Speech by Minister Richard Bruton, TD at the second Stage Debate on the Companies Bill 2012, Dáil Eireann, [23rd April 2013]

Check against delivery

I move "that the Bill be now read a Second Time".

A Cheann Comhairle, my speech is being circulated along with an information pack of supplementary documentation which I have also made available to the Deputies.

Introduction

I am pleased to bring the Companies Bill 2012 before the House.

This Bill as presented here today represents a landmark legislative project which is the result of many years detailed and comprehensive work by my officials in the Department of Jobs, Enterprise and Innovation, together with the Company Law Review Group and the Office of Parliamentary Counsel. It is the largest substantive Bill in the history of the State, spread out over 25 Parts, 17 Schedules and comprising some 1,429 sections. At an early stage of the process, it was recognised that a mere consolidation of the existing Companies Acts would be too limiting with regard to the reforms necessary to sustain Irish competitiveness with respect to company law. Instead, an overhaul and restructuring of the company law framework was embarked upon. The result is a Bill that consolidates, simplifies and reforms company law to provide a state of the art framework for all businesses operating in Ireland, whether domestic or foreign.

Rationale

The principal objective of the Bill is to restructure, consolidate, simplify and modernise company law in Ireland, and in doing so to improve Ireland's competitive position as a location for business investment. This reform seeks to ensure a balance between simplifying the day-to-day running of a business; maintaining necessary protections for those dealing with companies, such as creditors and investors; and putting in place an effective corporate governance regime to ensure compliance. Any modernisation and reform of company law must always be viewed against the backdrop of the fact that limited liability itself is a concession by the State to business, and must therefore be tempered by robust regulation to protect creditors' interests and to ensure that this concession is not abused.

Simplification

The simplification of company law proposed by the Bill is consistent with maintaining high standards of shareholder and creditor protection and robust corporate governance. It is intended that by making company law more accessible, more coherent and more reflective of actual business practice, Ireland's international competitiveness will improve and ordinary businesses and companies throughout the country will find it easier to establish and operate. However, by simplifying the law and making it more intelligible it is not intended to water down compliance – in fact, if the law is more accessible, it is more likely to ensure respect and compliance.

Although a process of simplification has been undertaken in drafting this Bill, it is obvious that it is still a very large and complex piece of legislation. Company law is technical by nature. It is important to bear in mind that the last major review and consolidation of Irish company law was in the lead-up to the 1963 Companies Act, over 50 years ago. Since then there have been 15 amending Acts and numerous statutory instruments which are required to be read as one with the Companies Acts. In that time, Ireland has taken on EU obligations in relation to the harmonization of laws and this has inevitably added to the volume and complexity of Irish company law. Company law involves the balancing of many conflicting and possibly competing interests - the legislation must balance these interests, including creditor protection, shareholder protection, corporate governance and incorporation and registration of companies. This necessary balancing of interests undoubtedly contributes to the intricate nature of company law.

That said, notwithstanding the complexity of the existing body of legislation, it was considered that company law could still be simplified. Therefore, this Bill seeks to break company law down into distinct principles and areas and seeks to remove or lessen administrative burdens where possible and appropriate, bearing in mind that the public interest will sometimes require the introduction of additional regulation. Some new provisions will reduce burdens on business, and will simplify the day-to-day operation of a company, thereby offering tangible benefits to the ordinary businessperson. Changes in a number of procedures have been introduced to take account of technological and organisational developments in the conduct of business and communications and emerging best practice in corporate governance. This will lighten the regulatory burden, particularly on private companies, whilst balancing the interest of members, creditors and the public.

It is this streamlining of the law that will bring the Irish company law regime into the 21st century and ensure that Ireland maintains a competitive edge as one of the best places in Europe, and indeed the world, in which to do business.

