



MEMO

To: Board of Directors
From: Company Secretary
Subject: **ASSOCIATE DIRECTOR**

Some companies like to give executives more implied seniority, to assist for example in representing the Company or marketing its business, by giving them an appropriate title – such as ‘Associate Director’.

However, the term is not referred to in the Corporations Act and most companies when giving that title to executives/employees do not want them to be empowered, carry out the duties, or have the obligations, as Directors under the Act.

Subject to the provisions of any applicable rules in the Company’s Constitution (eg, a director must be a natural person; a Director need not be a shareholder) then, the Board of a Company may appoint any person to be an Associate Director and may at any time remove from office any person so appointed.

In addition, the Board may define and limit from time to time the duties and powers of such Associate Directors and may fix their remuneration if any.

An Associate Director shall not be deemed to be a Director of the Company within the meaning of the Corporations Act or of the Constitution and he shall not be recognised in a quorum or exercise any of the powers which are by the Constitution conferred on the Directors or in any way share their responsibilities, but he may upon the invitation of the Directors attend those Meetings to which the invitation extends.

DISCLAIMER

The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.
