

*These notes refer to the Companies Act 2006 (c.46)
which received Royal Assent on 8 November 2006*

COMPANIES ACT 2006

EXPLANATORY NOTES

EXISTING LAW

Application to class meetings

Section 334: Application to class meetings

580. This section applies the provisions of this Chapter with some modifications to meetings of holders of a class of shares in companies having a share capital.

Section 335: Application to class meetings: companies without a share capital

581. This section applies the provisions of this Chapter with some modifications to meetings of classes of members of companies without a share capital.

Chapter 4: Public Companies: Additional Requirements for AGMs

582. The requirements for public companies relating to annual general meetings are set out in this Chapter. The main substantive changes to the 1985 Act are, as the CLR recommended, that:

- private companies will no longer be required to hold an AGM. The provisions of this Chapter therefore do not apply to private companies; and
- public company AGMs must be held within six months of their financial year-end.

Section 336: Public companies: annual general meeting

583. This section replaces section 366 of the 1985 Act but will apply only to public companies since private companies are no longer to be required to hold an AGM. Where section 366 required an AGM to be held each year and not more than 15 months after the previous AGM, a public company will now be required to hold an AGM within 6 months of its financial year-end. This new requirement is intended to ensure that shareholders have a more timely opportunity to hold the directors of a public company to account.

Section 337: Public companies: notice of AGM

584. This section reproduces the effect of parts of section 369 of the 1985 Act relating to the AGM notice. The minimum notice period for calling a public company AGM is 21 days as set out in subsection (2) of section 307 or longer if provided for in the company's articles. An AGM may be called at shorter notice if all members of the company agree.

Section 338: Public companies: members' power to require circulation of resolutions for AGMs

585. This section, with section 339, replaces sections 376 and 377 of the 1985 Act (to the extent that they relate to resolutions proposed by members to be moved at an AGM). Members holding at least 5% voting rights or at least 100 members holding on average

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£100 paid-up capital have the right to propose a resolution for the AGM agenda and to require the company to circulate details of the resolution to all members. A change from the existing legislation is that the shares must in each case carry rights to vote on the relevant resolution. The key policy change is that, if the members' request is received before the financial year-end, then the members are not required to cover the costs of circulation.

Section 339: Public companies: company's duty to circulate members' resolutions for AGMs

586. This section replaces the remaining parts of sections 376 and 377 of the 1985 Act (to the extent that they relate to resolutions proposed by members to be moved at an AGM). It specifies what a company has to do when it is required to circulate a members' resolution for an AGM.

Section 340: Public companies: expenses of circulating members' resolutions for AGM

587. This section provides that the expenses of complying with section 339 need not be paid by the members who requested the circulation of the resolution if requests sufficient to require the company to circulate it are received before the company's year-end. Otherwise the company's expenses will have to be met by the members who requested the circulation of the resolution unless the company resolves otherwise. In this case, the members requesting the statement must deposit a sum to cover the company's costs (unless the company has resolved otherwise).

Chapter 5: Additional Requirements for Quoted Companies

588. This Chapter imposes new requirements on quoted companies relating to the disclosure on a website of the results of polls at general meetings, and an independent report on a poll if a sufficient number of members demand one. These two measures were recommended by the CLR (Final Report, paragraph 6.39(ii) and (iv)).