

**Guidance Note: Model Articles for a Private Company Limited by Shares**

**Association (Private Shares)**

Modifications to the Model Articles are set out below.

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Article 1 sets out the definition of a company. It has not been changed except where referred to in the guidance note.

of association. It has not been concerned.

Article 2 has no equivalent in the memorandum of association of a company. It indicates that a shareholder has no further liability to contribute to the company during a winding up in respect of that share.

which would have appeared in the memorandum of association under the earlier Companies Acts. The nominal value of a share has no effect on the liability of a company during a winding up in respect of that share.

Article 3 is equivalent to regulation 2 of the Companies (Model Articles) Regulations 2008. It gives the directors of the company the power to manage the company on behalf of the shareholders in accordance with the provisions of the Companies Act 2006.

This gives the directors of the company the power to manage the company on behalf of the shareholders in accordance with the provisions of the Companies Act 2006. This basis subject always to the duties of directors.

Article 4 is equivalent to regulation 3 of the Companies (Model Articles) Regulations 2008. It gives the shareholders the power to modify the general meeting procedures.

creates a separate right for the shareholders to modify the general meeting procedures given by article 3.

Article 5 is equivalent to regulation 4 of the Companies (Model Articles) Regulations 2008. It gives the directors the power to delegate their authority to exercise the powers of the company to one or more persons.

Table A and allows directors to delegate their authority to exercise the powers of the company. Any delegation of authority must be in writing.

Article 6 is equivalent to regulation 5 of the Companies (Model Articles) Regulations 2008. It gives the directors the power to make decisions on behalf of the company.

The general rule is that committee decisions must follow the articles of association. The directors may agree to delegate their authority to exercise the powers of the company to one or more persons.

Article 7 is equivalent to regulation 6 of the Companies (Model Articles) Regulations 2008. It gives the directors the power to make decisions on behalf of the company. **modified slightly to make it only one director.**

Article 7(1) sets out the general rule that decisions must be made by the directors at a meeting or by written resolution. **Article 7(2) has been modified to make it only one director.**

Article 8 is equivalent to regulation 7 of the Companies (Model Articles) Regulations 2008. It gives the directors the power to make decisions on behalf of the company. **for the sake of clarity so that it may be passed if one or more directors agree.**

This article has expanded on the general rule that decisions must be made in a less formal manner, such as by email or written resolution. **Article 8(2) has been modified to make it only one director.**

Article 9 is equivalent to regulation 8 of the Companies (Model Articles) Regulations 2008. It gives the directors the power to make decisions on behalf of the company. **for the sake of clarity so that it may be passed if one or more directors agree.**

Any director may call a meeting and if the company has a company secretary, the secretary can authorise him to call it. The meeting did not need to be given notice. If the company has a company secretary, notice must be given to all directors. However, if the company chooses to waive his right to receive notice of a particular meeting, the company may be infringed.

Article 10 has no equivalent in the memorandum of association of a company. It indicates that a shareholder has no further liability to contribute to the company during a winding up in respect of that share.

The common practice whereby companies permit directors to call meetings remotely. This allows





Article 36 is equivalent to regulation 36. Investors often hold shares through a nominee or intermediary. The company's register will be entered on the company's register. The company does not need to take any notice of any direction by the nominee or intermediary in the manner of exercise of rights attached to shares by the nominee or intermediary because these are governed by the contractual arrangements between the company and the nominee or intermediary.

Articles 37 and 38 are equivalent to regulations 37 and 38 of Table A respectively. **Since these modified articles have been removed, the requirement that all share certificates must be fully paid up has been removed.** A shareholder will not be entitled to a new share certificate if theirs is damaged or defaced or said to be lost, destroyed or destroyed. Note that no proof of loss, theft or destruction is needed. The directors have the right to demand an indemnity against the company as a result of replacing that certificate.

Article 39 is equivalent to regulation 39. It states that shares may be transferred in any usual form approved by the directors. **The wording of article 39(5) has been modified so that it now includes the wording from section 771(1) of the Companies Act 2006, which requires the directors to register the transfer, they must give notice of their refusal together with their reasons for refusal.**

Article 40 is equivalent to regulation 40. The Article protects the rights of transmitters who wish to be registered as the original holder of the shares prior to registration if a share certificate is produced.

Article 41 is equivalent to regulation 41. If a transmitter wishes to exercise his rights to be registered as the original holder of the shares, he must notify the company of that fact. A transfer executed by the transmitter is to be treated as if made by the member from whom he derived title.

