



- (a) gives effect to, or is proposed in connection with, a takeover announcement made in relation to a company before the day on which these Regulations come into force, or
- (b) gives effect to, or is proposed in connection with, a pre-commencement offer to acquire all the shares in a company that is not subject to the rules or (where there is more than one class of shares in a company) all the shares of one or more classes, in each case other than shares that on the date that the terms of the offer were agreed were already held by the person making the offer or its associates.

(3) In this Regulation—

“pre-commencement offer” means an offer the terms of which (including the fact that the offer will be implemented by a scheme) have been agreed between the company concerned and the person making the offer before the day on which these Regulations come into force; and

“takeover announcement” means a public announcement that—

- (a) concerns a firm intention to acquire all the shares in a company or (where there is more than one class of shares in a company) all the shares of one or more classes, in each case other than shares that on the date of the announcement were already held by the person making the announcement or its associates, and
- (b) on the date of the announcement, was made under rules made by the Panel.

**Amendment to the Companies Act 2006**

3.—(1) Section 641 (circumstances in which a company may reduce its share capital) is amended as follows.

(2) After subsection (2), insert—

“(2A) A company may not reduce its share capital under subsection (1)(a) or (b) as part of a scheme by virtue of which a person, or a person together with its associates, is to acquire all the shares in the company or (where there is more than one class of shares in a company) all the shares of one or more classes, in each case other than shares that are already held by that person or its associates.

(2B) Subsection (2A) does not apply to a scheme under which—

- (a) the company is to have a new parent undertaking,
- (b) all or substantially all of the members of the company become members of the parent undertaking, and
- (c) the members of the company are to hold proportions of the equity share capital of the parent undertaking in the same or substantially the same proportions as they hold the equity share capital of the company.

(2C) In this section—

“associate” has the meaning given by section 988 (meaning of “associate”), reading references in that section to an offeror as references to the person acquiring the shares in the company;

“scheme” means a compromise or arrangement sanctioned by the court under Part 26 (arrangements and reconstructions).”

(3) In subsection (3), for “Subject to that” substitute “Subject to subsections (2) to (2B)”.

*Name*  
Minister for Employment Relations, Consumer and Postal Affairs  
Department for Business, Innovation and Skills

Date

## **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations come into force on the day after which they are made and extend to the whole of the United Kingdom, reflecting the extent of the Companies Act 2006 (c.46) (“the Act”).

Where a term is not defined, it has the meaning given in the Act.

Regulation 3 amends section 641 of the Act to prohibit a company from reducing its share capital as part of a scheme of arrangement where the purpose of the scheme is to acquire all the shares of the company, except where the acquisition amounts to a restructuring that inserts a new holding company into the group structure.

Regulation 2 makes transitional provision to ensure that the prohibition does not affect takeovers where an announcement concerning a firm intention to make an offer has been made before the Regulations come into force, or the terms of the offer have been agreed in the case of a company that is not subject to the rules.

An Information and Impact Note has been produced for this instrument. This Note is available from the Business Environment Directorate, Department for Business, Innovation and Skills, 1 Victoria Street, London SW1H 0ET or from [www.gov.uk/bis](http://www.gov.uk/bis) and is annexed to the Explanatory Memorandum which is available alongside the instrument at [www.legislation.gov.uk](http://www.legislation.gov.uk).

---

© Crown copyright 2015

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Carol Tullo, Controller of Her Majesty’s Stationery Office and Queen’s Printer of Acts of Parliament.

£4.25

UK2015011527 01/2015 19585

<http://www.legislation.gov.uk/id/ukdsi/2015/9780111127353>

ISBN 978-0-11-112735-3



9 780111 127353