



# Small Business, Enterprise and Employment Act 2015

## 2015 CHAPTER 26

### PART 7

#### COMPANIES: TRANSPARENCY

##### *Corporate directors*

#### **87 Requirement for all company directors to be natural persons**

- (1) The Companies Act 2006 is amended as follows.
- (2) Omit section 155 (companies required to have at least one director who is a natural person).
- (3) In section 156 (direction requiring company to make appointment)—
  - (a) in subsection (1), for “section 155” substitute “ provision by virtue of section 156B(4) ”;
  - (b) in subsection (4), for “of section 154 or 155” substitute “ as mentioned in subsection (1) ”.
- (4) Before section 157 (and after the preceding cross-heading) insert—

#### **“156A Each director to be a natural person**

- (1) A person may not be appointed a director of a company unless the person is a natural person.
- (2) Subsection (1) does not prohibit the holding of the office of director by a natural person as a corporation sole or otherwise by virtue of an office.
- (3) An appointment made in contravention of this section is void.

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*Status:* This version of this cross heading contains provisions that are prospective.

*Changes to legislation:* There are currently no known outstanding effects for the Small Business, Enterprise and Employment Act 2015, Cross Heading: Corporate directors. (See end of Document for details)

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- (4) Nothing in this section affects any liability of a person under any provision of the Companies Acts or any other enactment if the person—
- (a) purports to act as director, or
  - (b) acts as shadow director,
- although the person could not, by virtue of this section, be validly appointed as a director.
- (5) This section has effect subject to section 156B (power to provide for exceptions from requirement that each director be a natural person).
- (6) If a purported appointment is made in contravention of this section, an offence is committed by—
- (a) the company purporting to make the appointment,
  - (b) where the purported appointment is of a body corporate or a firm that is a legal person under the law by which it is governed, that body corporate or firm, and
  - (c) every officer of a person falling within paragraph (a) or (b) who is in default.

For this purpose a shadow director is treated as an officer of a company.

- (7) A person guilty of an offence under this section is liable on summary conviction—
- (a) in England and Wales, to a fine;
  - (b) in Scotland or Northern Ireland, to a fine not exceeding level 5 on the standard scale.

#### **156B Power to provide for exceptions from requirement that each director be a natural person**

- (1) The Secretary of State may make provision by regulations for cases in which a person who is not a natural person may be appointed a director of a company.
- (2) The regulations must specify the circumstances in which, and any conditions subject to which, the appointment may be made.
- (3) Provision made by virtue of subsection (2) may in particular include provision that an appointment may be made only with the approval of a regulatory body specified in the regulations.
- (4) The regulations must include provision that a company must have at least one director who is a natural person (and for this purpose the requirement is met if the office of director is held by a natural person as a corporation sole or otherwise by virtue of an office).
- (5) Regulations under this section may amend section 164 so as to require particulars relating to exceptions to be contained in a company's register of directors.
- (6) The regulations may make different provision for different parts of the United Kingdom.

This is without prejudice to the general power to make different provision for different cases.

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(7) Regulations under this section are subject to affirmative resolution procedure.

### 156C Existing director who is not a natural person

- (1) In this section “the relevant day” is the day after the end of the period of 12 months beginning with the day on which section 156A comes into force.
- (2) Where—
  - (a) a person appointed a director of a company before section 156A comes into force is not a natural person, and
  - (b) the case is not one excepted from that section by regulations under section 156B,that person ceases to be a director on the relevant day.
- (3) The company must—
  - (a) make the necessary consequential alteration in its register of directors, and
  - (b) give notice to the registrar of the change in accordance with section 167.
- (4) If an election is in force under section 167A in respect of the company, the company must, in place of doing the things required by subsection (3), deliver to the registrar in accordance with section 167D the information of which the company would otherwise have been obliged to give notice under subsection (3).
- (5) If it appears to the registrar that—
  - (a) a notice should have, but has not, been given in accordance with subsection (3)(b), or
  - (b) information should have, but has not, been delivered in accordance with subsection (4),the registrar must place a note in the register recording the fact.”

#### Commencement Information

**II** S. 87(4) in force at 4.3.2024 for specified purposes by S.I. 2024/270, reg. 2

PROSPECTIVE

### 88 Review of section 87

- (1) The Secretary of State must, before the end of each review period—
  - (a) carry out a review of section 87, and
  - (b) prepare and publish a report setting out the conclusions of the review.
- (2) The report must in particular—
  - (a) set out the objectives intended to be achieved by the section,
  - (b) assess the extent to which those objectives have been achieved, and

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- (c) assess whether those objectives remain appropriate and, if so, the extent to which they could be achieved in another way which imposed less regulation.
- (3) The Secretary of State must lay the report before Parliament.
- (4) Each of the following is a review period for the purposes of this section—
- (a) the period of 5 years beginning with the day on which section 87 comes into force (whether wholly or partly), and
  - (b) each successive period of 5 years.

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