



Companies Act 2006

2006 CHAPTER 46

PART 10

A COMPANY'S DIRECTORS

CHAPTER 4

TRANSACTIONS WITH DIRECTORS REQUIRING APPROVAL OF MEMBERS

Loans, quasi-loans and credit transactions

197 Loans to directors: requirement of members' approval

- (1) A company may not—
 - (a) make a loan to a director of the company or of its holding company, or
 - (b) give a guarantee or provide security in connection with a loan made by any person to such a director,unless the transaction has been approved by a resolution of the members of the company.
- (2) If the director is a director of the company's holding company, the transaction must also have been approved by a resolution of the members of the holding company.
- (3) A resolution approving a transaction to which this section applies must not be passed unless a memorandum setting out the matters mentioned in subsection (4) is made available to members—
 - (a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him;
 - (b) in the case of a resolution at a meeting, by being made available for inspection by members of the company both—

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

- (i) at the company's registered office for not less than 15 days ending with the date of the meeting, and
 - (ii) at the meeting itself.
- (4) The matters to be disclosed are—
- (a) the nature of the transaction,
 - (b) the amount of the loan and the purpose for which it is required, and
 - (c) the extent of the company's liability under any transaction connected with the loan.
- (5) No approval is required under this section on the part of the members of a body corporate that—
- (a) is not a UK-registered company, or
 - (b) is a wholly-owned subsidiary of another body corporate.

Modifications etc. (not altering text)

- C1** Ss. 197-214 modified (22.2.2008) by The Northern Rock plc [Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), [Sch. para. 2\(i\)](#)
- C2** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by the The Bradford & Bingley plc [Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), [Sch. 1 para. 2\(i\)](#)
- C3** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by The Heritable Bank plc [Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, [Sch. 2 para. 2\(i\)](#)
- C4** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by The Amendments to Law [\(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, [Sch. para. 2\(i\)](#)
- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), [Sch. para. 1\(i\)](#)

Commencement Information

- I1** S. 197 wholly in force at 1.10.2007; s. 197 not in force at Royal Assent see s. 1300; s. 197 in force at 1.10.2007 by [S.I. 2007/2194](#), [art. 2\(1\)\(d\)](#) (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

198 Quasi-loans to directors: requirement of members' approval

- (1) This section applies to a company if it is—
- (a) a public company, or
 - (b) a company associated with a public company.
- (2) A company to which this section applies may not—
- (a) make a quasi-loan to a director of the company or of its holding company, or
 - (b) give a guarantee or provide security in connection with a quasi-loan made by any person to such a director,
- unless the transaction has been approved by a resolution of the members of the company.
- (3) If the director is a director of the company's holding company, the transaction must also have been approved by a resolution of the members of the holding company.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

- (4) A resolution approving a transaction to which this section applies must not be passed unless a memorandum setting out the matters mentioned in subsection (5) is made available to members—
- (a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him;
 - (b) in the case of a resolution at a meeting, by being made available for inspection by members of the company both—
 - (i) at the company's registered office for not less than 15 days ending with the date of the meeting, and
 - (ii) at the meeting itself.
- (5) The matters to be disclosed are—
- (a) the nature of the transaction,
 - (b) the amount of the quasi-loan and the purpose for which it is required, and
 - (c) the extent of the company's liability under any transaction connected with the quasi-loan.
- (6) No approval is required under this section on the part of the members of a body corporate that—
- (a) is not a UK-registered company, or
 - (b) is a wholly-owned subsidiary of another body corporate.

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(i)**
- C6** Ss. 197-214 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(i)**
- C7** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by [the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(i)**
- C8** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(i)**
- C9** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by [The Amendments to Law \(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, **Sch. para. 2(i)**

Commencement Information

- I2** S. 198 wholly in force at 1.10.2007; s. 198 not in force at Royal Assent see s. 1300; s. 198 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(d)** (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

199 Meaning of “quasi-loan” and related expressions

- (1) A “quasi-loan” is a transaction under which one party (“the creditor”) agrees to pay, or pays otherwise than in pursuance of an agreement, a sum for another (“the borrower”) or agrees to reimburse, or reimburses otherwise than in pursuance of an agreement, expenditure incurred by another party for another (“the borrower”)—
- (a) on terms that the borrower (or a person on his behalf) will reimburse the creditor; or

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

- (b) in circumstances giving rise to a liability on the borrower to reimburse the creditor.
- (2) Any reference to the person to whom a quasi-loan is made is a reference to the borrower.
- (3) The liabilities of the borrower under a quasi-loan include the liabilities of any person who has agreed to reimburse the creditor on behalf of the borrower.

