



Companies Act 1985

1985 CHAPTER 6

PART VIII

DISTRIBUTION OF PROFITS AND ASSETS

Limits of company's power of distribution

266 Meaning of “investment company”.

- (1) In section 265 “investment company” means a public company which has given notice in the prescribed form (which has not been revoked) to the registrar of companies of its intention to carry on business as an investment company, and has since the date of that notice complied with the requirements specified below.
- (2) Those requirements are—
 - (a) that the business of the company consists of investing its funds mainly in securities, with the aim of spreading investment risk and giving members of the company the benefit of the results of the management of its funds,
 - (b) that none of the company's holdings in companies (other than those which are for the time being in investment companies) represents more than 15 per cent. by value of the investing company's investments,
 - (c) that [^{F1}subject to subsection (2A)] distribution of the company's capital profits is prohibited by its memorandum or articles of association,
 - (d) that the company has not retained, otherwise than in compliance with this Part, in respect of any accounting reference period more than 15 per cent. of the income it derives from securities.

[^{F2}(2A) An investment company need not be prohibited by its memorandum or articles from redeeming or purchasing its own shares in accordance with section 160 or 162 in Chapter VII of Part V out of its capital profits.]

- (3) Notice to the registrar of companies under subsection (1) may be revoked at any time by the company on giving notice in the prescribed form to the registrar that it no longer

Status: Point in time view as at 01/12/2001. This version of this provision has been superseded.

Changes to legislation: Companies Act 1985, Section 266 is up to date with all changes known to be in force on or before 19 August 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

wishes to be an investment company within the meaning of this section; and, on giving such notice, the company ceases to be such a company.

[^{F3}(4) Subsections (1A) to (3) of section 842 of the Income and Corporation Taxes Act ^{M1}1988 apply for the purposes of subsection (2)(b) above as for those of subsection (1) (b) of that section.]

Textual Amendments

F1 Words in s. 266(2)(c) inserted (8.11.1999) by S.I. 1999/2770, reg. 3(a)

F2 S. 266(2A) inserted (8.11.1999) by S.I. 1999/2770, reg. 3(b)

F3 S. 266(4) substituted by Finance Act 1988 (c. 39, SIF 63:1), s. 117(3)(4)

Marginal Citations

M1 1988 c.1 (63:1).

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