

## Guidance Notes: Model Articles (Companies Act 2006)

## Articles of Association (Companies Act 2006)

Modifications to the Model Articles

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

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 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.

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.

Article 5 is equivalent to regulation 4 of the Companies (Model Articles) Regulations 2008. It allows directors to delegate their authority to exercise their powers to a committee of directors. Any delegation of power will not absolve the directors of their responsibilities.

Article 6 is equivalent to regulation 5 of the Companies (Model Articles) Regulations 2008. It sets out the general rule that committee decisions must follow the articles of association. The directors may also decide to make decisions by written resolution.

Article 7 is equivalent to regulation 6 of the Companies (Model Articles) Regulations 2008. It sets out the general rule that decisions made by the directors must be unanimous. **Article 7(2) has been modified slightly to make it apply only if the company has only one director.**

Article 8 is equivalent to regulation 7 of the Companies (Model Articles) Regulations 2008. It sets out the general rule that decisions made by the directors must be unanimous. **Article 8(2) has been modified for the sake of clarity so that it may be passed if one or more directors agree.**

Article 9 is equivalent to regulation 8 of the Companies (Model Articles) Regulations 2008. It sets out the general rule that decisions made by the directors must be unanimous. It also provides that if the company has a company secretary, he or she may call a meeting on behalf of the directors. Under Table A, the right to call a meeting was given to a director outside the UK. Since the Companies Act 2006, the right to call a meeting must be given to all directors. However, the right to receive notice of a particular meeting may be given to all meetings otherwise the statutory provisions will apply.

Article 10 has no equivalent in the memorandum of association of a company. It allows companies to permit directors to call a meeting remotely.

Article 11

Article 11 sets out the general rule that decisions made by the directors must be unanimous. It has not been changed except where referred to in the guidance notes.

Article 12 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.

Article 13 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.

Article 14 creates a separate right for the shareholders to modify the general meeting procedures.

Article 15 allows directors to delegate their authority to exercise their powers to a committee of directors. Any delegation of power will not absolve the directors of their responsibilities.

Article 16 sets out the general rule that committee decisions must follow the articles of association. The directors may also decide to make decisions by written resolution.

Article 17(1) sets out the general rule that decisions made by the directors must be unanimous. **Article 17(2) has been modified slightly to make it apply only if the company has only one director.**

Article 18 has expanded on the general rule that decisions made by the directors must be unanimous. **Article 18(2) has been modified for the sake of clarity so that it may be passed if one or more directors agree.**

Article 19 sets out the general rule that decisions made by the directors must be unanimous. It also provides that if the company has a company secretary, he or she may call a meeting on behalf of the directors. Under Table A, the right to call a meeting was given to a director outside the UK. Since the Companies Act 2006, the right to call a meeting must be given to all directors. However, the right to receive notice of a particular meeting may be given to all meetings otherwise the statutory provisions will apply.

Article 20 has no equivalent in the memorandum of association of a company. It allows companies to permit directors to call a meeting remotely. This allows companies to permit directors to call a meeting remotely.

directors' meetings to take place or in an internet chat room.

Article 11 is equivalent to regulation 88. **These articles have been modified to clarify that the director.** They do not specify a minimum number of directors is specified in the articles, then required, they may only make a further directors or to call a general meeting to enable the

Article 12 is equivalent to regulation 89. It contains the option to appoint a chairman. If the chairman is a director, he will have a casting vote if there is a deadlock at directors' meeting. If the chairman is not present, the directors have the right to appoint another director as chairman if there is a quorum.

Article 13 is equivalent to regulation 90. A chairman will not have a casting vote if he is not entitled to form a meeting.

Article 14 is equivalent to regulation 91. It restricts the rights of a director to participate in a transaction in limited circumstances. The Company may participate in directors' meeting in a transaction. **This article has modified the quorum and vote of the quorum and vote concerning a proposed or existing a direct or indirect interest. This modified wording absolves the company for any benefit he has existed under Table A but will**

Article 15 has its equivalent in regulation 92. It gives the directors discretion to make further rules by the model articles. But it gives directors only had the discretion

Article 16 is equivalent to regulation 93. It requires a written requirement for all decisions. Since decisions can be made by email or even text message, **These articles are modified to require that the minutes of meetings need be kept. These modified articles have been made so that a sole director must keep records of all resolutions**

Article 17 restates regulation 94. It allows shareholders to pass an ordinary resolution and the board of directors. **These modified articles have been made so that, if a company has no shareholders, then the company may be made bankrupt, then the company may be made bankrupt may appoint a Secretary of State may appoint**

including by instant messaging

The general rule is that the minimum number of directors is less than the quorum. If the number of directors is less than the quorum, the directors may call a further directors or to call a further directors.

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Article 18 is broadly similar to Article 17 in which a director's appointment has been added to these models. In this case, he receives a notice signed by the shareholders to cease to be a director.

Article 19 is equivalent to requiring directors to determine remuneration as employees. All remuneration **model articles allow alternative**

Article 20 is equivalent to regu  
**modified so that both direct  
expenses.** The model article  
uncertainty has been removed

**Articles 21 to 23 have been adapted from the provision. Although they are equivalent allowing directors to nominate model articles for private companies to nominate alternate directors absent for a long period and A person may be an alternate same rights in relation to appointment terminate if the appointer ceases, or if he would have terminated the relation to him.**

Articles 24 to 34 have been adapted from the model anti-corruption regulations 8 to 22 of Table 1. These regulations do not include any provisions relating to shares fully paid for at the time of issue, or to the use of nil paid share capital, or to the employment of employees and the inclusion of provisions to be implemented. The comparison of the regulations with shares and may make calls on the company in relation to those shares.

