

Avoiding disqualification: advice for company directors

Why should directors help companies avoid breaking competition law?

- Company directors have a special responsibility to be well-informed about their company practices and ensure they comply with the law
- If caught breaking competition law, directors can be disqualified from acting as a director of a company or carrying out other specified roles in relation to a company for up to 15 years
- Knowing about illegal practices without taking steps to stop them could be grounds for disqualifying a director
- If a company breaks competition law and the director did not know about it but wasn't diligent and should have known, this may also be a ground for disqualification

What action do company directors need to take?

- You must ensure you are sufficiently abreast of your company's affairs to spot and stop any illegal practices as soon as possible
- If you suspect illegal business practices you should investigate
- If you become aware of anti-competitive practices you should take immediate steps to stop them and seek independent legal advice
- Lead by example - familiarise yourself with competition law risks and cascade advice to staff – the CMA has published a [range of short and simple guides](#) and a [risk guide](#) to help

Test your company's compliance with competition law, here are some questions to ask:

- What are our present competition law compliance risks?
- What are the high, medium and low risks?
- What measures are we taking to mitigate these risks?
- When are we next reviewing the effectiveness of these measures?

Encourage and facilitate reporting

- Designate an independent, trustworthy person in your company for staff to report concerns to (for example a company secretary)
- Seek independent legal advice if you have a competition law concern

Company directors that break competition law can be disqualified for up to 15 years



What is a cartel and how does being involved affect you?

In simple terms, a cartel is an agreement between businesses not to compete with each other. The agreement is usually secret and often informal.

Cartels are a particularly serious breach of competition law. Individuals involved in cartels can go to jail for up to five years. Businesses that breach competition law can be fined up to ten per cent of turnover.

If you've been involved in an illegal cartel yourself:

You may benefit from lenient treatment by being the first to come forward to the CMA.

See our website for more information about [leniency](#)

These materials do not constitute legal advice and should not be relied upon as such.