Company Law Review Group

The Bill is the culmination of many years work by my Department and the Company Law Review Group (CLRG). The CLRG is a statutory body that was set up in February 2000 and its role is to advise me as Minister on the reform and modernisation of company law. The group includes all relevant stakeholder interests, with members from government departments; professional bodies (solicitors, barristers and accountants); employer and business interests; regulatory bodies; trade union interests and individual legal and finance practitioners. The Group has published 14 Reports since its inception 13 years ago, and all these Reports have been available to access free of charge on the CLRG website. By making these Reports publically available, the transparency of the CLRGs decision making process is ensured and the reasoning behind any recommendations issued by the Group can be dissected. Members of the public and interested groups have been free to make submissions to the CLRG to express views or bring matters to the attention of the Group, and all such submissions are given due consideration. I would like to take this opportunity to thank the members of the CLRG for the sterling work they have done in shaping the Bill which is before you today.

General Scheme

In early 2007, the CLRG submitted its General Scheme which represented the outcome of more than six years' work, and in July 2007, Government approved the formal drafting of the Bill along these lines.

The next significant milestone came in May 2011, when Volume 1 was published in draft form on my Department's website. This afforded an opportunity to all interested stakeholders to become familiar with the proposed new legislation, to interrogate it from a technical perspective and to prepare themselves for its introduction. Submissions were welcomed and were considered by the CLRG, the Department and myself. A number of these suggestions were accepted and are in the Bill as published.

The Bill

One of the principal innovations of the Companies Bill is reflected in its general structure. For the first time in Irish company law, the most common company type, the private company limited by shares, is placed at the centre of the legislation as the default company. The architecture of the Bill is inspired by the reality that almost 90% of companies currently registered at the Companies Registration Office are private companies limited by shares. Existing company law is peculiar in that it pre-supposes that the public limited company is at the centre of corporate life in Ireland, whereas in reality less than 1% of registrations are public limited companies.

Historically, legislation has never clearly distinguished the law applicable to private companies from the law applicable to public limited companies. This has resulted in small businesses being faced with an apparently massive company law code, when in fact a considerable amount of it has no application to their particular business enterprise. There is a world of difference between the one-person private company formed by a tradesperson and the large publicly listed limited company.

Therefore, Volume 1 (containing Parts 1 to 15 of the Bill) sets out to ring-fence the law applicable to the most common company type – the private company limited by shares (the "new LTD company"). Again reflecting the simplified structural concept, Volume 1 is arranged to reflect the life cycle of the company – beginning with how a company is set up, followed by the provisions which apply when the company is in operation, and finally the provisions which are relevant to closing the company down.

Volume 2 (comprising Parts 16 to 25 of the Bill and its Schedules) goes on to state how the law contained in Volume 1 is applied, disapplied or varied for each other company type. These other company types are the Designated Activity Company (DAC), the Public Limited Company (PLC), the Guarantee Company (CLG), the Unlimited Company, the Unregistered Company and the Investment Company. There are legitimate users of all the different company types laid down in the Bill and it is imperative that Irish company law should facilitate business and the wider community by making appropriate provision for different types of companies.

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Main innovations in the Bill

For the “new LTD company”, the Bill contains a number of significant reforms:-

- This company will have the same legal capacity as a natural person. The current *ultra vires* rule does not apply to this new company type – the *ultra vires* rule is the legal doctrine whereby a company must have an “objects clause” in its Memorandum of Association. This “objects clause” lists the activities which the company has power to undertake, with the consequence that any other activities are regarded as being beyond the powers of, or *ultra vires*, the company. In practice, this can lead to companies drawing up exhaustive objects clauses, to be certain that they have the relevant powers, and can in some cases lead to legal disputes as to whether a company actually had power to undertake a certain activity. Removing the need for an objects clause will both ease the administrative burden on companies and provide certainty to third parties (such as lenders) who will no longer have to examine extensive objects clauses to determine whether a company is acting within its powers.

- This company type will be allowed to have only one director. Under the current law, a company must have at least two directors – even if one person wishes to establish a business as a company on his or her own, he or she needs to find an additional person to act as the second director. Removing this requirement will make it easier to start a new business.

- The “new LTD company” can have a minimum of 1 member and up to a maximum of 149 members. The 149 upper-limit is linked to the requirements of EU Prospectus Law, which govern the offer of shares to the public.

