

# DEREGULATION ACT 2015

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### *Schedule 6: Insolvency and company law*

#### **Part 4: Disqualification of unfit directors of insolvent companies**

575. *Paragraph 11* amends section 7(4) of the Company Directors Disqualification Act 1986 and like that section of that Act forms part of the law of England and Wales and Scotland. The amendments will enable the Secretary of State or the official receiver to request information relevant to a person's conduct as a director of a company that has been insolvent directly from any person, including from officers of the company themselves. The amendments will also ensure that books, papers and other records are to be produced when the Secretary of State or official receiver consider the respective documents to be relevant.
576. Currently, where the Secretary of State or official receiver is considering whether to make an application for a disqualification order against a director, the Secretary of State or the official receiver may require only office-holders of a company (a liquidator, administrator or administrative receiver) to provide information or books, papers etc. about any person's conduct as a director.
577. This approach creates an administrative burden on the office-holder and can give rise to delays in information and document provision. Furthermore, office-holders also sometimes refuse or delay requests for information as they do not deem it "relevant" to the person's conduct as director (see s.7(4)(b) CDDA 1986). This can have the effect of delaying the Secretary of State's or the official receiver's decision as to whether to make a disqualification application.
578. The amendments made by paragraph 11 permit the Secretary of State or the official receiver to obtain information about any person's conduct as a director of a company direct from any person, including officers of the company, and ensures that the Secretary of State and the official receiver may request any document which they consider to be relevant to their decision as to whether to make an application for disqualification.
579. *Paragraph 11* will come into force on a day to be appointed by the Secretary of State in a commencement order.