

Golden Share



What is a Golden Share

A Golden Share is a non-voting share that gives the holder (of that share) the right to control the composition of the board of directors of the company that issued the Golden Share.

Purpose of a Golden Shares

A Golden Share is one of the most common and simpler ways of creating a company law group structure. It's typically used to facilitate inter-company lending so that a company does not breach the rules regarding loans to directors and connected persons.

Section 239 of the Companies Act 2014 ("the Act") prohibits a company from making a loan, quasi loan or guarantee to a director of the company, or to a person connected with a director, or a connected company.

When a company issues a golden share to another company it becomes a subsidiary of that company under the definition of Section 7 (2) (a) (i) of the Act.

A Golden Share creates a company law group structure which then allows lending to connected persons/companies, under Section 243 of the Act.

A Golden Share does not place the company into a tax group.

Creation of a Golden Share

Golden shares are generally assigned as "A" Ordinary shares and can be specifically tailored to suit a company's needs, or the requirements of a specific transaction.

The issuing company must pass resolutions to set up the new share class and to amend its Constitution.

An application is made to subscribe for a Golden Share in the company and the Golden Share is allotted pursuant to Constitutional restrictions.

The necessary resolutions should be passed and filed at the Companies Registration Office along with the relevant statutory forms. The new share certificate issued and the Register of Members written up. Consideration should also be given to updating the Register of Beneficial Ownership.

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