

THE DIFFERENT TYPES OF DIRECTORS A

Types of Company Director. Shadow Director. In addition to those who are formally appointed as directors, any person, other than a professional adviser, with.

The appointor may terminate the appointment of an alternate director at any time provided it is done in writing s K 5 of the Act. They offer advice on various aspects of the business. Companies should check if there is legislation that affects any of the senior positions before appointing employees to the roles. The Officers of a Corporation: The officers of a corporation include the following: The directors of the company that includes both executive and non-executive directors. Filed Under. A company can have maximum 15 directors. However, it is important to note that these are not legal classifications but rather are distinctions drawn under corporate governance best practice. The court would break through this corporate veil. The period for which a person is appointed chair can be set out in the constitution; however, this is not advised. An alternate director can only be appointed with the agreement of a majority of the directors. A lead director is a non-executive director, and preferably an independent director, who undertakes some of the roles of the chair which the chair is unable to perform given that they are an executive of the company. Board composition Types of directors There are a number of different types of directors, known by a variety of names. Moreover, the distribution of control keeps a check on abuse of power and increases efficiency. Alternate directors may, if appointed to do so, act in their own right and do not have to act on the wishes of the appointor. However, it is a usual practice for larger proprietary and for listed companies. It should be noted that there is no legal obligation for a company to appoint non-executive directors, however, certain companies i. Under this section, the board is given the power to confer to an MD any of the powers the directors can exercise and to revoke or vary any such conferral. This may expose holding companies and other corporate shareholders to additional liabilities under the provisions of the Act dealing with insolvent trading and breaches of directors' duties, as well, of course, as liability for breaches of fiduciary duties. Alternate Director Alternate director refers to a personnel appointed by the Board, to fill in for a director who might be absent from the country, for more than 3 months. As these individuals are involved in the management of the company they may, in practice, have specific titles within the company, for example, managing director, marketing director or finance director. In other words, an independent director is a non-executive director without a relationship with a company which might influence the independence of his judgment. Usually, the non-executive directors are experts in the industry. He acts as a director for a temporary period. Shadow directors owe the same duties to the company and may face the same penalties and fines as validly appointed directors. Shadow director A shadow director is similar to a de facto director in that he or she does not have an official title. Managing directors They have a substantial ability to make decisions, manage and direct other members of the company. There are legal implications for acting in the capacity of a company officer which all officers and directors need to make themselves aware of. Alternate director When a director is absent for more than three months; an alternate director comes on board on his behalf. Under section of the Act, directors appointed to the board of a wholly-owned subsidiary may take the interests of the holding company into consideration if: the company constitution allows the director to do so; the director acts in good faith in the best interests of the holding company; and the subsidiary is not insolvent at the time the director acts and does not become insolvent because of the director's act. The directors may determine the period for which the director is to be the chair. At law, alternate directors have the same rights, powers, duties and responsibilities as other directors. This is usually only possible in larger organisations. This series has been designed to provide general background information and as a starting point for undertaking a board-related activity.