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STATUTORY INSTRUMENTS

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**2001 No. 1228**

**The Open-Ended Investment Companies Regulations 2001**

**PART III**

**CORPORATE CODE**

*Organs*

**Power of directors and general meeting to bind the company**

**39.**—(1) In favour of a person dealing in good faith, the following powers, that is to say—

- (a) the power of the directors of an open-ended investment company (whether or not acting as a board) to bind the company, or authorise others to do so; and
- (b) the power of such a company in general meeting to bind the company, or authorise others to do so;

are deemed to be free of any limitation under the company's constitution.

(2) For the purposes of this regulation—

- (a) a person deals with a company if he is party to any transaction or other act to which the company is a party;
- (b) subject to paragraph (4), a person is not to be regarded as acting in bad faith by reason only of his knowing that, under the company's constitution, an act is beyond any of the powers referred to in paragraph (1)(a) or (b); and
- (c) subject to paragraph (4), a person is presumed to have acted in good faith unless the contrary is proved.

(3) The reference in paragraph (1) to any limitation under the company's constitution on the powers therein set out includes any limitation deriving from these Regulations, from FSA rules or from a resolution of the company in general meeting or of a meeting of any class of shareholders.

(4) Sub-paragraphs (b) and (c) of paragraph (2) do not apply where—

- (a) by virtue of a limitation deriving from these Regulations or from FSA rules, an act is beyond any of the powers referred to in paragraph (1)(a) or (b); and
- (b) the person in question—
  - (i) has actual knowledge of that fact; or
  - (ii) has deliberately failed to make enquiries in circumstances in which a reasonable and honest person would have done so.

(5) Paragraph (1) does not affect any liability incurred by the directors or any other person by reason of the directors exceeding their powers.

**Status:**

Point in time view as at 01/12/2001. This version of this provision has been superseded.

**Changes to legislation:**

There are currently no known outstanding effects for the The Open-Ended Investment Companies Regulations 2001, Section 39.