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(i)**
- C10** Ss. 197-214 modified (22.2.2008) by The Northern Rock plc [Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(i)**
- C11** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by the The Bradford & Bingley plc [Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(i)**
- C12** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by The Heritable Bank plc [Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(i)**
- C13** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by The Amendments to Law [\(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, **Sch. para. 2(i)**

Commencement Information

- I3** S. 199 wholly in force at 1.10.2007; s. 199 not in force at Royal Assent see s. 1300; s. 199 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(d)** (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

200 Loans or quasi-loans to persons connected with directors: requirement of members' approval

- (1) This section applies to a company if it is—
 - (a) a public company, or
 - (b) a company associated with a public company.
- (2) A company to which this section applies may not—
 - (a) make a loan or quasi-loan to a person connected with a director of the company or of its holding company, or
 - (b) give a guarantee or provide security in connection with a loan or quasi-loan made by any person to a person connected with such a director,
 unless the transaction has been approved by a resolution of the members of the company.
- (3) If the connected person is a person connected with a director of the company's holding company, the transaction must also have been approved by a resolution of the members of the holding company.
- (4) A resolution approving a transaction to which this section applies must not be passed unless a memorandum setting out the matters mentioned in subsection (5) is made available to members—
 - (a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him;

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

- (b) in the case of a resolution at a meeting, by being made available for inspection by members of the company both—
 - (i) at the company's registered office for not less than 15 days ending with the date of the meeting, and
 - (ii) at the meeting itself.
- (5) The matters to be disclosed are—
 - (a) the nature of the transaction,
 - (b) the amount of the loan or quasi-loan and the purpose for which it is required, and
 - (c) the extent of the company's liability under any transaction connected with the loan or quasi-loan.
- (6) No approval is required under this section on the part of the members of a body corporate that—
 - (a) is not a UK-registered company, or
 - (b) is a wholly-owned subsidiary of another body corporate.

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(i)**
- C14** Ss. 197-214 modified (22.2.2008) by The Northern Rock plc [Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(i)**
- C15** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by the The Bradford & Bingley plc [Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(i)**
- C16** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by The Heritable Bank plc [Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(i)**
- C17** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by The Amendments to Law [\(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, **Sch. para. 2(i)**

Commencement Information

- I4** S. 200 wholly in force at 1.10.2007; s. 200 not in force at Royal Assent see s. 1300; s. 200 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(d)** (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

201 Credit transactions: requirement of members' approval

- (1) This section applies to a company if it is—
 - (a) a public company, or
 - (b) a company associated with a public company.
- (2) A company to which this section applies may not—
 - (a) enter into a credit transaction as creditor for the benefit of a director of the company or of its holding company, or a person connected with such a director, or
 - (b) give a guarantee or provide security in connection with a credit transaction entered into by any person for the benefit of such a director, or a person connected with such a director,

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

unless the transaction (that is, the credit transaction, the giving of the guarantee or the provision of security, as the case may be) has been approved by a resolution of the members of the company.

- (3) If the director or connected person is a director of its holding company or a person connected with such a director, the transaction must also have been approved by a resolution of the members of the holding company.
- (4) A resolution approving a transaction to which this section applies must not be passed unless a memorandum setting out the matters mentioned in subsection (5) is made available to members—
 - (a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him;
 - (b) in the case of a resolution at a meeting, by being made available for inspection by members of the company both—
 - (i) at the company's registered office for not less than 15 days ending with the date of the meeting, and
 - (ii) at the meeting itself.
- (5) The matters to be disclosed are—
 - (a) the nature of the transaction,
 - (b) the value of the credit transaction and the purpose for which the land, goods or services sold or otherwise disposed of, leased, hired or supplied under the credit transaction are required, and
 - (c) the extent of the company's liability under any transaction connected with the credit transaction.
- (6) No approval is required under this section on the part of the members of a body corporate that—
 - (a) is not a UK-registered company, or
 - (b) is a wholly-owned subsidiary of another body corporate.

