

## Chapter 6

# Equity shares (commercial companies): continuing obligations

## 6.3 Continuing obligations: holders

### Proxy forms

6.3.1

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A *listed company* must ensure that, in addition to its obligations under the Companies Act 2006, a proxy form:

- (1) provides for at least 3-way voting on all resolutions intended to be proposed (except that it is not necessary to provide proxy forms with 3-way voting on procedural resolutions); and
- (2) states that if it is returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise their discretion as to whether, and if so how, they vote.

### Proxy forms for re-election of retiring directors

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If the resolutions to be proposed include the re-election of retiring *directors* and the number of retiring *directors* standing for re-election exceeds 5, the proxy form may give shareholders the opportunity to vote for or against (or abstain from voting on) the re-election of the retiring *directors* as a whole but must also allow votes to be cast for or against (or for shareholders to abstain from voting on) the re-election of the retiring *directors* individually.

### Sanctions

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Where a *listed company* has taken a power in its *constitution* to impose sanctions on a shareholder who is in default in complying with a notice served under section 793 of the Companies Act 2006 (Notice by company requiring information about interests in its shares):

- (1) sanctions may not take effect earlier than 14 days after service of the notice;
- (2) for a shareholding of less than 0.25% of the *shares* of a particular *class* (calculated exclusive of *treasury shares*), the only sanction that the *constitution* may provide for is a prohibition against attending meetings and voting;
- (3) for a shareholding of 0.25% or more of the *shares* of a particular *class* (calculated exclusive of *treasury shares*), the *constitution* may provide:
  - (a) for a prohibition against attending meetings and voting;
  - (b) for the withholding of the payment of dividends (including *shares* issued in lieu of dividend) on the *shares* concerned; and

- (c) for the placing of restrictions on the transfer of *shares*, provided that restrictions on transfer do not apply to a sale to a genuine unconnected third party (such as through a *RIE* or an *overseas* exchange or by the acceptance of a takeover offer); and
- (4) any sanctions imposed in accordance with paragraph (2) or (3) above must cease to apply after a specified period of not more than 7 days after the earlier of:
  - (a) receipt by the *issuer* of notice that the shareholding has been sold to an unconnected third party through a *RIE* or an *overseas* exchange or by the acceptance of a takeover offer; and
  - (b) due compliance, to the satisfaction of the *issuer*, with the notice under section 793.

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An *overseas company* with a *listing* in the *equity shares (commercial companies)* category is not required to comply with ■ UKLR 6.3.3R.

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