- The “new LTD company” will have a single-document constitution, in contrast to the current law whereby every company must have two documents – a Memorandum of Association, and separate Articles of Association. A further benefit of the new legislation will be that the extensive and detailed provisions which every company currently needs to include in its own Articles of Association, will now be brought into the main body of the legislation and will apply to each company by default. However, most of these provisions can be modified by an individual company, if required to suit their specific needs.

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- The “new LTD company” will no longer be obliged to go through the formality of holding a “physical” AGM whereby all of the members have to convene in one location at the same time on an annual basis. Instead the members will be able to hold a “written” AGM, whereby all of the matters which must be dealt with at the AGM can be approved by written procedure.

- The Bill contains a codified version of the fiduciary duties to which directors are currently subject by a combination of the common law and statutory provisions. This brings all of these duties together in a single identifiable place, making it easier for directors to understand their responsibilities and more difficult to deny their existence. This also addresses one of the recommendations of the Moriarty Report in relation to company law.

- The Bill contains a “summary approval procedure”, which is applicable to a number of activities (for example, reduction of capital) which under the current law might require the company to undertake the burdensome and expensive process of securing Court approval. The new “summary approval procedure” incorporates safeguards in relation to directors’ liability in circumstances where the procedure is used without proper justification.

- For the first time, all offences under company law have been streamlined under a new classification procedure which operates on the basis of four categories of offences, with Category 1 being the most serious. This will bring a structure and consistency to the offence provisions throughout the legislation.

- For the first time, it will be possible to merge two Irish private companies under the new Bill. The procedure for this is modelled on the EU Cross-Border Merger Regulations, which are regarded as relatively straightforward to operate by the business and advisory community.

- Small companies will be able to apply directly to the Circuit Court for examinership, instead of having to go through the High Court. This will make examinership more accessible and reduce costs.

A number of innovations which will apply to other company types include:

- As already mentioned, each company type will have its own dedicated Part within the Bill, thereby improving the accessibility and visibility of the law for all users.

- Part 20 enables any company to convert from its existing company type to any other company type which can be formed under the Bill, in contrast to the current law, which contains restrictions on conversions. This provides flexibility and greater options to companies which face a change in their circumstances.

- For the first time, guarantee companies will be able to avail of the audit exemption. This innovation will be of significant benefit to the sectors which tend to use the guarantee company structure (for example companies in the voluntary sector, charities, residential management companies), whilst at the same time recognising the particular circumstances applying to guarantee companies in allowing a single member to object.

I now turn to the actual substance of the Bill. Due to the unprecedented size of this Bill, it is not possible within the allocated time to give a detailed explanation for each of the 1,429 sections. Instead, I will give an overview of the 25 constituent Parts of the Bill, along the way highlighting any significant changes to the law and explaining the policy behind these changes. The supplementary information provided to the Deputies contains a more detailed overview at chapter-by-chapter level.

VOLUME 1

Part 1

PRELIMINARY AND GENERAL

Part 1 consists of 14 sections and is largely devoted to house-keeping. It explains the structure of the Bill and it defines terms which are used throughout the Bill.

Part 2

INCORPORATION AND REGISTRATION

Part 2 of the Bill makes provision for the incorporation and registration of the new model private company limited by shares (the “new LTD company”) and provides that any one or more persons may form such a company. The distinction between a memorandum of association and articles of association has been abolished in this Part for the new model company type and these two documents are combined into a single document called a “constitution”.

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The most significant aspect of this Part is the provision for the conversion of an existing private company limited by shares to a new model private company limited by shares. Following the enactment of this Bill, existing private companies limited by shares will have to decide whether to opt in to the new regime for private limited companies or to opt out by becoming a Designated Activity Company or other company type. Companies that do not elect to opt into the new regime will not be able to avail of the many advantages associated with the new model private company limited by shares, such as the ability to have only 1 director, the one-document constitution and the possibility to avoid having a "physical" AGM.

