



Companies Act 1985

1985 CHAPTER 6

PART V

SHARE CAPITAL, ITS INCREASE, MAINTENANCE AND REDUCTION

CHAPTER VII

REDEEMABLE SHARES; PURCHASE BY A COMPANY OF ITS OWN SHARES

Redemption and purchase generally

162D Treasury shares: disposal and cancellation

- (1) Where shares are held as treasury shares, a company may at any time—
 - (a) sell the shares (or any of them) for cash,
 - (b) transfer the shares (or any of them) for the purposes of or pursuant to an employees' share scheme, or
 - (c) cancel the shares (or any of them).
- (2) For the purposes of subsection (1)(a), “cash”, in relation to a sale of shares by a company, means—
 - (a) cash (including foreign currency) received by the company, or
 - (b) a cheque received by the company in good faith which the directors have no reason for suspecting will not be paid, or
 - (c) a release of a liability of the company for a liquidated sum, or
 - (d) an undertaking to pay cash to the company on or before a date not more than 90 days after the date on which the company agrees to sell the shares.
- (3) But if the company receives a notice under section 429 (right of offeror to buy out minority shareholders) that a person desires to acquire any of the shares, the company

Status: Point in time view as at 01/12/2003. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Section 162D. (See end of Document for details)

must not, under subsection (1), sell or transfer the shares to which the notice relates except to that person.

- (4) If under subsection (1) the company cancels shares held as treasury shares, the company must diminish the amount of the issued share capital by the nominal value of the shares cancelled; but the cancellation is not to be taken as reducing the amount of the company's authorised share capital.
- (5) The directors may take such steps as are requisite to enable the company to cancel its shares under subsection (1) without complying with sections 135 and 136 (resolution to reduce issued share capital; application to court for approval).

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