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(i)**
- C18** Ss. 197-214 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(i)**
- C19** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by [the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(i)**
- C20** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(i)**
- C21** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by [The Amendments to Law \(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, **Sch. para. 2(i)**

Commencement Information

- I5** S. 201 wholly in force at 1.10.2007; s. 201 not in force at Royal Assent see s. 1300; s. 201 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(d)** (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

202 Meaning of “credit transaction”

- (1) A “credit transaction” is a transaction under which one party (“the creditor”)—
- (a) supplies any goods or sells any land under a hire-purchase agreement or a conditional sale agreement,
 - (b) leases or hires any land or goods in return for periodical payments, or
 - (c) otherwise disposes of land or supplies goods or services on the understanding that payment (whether in a lump sum or instalments or by way of periodical payments or otherwise) is to be deferred.
- (2) Any reference to the person for whose benefit a credit transaction is entered into is to the person to whom goods, land or services are supplied, sold, leased, hired or otherwise disposed of under the transaction.
- (3) In this section—
- “conditional sale agreement” has the same meaning as in the Consumer Credit Act 1974 (c. 39); and
 - “services” means anything other than goods or land.

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(i)**
- C22** Ss. 197-214 modified (22.2.2008) by The Northern Rock plc [Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(i)**
- C23** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by the The Bradford & Bingley plc [Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(i)**
- C24** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by The Heritable Bank plc [Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(i)**
- C25** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by The Amendments to Law [\(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, **Sch. para. 2(i)**

Commencement Information

- I6** S. 202 wholly in force at 1.10.2007; s. 202 not in force at Royal Assent see s. 1300; s. 202 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(d)** (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

203 Related arrangements: requirement of members' approval

- (1) A company may not—
- (a) take part in an arrangement under which—
 - (i) another person enters into a transaction that, if it had been entered into by the company, would have required approval under section 197, 198, 200 or 201, and
 - (ii) that person, in pursuance of the arrangement, obtains a benefit from the company or a body corporate associated with it, or
 - (b) arrange for the assignment to it, or assumption by it, of any rights, obligations or liabilities under a transaction that, if it had been entered into by the company, would have required such approval,
- unless the arrangement in question has been approved by a resolution of the members of the company.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

- (2) If the director or connected person for whom the transaction is entered into is a director of its holding company or a person connected with such a director, the arrangement must also have been approved by a resolution of the members of the holding company.
- (3) A resolution approving an arrangement to which this section applies must not be passed unless a memorandum setting out the matters mentioned in subsection (4) is made available to members—
 - (a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him;
 - (b) in the case of a resolution at a meeting, by being made available for inspection by members of the company both—
 - (i) at the company's registered office for not less than 15 days ending with the date of the meeting, and
 - (ii) at the meeting itself.
- (4) The matters to be disclosed are—
 - (a) the matters that would have to be disclosed if the company were seeking approval of the transaction to which the arrangement relates,
 - (b) the nature of the arrangement, and
 - (c) the extent of the company's liability under the arrangement or any transaction connected with it.
- (5) No approval is required under this section on the part of the members of a body corporate that—
 - (a) is not a UK-registered company, or
 - (b) is a wholly-owned subsidiary of another body corporate.
- (6) In determining for the purposes of this section whether a transaction is one that would have required approval under section 197, 198, 200 or 201 if it had been entered into by the company, the transaction shall be treated as having been entered into on the date of the arrangement.

