

**4.2. Companies (Amendment) Bill 2020 –  
Second Reading approved**

Mr Shimmins to move:

*That the Companies (Amendment) Bill 2020 be read a second time.*

**The Speaker:** Item 4.2, Companies (Amendment) Bill 2020. I call on Mr Shimmins to move.

**Mr Shimmins:** Thank you, Mr Speaker.

I am pleased to present to the House the Companies (Amendment) Bill 2020 for its Second Reading.

This is a relatively short Bill which addresses two important issues: firstly, it allows a company operating under the provisions of the Companies Act 2006 to re-register as a company under the provisions of the Companies Act 1931; and secondly, it addresses a small number of issues identified by Moneyval in its Mutual Evaluation Report concerning companies incorporated under the Companies Act 1931, the Companies Act 2006 and the Limited Liability Companies Act 1996.

In regard to the first point, the Department for Enterprise is aware of a number of companies wishing to scale-up operations, but increasingly feeling confined by the structures of the Companies Act 2006, and in particular the obligation under that Act to engage a registered agent. Being able to convert a 2006 Act company to a 1931 Act company is seen as a sensible, flexible measure. (**Mr Robertshaw:** Hear, hear.)

The Bill introduces a straightforward administrative process that requires the agreement of members holding at least 75% of the voting rights of each class of share in issue to approve the re-registration. There is no requirement for debtors or creditors to agree to the change as it does not create a new legal entity or prejudice the continuity of the company.

A company which will be a public company upon re-registration must meet additional requirements in relation to its balance sheet, share capital, and details of its company secretary or secretaries.

Companies incorporated under the Companies Act 2006 have a number of options for capital structures and governance which are not available under the Companies Act 1931. Any 2006 Act company considering switching to a 1931 Act company will need to ensure that it can be structured appropriately. A company's structure following re-registration must comply with the provisions of the Companies Act 1931; there will be no exceptions for re-registered companies.

In regard to the second aspect of the Bill, this introduces a requirement for companies operating under the Companies Act 1931, and the Limited Liability Companies Act 1996, to maintain and make available a copy of the company's memorandum and articles at their registered office.

It also introduces a requirement for companies incorporated under the Companies Act 2006, to notify the Companies Registrar within one month of a change of directorship of the company. Currently, such changes are only required to be notified as part of the Annual Return.

In relation to the new requirement to notify the Registrar of a change of director, it is not intended to commence clause 7 in the Bill until new measures are in place with the Companies Registry, which will assist companies with the filing process.

Mr Speaker, I beg to move that the Companies (Amendment) Bill 2020 be read for the second time.

**The Speaker:** Mr Cannan.

**Mr Cannan:** I beg to second.

**The Speaker:** Mr Hooper.

**Mr Hooper:** Just a brief one from me, Mr Speaker.

We have just heard the Treasury Minister in the Beneficial Ownership Bill talk about reducing filing timescales to 21 days. The Member for Treasury is standing up imposing new requirements which have a one-month filing timescale. I would have thought it would have made sense to standardise all of our filing timescales across the board to prevent any potential confusion or issues that may arise.

Thank you.

**A Member:** Hear, hear.

**The Speaker:** Mover to reply.

**Mr Shimmins:** Thank you, Mr Speaker, and I note Mr Hooper's suggestion.

Clearly as a Member for the Department of Enterprise with the Companies Registry that is something I am sure he can continue to discuss with them.

I beg to move. Thank you.

**The Speaker:** I put the question that the Companies (Amendment) Bill 2020 be read for a second time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.