

## **Different Company Types under the Companies Act 2014**

### **Private company limited by shares (LTD) - *Parts 1 to 14***

This is the new model private company limited by shares under the Bill. Approximately 90% of companies registered in Ireland are private companies limited by shares. Such a company will no longer be required to have an objects clause under the Bill and will be permitted to have only 1 director if it so wishes. The maximum number of members of a LTD is capped at 149 and these companies cannot make general offers of shares or debentures to the public.

### **Designated activity company (DAC) - *Part 16***

This is a new type of company under the Bill. There will be two types of DAC under the Bill – firstly, a private company limited by shares, which effectively corresponds to the existing private company limited by shares under the current law. Secondly, provision is made for a private company limited by guarantee, having a share capital. The primary defining feature of a DAC will be the continued existence of an objects clause in the constitution of the company. This is in contrast to the new model private company limited by shares (LTD), the constitution of which will no longer contain an objects clause. It is envisaged that entities which would welcome the continued availability of a private company limited by shares and having an objects clause include special purpose companies – for example those incorporated for joint ventures or for use in a financing transaction. However, the Bill does not restrict the availability of DACs to persons engaged in such activities and it is open to any company to incorporate or convert to a DAC. The DAC cannot offer shares to the public, but it may list debt.

### **Public limited company (PLC) - *Part 17***

A PLC may offer shares to the public in compliance with Prospectus law. The liability of the members is limited to the amount, if any, unpaid on shares held by them. The nominal value of the company's allotted share capital must not be less than €25,000, at least 25% of which must be fully paid up before the company commences business or exercises any borrowing powers. This is a requirement under EU law. Enhanced corporate governance requirements and shareholder protections apply to the PLC, due to its public nature.

### **Company limited by guarantee (CLG) - Part 18**

This company type does not have a share capital and the members' liability is limited to the amount they have undertaken to contribute to the assets of the company, in the event it is wound up, not exceeding the amount specified in the memorandum. Many charitable and professional bodies find this form of company to be a suitable vehicle as they wish to secure the benefits of separate legal personality and of limited liability but do not require to raise funds from the members.

### **Unlimited company - Part 19**

An unlimited company is one that places no limit on the liability of the members. Recourse may be had by creditors to the shareholders in respect of any liabilities owed by the company which the company has failed to discharge. Three different types of unlimited companies are being catered for under the Bill – the private unlimited company with a share capital (ULC), the public unlimited company with a share capital (PUC) and the public unlimited company that has no share capital (PULC).

### **Unregistered company - Part 22**

An unregistered company is a company which was formed prior to “modern” company law, for example companies that were formed under Royal Charter or specific legislation in earlier centuries.

### **Investment company - Part 24**

An investment company is a public company limited by shares, with the sole object of collectively investing funds in property with the aim of spreading investment risk and giving the members of the company the benefit of the results of the management of the investment funds. An investment company will not be permitted to carry on business in the State unless it has been authorised to do so by the Central Bank on the basis of criteria approved by the Minister. This company type corresponds to Part XIII companies under the Companies Act 1990 and is widely used by the investment funds industry in Ireland.