

**Dewey & LeBoeuf London**

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End to the Sole Corporate Director Regime for UK Companies**12 August 2010**

As of 1 October 2010, all companies incorporated in the United Kingdom will be required to have at least one "natural person" as a director (a human being rather than, for example, a "legal person" such as a corporate body). The aim of this provision is to ensure that an individual can, where appropriate, be held accountable for the actions of a company.

Under the UK Companies Act 1985, companies were able to have corporate directors as their only director(s). Section 155 of the Companies Act 2006 (the "2006 Act") altered this to require that all companies have at least one natural person as a director. This provision came into force on 1 October 2008, but a transitional period of two years was granted to companies who did not, on 8 November 2006 (being the date the 2006 Act received Royal Assent), have a natural person as a director, but did have the statutory minimum number of directors (two directors for a public company and one director for a private company). This transitional period expires on 30 September 2010.

As a result, any company incorporated in the United Kingdom which does not, on 1 October, have a natural person as a director will be in default under the 2006 Act. Under the terms of the 2006 Act, the Secretary of State can give a direction ordering a company to remedy this default by appointing a natural person as a director, and giving them a deadline of not less than one month and not more than three months to do so. If, after the expiry of that deadline, a company is still in breach, the company and all its officers (directors - including shadow directors - and company secretary) in default are guilty of an offence and can each be fined up to £5,000 on conviction, and up to £500 for every day after conviction for which they remain in breach.

The above does not affect the position of existing corporate directors of UK companies, who will be able to continue to act as directors provided at least one natural person is appointed alongside them. There is no requirement that the natural person appointed as director be a UK resident. The change does not apply to the role of company secretary, who (to the extent appointed) can continue to be a legal rather than a natural person.

This memorandum is intended only as a general discussion of these issues. It is not considered to be legal advice. We would be pleased to provide additional details or advice about specific situations. For additional information on this important topic, please feel free to call upon your Dewey & LeBoeuf relationship partner.

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Any companies incorporated in the United Kingdom who do not have a natural person as a director should ensure that they appoint one on or before 30 September 2010.

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