



VASSILIADES & CO (UK) LIMITED

Prohibition of Corporate Directors in UK - Action Required

Does your UK company have a legal entity acting as its director? Then, you need to take immediate action.

As part of the UK Government's initiative to encourage transparency and trust in business dealings, from October 2016 all UK company directors should be natural persons (i.e. physical individuals rather than legal entities).

More specifically, the **Small Business, Enterprise and Employment Act 2015** prohibits corporate directors in UK companies from October 2016 with a 12 month transitional period for existing corporate directors. Therefore, as of October 2017 and pursuant to the law, all corporate directors will automatically cease to exist.

If you have a UK company, you will fall within one of the following categories and must take appropriate action:

(a) Company exclusively has corporate directors:

If your company only has corporate directors, you need to appoint at least one natural person as director before the end of the transitional period. Remember that for a company to exist, it requires at least one director and that there is no residency requirement for directors of UK companies.

(b) Company has a mix of corporate and natural directors:

If your UK company has both corporate and natural persons acting as directors, then you may resign the corporate directors, inform Companies House and update the corporate register of the company.

(c) Company does not have any corporate directors:

If your company comprises only of physical persons acting as directors, then you do not need to take any action.

It is worth noting that the UK's Department for Business, Innovation & Skills (BIS) expressed the view that, currently, the case for taking similar action in relation to corporate members of Limited Liability Partnerships (LLPs) is not strong.

Note: The Registrar of Companies has put a hold on the implementation of the above and will be publishing further information on its website. However, we would still recommend that those with corporate directors take action in anticipation of further announcements by the Registrar.

For any further information please contact:

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