

Prohibition of loans, etc., to directors and connected persons

239. (1) Except as provided by section 240 and sections 242 to 245, a company shall not—

(a) make a loan or a quasi-loan to a director of the company or of its holding company or to a person connected with such a director,

(b) enter into a credit transaction as creditor for such a director or a person so connected,

(c) enter into a guarantee or provide any security in connection with a loan, quasi-loan or credit transaction made by any other person for such a director or a person so connected.

(2) A company shall not arrange for the assignment to it or the assumption by it of any rights, obligations or liabilities under a transaction which, if it had been entered into by the company, would have contravened subsection (1), but, for the purposes of this Part, the transaction shall be treated as having been entered into on the date of the arrangement.

(3) A company shall not take part in any arrangement under which—

(a) another person enters into a transaction which, if it had been entered into by the company, would have contravened subsection (1) or (2), and

(b) that other person, in pursuance of the arrangement, has obtained or is to obtain any benefit from the company or its holding company or a subsidiary of the company or its holding company.