

# Time is running out: Update your articles and reap the rewards!

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June 2016

Since the introduction of the Companies (Guernsey) Law, 2008, we've known that Guernsey companies incorporated prior to this will, at some point, need to update their constitutional documents to ensure they are compliant with the requirements of the new law.

While the transitional period intended to provide time to achieve this has been extended a number of times, the current deadline of 31 December 2016 is fast approaching and now is the time for those pre-2008 law Guernsey companies which haven't done so to make sure they comply with the law.

There is some good news, however, as recent upgrades to the companies law have made company administration simpler and more streamlined and the update process will allow companies to best take advantage of these changes.

At Collas Crill we have seen an influx in requests by company service providers to update articles in bulk to bring them in line with the more flexible law and would be happy to discuss the most efficient ways to ensure your structures are up to speed by year's end as well. Below we discuss some of the advantages of doing so.

The Companies (Guernsey) Law, 2008 (Amendment) Ordinance, 2015 came into effect on 3 September 2015 and brought with it a host of practical changes, some of which are:

1. Simpler decision making on share issues – directors now need only deem that consideration for share issues is fair and reasonable to the company, rather than the company and all existing members
2. No ongoing member authorisation is needed for share issues for companies with multiple classes – this removes the rolling five yearly member approval requirement
3. Directors' disclosures of interests are simplified in that the monetary value of a director's interest is no longer required to be disclosed –simplifying the process
4. Notice provisions in articles can now be amended to reflect a quicker deemed service regime under the new postal rules – this is particularly useful when convening meetings and sending information to members to reduce timings
5. Articles can be amended to provide that any emailed document can be deemed served immediately after the email is sent – again useful for timely member communication
6. The duties of company secretaries can be specified in the articles and are no longer prescribed by company law – this allows greater flexibility to detail duties

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7. Certain companies can now waive the requirement for directors to produce an annual director's report. This is particularly useful for smaller companies where such a report could be considered disproportionate or unnecessary

Many companies' articles contain restrictions nullifying the flexibility provided on the above points (or the wider changes to the companies law) but can be amended or replaced wholesale by way of member special resolution.

Collas Crill can help guide you through this process and get your articles up-to-date, quickly and efficiently - please contact Tristan Ozanne or Alexandra Gill at Collas Crill who would be happy to help.