MASON HAYES & CURRAN

Companies (Corporate Governance, Enforcement and Regulatory Provisions) Bill 2024

A significant update in Irish company

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The Companies (Corporate Governance, Enforcement, and Regulatory Provisions) Bill 2024, published on 24 July 2024, introduces significant amendments to the Companies Act 2014. Our Corporate Governance team examines the key changes proposed, which include enhanced corporate governance measures and streamlined company law procedures, and explains what they mean for Irish businesses. Discover the potential impact on your company and how to navigate the evolving regulatory landscape.

The recently published Companies (Corporate Governance, Enforcement and Regulatory Provisions) Bill proposes to strengthen regulatory, governance and enforcement provisions in the Companies Act 2014.

We previously discussed the General Scheme of the Bill and what it might mean for businesses. The Bill largely includes all the provisions outlined in the Scheme, with the provisions which were excluded relating mainly to the powers of the Corporate Enforcement Authority.

The main areas of company law most affected by the Bill are:

- Corporate governance
- Company law supervision and enforcement
- Company administration, and
- Corporate insolvency

In this article, we take a look at some provisions of the Bill in these areas.

Corporate Governance and Company law supervision and enforcement

Mergers

As it stands, the 2014 Act prevents more than one subsidiary company from merging into a parent on a merger by absorption. Where two or more subsidiaries are to be merged, separate suites of documents are required for each subsidiary, which is inefficient. The Bill, if enacted, will amend this position to enable this type of merger to take place in one transaction.

The Bill will also amend the 2014 Act to allow the merger of two or more designated activity companies. The 2014 Act currently requires that at least one party to the merger be a private company limited by shares, i.e. a company whose corporate name ends in “Limited”.

Involuntary strike off

The Bill proposes three additional grounds under which a company can be struck off the register involuntarily.

The first ground involves a scenario where the Registrar of Beneficial Ownership notifies the Registrar of Companies that a company has failed to make required filings on the Register of Beneficial Ownership. The Registrar of Companies may then initiate involuntary strike off proceedings against the company.

The second ground for involuntary strike-off is the failure to notify of a change of registered office.

The third is the failure of a company to record that it has a company secretary – for instance where a previous secretary has resigned and no B10 has been filed to record the secretary’s replacement.

Audit exemption

As had been proposed in the General Scheme, the Bill will provide that a small or micro company will lose its audit exemption if it fails to deliver its annual return for a second or subsequent time within a period of five consecutive years. The 2014 Act currently provides that a company will lose its exemption if it fails to file any annual return on time.

Company administration

As proposed in the General Scheme, some of the interim measures that were introduced during the Covid-19 pandemic are to be permanently continued or reinstated.

The Bill will allow companies to execute documents under seal by applying the seal to one page and have the signatories sign on different pages of the same document.

It is proposed that companies’ rights to conduct general meetings entirely online or in a hybrid fashion be put onto a permanent footing. This right is currently only a temporary measure.

Corporate insolvency

The Bill proposes that the current company law provisions relating to the remuneration of receivers be aligned to those already in existence for liquidators. Specifically, it requires that details of receiver’s fees must be made available to members and creditors within 7 days of a request.

The Bill also states that, in making certain returns, the forms used by liquidators be prescribed in legislation as opposed to being issued by the Registrar.

Conclusion

The Companies (Corporate Governance, Enforcement, and Regulatory Provisions) Bill 2024 signals a significant update in Irish company law, aiming to enhance corporate governance and change regulatory processes. As the Bill moves closer to enactment, businesses should understand and as necessary prepare for these changes to remain compliant and leverage the benefits of more efficient corporate procedures. Stay ahead of the curve by understanding these developments now, ensuring your company is ready to adapt to the new legal landscape.

For tailored advice on how these changes may affect your business, contact our Corporate Governance team.

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