



Companies Act 2006

2006 CHAPTER 46

PART 8

A COMPANY'S MEMBERS

CHAPTER 4

PROHIBITION ON SUBSIDIARY BEING MEMBER OF ITS HOLDING COMPANY

General prohibition

136 Prohibition on subsidiary being a member of its holding company

- (1) Except as provided by this Chapter—
- (a) a body corporate cannot be a member of a company that is its holding company, and
 - (b) any allotment or transfer of shares in a company to its subsidiary is void.
- (2) The exceptions are provided for in—
- section 138 (subsidiary acting as personal representative or trustee), and
 - section 141 (subsidiary acting as authorised dealer in securities).

Modifications etc. (not altering text)

- C1** Pts. 1-39 modified (31.12.2020) by Regulation (EC) No. 2157/2001, Art. AAA1(3) (as inserted by [The European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1298\)](#), regs. 1, [97](#) (with regs. 140-145) (as amended by [S.I. 2020/523](#), regs. 1(2), 5(a)-(f); [2020 c. 1](#), Sch. 5 para. 1(1))
- C2** S. 136 excluded by [Commonhold and Leasehold Reform Act 2002 \(c. 15\)](#), Sch. 3 para. 15(2) (as substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 2(1), [Sch. 1 para. 195\(11\)](#) (with art. 10)

Status: Point in time view as at 31/12/2020.

Changes to legislation: Companies Act 2006, Cross Heading: General prohibition is up to date with all changes known to be in force on or before 22 July 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)

137 Shares acquired before prohibition became applicable

- (1) Where a body corporate became a holder of shares in a company—
 - (a) before the relevant date, or
 - (b) on or after that date and before the commencement of this Chapter in circumstances in which the prohibition in section 23(1) of the Companies Act 1985 or Article 33(1) of the Companies (Northern Ireland) Order 1986 (S.I. 1986/1032 (N.I. 6)) (or any corresponding earlier enactment), as it then had effect, did not apply, or
 - (c) on or after the commencement of this Chapter in circumstances in which the prohibition in section 136 did not apply,
 it may continue to be a member of the company.
- (2) The relevant date for the purposes of subsection (1)(a) is—
 - (a) 1st July 1948 in the case of a company registered in Great Britain, and
 - (b) 1st April 1961 in the case of a company registered in Northern Ireland.
- (3) So long as it is permitted to continue as a member of a company by virtue of this section, an allotment to it of fully paid shares in the company may be validly made by way of capitalisation of reserves of the company.
- (4) But, so long as the prohibition in section 136 would (apart from this section) apply, it has no right to vote in respect of the shares mentioned in subsection (1) above, or any shares allotted as mentioned in subsection (3) above, on a written resolution or at meetings of the company or of any class of its members.

Modifications etc. (not altering text)

- C3** S. 137(3)(4) applied (with modifications) (31.12.2020) by [The Companies, Limited Liability Partnerships and Partnerships \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/348\)](#), reg. 2, [Sch. 4 para. 1](#); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)

Status:

Point in time view as at 31/12/2020.

Changes to legislation:

Companies Act 2006, Cross Heading: General prohibition is up to date with all changes known to be in force on or before 22 July 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.