There are 3 ways in which an existing private company limited by shares can become this new model company type. The recommended option is for the members of the company to adopt a new constitution by special resolution. Schedule 1 sets out a template for this purpose to assist the company. As an alternative to the special resolution, the Directors can send the new constitution to each of the members and deliver a copy to the Companies Registration Office (CRO). If the Directors fail to take any action, the company will be deemed to have a constitution at the expiry of the transition period.

A company is entitled to opt out of the new regime and can do so by converting to a Designated Activity Company (DAC) or other company type.

Part 3
SHARE CAPITAL, SHARES AND OTHER INSTRUMENTS

Part 3 consolidates all existing law relating to shares, share capital and certain other instruments. At present, this law is set out across the three main Companies Acts. Many provisions from Table A of the First Schedule to the Companies Act 1963, which are commonly inserted into the articles of association of a company, are now incorporated into the text of the Bill and apply unless the company's constitution provides otherwise, thus reducing the amount of detail required in the constitution of the company.

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Part 4

CORPORATE GOVERNANCE

Part 4 provides for the duties and responsibilities of directors and other officers as regards their appointment, their proceedings in relation to the company and its members, and the ways in which the activities of the company on a day-to-day basis are conducted. The procedures for corporate governance currently contained in the standard articles of association for a company limited by shares have been incorporated into the body of the Bill. Additionally the "new LTD company" may adopt in its constitution such additional powers or restrictions as the company may require, so long as these provisions do not conflict with the main body of law in the Bill.

This Part permits the "new LTD company" to have a single director. It also allows such a company to dispense with holding an AGM, where agreed unanimously by the members. Provision is made for unanimous written resolutions, thus allowing a company to pass resolutions, including special resolutions, in writing.

This Part also sets out the new Summary Approval Procedure which deals with restricted activities such as the giving of financial assistance for the acquisition of shares, making reductions in company capital, varying company capital and giving loans to directors and connected persons. This reduces the burden and expense on companies who previously may have had to secure Court approval for certain transactions. Additionally it simplifies and streamlines the current methods of effecting such transactions. To ensure balance, it incorporates safeguards in relation to directors' liability, if the procedure is used inappropriately. Greater detail on the Summary Approval Procedure is provided in the Deputies' handouts.

Part 5

DUTIES OF DIRECTORS AND OTHER OFFICERS

Part 5 codifies, for the first time in Irish law, all the duties of directors and other officers of the company. Up until now, these duties were to be found in the common law and in various statutory provisions. They are set out now in their entirety for the sake of clarity and it is expected that this innovation in company law will promote compliance with such duties by directors and company officers.

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Also dealt with in this Part is the Directors' Compliance Statement, which is now being introduced into law as recommended by the CLRG and approved by Government in November 2005. The requirement in these provisions applies to all public limited companies (except investment companies) and large limited companies. It places on obligation on directors to make an annual statement in their Directors' Report, acknowledging that they are responsible for securing the company's compliance with its "relevant obligations" and confirming that certain things have been done or, if they have not been done, explaining why they have not been done. Failure to prepare a Director's Compliance Statement will constitute an offence under the Bill.

Part 6

FINANCIAL STATEMENTS, ANNUAL RETURN AND AUDIT

Part 6 contains provisions regarding the accounting records to be kept by companies, the financial statements to be prepared by them, the periodic returns to be made by companies to the Registrar of Companies and the auditing of financial statements of the companies. It also covers other matters related to auditors, particularly rules governing the appointment of statutory auditors and their removal from office. To a large extent, the requirements are unchanged from existing law, however, the relevant provisions have been redrafted in order to make them easier to understand in order to improve compliance.

One of the significant changes in this Part is that the audit exemption has been extended to a group situation, so that in order to avail of the audit exemption, the company must be a small company or must be a group of companies that, taken together, fall below the threshold requirements for a small company. In a case where the exemption applies, at least 10% of the members of the company may still request that an audit take place.

Part 7

CHARGES AND DEBENTURES

Part 7 contains provisions regarding debentures and charges and introduces a number of changes to the current law. The thrust of the changes is to simplify the registration and de-registration of charges while clarifying the rules for the priority of charges.

