

# The draft Corporate Insolvency and Governance Bill 2019-21: What's changing?

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Government interventions into economies as a result of the COVID-19 pandemic are now globally widespread. To date, in the UK, this has predominantly been focussed on relief measures targeted at financial support, including the creation of government backed loan schemes and the furlough scheme.

On 20 May 2020, the UK Government published the draft Corporate Insolvency and Governance Bill 2019-21 (the "**Bill**"), which (amongst other things) proposes to relax various statutory obligations for certain kinds of companies, where the COVID-19 pandemic has made their obligations difficult or impossible to comply with. Here, Simon Grimshaw from our Corporate, Commercial & Regulatory team takes a look at some of the key proposals relating to corporate governance. To [access our article discussing the provisions of the Bill relating to insolvency](#), please do register to Engage and set a password if you have not already done so.

**WARNING:** The Corporate Insolvency and Governance Bill 2019-21 is draft legislation which has not yet become law. Accordingly, this note is prepared for information only.

## What is it?

The Bill is currently draft legislation. Before it becomes law therefore, the Bill has to be approved in both the House of Commons and the House of Lords, then receive Royal Assent (expected in early June). Accordingly, as at the date this note is published, the Bill is not law and is subject to change. It is also worth mentioning that whilst a number of measures in the Bill will only apply for initial temporary periods, Parliament can extend the measures or the periods if needed.

## What are the key proposals relating to corporate governance?

### 1. Filings at Companies House

Failure to make a filing at Companies House on time can result in a company or its directors receiving a fine or potentially being subject to criminal proceedings. Whilst the Government has already granted certain extensions to certain filing deadlines ([see here](#)), the Bill enables the Secretary of State to extend filing deadlines for a number of corporate actions (including notices of changes of directors or secretaries, changes of PSCs, registration of charges and filing of accounts and confirmation statements). The extensions which can be granted are capped at (i) 42 days where the existing deadlines are 21 days or fewer and (ii) 12 months where the existing deadlines are 3, 6 or 9 months.

## 2. Extensions for public companies filing accounts

The Bill temporarily extends the filing deadlines for public companies to file their annual accounts and reports at Companies House. Where a public company was required to file such accounts between 25 March 2020 and 30 September 2020, the deadline will be extended to the earlier of 30 September 2020 and the date which is 12 months following the end of the relevant accounting reference period.

## 3. Holding of AGMs

For companies (and certain charitable incorporated organisations and registered societies) which are required to hold general meetings such as AGMs (either by law or as a result of their own constitution) between 26 March and 30 September 2020, the Bill grants a much greater degree of flexibility into how those meetings are held. In particular, such meetings do not need to be held in a particular place, can be held by electronic means and no person will have a right to attend in person, participate other than by voting or vote by a particular means. Further, these provisions apply regardless of the constitutional requirements of such companies (i.e. the Bill will override a company's own internal rules regarding these meetings during this period).

### Commentary

The measures proposed are welcome in light of the COVID-19 lockdown and should help to provide some relief from red tape and reduce the risk of companies or their directors being fined or subject to criminal proceedings where they cannot practically comply with their Companies Act obligations due to COVID-19. While many public companies have already had to grapple with the implications of the pandemic for the purposes of their 2020 AGM, there is also the potential for the Secretary of State to make regulations extending the duration of the AGM flexibilities beyond 30 September (and up to 5 April 2021) if circumstances require.

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