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(i)**
- C26** Ss. 197-214 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(i)**
- C27** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by [the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(i)**
- C28** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(i)**
- C29** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by [The Amendments to Law \(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, **Sch. para. 2(i)**

Commencement Information

- I7** S. 203 wholly in force at 1.10.2007; s. 203 not in force at Royal Assent see s. 1300; s. 203 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(d)** (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

204 Exception for expenditure on company business

- (1) Approval is not required under section 197, 198, 200 or 201 (requirement of members' approval for loans etc) for anything done by a company—
- (a) to provide a director of the company or of its holding company, or a person connected with any such director, with funds to meet expenditure incurred or to be incurred by him—
 - (i) for the purposes of the company, or
 - (ii) for the purpose of enabling him properly to perform his duties as an officer of the company, or
 - (b) to enable any such person to avoid incurring such expenditure.
- (2) This section does not authorise a company to enter into a transaction if the aggregate of—
- (a) the value of the transaction in question, and
 - (b) the value of any other relevant transactions or arrangements,
- exceeds £50,000.

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(i)**
- C30** Ss. 197-214 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(i)**
- C31** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by [the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(i)**
- C32** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(i)**
- C33** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by [The Amendments to Law \(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, **Sch. para. 2(i)**

Commencement Information

- I8** S. 204 wholly in force at 1.10.2007; s. 204 not in force at Royal Assent see s. 1300; s. 204 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(d)** (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

205 Exception for expenditure on defending proceedings etc

- (1) Approval is not required under section 197, 198, 200 or 201 (requirement of members' approval for loans etc) for anything done by a company—
- (a) to provide a director of the company or of its holding company with funds to meet expenditure incurred or to be incurred by him—
 - (i) in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the company or an associated company, or
 - (ii) in connection with an application for relief (see subsection (5)), or
 - (b) to enable any such director to avoid incurring such expenditure,
- if it is done on the following terms.
- (2) The terms are—

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

- (a) that the loan is to be repaid, or (as the case may be) any liability of the company incurred under any transaction connected with the thing done is to be discharged, in the event of—
 - (i) the director being convicted in the proceedings,
 - (ii) judgment being given against him in the proceedings, or
 - (iii) the court refusing to grant him relief on the application; and
 - (b) that it is to be so repaid or discharged not later than—
 - (i) the date when the conviction becomes final,
 - (ii) the date when the judgment becomes final, or
 - (iii) the date when the refusal of relief becomes final.
- (3) For this purpose a conviction, judgment or refusal of relief becomes final—
- (a) if not appealed against, at the end of the period for bringing an appeal;
 - (b) if appealed against, when the appeal (or any further appeal) is disposed of.
- (4) An appeal is disposed of—
- (a) if it is determined and the period for bringing any further appeal has ended, or
 - (b) if it is abandoned or otherwise ceases to have effect.
- (5) The reference in subsection (1)(a)(ii) to an application for relief is to an application for relief under—
- section 661(3) or (4) (power of court to grant relief in case of acquisition of shares by innocent nominee), or
 - section 1157 (general power of court to grant relief in case of honest and reasonable conduct).

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(i)**
- C34** Ss. 197-214 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(i)**
- C35** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by [the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(i)**
- C36** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(i)**
- C37** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by [The Amendments to Law \(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, **Sch. para. 2(i)**
- C38** S. 205(5) modified (6.4.2008) by [The Companies Act 2006 \(Commencement No. 5, Transitional Provisions and Savings\) Order 2007 \(S.I. 2007/3495\)](#), art. 6, **Sch. 1 para. 1** (with savings in arts. 7, 12)

Commencement Information

- I9** S. 205 wholly in force at 1.10.2007; s. 205 not in force at Royal Assent see s. 1300; s. 205 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(d)** (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1 para. 11](#) (as amended by [S.I. 2007/3495](#), [art. 10\(2\)](#), [S.I. 2008/674](#), [art. 5](#), [Sch. 3 para. 1](#) and [S.I. 2008/2860](#), [art. 6](#)) with transitional provisions and savings in [Sch. 3 para. 8](#), and subject to transitional adaptations (6.4.2008) by [S.I. 2007/3495](#), [Sch. 1 para. 1](#) - omitted by virtue of [S.I. 2008/674](#), [Sch. 3 para. 5](#) and revoked by [S.I. 2008/2860](#), [art. 6](#) (subject to [Sch. 2](#) of that Order) (as amended by [S.I. 2009/1802](#), [art. 18](#)))

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

206 Exception for expenditure in connection with regulatory action or investigation

Approval is not required under section 197, 198, 200 or 201 (requirement of members' approval for loans etc) for anything done by a company—

- (a) to provide a director of the company or of its holding company with funds to meet expenditure incurred or to be incurred by him in defending himself—
 - (i) in an investigation by a regulatory authority, or
 - (ii) against action proposed to be taken by a regulatory authority, in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the company or an associated company, or
- (b) to enable any such director to avoid incurring such expenditure.