Article 42 is equivalent to regulation 42. A transmitter will be bound by any notices sent to the shareholder from whom the transmitter derived title. **The article has been modified so that the transmitter is not subject to the provisions of the article where another person has been registered as the holder of the shares.**

Article 43 is equivalent to regulation 43. This Article gives the shareholders the power to declare interim dividends. The directors have the power to declare interim dividends.

Article 44 is equivalent to regulation 44. The Article sets out the methods whereby directors may declare dividends. **It has been modified so that it states that shareholders will be entitled to dividends if the directors have decided that they should be made. Therefore, these articles have been modified so that the directors have the discretion of the directors to determine how the dividends are made.**

Article 45 is equivalent to regulation 45. It states that dividends do not carry interest.

Article 46 is equivalent to regulation 46. It states that unclaimed dividends do not need to be paid after 12 years.

Article 47 is equivalent to regulate the payment of dividends in assets (no limitations provided that the

Article 48 has no equivalent in the Companies Act 2006. It may be useful for tax purposes. If more than one person is entitled to the dividend, it is only effective if all the holders or those entitled

Article 49 is equivalent to regulate the distribution of company profits and to use the profits to pay dividends to shares to members or to pay dividends to members, provided that the capitalised amount is not applied to bonus shares, which

Article 50 has no equivalent in the Companies Act 2006. It is able to speak at a general meeting, provided that they can communicate with those attending the meeting.

Article 51 is equivalent to regulate the calling of a general meeting before any business is transacted.

Article 52 is equivalent to regulate the calling of a general meeting chaired by the chairman but if the chairman is not present, the methods for appointing one

Article 53 is equivalent to regulate the right of shareholders to elect a director. The chairman can permit any other

Article 54 is equivalent to regulate the adjournment of a general meeting to adjourn. It permits the chairman to adjourn the meeting at the discretion of the chairman to adjourn the meeting, in particular, to protect the safety of the meeting, the orderly conduct of the meeting, where it either becomes inquorate or is not quorate within 30 minutes of the appointed time. The chairman has the initial right to determine the time and place of the adjournment. Should he not vote, the directors must fix an appropriate time and place for the adjournment. Notice to be given where the adjourned meeting is to take place more than 14 days after the date of the original meeting. No business introduced at the "continued" meeting can be introduced at the original meeting.

Article 55 is equivalent to regulate the voting at general meetings usually decided on a show of hands.

Article 56 is equivalent to regulate the right of a member's qualification to vote at a general meeting (or adjourned general meeting) itself.

allows the company to pay all dividends in assets (although there are no limitations provided that the value).

ends to be waived, which may be waived by more than one person or more than one person is entitled to the dividend, it is only effective unless it is signed by all the holders or those entitled

allows a company to capitalise its profits and to use the profits to pay dividends to shares to members or to pay dividends to members, provided that the capitalised amount is not applied to bonus shares, which

ved communications, a person is able to speak at a general meeting, provided that they can communicate with those attending the meeting.

quorum must be present at a general meeting before any business is transacted.

Article A. General meetings will be called by the chairman, then the article sets out the methods for appointing one

A. Directors who are not qualified to elect a director. The chairman can permit any other

Article A. It requires the chairman to adjourn the meeting at the discretion of the chairman to adjourn the meeting, in particular, to protect the safety of the meeting, the orderly conduct of the meeting, where it either becomes inquorate or is not quorate within 30 minutes of the appointed time. The chairman has the initial right to determine the time and place of the adjournment. Should he not vote, the directors must fix an appropriate time and place for the adjournment. Notice to be given where the adjourned meeting is to take place more than 14 days after the date of the original meeting. No business introduced at the "continued" meeting can be introduced at the original meeting.

/otes at general meetings are usually decided on a show of hands.

no objection may be raised to a member's qualification to vote at a general meeting (or adjourned general meeting) itself.

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Article 64 has no equivalent in the Act and cannot make provision for employee representation. **"Article 64 of the 2006" has been added to the Act** and **under section 247(4)(b) of the Act**

gives the directors the power to  
subject to the Companies Act  
the provision is to be made

Article 65 is equivalent to requiring the company to indemnify its directors and company secretaries. A

Article 66 is equivalent to requiring the company to purchase insurance for its directors and company secretaries in these modified articles.

The discretion given to a company to remove and replace its directors has been removed and replaced with an obligation to do so. It has been extended to current or former managers and company secretaries. A

A company may purchase insurance for its directors and company secretaries in these modified articles.

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