Article 35 is equivalent to re association have been m shareholders who have the attached to them. Section 5 that directors do not exerc under either section 550 o resolution of the sharehold Companies Act 2006, shar However, that nominal value classes of shares may be de Article 35(2) allows a con directors to determine the t such shares.

It sets out the circumstances automatically. **A further paragraph** **a director can be removed if** **ctors stating that he should**

Table A. It allows the board of  
 ir dual capacities as directors  
 day to day. **These modified**  
**erated.**

he model articles have been  
all be paid their reasonable  
he right to refuse and so this

fied model articles and are  
cles for public companies.  
o 69 of Table A, provisions  
s were not included in the  
thought that the ability to  
director knows that he will be

director and they have the  
ctors. His appointment will  
ppointment, the appointer's  
elation to the alternate that  
ent if they had occurred in

ified model articles and are  
ies. They are equivalent to  
es for private companies did  
issue shares that were not  
ease of the CGT rate to 18%,  
id method for incentivising  
allows such schemes to be  
any unpaid or partly paid  
s to pay specified sums in

Table A. These articles of directors rather than the es and determine the rights act 2006 will apply to ensure e shares without authority ct such as by an ordinary Under section 542 of the with a fixed nominal value. n any currency and different currencies.

mable shares and for the manner of redemption of any

Article 36 is equivalent to regulation 36. Investors often hold shares through a nominee or intermediary. The company's register of members entered on the company's register of members will be entered on the company's register of members. 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 does not include wording from section 771(1) of the Companies Act 2006 that if they refuse to register the transfer, they must give notice of their refusal together with their reasons for refusing to register the transfer.**

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.

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 is stated that shareholders will be satisfied that the dividends are made. Therefore, these articles have been modified so that the directors are not required 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.

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

Article 48 has no equivalent in the Companies Act. It provides that more than one person is entitled to the dividend if all the holders or those entitled

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

Article 50 has no equivalent in the Companies Act. It provides that a person is able to speak at a general meeting as long as they can communicate with those attending the meeting.

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

Article 52 is equivalent to regulating the chairing of the meeting but it does not set out the methods for appointing one

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

Article 54 is equivalent to regulating the adjournment of a general meeting to adjourn. It permits the chairman to adjourn a meeting at the discretion of the chairman to adjourn a 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 do so, 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 new business can be introduced at the "continued" meeting unless it has been introduced at the original meeting.

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

Article 56 is equivalent to regulating 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 (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 if 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 provided that the capitalised amount does not apply to bonus shares, which

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

Article A. General meetings will be called by the chairman. If the chairman is not present, then the article sets out the methods for appointing one

Article A. Directors who are not qualified to vote but may not vote. The chairman can permit any other

Article A. It requires the chairman to adjourn a meeting at the discretion of the chairman to adjourn a 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 do so, 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 new business can be introduced at the "continued" meeting unless it has been introduced at the original meeting.

Article A. Usually decided on a show of hands.

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

Article 57 is equivalent to require that a poll be demanded before the general meeting can be held immediately after a show of hands. The proposed amendments to the Companies Act 2006, which will introduce the new categories of person who can demand a poll, are referred to as “qualifying persons” under the new Act. The Chairman and the directors cannot overturn a decision that has been made by a poll demand a poll on the election of directors or the adjournment of the general meeting. The new Article has been modified so that it will not invalidate the result of a poll if it is made.

Article 58 is equivalent to re  
prescribe a form of proxy. Si  
timing of delivery of proxy not  
Companies Act 2006, sections

Article 59 is equivalent to require that of his proxy, despite the proxy's appointment is only resolutions if received by the meeting) at which such resolution. Where a proxy form is executed in written authority of such person, accompany the form when it is

Article 60 has no equivalent in the Rules of Procedure, except in very limited circumstances. The chairman's proposal only, to amend the Rules of Procedure. Such a proposal by the chairman is subject to a vote, in which the resolution is to be passed by a majority of two-thirds. proposed by any person entitled to propose an amendment. such proposed amendment may be adopted at any time (or a later time if the chairman so directs).

Article 61 is equivalent to reg  
the Companies Act 2006 apply

Article 62 is equivalent to reg  
the directors, if the company h  
document must also be sig  
authorised person in the prese

Article 63 is equivalent to registers (such as the register available to the shareholders for the company's accounting or shareholder.

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

A. A poll on a resolution may be taken at a general meeting, either before or after the resolution has been modified by restricting the vote, and a poll to those who are entitled to vote under the Companies Act 2006. The right to demand a poll to try to get a show of hands. The right to demand a poll at the general meeting or the poll is excluded. Furthermore, the poll is withdrawn, it shall be void before the demand was made.

Table A. The directors may or not prescribe the manner or provisions of section 327(2) of the Act that will apply.

member's vote will prevail over the vote of the member appointed. The revocation of a resolution or a particular resolution or the adjournment of the meeting (or adjourned meeting) may be moved.

olutions may not be amended, permits amendment, on the or other non-substantive error. g the course of the meeting at to ordinary resolutions may be ant resolution. However, any 48 hours before the meeting

Table A. Schedules 4 and 5 of  
contained in the articles.

Unless otherwise decided by the board, the seal of the corporation shall be in the form of a circle, and it is affixed to a document, the signature of the president or other officer of the corporation shall be sufficient to bind the corporation.

A. Various documents and (including minutes of directors) must be made available to a shareholder if the shareholder is entitled to inspect any of the documents merely by virtue of being a shareholder.

ves the directors the power to  
ject to the Companies Act  
he provision is to be made

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

Article 66 is equivalent to requiring a 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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