



Companies Act 1985

1985 CHAPTER 6

PART V

SHARE CAPITAL, ITS INCREASE, MAINTENANCE AND REDUCTION

CHAPTER II

CLASS RIGHTS

127 Shareholders' right to object to variation

- (1) This section applies if, in the case of a company whose share capital is divided into different classes of shares—
 - (a) provision is made by the memorandum or articles for authorising the variation of the rights attached to any class of shares in the company, subject to—
 - (i) the consent of any specified proportion of the holders of the issued shares of that class, or
 - (ii) the sanction of a resolution passed at a separate meeting of the holders of those shares,and in pursuance of that provision the rights attached to any such class of shares are at any time varied ; or
 - (b) the rights attached to any class of shares in the company are varied under section 125(2).
- (2) The holders of not less in the aggregate than 15 per cent, of the issued shares of the class in question (being persons who did not consent to or vote in favour of the resolution for the variation), may apply to the court to have the variation cancelled ; and if such an application is made, the variation has no effect unless and until it is confirmed by the court.
- (3) Application to the court must be made within 21 days after the date on which the consent was given or the resolution was passed (as the case may be), and may be made

Status: This is the original version (as it was originally enacted).

on behalf of the shareholders entitled to make the application by such one or more of their number as they may appoint in writing for the purpose.

- (4) The court, after hearing the applicant and any other persons who apply to the court to be heard and appear to the court to be interested in the application, may, if satisfied having regard to all the circumstances of the case, that the variation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation and shall, if not so satisfied, confirm it.

The decision of the court on any such application is final.

- (5) The company shall within 15 days after the making of an order by the court on such an application forward a copy of the order to the registrar of companies; and, if default is made in complying with this provision, the company and every officer of it who is in default is liable to a fine and, for continued contravention, to a daily default fine.
- (6) " Variation ", in this section, includes abrogation ; and " varied " is to be construed accordingly.