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016](#) (S.I. 2016/114), arts. 1(1), 7(1), (3), **Sch. para. 1(i)**
- C39** Ss. 197-214 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008](#) (S.I. 2008/432), art. 17(1), **Sch. para. 2(i)**
- C40** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by [the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008](#) (S.I. 2008/2546), art. 13(1)(3), **Sch. 1 para. 2(i)**
- C41** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008](#) (S.I. 2008/2644), art. 26, **Sch. 2 para. 2(i)**
- C42** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by [The Amendments to Law \(Resolution of Dunfermline Building Society\) Order 2009](#) (S.I. 2009/814), arts. 1(2), 7, **Sch. para. 2(i)**

Commencement Information

- I10** S. 206 wholly in force at 1.10.2007; s. 206 not in force at Royal Assent see s. 1300; s. 206 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(d)** (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

207 Exceptions for minor and business transactions

- (1) Approval is not required under section 197, 198 or 200 for a company to make a loan or quasi-loan, or to give a guarantee or provide security in connection with a loan or quasi-loan, if the aggregate of—
 - (a) the value of the transaction, and
 - (b) the value of any other relevant transactions or arrangements,does not exceed £10,000.
- (2) Approval is not required under section 201 for a company to enter into a credit transaction, or to give a guarantee or provide security in connection with a credit transaction, if the aggregate of—
 - (a) the value of the transaction (that is, of the credit transaction, guarantee or security), and
 - (b) the value of any other relevant transactions or arrangements,does not exceed £15,000.
- (3) Approval is not required under section 201 for a company to enter into a credit transaction, or to give a guarantee or provide security in connection with a credit transaction, if—

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

- (a) the transaction is entered into by the company in the ordinary course of the company's business, and
- (b) the value of the transaction is not greater, and the terms on which it is entered into are not more favourable, than it is reasonable to expect the company would have offered to, or in respect of, a person of the same financial standing but unconnected with the company.

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(i)**
- C43** Ss. 197-214 modified (22.2.2008) by The Northern Rock plc [Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(i)**
- C44** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by the The Bradford & Bingley plc [Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(i)**
- C45** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by The Heritable Bank plc [Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(i)**
- C46** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by The Amendments to Law [\(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, **Sch. para. 2(i)**

Commencement Information

- I11** S. 207 wholly in force at 1.10.2007; s. 207 not in force at Royal Assent see s. 1300; s. 207 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(d)** (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

208 Exceptions for intra-group transactions

- (1) Approval is not required under section 197, 198 or 200 for—
 - (a) the making of a loan or quasi-loan to an associated body corporate, or
 - (b) the giving of a guarantee or provision of security in connection with a loan or quasi-loan made to an associated body corporate.
- (2) Approval is not required under section 201—
 - (a) to enter into a credit transaction as creditor for the benefit of an associated body corporate, or
 - (b) to give a guarantee or provide security in connection with a credit transaction entered into by any person for the benefit of an associated body corporate.

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(i)**
- C47** Ss. 197-214 modified (22.2.2008) by The Northern Rock plc [Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(i)**
- C48** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by the The Bradford & Bingley plc [Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(i)**
- C49** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by The Heritable Bank plc [Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(i)**
- C50** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by The Amendments to Law [\(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, **Sch. para. 2(i)**

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

Commencement Information

- I12** S. 208 wholly in force at 1.10.2007; s. 208 not in force at Royal Assent see s. 1300; s. 208 in force at 1.10.2007 by [S.I. 2007/2194](#), [art. 2\(1\)\(d\)](#) (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

