

ENTERPRISE AND REGULATORY REFORM ACT 2013

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 6: Miscellaneous and General

Payments to directors of quoted companies

Section 82: Payments to directors: transitional provision

559. *Subsection (1)* specifies that companies that are quoted companies on the day immediately before section 79 comes into force will be required to give notice of the intention to move, as an ordinary resolution, a resolution approving the relevant directors' remuneration policy at the accounts meeting in the first financial year which begins on or after the day section 79 comes into force, or at an earlier general meeting.
560. *Subsection (2)* specifies that where a company is a quoted company on the day immediately before section 79 comes into force, a remuneration or loss of office payment made to a director in the first financial year to begin on or after the day section 79 comes into force will not be subject to the restrictions set out in section 226B or 226C (unless the company has decided that the first directors' remuneration policy approved under section 439A should take effect on a date before the end of that year).
561. *Subsection (3)* excludes from Chapter 4A payments required to be made to directors under agreements entered into, or under other obligations arising, before 27 June 2012.
562. *Subsection (4)* has the effect of treating agreements entered into, or other obligations arising, before 27 June 2012 but which are modified or renewed on or after that date, as having been made on the date of the modification or renewal. The effect of this is that, if an agreement is changed or renewed after that date, a requirement to make payment under that agreement will be subject to the restrictions in Chapter 4A.
563. *Subsection (5)* will mean that sections 216 to 222 of the CA 2006 will continue to apply to payments for loss of office which are, for the reasons set out in subsection (3), not covered by the proposed new Chapter 4A.