October 2021

IRELAND UPDATE:

Unpacking the Companies (Corporate Enforcement Authority) Bill 2021

The Companies (Corporate Enforcement Authority) Bill 2021 (the "**Bill**") was recently published with the primary objective of replacing the existing Office of the Director of Corporate Enforcement ("**ODCE**") with an independent statutory body to be known as the Corporate Enforcement Authority. The Bill will also make a number of welcome changes to the Companies Act 2014 (the "**Act**") by clarifying certain matters and removing anomalies. The Bill is expected to be enacted before the end of this year. This advisory looks at the proposed changes to the Act.

Proposed Amendments to the Act

The notable amendments to the Act include:

- clarification of the various purposes to which a company's share premium account may be used such as writing-off of the preliminary expenses of the company;
- clarification relating to three-party group reorganisations and share for share transactions in respect of the transferring company needing distributable reserves that are at least equal to the value of the undertaking being transferred;
- confirmation that shares can be treated as treasury shares and may be cancelled or re-issued where a company acquires its own shares through a merger or division;
- clarification that a reduction of capital, if carried out in accordance with the Act, does not require the rules on distributions to be followed;
- confirmation that the acquisition by an unlimited company of its own shares will not require reserves;
- confirmation that a company secretary must be at least 18 years old if a natural person;
- the requirement for a director to provide the Companies Registration Office with his/her PPSN (or equivalent ID) when presenting certain documents with a view to preventing uncertainty as to the identify of a director having a common name; and
- the insertion of additional grounds for director restrictions where a director has not met certain requirements in the course of a company becoming insolvent.

These proposed amendments should be welcomed by companies and their advisors. It is also hoped that before the Bill is passed, it will also address other anomalies within the Act.

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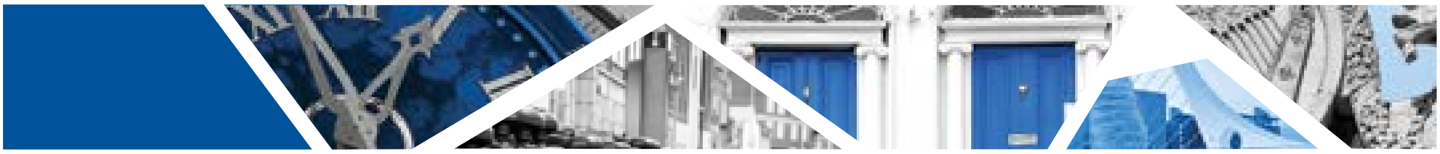

Key Contacts

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