



The draft Companies Bill completed Committee Stage (6 November 2013) and Report Stage (2 April 2014) in the Dáil, and Committee Stage in the Seanad (17 June 2014). It is anticipated that the Bill will be enacted in 2014 with commencement taking place six to nine months following enactment.

At present there are in the region of 17 Companies Acts and 15 Statutory Instruments that govern Irish Company Law. We believe that the new legislation will put the focus more clearly on private companies limited by shares, and will in effect consolidate and simplify the existing legislation.

Primary Reforms included in the draft Bill

1. Director's duties will now be codified and listed under law.
2. For companies limited by shares there is a proposed reduction in the number of Directors to one (however there continues to be a requirement to have a company Secretary and the individual acting as a Director may not also act as the Company Secretary).
3. For companies limited by shares the Memorandum & Articles of Association will be replaced by a one-document constitution.
4. All private companies limited by shares will be permitted to dispense with the requirement to convene and hold an Annual General Meeting.
5. Directors of larger private limited companies with a balance sheet total exceeding €12.5M and a turnover exceeding €25M will be required to include a compliance statement in the Directors report.
6. The establishment of audit committees for larger companies or include an explanation as to why a committee has not been established by these larger companies in the Directors Report.
7. Audit exemptions will be extended to include group companies and companies limited by guarantee who meet the relevant criteria.

Companies Limited by Shares (Ltd)

A more fundamental change included in the draft Companies Bill, is that all existing companies limited by shares must convert into a new model Company Limited by Shares (LTD) or if they wish to retain the more familiar company structures they must convert to a Designated Activity Company (DAC).

In accordance with the proposed legislation a LTD will have full and unlimited capacity to engage in activities. If however a company wishes to limit its activities it must convert to a DAC.

Any company that does not actively participate will automatically be re-registered as a LTD at the end of the transition period. Whilst the Companies Registration Office will issue a Certificate of Incorporation on the re-registration of the company they will not issue a new one-document constitution to the company. As a result any company that does not actively participate will not be in a position to provide a constitution to a third party, such as a Bank or a potential investor on request.

For some companies, such as those regulated by the Financial Regulator, those who have entered into joint ventures or those who simply want to limit their activities they must be active participants in the transition process to re-register as a DAC. On re-registration as a DAC care must be taken to update company letterheads, stationary, signage, web-site, the company seal and Bank accounts.

Companies Limited by Guarantee & Unlimited Companies

In addition the draft Companies Bill, includes provisions with respect to companies limited by guarantee and unlimited companies. Companies limited by guarantee without a share capital will be required to include the words Company Limited by Guarantee or Cuideachta faoi theorainn Ráthaíochta at the end of their name. Unlimited companies will be required to include the words Unlimited Company or Cuideachta Neamhtheoranta at the end of their name. In addition to the change in company name care must be taken to update company letterheads, stationary, signage, web-site, the company seal and Bank accounts.

Whilst the draft Companies Bill includes a provision that all companies limited by guarantee must continue to have two Directors the requirement to maintain seven members has been removed and these companies may now have just one member of so desired.

We are available to provide you with more information with respect to the implementation of the draft Companies Bill and the options that would best suit your Company's needs.

For more information on the above or to discuss your specific requirements, please contact:



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