



Údarás Forfheidhmithe Corparáideach
Corporate Enforcement Authority

**OPENING REMARKS TO THE
CORPORATE ENFORCEMENT AUTHORITY'S
INAUGURAL CONFERENCE
KING'S INNS – 19 OCTOBER 2023**

**IAN DRENNAN
CHIEF EXECUTIVE OFFICER**

Good morning, ladies and gentlemen.

Welcome

Welcome to the CEA's Inaugural Conference and thank you all most sincerely for taking time out of your busy schedules to be here with us today in the magnificent setting of the King's Inns Dining Hall.

The Honourable Society of the King's Inns, which was founded in 1541, has a rich history, with the Benchers having commissioned the renowned architect James Gandon to design this building when the Society relocated from its original site, which was where the Four Courts now stand. We are most grateful to the Inns for having granted us permission to avail of this wonderful setting for today's event.

Evolution

In setting the scene for this - our inaugural - conference, I think it worth reflecting briefly on how compliance with, and the enforcement of, company law has evolved over the past 25 years.

In its Report dated 30 November 1998, the Working Group on Company Law Compliance and Enforcement opined that "*...Irish company law has been characterised by a culture of non-compliance...*".

By way of illustration of the then prevailing culture, that Report went on to observe that "*...in 1997 only 13% of companies complied with their obligations to file annual returns on time*", which, as you will be aware, is one of the most basic requirements under company law.

Insofar as the contributory factors to company insolvency were concerned, the Group further opined that “...*no effective controls exist in the case of voluntary liquidations...*”.

As regards enforcement “...*the Group came to the conclusion that the day to day investigation and prosecution of breaches of company law (other than Companies Registration Office offences) is close to non-existent...*”.

As to why the foregoing matters - limited liability is a very significant privilege conferred by the State for the purpose of encouraging and facilitating economic activity and job creation while, at the same time, circumscribing personal financial risk in the event of commercial failure. However, in return for that privilege, the law – not unreasonably - demands that those availing of said privilege act in good faith and abide by minimum requirements of governance, transparency, and probity respectively.

Some two and a half decades later, and following ongoing investment by successive Governments:

- there is now widespread compliance with company law, with the deep-rooted culture of non-compliance, as observed in the late 1990s, being a thing of the past,
- there are, through the medium of the CEA’s website, substantial, and readily understandable, resources available online:

- to assist company directors and other actors to understand, and comply with, their obligations, and
- to assist members, shareholders, and creditors to understand their rights,
- indications of non-compliance with company law are dealt with by a dedicated, and well resourced, State Agency, that is staffed by a skilled, multi-disciplinary staff complement, and
- non-compliance with company law, where it does arise, is dealt with through a combination of:
 - where appropriate, our facilitating the taking of voluntary rectification measures as an alternative to formal enforcement measures,
 - civil enforcement processes such as the issuing of statutory directives and the restriction and disqualification of company directors, and
 - where necessary having regard to the underlying facts and circumstances, criminal prosecution.

The Review Group, at the time, articulated its vision in the following terms:

“Voluntary compliance with company law should become natural, conventional behaviour for all involved in the corporate sector – not merely an aspiration of excellence for a conscientious minority.

...non-compliance [should be] more bothersome than compliance for the vast, decent majority of those who use companies to run business and hold property – and [it should be] easier and more convenient for the community to enforce the civil and criminal law against the recalcitrant and [those] who will not comply voluntarily with their legal duties”.

When one has regard to the fact that, in 2023, being involved in enforcement action under company law carries significant cost implications, as well as risk to personal reputation, and the possible restriction on one’s future right to be involved in the management of companies and/or criminal conviction, some 25 years on, very substantial progress has been made towards realising the Review Group’s vision.

CEA strategy - 2022-25

Turning to today's conference and to the future - when we set about developing the CEA's first Statement of Strategy, which encompasses the period 2022-2025, our key objectives included:

- establishing the CEA's presence amongst its key stakeholder groups, thereby further promoting compliance with the law,
- responding to evolving issues relevant to company law, and to the CEA's remit more broadly, and
- engaging in, and facilitating, thought leadership.

From our perspective, today's conference, which we hope to make an annual event, serves all of the aforementioned objectives and complements the work that we are doing in other fora - such the Company Law Review Group and its various Committees, the Advisory Council against Economic Crime & Corruption, and the Forum of Senior Regulators - in seeking to inform and influence future legislation, strategy, and policy respectively.

In the furtherance of those objectives, we have been fortunate enough to have assembled an exceptional line up of speakers for you here today – and, as you will see from the event programme, they will speak to you on a broad range of topical issues.

We are honoured that the conference will be opened by Minister Calleary, whose responsibilities include company law, and that the Attorney General will Chair this afternoon's proceedings. Our speakers for the day include some of the most distinguished practitioners of civil and criminal law in the State, acknowledged authorities on the subject of company law, the Head of Research & Policy from the Office of the Director of Public Prosecutions, and – in an act of shameless self-promotion - one of our own Senior Enforcement Managers, a Barrister-at-Law and Ph.D. candidate, whose research into the restriction of company directors has recently been published in the *Irish Jurist*.

However, from our perspective, every bit as important as the quality of the speakers is the composition of the attendee list. Our guests for today include:

- company directors and representatives of listed entities,
- members of the Bar,
- senior leaders from legal and accounting professional services firms and other regulatory and enforcement bodies, and
- leaders from professional and industry representative bodies, as well as policy makers and key figures from the world of academia.

An audience of this calibre and breadth will, in keeping with our strategy, serve to ensure that our message as to the importance of respecting company law, and the personal, financial, and reputational risks associated with failing to do so, reaches a wide audience, including the directors and professional advisors of both the present and of the future.

I hope that you will find the conference to be informative and thought provoking and I look forward to meeting as many of you as possible throughout the course of the day.

And with that, ladies and gentlemen, it is my pleasure and privilege to call upon Teachta Dála for the constituency of Mayo and Minister of State for Trade Promotion, Digital and Company Regulation, Mr. Dara Calleary, to open the CEA's Inaugural Conference.

Thank you.