A new two-stage procedure for the registration of charges is proposed. It provides that an initial notice can be sent to the Registrar stating the intention of the company to create a charge followed up by a further more detailed notification within 21 days of the creation of the charge, stating that fact. In this way, it is envisaged that lenders may be more willing to advance funds if they can achieve an enhanced security priority over a company's assets.

The rules governing the priority of charges have also been significantly changed in that where the priority of charges is not governed by other regulation, such priority will be determined by reference to the date of receipt by the Registrar of Companies of the prescribed particulars. This is in contrast to the current position whereby priority is deemed to be governed by the date of creation of the charge. The CLRG was of the view that this practice is unfair and it was recommended that priority be given to the creditor who files first, in order to minimise the potential for fraudulent abuse and thereby protect providers of finance.

Part 8

RECEIVERS

Part 8 of the Bill deals with receivers. It substantially re-enacts the current law on receivership as contained in the Companies Act 1963, as amended. There are however some new provisions that set out the powers and duties of receivers. Receivers are now given certain specific powers in this Part in addition to those conferred on them by court order or the instrument under which they were appointed. Conferring statutory powers on receivers is intended to alleviate many of the problems which arise from poorly drafted debentures.

Part 9

REORGANISATIONS, ACQUISITIONS, MERGERS AND DIVISIONS

Part 9 contains provisions relating to the reorganisation, acquisition, merger and division of companies.

The main innovation in this Part is the provision, for the first time in Irish law, of a statutory mechanism whereby two private Irish companies can merge, so the assets, liabilities and corporate identity of one, are transferred by operation of law to the other, before the former is dissolved. A

further innovation is that a merger can be effected without the necessity for a High Court order. Where a merger meets the requirements of the legislation, it is proposed that the Summary Approval Procedure can be utilised to effect the merger, which can be expected to result in a significant saving of time and money. The provisions dealing with divisions are also entirely new and have been drafted to mirror the corresponding provisions in this Part on mergers.

Part 10

EXAMINERSHIPS

Part 10 of the Bill contains the provisions in relation to examinership. It largely reproduces the existing law on examinerships as contained in the 1990 Act.

A recent recommendation from the CLRG to me as Minister advised that changes be made to the law in order to facilitate the access by small private companies to the examinership process. The proposed amendment would allow such companies to apply directly to the Circuit Court to have an examiner appointed, and not be required to apply to the High Court first, as is currently the case. Small private companies will still have the option to apply to the High Court directly for examinership if they so wish under the Bill. It is hoped that the immediate impact of this change will be lower costs and greater accessibility for small private companies to the examinership process, due to the fact that it eliminates the requirement for any High Court involvement, and all the associated costs.

Part 11

WINDING UP

Part 11 consolidates and modernises the law relating to the winding up of companies. In the first instance, the law relating to winding up has been re-ordered in a more logically coherent way and additionally greater consistency has been introduced between the three different methods of winding up (members' voluntary, creditors' voluntary and court ordered). This is most evident in the changes to the court-initiated mode of winding up, which will reduce the court's supervisory role in favour of greater involvement for creditors.

Further changes are the introduction of new professional indemnity insurance requirements for liquidators and the requirement for a person to be qualified before acting as liquidator of a company.

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Part 12

STRIKE OFF AND RESTORATION

Part 12 combines into one Part the many diverse provisions of the current law regarding the strike off and restoration of companies. The new provisions set out in one place all of the reasons why a company may be struck from the Register and in another, the procedures for restoration to the Register.

The Director of Corporate Enforcement will be empowered to require the directors of a company which is being struck off, to produce a statement of affairs. These directors can be required to appear before a Court and answer on oath any question relating to the statement.

Part 13

INVESTIGATIONS

Part 13 substantially re-enacts, without any significant amendments, the law regarding the appointment of inspectors to companies and seeks to codify all law relating to the investigation of companies.

