



Companies Act 2006

2006 CHAPTER 46

PART 10

A COMPANY'S DIRECTORS

[^{F1}CHAPTER 4A

DIRECTORS OF QUOTED COMPANIES [^{F1}AND TRADED COMPANIES]: SPECIAL PROVISION

[^{F1}Restrictions relating to remuneration or loss of office payments

Textual Amendments

F1 Pt. 10 Ch. 4A inserted (1.10.2013) by [Enterprise and Regulatory Reform Act 2013 \(c. 24\)](#), **ss. 80**, 103(3); S.I. 2013/2227, art. 2(h)

226B Remuneration payments

- (1) A quoted company [^{F2}or unquoted traded company] may not make a remuneration payment to a person who is, or is to be or has been, a director of the company unless—
 - (a) the payment is consistent with the approved directors' remuneration policy, or
 - [^{F3}(b) an amendment to that policy authorising the company to make the payment has been approved by resolution of the members of the company.]
- (2) The approved directors' remuneration policy is the most recent remuneration policy to have been approved by a resolution passed by the members of the company in general meeting.

Status: Point in time view as at 10/06/2019.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Restrictions relating to remuneration or loss of office payments. (See end of Document for details)

Textual Amendments

- F2** Words in s. 226B(1) inserted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **7(a)** (with reg. 2)
- F3** S. 226B(1)(b) substituted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **7(b)** (with reg. 2)

226C Loss of office payments

- (1) No payment for loss of office may be made by any person to a person who is, or has been, a director of a quoted company [^{F4}or of an unquoted traded company] unless—
- (a) the payment is consistent with the approved directors' remuneration policy, or
 - [^{F5}(b) an amendment to that policy authorising the company to make the payment has been approved by resolution of the members of the company.]
- (2) The approved directors' remuneration policy is the most recent remuneration policy to have been approved by a resolution passed by the members of the company in general meeting.

Textual Amendments

- F4** Words in s. 226C(1) inserted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **8(a)** (with reg. 2)
- F5** S. 226C(1)(b) substituted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **8(b)** (with reg. 2)

226D Sections 226B and 226C: supplementary

- (1) A resolution approving [^{F6}an amendment] for the purposes of section 226B(1)(b) or 226C(1)(b) must not be passed unless a memorandum setting out particulars of the proposed payment [^{F7}to which the amendment relates] (including its amount) is made available for inspection by the members of the company—
- (a) at the company's registered office for not less than 15 days ending with the date of the meeting at which the resolution is to be considered, and
 - (b) at that meeting itself.
- [^{F8}(2) The memorandum must explain the ways in which the payment would be inconsistent with the approved directors' remuneration policy (within the meaning of the section in question) but for the amendment.]
- (3) The company must ensure that the memorandum is made available on the company's website from the first day on which the memorandum is made available for inspection under subsection (1) until its next accounts meeting.
- (4) Failure to comply with subsection (3) does not affect the validity of the meeting at which a resolution is passed approving [^{F9}the amendment] to which the memorandum relates or the validity of anything done at the meeting.
- (5) Nothing in section 226B or 226C authorises the making of a remuneration payment or (as the case may be) a payment for loss of office in contravention of the articles of the company concerned.

Status: Point in time view as at 10/06/2019.

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- (6) Nothing in section 226B or 226C applies in relation to a remuneration payment or (as the case may be) a payment for loss of office made to a person who is, or is to be or has been, a director of a quoted company [^{F10}or of an unquoted traded company] before the earlier of—
- (a) the end of the first financial year of the company to begin on or after the day on which it becomes a quoted company [^{F11}or (as the case may be) an unquoted traded company], and
 - (b) the date from which the company's first directors' remuneration policy to be approved under section 439A takes effect.
- (7) In this section the “company's website” is the website on which the company makes material available under section 430.]

Textual Amendments

- F6** Words in s. 226D(1) substituted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **9(a)(i)** (with reg. 2)
- F7** Words in s. 226D(1) inserted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **9(a)(ii)** (with reg. 2)
- F8** S. 226D(2) substituted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **9(b)** (with reg. 2)
- F9** Words in s. 226D(4) substituted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **9(c)** (with reg. 2)
- F10** Words in s. 226D(6) inserted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **9(d)(i)** (with reg. 2)
- F11** Words in s. 226D(6)(a) inserted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **9(d)(ii)** (with reg. 2)

Status:

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Changes to legislation:

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