



Companies Act 2006

2006 CHAPTER 46

PART 22

INFORMATION ABOUT INTERESTS IN A COMPANY'S SHARES

Orders imposing restrictions on shares

797 Consequences of order imposing restrictions

- (1) The effect of an order under section 794 that shares are subject to restrictions is as follows—
- any transfer of the shares is void;
 - no voting rights are exercisable in respect of the shares;
 - no further shares may be issued in right of the shares or in pursuance of an offer made to their holder;
 - except in a liquidation, no payment may be made of sums due from the company on the shares, whether in respect of capital or otherwise.

- (2) Where shares are subject to the restriction in subsection (1)(a), an agreement to transfer the shares is void.

This does not apply to an agreement to transfer the shares on the making of an order under section 800 made by virtue of subsection (3)(b) (removal of restrictions in case of court-approved transfer).

- (3) Where shares are subject to the restriction in subsection (1)(c) or (d), an agreement to transfer any right to be issued with other shares in right of those shares, or to receive any payment on them (otherwise than in a liquidation), is void.

This does not apply to an agreement to transfer any such right on the making of an order under section 800 made by virtue of subsection (3)(b) (removal of restrictions in case of court-approved transfer).

- (4) The provisions of this section are subject—

Status: Point in time view as at 06/06/2008.

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- (a) to any directions under section 794(2) or section 799(3) (directions for protection of third parties), and
- (b) in the case of an interim order under section 794(3), to the terms of the order.

Commencement Information

I1 S. 797 wholly in force at 20.1.2007, see s. 1300 and S.I. 2006/3428, art. 3(1)(d) (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5)

798 Penalty for attempted evasion of restrictions

- (1) This section applies where shares are subject to restrictions by virtue of an order under section 794.
- (2) A person commits an offence if he—
 - (a) exercises or purports to exercise any right—
 - (i) to dispose of shares that to his knowledge, are for the time being subject to restrictions, or
 - (ii) to dispose of any right to be issued with any such shares, or
 - (b) votes in respect of any such shares (whether as holder or proxy), or appoints a proxy to vote in respect of them, or
 - (c) being the holder of any such shares, fails to notify of their being subject to those restrictions a person whom he does not know to be aware of that fact but does know to be entitled (apart from the restrictions) to vote in respect of those shares whether as holder or as proxy, or
 - (d) being the holder of any such shares, or being entitled to a right to be issued with other shares in right of them, or to receive any payment on them (otherwise than in a liquidation), enters into an agreement which is void under section 797(2) or (3).
- (3) If shares in a company are issued in contravention of the restrictions, an offence is committed by—
 - (a) the company, and
 - (b) every officer of the company who is in default.
- (4) A person guilty of an offence under this section is liable—
 - (a) on conviction on indictment, to a fine;
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.
- (5) The provisions of this section are subject—
 - (a) to any directions under—
 - section 794(2) (directions for protection of third parties), or
 - section 799 or 800 (relaxation or removal of restrictions), and
 - (b) in the case of an interim order under section 794(3), to the terms of the order.

Commencement Information

I2 S. 798 wholly in force at 20.1.2007, see s. 1300 and S.I. 2006/3428, art. 3(1)(d) (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5)

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799 Relaxation of restrictions

- (1) An application may be made to the court on the ground that an order directing that shares shall be subject to restrictions unfairly affects the rights of third parties in respect of the shares.
- (2) An application for an order under this section may be made by the company or by any person aggrieved.
- (3) If the court is satisfied that the application is well-founded, it may, for the purpose of protecting the rights of third parties in respect of the shares, and subject to such terms as it thinks fit, direct that such acts by such persons or descriptions of persons and for such purposes as may be set out in the order do not constitute a breach of the restrictions.

Commencement Information

I3 S. 799 wholly in force at 20.1.2007, see s. 1300 and S.I. 2006/3428, art. 3(1)(d) (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5)

800 Removal of restrictions

- (1) An application may be made to the court for an order directing that the shares shall cease to be subject to restrictions.
- (2) An application for an order under this section may be made by the company or by any person aggrieved.
- (3) The court must not make an order under this section unless—
 - (a) it is satisfied that the relevant facts about the shares have been disclosed to the company and no unfair advantage has accrued to any person as a result of the earlier failure to make that disclosure, or
 - (b) the shares are to be transferred for valuable consideration and the court approves the transfer.
- (4) An order under this section made by virtue of subsection (3)(b) may continue, in whole or in part, the restrictions mentioned in section 797(1)(c) and (d) (restrictions on issue of further shares or making of payments) so far as they relate to a right acquired or offer made before the transfer.
- (5) Where any restrictions continue in force under subsection (4)—
 - (a) an application may be made under this section for an order directing that the shares shall cease to be subject to those restrictions, and
 - (b) subsection (3) does not apply in relation to the making of such an order.

Commencement Information

I4 S. 800 wholly in force at 20.1.2007, see s. 1300 and S.I. 2006/3428, art. 3(1)(d) (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5)

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801 Order for sale of shares

- (1) The court may order that the shares subject to restrictions be sold, subject to the court's approval as to the sale.
- (2) An application for an order under subsection (1) may only be made by the company.
- (3) Where the court has made an order under this section, it may make such further order relating to the sale or transfer of the shares as it thinks fit.
- (4) An application for an order under subsection (3) may be made—
 - (a) by the company,
 - (b) by the person appointed by or in pursuance of the order to effect the sale, or
 - (c) by any person interested in the shares.
- (5) On making an order under subsection (1) or (3) the court may order that the applicant's costs (in Scotland, expenses) be paid out of the proceeds of sale.

Commencement Information

I5 S. 801 wholly in force at 20.1.2007, see s. 1300 and S.I. 2006/3428, art. 3(1)(d) (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5)

802 Application of proceeds of sale under court order

- (1) Where shares are sold in pursuance of an order of the court under section 801, the proceeds of the sale, less the costs of the sale, must be paid into court for the benefit of the persons who are beneficially interested in the shares.
- (2) A person who is beneficially interested in the shares may apply to the court for the whole or part of those proceeds to be paid to him.
- (3) On such an application the court shall order the payment to the applicant of—
 - (a) the whole of the proceeds of sale together with any interest on them, or
 - (b) if another person had a beneficial interest in the shares at the time of their sale, such proportion of the proceeds and interest as the value of the applicant's interest in the shares bears to the total value of the shares.

This is subject to the following qualification.

- (4) If the court has ordered under section 801(5) that the costs (in Scotland, expenses) of an applicant under that section are to be paid out of the proceeds of sale, the applicant is entitled to payment of his costs (or expenses) out of those proceeds before any person interested in the shares receives any part of those proceeds.

Commencement Information

I6 S. 802 wholly in force at 20.1.2007, see s. 1300 and S.I. 2006/3428, art. 3(1)(d) (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5)

Status:

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