

*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

Circulation of written resolutions

Section 290: Circulation date

533. This section provides that the circulation date of a written resolution means the date on which copies are sent or submitted to members (or if copies are sent on different days, the first of those days).

Section 291: Circulation of written resolutions proposed by directors

534. This section provides for the circulation of written resolutions by directors of the company. A company must circulate a written resolution either by sending it to all eligible members at the same time or, if it can be done without undue delay, submitting the same copy of the resolution to each eligible member in turn or a combination of these. The latter two options allow companies to pass round a document or email rather than sending out several copies.

Section 292: Members' power to require circulation of written resolution

535. This section enables members to require a written resolution to be circulated. They may also require circulation of a statement about its subject matter. Like the members' right to require a resolution to be moved at an AGM, the percentage needed is 5% of the total voting rights (or lower if specified in the company's articles). *Subsection (2)* specifies some limits on the kind of resolution that may be circulated in this way, designed to stop the power being abused.

Section 293: Circulation of written resolution proposed by members

536. This section specifies what a company has to do when it is required under section 292 to circulate a resolution and accompanying statement. It must circulate the resolution and statement by sending it to all eligible members at the same time or, if it can be done without undue delay, by submitting the same copy of the resolution and statement to each eligible member in turn or a combination of these. The latter two options would allow companies to pass round a document or email rather than sending out several copies. *Subsection (3)* requires that the members' written resolution be circulated within 21 days of the company being requested to do so by those members, except that if the written resolution is circulated to members on different days, then the *first* copy should be dispatched not more than 21 days after the request to circulate the resolution.

Section 294: Expenses of circulation

537. This section provides that the expenses of complying with section 293 are to be paid by the members who requested the circulation of the resolution unless the company resolves otherwise. The company can require the deposit of a sum to meet its expenses before it circulates the resolution, again subject to any resolution to the contrary.

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Section 295: Application not to circulate members' statement

538. This section enables the court, on application by the company or other aggrieved person, to relieve the company of an obligation to circulate a members' statement under section 293 if in the court's view the right to require circulation is being abused. This mirrors section 317 in the context of general meetings.