandsecurities](http://www.dechert.com/corporateandsecurities).

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