209 Exceptions for money-lending companies

- (1) Approval is not required under section 197, 198 or 200 for the making of a loan or quasi-loan, or the giving of a guarantee or provision of security in connection with a loan or quasi-loan, by a money-lending company if—
 - (a) the transaction (that is, the loan, quasi-loan, guarantee or security) is entered into by the company in the ordinary course of the company's business, and
 - (b) the value of the transaction is not greater, and its terms are not more favourable, than it is reasonable to expect the company would have offered to a person of the same financial standing but unconnected with the company.
- (2) A “money-lending company” means a company whose ordinary business includes the making of loans or quasi-loans, or the giving of guarantees or provision of security in connection with loans or quasi-loans.
- (3) The condition specified in subsection (1)(b) does not of itself prevent a company from making a home loan—
 - (a) to a director of the company or of its holding company, or
 - (b) to an employee of the company,if loans of that description are ordinarily made by the company to its employees and the terms of the loan in question are no more favourable than those on which such loans are ordinarily made.
- (4) For the purposes of subsection (3) a “home loan” means a loan—
 - (a) for the purpose of facilitating the purchase, for use as the only or main residence of the person to whom the loan is made, of the whole or part of any dwelling-house together with any land to be occupied and enjoyed with it,
 - (b) for the purpose of improving a dwelling-house or part of a dwelling-house so used or any land occupied and enjoyed with it, or
 - (c) in substitution for any loan made by any person and falling within paragraph (a) or (b).

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), [Sch. para. 1\(i\)](#)
- C51** Ss. 197-214 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), [Sch. para. 2\(i\)](#)
- C52** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by [the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), [Sch. 1 para. 2\(i\)](#)
- C53** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, [Sch. 2 para. 2\(i\)](#)
- C54** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by [The Amendments to Law \(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, [Sch. para. 2\(i\)](#)

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

Commencement Information

- I13** S. 209 wholly in force at 1.10.2007; s. 209 not in force at Royal Assent see s. 1300; s. 209 in force at 1.10.2007 by [S.I. 2007/2194](#), [art. 2\(1\)\(d\)](#) (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

210 Other relevant transactions or arrangements

- (1) This section has effect for determining what are “other relevant transactions or arrangements” for the purposes of any exception to section 197, 198, 200 or 201.

In the following provisions “the relevant exception” means the exception for the purposes of which that falls to be determined.

- (2) Other relevant transactions or arrangements are those previously entered into, or entered into at the same time as the transaction or arrangement in question in relation to which the following conditions are met.
- (3) Where the transaction or arrangement in question is entered into—
- (a) for a director of the company entering into it, or
 - (b) for a person connected with such a director,
- the conditions are that the transaction or arrangement was (or is) entered into for that director, or a person connected with him, by virtue of the relevant exception by that company or by any of its subsidiaries.
- (4) Where the transaction or arrangement in question is entered into—
- (a) for a director of the holding company of the company entering into it, or
 - (b) for a person connected with such a director,
- the conditions are that the transaction or arrangement was (or is) entered into for that director, or a person connected with him, by virtue of the relevant exception by the holding company or by any of its subsidiaries.
- (5) A transaction or arrangement entered into by a company that at the time it was entered into—
- (a) was a subsidiary of the company entering into the transaction or arrangement in question, or
 - (b) was a subsidiary of that company's holding company,
- is not a relevant transaction or arrangement if, at the time the question arises whether the transaction or arrangement in question falls within a relevant exception, it is no longer such a subsidiary.

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), [Sch. para. 1\(i\)](#)
- C55** Ss. 197-214 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), [Sch. para. 2\(i\)](#)
- C56** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by [the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), [Sch. 1 para. 2\(i\)](#)
- C57** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, [Sch. 2 para. 2\(i\)](#)

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

C58 Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by The Amendments to Law (Resolution of Dunfermline Building Society) Order 2009 (S.I. 2009/814), arts. 1(2), 7, **Sch. para. 2(i)**

Commencement Information

I14 S. 210 wholly in force at 1.10.2007; s. 210 not in force at Royal Assent see s. 1300; s. 210 in force at 1.10.2007 by S.I. 2007/2194, **art. 2(1)(d)** (with saving in **art. 12** and subject to transitional adaptations specified in **Sch. 1** and with transitional provisions and savings in **Sch. 3**)

