

Foreword by Minister for Enterprise, Trade and Innovation
– Mr. Richard Bruton T.D.

The publication of the soft-copy version of Parts 1 to 15 of the Companies Bill marks a significant milestone in the development of company law in Ireland. The provisions of this Bill, which have their roots in the foundations laid for this project by the Company Law Review Group's General Scheme, will revitalise the relationship between Irish companies and the legislative code which governs their incorporation and ongoing operation.

The current body of company law legislation dates back to the principal Act of 1963, and includes a further 14 Acts from that date up to the present day, not to mention a significant number of Statutory Instruments which interact with the primary law. The development of the legislation in this manner has given rise to a very complex legislative code which challenges both business people and professional advisers in terms of accessibility. In that light, the introduction of the bespoke provisions of the new Companies Bill, and particularly their user-friendly and accessible structure, is a very welcome benefit to all those who are required to be familiar with the requirements of company law. The clearest way to illustrate the major improvement in this regard is the comparative ease by which it is possible to locate a specific provision in the new Bill, as contrasted to seeking to locate the corresponding provision under the current legislation.

Parts 1 to 15 of the Bill contain all of the law which will apply to what will become, under the proposed new legislation, the default company type – the new private company limited by shares, or “cls” to use its abbreviation. The cls will offer a number of attractive practical benefits which will make it easier to start, to use, and to run a company. For example, such a company will only be required to have a minimum of one director, as opposed to two under the current law. Immediately this will make it easier for an entrepreneur to use a company to start a business on his or her own. The complex legal doctrine of *ultra vires*, which has applied to all companies up to now, will not apply to the new cls. Neither will a cls be required to draft a long document containing its Articles of Association – these will now be included in the Bill by default (although a company may vary any of the vast majority of these default provisions if it has circumstances which make it appropriate to do so), and consequently the current requirement for lengthy, complex documents at the time of incorporation of a new company can be replaced by a single-document, and possibly single-page, Constitution under the proposed new law. The cls will also be permitted to hold its AGM by written procedure, rather than being compelled to gather all of the members in the same room at the same time once a year. The Bill also introduces the new concept of the Summary Approval Procedure, which will allow companies to undertake certain transactions which previously were either prohibited or required Court approval, by the new method of a special resolution combined with an appropriate declaration by the directors, subject to safeguards to prevent improper use. Clearly these innovations will be of direct practical benefit to vast numbers of businesses in the ordinary conduct of their commercial affairs.

I am aware that the publication of this document represents the latest outcome of many years' work by a large number of contributors, both from the public and private sectors. I would like to acknowledge in particular the immense contribution which has been made by the Company Law Review Group, led by its Chairman, Dr. Thomas B. Courtney, who has worked tirelessly on this project from its very beginning in the preparation of the CLRG's First Report more than ten years ago, and who has remained constantly available to lead the CLRG's interaction with the drafting process leading up to the publication of this version of Parts 1 to 15 of the Bill. It is also appropriate for me to acknowledge the very specialist drafting expertise which has been brought to the project by the Office of the Parliamentary Counsel within the Attorney General's Office, and although convention suggests that he should not be named in this regard, in particular by the lead drafter within that project team.

I look forward to the finalisation of the remaining provisions of this Bill – those constituting the “Pillar B” Parts - over the coming months, and to the publication of the entire Bill in the formal sense in 2012. I know that the practical benefits which this legislation will bring to ordinary businesses and companies throughout the country will provide a very welcome boost to Ireland's competitiveness and attractiveness as a place to do business, and will make it easier for all those who are involved in the operation of companies here.

Richard Bruton T.D.
Minister for Enterprise, Trade and Innovation
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