

Financial Services (Temporary Administration of Companies) Act 2010

Principal Act

Act. No. 2010-02		<i>Commencement</i>	18.3.2010
		<i>Assent</i>	18.3.2010
Amending enactments	Relevant current provisions		Commencement date
Act. 2014-14	ss. 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 12(1)(c),13		1.11.2014

2010-02 Financial Services (Temporary Administration of Companies)

ARRANGEMENT OF SECTIONS

Section

1. Title and commencement.
2. Interpretation.
3. Application.
4. Appointment of Special Administrator.
5. Special Administrator to control the Company's Relevant Affairs.
6. Functions of the Special Administrator.
7. Powers of the Special Administrator.
8. Liability of Directors Officers and Managers.
9. Special Administrators and others not deemed to be in breach of the Principal Act.
10. Immunity.
11. Funding.
12. Termination of Appointment.
13. Offences and Penalties.
14. Revocation and Savings.

Financial Services (Temporary Administration of 2010-02 Companies)

AN ACT TO MAKE PROVISION FOR AND IN CONNECTION WITH THE APPOINTMENT OF AN AUTHORISED ADMINISTRATOR TO CONTROL THE AFFAIRS OF A COMPANY UPON THE HAPPENING OF A RELEVANT EVENT; TO PROVIDE FOR THE FUNCTIONS AND POWERS OF THE AUTHORISED ADMINISTRATOR; AND FOR CONNECTED PURPOSES.

Title and commencement.

1. This Act may be cited as the Financial Services (Temporary Administration of Companies) Act 2010 and comes into operation on the day of publication.

Interpretation.

2.(1) In this Act, unless the context otherwise requires,—

“Associated Company” means any company or other legal entity which is wholly or partially owned or controlled by a Company or by any of the shareholders of or persons that ultimately own or control or appear to the Minister or the Authority to own or control the Company or its Relevant Affairs, or any company whose affairs are or appear to be controlled or directed by, or to the order of, the Company or its directors or shadow directors;

“Special Administrator” means a person appointed under section 4;

“Authority” means the Chief Executive appointed under the Financial Services Commission Act 2007;

“Client” means any person, company, trust or other legal entity to which the Company, or any of its employees or Associated Companies, provides services for which a licence is required under the Principal Act or any other statute;

“Client Service” means the doing of any act or thing or the holding of any post or office, or the discharge of any function or power, in, in relation to, or for the benefit of any Client, for which a licence is required under the Principal Act or any other statute;

“Company” means a person, company or other entity whose licence under the Principal Act has been suspended or cancelled under section 11 of that Act, whether or not an appeal has been lodged under section 45 of that Act or any other legal challenge has been brought against the decision to suspend or revoke the licence;

“fit and proper person” means a person who in the Authority’s opinion has the knowledge and expertise to carry out the functions of the Special Administrator;

2010-02 Financial Services (Temporary Administration of Companies)

“Minister” means the Minister with responsibility for financial services;

“Principal Act” means the Financial Services (Investment and Fiduciary Services) Act;

“Relevant Affairs” means all the business and affairs of a Company comprising or relating to Client Services;

“Relevant Event” means the suspension or cancellation by the Authority of a licence pursuant to section 11 of the Principal Act, the imposition of conditions on a licence by the Authority pursuant to section 10 of the Principal Act, or any other statutory provision whether or not an appeal has been lodged under section 45 of the Principal Act or any other legal challenge has been brought against the decision to suspend or cancel the licence;

“Relevant Period” means any period of time during which this Act applies in accordance with section 3; and

“a suspended or cancelled licence” means a licence issued by the Authority under the Principal Act, or any other statute and which has been suspended or cancelled under section 11 of the Principal Act, whether or not an appeal has been lodged under section 45 of the Principal Act or any other legal challenge has been brought against the decision to suspend or cancel the licence.

Application.

3. This Act shall apply upon the happening of a Relevant Event and or during any period of time that a Relevant Event subsists.

Appointment of Special Administrator.

4. Upon the happening of a Relevant Event in relation to a Company, and for the duration of a Relevant Period the Authority may, and upon the Direction of the Minister shall, appoint a fit and proper person to be the Special Administrator of the Relevant Affairs of that Company.

Special Administrator to control the Company’s Relevant Affairs.

5. While the appointment of a Special Administrator under this Act remains effective–

- (a) no director, officer or other employee of the Company shall take any action or do anything in relation to its Relevant Affairs or the affairs of any Client of the Company or in connection with any Client Service without the consent of the Special Administrator;

Financial Services (Temporary Administration of 2010-02 Companies)

- (b) every director, officer and other employee of the Company or Associated Company shall do all such acts and things in relation to its Relevant Affairs as may be directed by the Special Administrator.

Functions of the Special Administrator.

6. The functions of the Special Administrator shall be–

- (a) to enquire into and safeguard the Relevant Affairs of the Company and of its Clients;
- (b) to obtain custody of and safeguard the records and assets of the Company and of its Clients;
- (c) to communicate with Clients of the Company for the purposes of–
 - (i) informing them of the circumstances and facts affecting the Company, its Clients, that Client and Client Services;
 - (ii) obtaining and receiving instructions from Clients relating to their affairs;
- (d) to assist the Commission, any law enforcement authority or any other person exercising statutory authority in the execution of their duties and functions, including any enquiry or investigation.

Powers of the Special Administrator.

