

*These notes refer to the Enterprise and Regulatory Reform Act 2013 (c.24) which received Royal Assent on 25 April 2013*

# **ENTERPRISE AND REGULATORY REFORM ACT 2013**

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### **Part 6: Miscellaneous and General**

##### **Payments to directors of quoted companies**

###### Summary and Background

540. Under the CA 2006, quoted companies<sup>1</sup> are required to produce a directors' remuneration report (section 420) as part of the annual reports and accounts, and to put this directors' remuneration report to the company's members at the annual general meeting. At the meeting, shareholders are asked to approve the report by means of an ordinary resolution (section 439). This resolution is 'advisory' in nature and the company is not required by law to take any action in response to the vote. As such, no individual directors' pay is contingent on the outcome of the vote.

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**1** Quoted company, as defined in section 385 of the Companies Act 2006.