



Companies Act 2006

2006 CHAPTER 46

PART 30

PROTECTION OF MEMBERS AGAINST UNFAIR PREJUDICE

Main provisions

994 Petition by company member

- (1) A member of a company may apply to the court by petition for an order under this Part on the ground—
 - (a) that the company's affairs are being or have been conducted in a manner that is unfairly prejudicial to the interests of members generally or of some part of its members (including at least himself), or
 - (b) that an actual or proposed act or omission of the company (including an act or omission on its behalf) is or would be so prejudicial.
- (2) The provisions of this Part apply to a person who is not a member of a company but to whom shares in the company have been transferred or transmitted by operation of law as they apply to a member of a company.
- (3) In this section, and so far as applicable for the purposes of this section in the other provisions of this Part, "company" means—
 - (a) a company within the meaning of this Act, or
 - (b) a company that is not such a company but is a statutory water company within the meaning of the Statutory Water Companies Act 1991 (c. 58).

995 Petition by Secretary of State

- (1) This section applies to a company in respect of which—
 - (a) the Secretary of State has received a report under section 437 of the Companies Act 1985 (c. 6) (inspector's report);

Status: This is the original version (as it was originally enacted).

- (b) the Secretary of State has exercised his powers under section 447 or 448 of that Act (powers to require documents and information or to enter and search premises);
 - (c) the Secretary of State or the Financial Services Authority has exercised his or its powers under Part 11 of the Financial Services and Markets Act 2000 (c. 8) (information gathering and investigations); or
 - (d) the Secretary of State has received a report from an investigator appointed by him or the Financial Services Authority under that Part.
- (2) If it appears to the Secretary of State that in the case of such a company—
- (a) the company’s affairs are being or have been conducted in a manner that is unfairly prejudicial to the interests of members generally or of some part of its members, or
 - (b) an actual or proposed act or omission of the company (including an act or omission on its behalf) is or would be so prejudicial,
- he may apply to the court by petition for an order under this Part.
- (3) The Secretary of State may do this in addition to, or instead of, presenting a petition for the winding up of the company.
- (4) In this section, and so far as applicable for the purposes of this section in the other provisions of this Part, “company” means any body corporate that is liable to be wound up under the Insolvency Act 1986 (c. 45) or the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)).

996 Powers of the court under this Part

- (1) If the court is satisfied that a petition under this Part is well founded, it may make such order as it thinks fit for giving relief in respect of the matters complained of.
- (2) Without prejudice to the generality of subsection (1), the court’s order may—
- (a) regulate the conduct of the company’s affairs in the future;
 - (b) require the company—
 - (i) to refrain from doing or continuing an act complained of, or
 - (ii) to do an act that the petitioner has complained it has omitted to do;
 - (c) authorise civil proceedings to be brought in the name and on behalf of the company by such person or persons and on such terms as the court may direct;
 - (d) require the company not to make any, or any specified, alterations in its articles without the leave of the court;
 - (e) provide for the purchase of the shares of any members of the company by other members or by the company itself and, in the case of a purchase by the company itself, the reduction of the company’s capital accordingly.

Supplementary provisions

997 Application of general rule-making powers

The power to make rules under section 411 of the Insolvency Act 1986 (c. 45) or Article 359 of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)), so far as relating to a winding-up petition, applies for the purposes of a petition under this Part.

998 Copy of order affecting company's constitution to be delivered to registrar

- (1) Where an order of the court under this Part—
 - (a) alters the company's constitution, or
 - (b) gives leave for the company to make any, or any specified, alterations to its constitution,the company must deliver a copy of the order to the registrar.
- (2) It must do so within 14 days from the making of the order or such longer period as the court may allow.
- (3) If a company makes default in complying with this section, an offence is committed by—
 - (a) the company, and
 - (b) every officer of the company who is in default.
- (4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

999 Supplementary provisions where company's constitution altered

- (1) This section applies where an order under this Part alters a company's constitution.
- (2) If the order amends—
 - (a) a company's articles, or
 - (b) any resolution or agreement to which Chapter 3 of Part 3 applies (resolution or agreement affecting a company's constitution),the copy of the order delivered to the registrar by the company under section 998 must be accompanied by a copy of the company's articles, or the resolution or agreement in question, as amended.
- (3) Every copy of a company's articles issued by the company after the order is made must be accompanied by a copy of the order, unless the effect of the order has been incorporated into the articles by amendment.
- (4) If a company makes default in complying with this section an offence is committed by—
 - (a) the company, and
 - (b) every officer of the company who is in default.
- (5) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.