211 The value of transactions and arrangements

- (1) For the purposes of sections 197 to 214 (loans etc)—
 - (a) the value of a transaction or arrangement is determined as follows, and
 - (b) the value of any other relevant transaction or arrangement is taken to be the value so determined reduced by any amount by which the liabilities of the person for whom the transaction or arrangement was made have been reduced.
- (2) The value of a loan is the amount of its principal.
- (3) The value of a quasi-loan is the amount, or maximum amount, that the person to whom the quasi-loan is made is liable to reimburse the creditor.
- (4) The value of a credit transaction is the price that it is reasonable to expect could be obtained for the goods, services or land to which the transaction relates if they had been supplied (at the time the transaction is entered into) in the ordinary course of business and on the same terms (apart from price) as they have been supplied, or are to be supplied, under the transaction in question.
- (5) The value of a guarantee or security is the amount guaranteed or secured.
- (6) The value of an arrangement to which section 203 (related arrangements) applies is the value of the transaction to which the arrangement relates.
- (7) If the value of a transaction or arrangement is not capable of being expressed as a specific sum of money—
 - (a) whether because the amount of any liability arising under the transaction or arrangement is unascertainable, or for any other reason, and
 - (b) whether or not any liability under the transaction or arrangement has been reduced,its value is deemed to exceed £50,000.

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by The NRAM plc (formerly Northern Rock plc) Consequential and Supplementary Provisions Order 2016 (S.I. 2016/114), arts. 1(1), 7(1), (3), **Sch. para. 1(i)**
- C59** Ss. 197-214 modified (22.2.2008) by The Northern Rock plc Transfer Order 2008 (S.I. 2008/432), art. 17(1), **Sch. para. 2(i)**
- C60** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 (S.I. 2008/2546), art. 13(1)(3), **Sch. 1 para. 2(i)**
- C61** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 (S.I. 2008/2644), art. 26, **Sch. 2 para. 2(i)**
- C62** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by The Amendments to Law (Resolution of Dunfermline Building Society) Order 2009 (S.I. 2009/814), arts. 1(2), 7, **Sch. para. 2(i)**

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

Commencement Information

- I15** S. 211 wholly in force at 1.10.2007; s. 211 not in force at Royal Assent see s. 1300; s. 211 in force at 1.10.2007 by [S.I. 2007/2194](#), [art. 2\(1\)\(d\)](#) (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

212 The person for whom a transaction or arrangement is entered into

For the purposes of sections 197 to 214 (loans etc) the person for whom a transaction or arrangement is entered into is—

- (a) in the case of a loan or quasi-loan, the person to whom it is made;
- (b) in the case of a credit transaction, the person to whom goods, land or services are supplied, sold, hired, leased or otherwise disposed of under the transaction;
- (c) in the case of a guarantee or security, the person for whom the transaction is made in connection with which the guarantee or security is entered into;
- (d) in the case of an arrangement within section 203 (related arrangements), the person for whom the transaction is made to which the arrangement relates.

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), [Sch. para. 1\(i\)](#)
- C63** Ss. 197-214 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), [Sch. para. 2\(i\)](#)
- C64** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by [the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), [Sch. 1 para. 2\(i\)](#)
- C65** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, [Sch. 2 para. 2\(i\)](#)
- C66** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by [The Amendments to Law \(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, [Sch. para. 2\(i\)](#)

Commencement Information

- I16** S. 212 wholly in force at 1.10.2007; s. 212 not in force at Royal Assent see s. 1300; s. 212 in force at 1.10.2007 by [S.I. 2007/2194](#), [art. 2\(1\)\(d\)](#) (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

213 Loans etc: civil consequences of contravention

- (1) This section applies where a company enters into a transaction or arrangement in contravention of section 197, 198, 200, 201 or 203 (requirement of members' approval for loans etc).
- (2) The transaction or arrangement is voidable at the instance of the company, unless—
 - (a) restitution of any money or other asset that was the subject matter of the transaction or arrangement is no longer possible,
 - (b) the company has been indemnified for any loss or damage resulting from the transaction or arrangement, or
 - (c) rights acquired in good faith, for value and without actual notice of the contravention by a person who is not a party to the transaction or arrangement would be affected by the avoidance.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

