**Draft Marketing Letter for Accountant**

 **For Existing Private Companies**

**The implications of the “Do Nothing” Conversion**

Dear Client

As you are probably aware at this stage, the Companies Act 2014 was commenced on the 1st of June 2015. This was the single biggest piece of legislation enacted in the history of the state, and it represents a significant change for Irish Companies and Irish Company Directors.

One of the new requirements of the legislation is that companies need to go through a conversion process. As a private company limited by shares you need to choose whether you want to convert to either a new Model Private Limited Company (LTD), or whether you wish to convert to a Designated Activity Company (DAC). The vast majority of Irish companies limited by shares are expected to convert to Model Private Limited Companies but if you wish to explore the options and the implications of that conversion please feel free to contact us.

If you want to or need to become a Designated Activity Company (DAC) you must do so by 31st of August 2016. If you wish to explore this option please contact us immediately as the deadline for DAC conversions is rapidly approaching.

It is more likely that you will want to convert to a Model Private Limited Company and there are 3 ways in which you can do this:-

* A members driven conversion under S.59 of the Act
* A directors driven conversion under S.60 of the Act
* A deemed conversion under S.55 of the Act.

Our recommendation for you and your company, is that if you decide to convert to a LTD company that you go through the member driven conversion under S.59 of the 2014 Act. If you wish we can facilitate this process for you. This conversion needs to be completed by 30th of November 2016 but in order to draft the paperwork and submit the application we need you to confirm that you want assistance converting no later than 31st of August 2016.

You have probably also heard about the deemed conversion whereby if a company does nothing before 30th of November 2016 it will be statutorily defaulted to a Model Private Limited Company. While this “Do Nothing” option may sound attractive there are a number of implications for companies and directors who allow a statutory default occur.

* S.60 of the Act compels directors to convert the company if a members driven conversion or other form of re-registration is not completed prior to 30th of November 2016.
* Even when a company is statutorily defaulted to a Model Private Limited Company, while the company is issued with a new certificate of incorporation by the CRO, they will not have a formally updated constitution which may cause future delays in relation to banking and legal transactions.
* Under S.62 of the Act, if in the future, members make an application under S.212, where the directors have failed to comply with the requirements of S.60, it will be presumed until the directors prove otherwise, that the directors have acted in a manner oppressive to the member who makes the application.
* Failure to convert in a company in accordance with either S.59 or S.60 of the Act will result in a breach of the requirements of every director to comply with company law and potentially result in a breach of their fiduciary duties.

We can help you choose what type of company you want and need and assist you through the conversion process. If you want to take action today to comply with the Companies Act please tick one of the boxes below and return to our office and we will get to work for you straight away.

If you have any questions, or want to discuss how the Companies Act 2014 impacts on you and your business, please feel free to give me a call. We would be delighted to assist you in any way that we can.

Kindest Regards

Accountants Name

We elect to

1. Convert our Company using a S.59 Members Driven Conversion [ ]

(Fee Payable - €250 + Vat €57.50 = €307.50)

1. Convert our Company using a S.60 Directors Driven Conversion [ ]

(Fee Quote On Request – Minimum Fee €500 + Vat €115 = €615)

1. Do Nothing and allow a statutory default contrary to S.60 [ ]

(Please choose one of the above 3 options)

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Signed for and on behalf of Company Name.

I confirm that I am authorized to approve this action as a director on behalf of Company Name [ ]