



Companies Act 2006

2006 CHAPTER 46

PART 10

A COMPANY'S DIRECTORS

CHAPTER 9

SUPPLEMENTARY PROVISIONS

Other definitions

252 Persons connected with a director

- (1) This section defines what is meant by references in this Part to a person being “connected” with a director of a company (or a director being “connected” with a person).
- (2) The following persons (and only those persons) are connected with a director of a company—
 - (a) members of the director's family (see section 253);
 - (b) a body corporate with which the director is connected (as defined in section 254);
 - (c) a person acting in his capacity as trustee of a trust—
 - (i) the beneficiaries of which include the director or a person who by virtue of paragraph (a) or (b) is connected with him, or
 - (ii) the terms of which confer a power on the trustees that may be exercised for the benefit of the director or any such person, other than a trust for the purposes of an employees' share scheme or a pension scheme;
 - (d) a person acting in his capacity as partner—
 - (i) of the director, or

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- (ii) of a person who, by virtue of paragraph (a), (b) or (c), is connected with that director;
- (e) a firm that is a legal person under the law by which it is governed and in which—
 - (i) the director is a partner,
 - (ii) a partner is a person who, by virtue of paragraph (a), (b) or (c) is connected with the director, or
 - (iii) a partner is a firm in which the director is a partner or in which there is a partner who, by virtue of paragraph (a), (b) or (c), is connected with the director.
- (3) References in this Part to a person connected with a director of a company do not include a person who is himself a director of the company.

Modifications etc. (not altering text)

- C1** S. 252 applied (26.7.2007) by [Pensions Act 2007 \(c. 22\)](#), ss. 20, 30(1)(c), [Sch. 6 para. 13\(6\)](#)
- C2** S. 252 applied (5.7.2010) by [Pensions Act 2008 \(c. 30\)](#), ss. 75, 149, [Sch. 1 para. 13\(6\)](#); S.I. 2010/10, [art. 2\(a\)](#)
- C3** Ss. 252-255 applied (with modifications) (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), [ss. 49\(5\)](#), 154 (with [Sch. 5](#))

253 Members of a director's family

- (1) This section defines what is meant by references in this Part to members of a director's family.
- (2) For the purposes of this Part the members of a director's family are—
 - (a) the director's spouse or civil partner;
 - (b) any other person (whether of a different sex or the same sex) with whom the director lives as partner in an enduring family relationship;
 - (c) the director's children or step-children;
 - (d) any children or step-children of a person within paragraph (b) (and who are not children or step-children of the director) who live with the director and have not attained the age of 18;
 - (e) the director's parents.
- (3) Subsection (2)(b) does not apply if the other person is the director's grandparent or grandchild, sister, brother, aunt or uncle, or nephew or niece.

Modifications etc. (not altering text)

- C3** Ss. 252-255 applied (with modifications) (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), [ss. 49\(5\)](#), 154 (with [Sch. 5](#))

254 Director “connected with” a body corporate

- (1) This section defines what is meant by references in this Part to a director being “connected with” a body corporate.

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- (2) A director is connected with a body corporate if, but only if, he and the persons connected with him together—
 - (a) are interested in shares comprised in the equity share capital of that body corporate of a nominal value equal to at least 20% of that share capital, or
 - (b) are entitled to exercise or control the exercise of more than 20% of the voting power at any general meeting of that body.
- (3) The rules set out in Schedule 1 (references to interest in shares or debentures) apply for the purposes of this section.
- (4) References in this section to voting power the exercise of which is controlled by a director include voting power whose exercise is controlled by a body corporate controlled by him.
- (5) Shares in a company held as treasury shares, and any voting rights attached to such shares, are disregarded for the purposes of this section.
- (6) For the avoidance of circularity in the application of section 252 (meaning of “connected person”) —
 - (a) a body corporate with which a director is connected is not treated for the purposes of this section as connected with him unless it is also connected with him by virtue of subsection (2)(c) or (d) of that section (connection as trustee or partner); and
 - (b) a trustee of a trust the beneficiaries of which include (or may include) a body corporate with which a director is connected is not treated for the purposes of this section as connected with a director by reason only of that fact.

Modifications etc. (not altering text)

C3 Ss. 252-255 applied (with modifications) (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), ss. 49\(5\), 154 \(with Sch. 5\)](#)

255 Director “controlling” a body corporate

- (1) This section defines what is meant by references in this Part to a director “controlling” a body corporate.
- (2) A director of a company is taken to control a body corporate if, but only if—
 - (a) he or any person connected with him—
 - (i) is interested in any part of the equity share capital of that body, or
 - (ii) is entitled to exercise or control the exercise of any part of the voting power at any general meeting of that body, and
 - (b) he, the persons connected with him and the other directors of that company, together—
 - (i) are interested in more than 50% of that share capital, or
 - (ii) are entitled to exercise or control the exercise of more than 50% of that voting power.
- (3) The rules set out in Schedule 1 (references to interest in shares or debentures) apply for the purposes of this section.

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- (4) References in this section to voting power the exercise of which is controlled by a director include voting power whose exercise is controlled by a body corporate controlled by him.
- (5) Shares in a company held as treasury shares, and any voting rights attached to such shares, are disregarded for the purposes of this section.
- (6) For the avoidance of circularity in the application of section 252 (meaning of “connected person”)—
 - (a) a body corporate with which a director is connected is not treated for the purposes of this section as connected with him unless it is also connected with him by virtue of subsection (2)(c) or (d) of that section (connection as trustee or partner); and
 - (b) a trustee of a trust the beneficiaries of which include (or may include) a body corporate with which a director is connected is not treated for the purposes of this section as connected with a director by reason only of that fact.

Modifications etc. (not altering text)

C3 Ss. 252-255 applied (with modifications) (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), ss. 49\(5\), 154](#) (with [Sch. 5](#))

256 Associated bodies corporate

For the purposes of this Part—

- (a) bodies corporate are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
- (b) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

257 References to company's constitution

- (1) References in this Part to a company's constitution include—
 - (a) any resolution or other decision come to in accordance with the constitution, and
 - (b) any decision by the members of the company, or a class of members, that is treated by virtue of any enactment or rule of law as equivalent to a decision by the company.
- (2) This is in addition to the matters mentioned in section 17 (general provision as to matters contained in company's constitution).

Changes to legislation:

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