- (3) Whether or not the transaction or arrangement has been avoided, each of the persons specified in subsection (4) is liable—
- (a) to account to the company for any gain that he has made directly or indirectly by the transaction or arrangement, and
 - (b) (jointly and severally with any other person so liable under this section) to indemnify the company for any loss or damage resulting from the transaction or arrangement.
- (4) The persons so liable are—
- (a) any director of the company or of its holding company with whom the company entered into the transaction or arrangement in contravention of section 197, 198, 201 or 203,
 - (b) any person with whom the company entered into the transaction or arrangement in contravention of any of those sections who is connected with a director of the company or of its holding company,
 - (c) the director of the company or of its holding company with whom any such person is connected, and
 - (d) any other director of the company who authorised the transaction or arrangement.
- (5) Subsections (3) and (4) are subject to the following two subsections.
- (6) In the case of a transaction or arrangement entered into by a company in contravention of section 200, 201 or 203 with a person connected with a director of the company or of its holding company, that director is not liable by virtue of subsection (4)(c) if he shows that he took all reasonable steps to secure the company's compliance with the section concerned.
- (7) In any case—
- (a) a person so connected is not liable by virtue of subsection (4)(b), and
 - (b) a director is not liable by virtue of subsection (4)(d),
- if he shows that, at the time the transaction or arrangement was entered into, he did not know the relevant circumstances constituting the contravention.
- (8) Nothing in this section shall be read as excluding the operation of any other enactment or rule of law by virtue of which the transaction or arrangement may be called in question or any liability to the company may arise.

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), **Sch. para. 1(i)**
- C67** Ss. 197-214 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), **Sch. para. 2(i)**
- C68** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by [the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), **Sch. 1 para. 2(i)**
- C69** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, **Sch. 2 para. 2(i)**
- C70** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by [The Amendments to Law \(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, **Sch. para. 2(i)**

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Loans, quasi-loans and credit transactions. (See end of Document for details)

Commencement Information

- I17** S. 213 wholly in force at 1.10.2007; s. 213 not in force at Royal Assent see s. 1300; s. 213 in force at 1.10.2007 by [S.I. 2007/2194](#), [art. 2\(1\)\(d\)](#) (with saving in [art. 12](#) and with transitional provisions and savings in [Sch. 3 paras. 8-11](#))

214 Loans etc: effect of subsequent affirmation

Where a transaction or arrangement is entered into by a company in contravention of section 197, 198, 200, 201 or 203 (requirement of members' approval for loans etc) but, within a reasonable period, it is affirmed—

- (a) in the case of a contravention of the requirement for a resolution of the members of the company, by a resolution of the members of the company, and
- (b) in the case of a contravention of the requirement for a resolution of the members of the company's holding company, by a resolution of the members of the holding company,

the transaction or arrangement may no longer be avoided under section 213.

Modifications etc. (not altering text)

- C5** Ss. 197-214 modified (1.3.2016) by [The NRAM plc \(formerly Northern Rock plc\) Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), [Sch. para. 1\(i\)](#)
- C71** Ss. 197-214 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), [Sch. para. 2\(i\)](#)
- C72** Ss. 197-214 modified (8.00 a.m. on 29.9.2008) by [the The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), [Sch. 1 para. 2\(i\)](#)
- C73** Ss. 197-214 modified (9.30 a.m. on 7.10.2008) by [The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, [Sch. 2 para. 2\(i\)](#)
- C74** Ss. 197-214 modified (retrospective to 30.3.2009 at 8.00 a.m.) by [The Amendments to Law \(Resolution of Dunfermline Building Society\) Order 2009 \(S.I. 2009/814\)](#), arts. 1(2), 7, [Sch. para. 2\(i\)](#)

Commencement Information

- I18** S. 214 wholly in force at 1.10.2007; s. 214 not in force at Royal Assent see s. 1300, s. 214 in force at 1.10.2007 by [S.I. 2007/2194](#), [art. 2\(1\)\(d\)](#) (with saving in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

Changes to legislation:

There are currently no known outstanding effects for the Companies Act 2006, Cross Heading:
Loans, quasi-loans and credit transactions.