Part 14

COMPLIANCE AND ENFORCEMENT

In keeping with the stricter approach to the enforcement of company law, this Part brings together the various compliance and enforcement provisions, a change which will provide greater transparency.

A director may apply for relief from a restriction order at any stage during the restriction period, but the Director of Corporate Enforcement must now also be included as a notice party in any application for relief.

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A new provision is inserted whereby a company is prohibited from utilising the Summary Approval Procedure where that company has a restricted Director.

A new four-tier categorisation of offences is introduced. It is proposed that, subject to a small number of exceptions in the case of the most serious offences (for example prospectus and market abuse offences), that all offences under the Companies Acts should be categorised according to this four-tier scheme. The Deputies will find details of the scheme in their information packs.

A further new provision has been introduced which provides that, following a conviction for an offence under this Bill, the Court may order that the convicted person should remedy any breach of the Bill in respect of which they were convicted.

Part 15

FUNCTIONS OF REGISTRAR AND OF REGULATORY AND ADVISORY BODIES

Part 15 contains provisions relating to the Registrar of Companies, the Irish Auditing and Accounting Supervisory Authority (IAASA), the Director of Corporate Enforcement and the Company Law Review Group. For the first time, the powers and duties of both the Minister and these bodies are brought together in one coherent group of legislative provisions.

Part 16

DESIGNATED ACTIVITY COMPANIES

Part 16 of the Bill makes provision for a type of private company to be known as a designated activity company or “DAC”. The law in Volume 1 applies to DACs as it does to the “new LTD company”, subject to the exceptions set out in the Table of Disapplications and any other adaptations made in this Part. There will be two types of DAC under the Bill - a private company limited by shares and a private company limited by guarantee, having a share capital. The primary defining feature of a DAC will be the continued existence of an objects clause in the constitution of the company. This is in contrast to the “new LTD company” dealt with in Volume 1 of the Bill, the constitution of which will no longer contain an objects clause.

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The DAC limited by shares will be the closest type of company to the existing private company limited by shares under the current law, and during the transition period, existing private companies may elect whether to opt into the new regime for private companies or alternatively, to retain their objects clause by converting to a DAC. Alternatively an existing private company that does not want to opt-in to the new regime can do so easily by following the procedure laid down in the Bill.

It is envisaged that entities which would welcome the DAC include special purpose companies – for example those incorporated for joint ventures or for use in a financing transaction. However, the Bill does not restrict the availability of DACs to persons engaged in such activities.

Part 17

PUBLIC LIMITED COMPANIES

Part 17 of the Bill is concerned with Public Limited Companies (PLCs). The law in Volume 1 applies to PLC's as it does to the new model private company limited by shares, subject to the exceptions set out in its Table of Disapplications and any other adaptations made in this Part. The key difference between public limited companies and private companies is that only PLCs will be permitted to list their shares on a stock exchange and offer them to the public.

It is provided that the authorised minimum issued share capital of a PLC must be at least €25,000 or such greater amount as the Minister may specify by order.

A PLC is now permitted to have as few as 1 member and there is no maximum number on the membership of such a company. A PLC must have at least 2 directors. A PLC is obliged to establish an audit committee and corporate governance provisions for certain PLCs are set out.

Part 18

COMPANIES LIMITED BY GUARANTEE

Part 18 of the Bill makes provision for companies limited by guarantee, not having a share capital. Such companies are known as CLGs. The law in Volume 1 applies to CLGs as it does to the new model private company limited by shares, subject to the exceptions set out its Table of Disapplications and any other adaptations made in this Part.

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Since Guarantee Companies do not have a share capital, members of such companies do not have a distinct economic interest in their capital. It is for this reason that CLGs are a popular type of company for charities, sports and social clubs and management companies. A CLG may be exempt from the requirement to use such a suffix to its name, for example if it has a charitable object.

In a Guarantee Company, the members' liability is limited to such amount as they undertake in the constitution of the company to contribute to assets of the CLG in event of its winding up.

