

EXPLANATORY MEMORANDUM

The Insolvency Act 2000 (Company Directors Disqualification Undertakings) Order 2004 No.1941

Laying Authority and purpose

This explanatory memorandum is laid before Parliament by Command of Her Majesty.

As a consequence of this statutory instrument, a person from whom a disqualification undertaking is accepted (which disqualifies them from running a company in Northern Ireland) will similarly be disqualified in Great Britain.

Department Responsible

Department of Trade and Industry

Description

The Insolvency Act 2000 (Company Directors Disqualification Undertakings) Order 2004 provides for disqualification undertakings given under the Company Directors Disqualification (Northern Ireland) Order 2002 (S.I. 2002 No.3150 (N.I.4)) to have the same effect in Great Britain as corresponding disqualification undertakings provided for by section 6 of the Company Directors Disqualification Act 1986 (c.46); consequential amendments are also made

Legislative background

The Insolvency Act 2000 provides that a disqualification order made in Northern Ireland also disqualifies the individual concerned from running a company in Great Britain. It also permits the Secretary of State to accept undertakings, which have the same effect as a disqualification order, from persons in Great Britain whom she believes should be disqualified in the public interest.

Parliament anticipated that Northern Ireland might similarly legislate to accept disqualification undertakings and so gave the Secretary of State a power to provide

that such undertakings should have similar effects in Great Britain as a disqualification order made here.

The power to make The Insolvency Act 2000 (Company Directors Disqualification Undertakings) Order 2004 is contained in section 7(2) of the Insolvency Act 2000.

Extent.

The statutory instrument applies to Great Britain.

European Convention of Human Rights

In the Minister's view the provisions of The Insolvency Act 2000 (Company Directors Disqualification Undertakings) Order 2004 are compatible with the European Convention on Human Rights.

Policy background

The policy imperative is for any director deemed to be unfit to run company in Northern Ireland to be similarly disqualified in Great Britain. Whilst few disqualifications occur in Northern Ireland, it is important that those who as so disqualified cannot come to Great Britain and run a company.

Impact.

There is no requirement to prepare a Regulatory Impact Assessment since the statutory instrument will not impose any significant costs on business. There are no identifiable costs to the public or the Exchequer.

Contact

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