7.(1) The Special Administrator shall have the following powers–

- (a) to take all actions and do all things necessary or desirable for the conduct of the Relevant Affairs of the Company;
- (b) to take all actions and do all things necessary to carry out and implement the instructions of any Client, including but not limited to instructions to transfer the business and affairs of a Client to any other company or other entity duly licensed under the Principal Act;
- (c) to take all actions and do all things (including but not limited to the exercise of the functions and duties of directors, officers, trustees or other office) in relation to the affairs of any Client of the Company or of any Associated Company or their Client Services, which functions or duties were performed by the Company or any director or employee thereof or any Associated Company pursuant to a suspended or cancelled licence;

2010-02 Financial Services (Temporary Administration of Companies)

- (d) to sign all documents, papers, authorities, directions, instructions, mandates, cheques and where necessary, affix the common seal of the Company or of any Associated Company or other thing whatsoever necessary, or in the Special Administrator's opinion desirable, to give effect to any of his functions or powers, including (but not limited to) conducting Client Services and implement Client instructions;
- (e) to take all actions and do all things necessary to carry out the functions described in section 6(d) above, including (but without prejudice to the generality of the foregoing) delivering any equipment, records, papers, documents and information of any kind, or copies thereof, appertaining to a Company or any Client.

(2) Any power conferred on a Company or an Associated Company or its officers, whether by the Companies Act or by the memorandum and articles of association of the Company or the Associated Company, which could be exercised in such a way as to interfere with the exercise by the Special Administrator of his powers hereunder, is not exercisable except with such consent of the Authority.

Liability of Directors Officers and Managers.

8. Without prejudice to section 13 any director, officer or manager of a Company or of an Associated Company that fails or omits to do any act or thing directed by the Special Administrator or does any act or thing without the consent of the Special Administrator contrary to section 5, shall be personally liable to the Company and to the Client for all the financial consequences of his said acts or omissions.

Special Administrators and others not deemed to be in breach of the Principal Act.

9.(1) None of the persons specified in sub-section (2) below shall be deemed to be in breach of the Principal Act, in the circumstances also specified in sub-section (2) below by virtue only of the fact that the licence of the Company or an Associated Company under the Principal Act has been suspended or cancelled.

- (2) The persons and circumstances referred to in sub-section (1) above are the following—
 - (a) the Special Administrator, in the lawful discharge of his powers and functions under this Act;
 - (b) any employee or agent of the Special Administrator duly authorised by the Special Administrator in the lawful discharge of his powers and functions under this Act;

Financial Services (Temporary Administration of 2010-02 Companies)

- (c) any director, officer, manager or employee of the Company or Associated Company acting at the specific request or instruction or with the specific written authority of the Special Administrator.

Immunity.

10.(1) Neither the Special Administrator nor his officers, staff or agents, shall be liable in damages for anything done or omitted in the discharge or purported discharge of any powers or functions conferred on the Special Administrator by this Act or any other statute unless the act or omission is shown to have been in bad faith.

(2) The Commission shall (unless bad faith is definitively found to have existed) indemnify the Special Administrator, his officers, staff and agents for the costs of defending any action brought by a third party in respect of anything they are alleged to have done or omitted in the discharge or purported discharge of any powers or functions conferred on the Special Administrator by this Act.

(3) For all the purposes of the Principal Act, the Special Administrator and his officers, staff and agents shall be deemed to be officers, staff and agents of the Commission.

Funding.

11.(1) All the fees and costs of the Special Administrator in the carrying out of his powers and functions under this Act shall be defrayed out of the monies and assets of the Company.

(2) If the Company shall not have sufficient monies for the purposes described at sub-section (1) above, the said fees and costs shall be borne by the Authority.

(3) The Authority may, with the consent of the Minister, levy a special fee upon all the holders of licences under the Principal Act, on such terms as to division between them as it shall consider equitable, to recover any costs incurred by it under this Act.

(4) The raising of a levy under sub-section (3) above shall not prejudice the existence of a debt by the Company to the Authority for all such fees and costs, which shall rank in priority upon a winding up to any debt due by the Company to any director or shareholder of the Company or to any Associated Company or director or shareholder thereof.

Termination of Appointment.

12.(1) Subject to sub-section (2) the appointment of a Special Administrator under this Act shall terminate upon the happening of one of the following events, namely—

- (a) the Minister revokes the appointment;

2010-02 Financial Services (Temporary Administration of Companies)

- (b) the Authority revokes the appointment;
- (c) the Court appoints an administrator of the company under section 59 or a liquidator of the company under section 160, of the Insolvency Act 2011.

(2) The Authority shall not, without the Minister's consent, revoke any appointment which it made at the direction of the Minister.

Offences and Penalties.

13.(1) Any person who interferes with or obstructs an Special Administrator in the exercise of his functions or powers under this Act shall commit an offence.

(2) Any person who is a director, officer, manager or employee of a Company who fails to carry out the directions of the Special Administrator under section 5(b) at the time and within the timescale directed by the Special Administrator, or who takes any action or does anything in relation to the Relevant Affairs of a Company or the affairs of any Client of the Company or any Client Service without the consent or authority of the Special Administrator contrary to section 5(a) shall commit an offence.

(3) Any person guilty of an offence under this Act shall be liable—

- (a) on summary conviction to imprisonment for a term not exceeding three months or to a fine not exceeding level five on the standard scale or to both; or
- (b) on conviction on indictment to imprisonment for a term not exceeding seven years or to a fine or to both.

Revocation and Savings.

14.(1) The Financial Services (Investment and Fiduciary Services) (Temporary Administration of Companies) Regulations 2010 are hereby revoked.

(2) Notwithstanding the revocation of the Financial Services (Investment and Fiduciary Services) (Temporary Administration of Companies) Regulations 2010, any appointment made under those Regulations prior to the coming into force of this Act shall be deemed to have been duly made under this Act.