The audit exemption is now being extended to guarantee companies under the Bill, if it fulfils the criteria for a small company. It is expected that this will benefit the many guarantee companies that are charities or sports clubs etc. Any one member of the company is entitled to object to the exemption, and thus force a company to carry out an audit.

Part 19

UNLIMITED COMPANIES

Part 19 of the Bill makes provision for unlimited companies. This Part is structured in such a way that it covers both private unlimited companies and public unlimited companies. In this regard, three different types of unlimited companies are being catered for – the private unlimited company with a share capital (ULC), the public unlimited company with a share capital (PUC) and the public unlimited company that has no share capital (PULC). All three types of unlimited company exist already.

The law in Volume 1 applies to unlimited companies as it does to the "new LTD company", subject to the exceptions set out in the Table of Disapplications and any other adaptations made in this Part.

All types of unlimited company will be permitted to have just one member but will be required to have at least 2 directors.

Part 20

RE-REGISTRATION

Part 20 of the Bill makes provision for re-registration of companies. A company will generally be permitted to re-register as another type of company subject to complying with the requirements applicable to the latter company type. Re-registration will involve the passing of a special resolution

and the delivery of certain documents, including a compliance statement, to the CRO; additional requirements may apply depending on the type of company following re-registration.

Part 21

EXTERNAL COMPANIES

Part 21 of the Bill makes provision for the registration and disclosure requirements of external companies (also referred to as foreign companies or overseas companies) which have been formed and registered outside the State but which have a connection with Ireland. The Company Law Review Group has proposed that the law in relation to external companies be modified from the current position which provides for both the concept of “place of business” and the concept of “branch”, to a position where the new law would provide only for the “branch” concept.

By not retaining the concept of “place of business”, it is hoped to remove the uncertainty in the current law whereby it can be unclear whether a particular company is a branch or a place of business. The consequence of this will be that external companies can elect to register as a branch and will thus be required to file accounts.

Part 22

UNREGISTERED COMPANIES

Part 22 deals with unregistered companies and joint stock companies and the application of the Bill to companies formed or registered under previous Acts. It also provides a mechanism for an unregistered company to register as a PLC. The most important unregistered company in Ireland is the Governor and Company of the Bank of Ireland.

Part 23

Public Offers of Securities, Financial reporting by Traded Companies, Prevention of Market Abuse etc.

Part 23 contains the provisions relating to prospectus law, market abuse law, and transparency law. In particular, provisions are set out regarding the consequences of a breach of a measure forming a part of any of these, and requiring a company with traded securities to prepare a corporate

governance statement. For the sake of clarity, these provisions are housed in a stand-alone Part rather than in *Part 17* of the Bill on PLCs, as originally envisaged in the General Scheme.

Part 24

INVESTMENT COMPANIES

Part 24 of the Bill makes provision for the establishment of companies as investment companies, currently provided for under the 1990 Act. In order to be permitted to operate, these companies must be authorised by the Central Bank. Such companies are a key constituent of the set of legal structures under which the international collective investment funds industry operates in Ireland. An investment company is a type of PLC.

Part 25

MISCELLANEOUS PROVISIONS

The final Part of the Bill, *Part 25*, contains miscellaneous provisions that do not naturally "fit" in any of the preceding Parts of the Bill, such as foreign insolvency proceedings, the prohibition on partnerships with more than 20 members and certain public auditor requirements.

Conclusion

In conclusion, I am delighted with the significant benefits which the Bill will bring to all companies, big and small, across the country. It will make it far easier to run a business as a company – an entrepreneur will be able to start a company with a single director, time will not need to be spent on convening and holding a formal AGM, there will be no need for ordinary businesses to be tied up with objects clauses and articles of association, although the Bill will retain these concepts for those companies that need them.

Ceann Comhairle, I know that this Bill will enhance Ireland's competitive position as a place to start a business, and to grow a business. Indeed, it will feed directly into the Government's aim to make Ireland the best small country in the world in which to do business. I look forward to working with the Deputies on progressing this Bill to enactment, and I believe it will bring significant benefits to companies and to business life in Ireland.

I commend this Bill to the House.

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