



Amendments proposed to Irish Companies Act

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In March 2024, Ireland's Department of Enterprise, Trade and Employment published the General Scheme of the Companies (Corporate Governance, Enforcement and Regulatory Provisions) Bill 2024 (the General Scheme), outlining several proposed changes to the Companies Act 2014.

The General Scheme focuses on modernising and improving the framework of corporate governance in Ireland and is a precursor to formal legislative action. While it will still undergo thorough analysis and potentially modification by the Oireachtas (Irish parliament), it foreshadows important changes that are likely to take effect later in 2024.

Extension of CEA surveillance powers

The General Scheme proposes to amend the Criminal Justice (Surveillance) Act 2009, allowing the Corporate Enforcement Authority (CEA) to use surveillance for investigating serious company law offenses (Category 1 and 2 offenses). This extension mirrors temporary powers granted during the COVID-19 pandemic and aligns with recommendations for stronger enforcement capabilities.

Enhanced transparency for receivers

Proposed changes to Section 436 and 441 of the Companies Act will increase the transparency of receivers' fees, requiring them to provide detailed information on their remuneration. This is to ensure that creditors are adequately informed, especially when a receiver is appointed over substantially all of a company's property.

Facilitation of multi-company mergers by absorption

The General Scheme proposes to amend Section 1129 of the Companies Act to streamline the process for mergers within a group, allowing for multi-company mergers to be conducted in a single transaction, enhancing efficiency in group restructurings. This proposal is clarificatory in

nature, aiming to align the language of the Companies Act with existing practice, whereby several subsidiaries merge by absorption into their parent company in a single transaction

Amendment of record date for general meetings

A proposed change to Section 1087G of the Companies Act seeks to the record date for adjourned meetings remains the same as the original meeting if the adjournment is within 14 days. This aims to simplify the proxy submission process for traded PLCs.

Virtual and hybrid general meetings

Reflecting the adoption of digital practices during the pandemic, the General Scheme includes a permanent provision allowing companies to hold virtual or hybrid general meetings by amending Section 176A of the Companies Act. This ensures shareholders can fully participate in meetings regardless of their format.

Proxies and voting mechanisms

To accommodate the shift to virtual meetings, the General Scheme proposes to amend Section 183 of the Companies Act to exclude weekends and public holidays from the 48-hour notice period required for proxy appointments. It also facilitates electronic voting by show of hands, ensuring accurate identification and verification of votes.

Execution of documents

The General Scheme introduces a provision for the multi-located execution of documents, allowing execution to consist of several documents in like form, each signed by a director or other authorized person and affixed with the company's seal. This replicates the temporary measures introduced during the pandemic and allows for more flexible execution of documents.

Conclusion

The proposed changes within the General Scheme illustrate a concerted move towards enhancing corporate governance, transparency, and regulatory enforcement, along with a recognition of the enduring impact of digital technologies adopted during the COVID-19 pandemic.

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