



Companies Act 2006

2006 CHAPTER 46

PART 18

ACQUISITION BY LIMITED COMPANY OF ITS OWN SHARES

CHAPTER 4

PURCHASE OF OWN SHARES

Supplementary provisions

702 Copy of contract or memorandum to be available for inspection

- (1) This section applies where a company has entered into—
 - (a) a contract approved under section 694 (authorisation of contract for off-market purchase), or
 - (b) a contract for a purchase authorised under section 701 (authorisation of market purchase).
- (2) The company must keep available for inspection—
 - (a) a copy of the contract, or
 - (b) if the contract is not in writing, a written memorandum setting out its terms.
- (3) The copy or memorandum must be kept available for inspection from the conclusion of the contract until the end of the period of ten years beginning with—
 - (a) the date on which the purchase of all the shares in pursuance of the contract is completed, or
 - (b) the date on which the contract otherwise determines.
- (4) The copy or memorandum must be kept available for inspection—
 - (a) at the company's registered office, or
 - (b) at a place specified in regulations under section 1136.

Status: Point in time view as at 01/10/2009.

Changes to legislation: Companies Act 2006, Cross Heading: Supplementary provisions is up to date with all changes known to be in force on or before 31 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (5) The company must give notice to the registrar—
- (a) of the place at which the copy or memorandum is kept available for inspection, and
 - (b) of any change in that place,
- unless it has at all times been kept at the company's registered office.
- (6) Every copy or memorandum required to be kept under this section must be kept open to inspection without charge—
- (a) by any member of the company, and
 - (b) in the case of a public company, by any other person.
- (7) The provisions of this section apply to a variation of a contract as they apply to the original contract.

703 Enforcement of right to inspect copy or memorandum

- (1) If default is made in complying with section 702(2), (3) or (4) or default is made for 14 days in complying with section 702(5), or an inspection required under section 702(6) is refused, an offence is committed by—
- (a) the company, and
 - (b) every officer of the company who is in default.
- (2) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.
- (3) In the case of refusal of an inspection required under section 702(6) the court may by order compel an immediate inspection.

704 No assignment of company's right to purchase own shares

The rights of a company under a contract authorised under—

- (a) section 694 (authority for off-market purchase), or
- (b) section 701 (authority for market purchase)

are not capable of being assigned.

705 Payments apart from purchase price to be made out of distributable profits

- (1) A payment made by a company in consideration of—
- (a) acquiring any right with respect to the purchase of its own shares in pursuance of a contingent purchase contract approved under section 694 (authorisation of off-market purchase),
 - (b) the variation of any contract approved under that section, or
 - (c) the release of any of the company's obligations with respect to the purchase of any of its own shares under a contract—
 - (i) approved under section 694, or
 - (ii) authorised under section 701 (authorisation of market purchase),
- must be made out of the company's distributable profits.
- (2) If this requirement is not met in relation to a contract, then—

Status: Point in time view as at 01/10/2009.

Changes to legislation: Companies Act 2006, Cross Heading: Supplementary provisions is up to date with all changes known to be in force on or before 31 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) in a case within subsection (1)(a), no purchase by the company of its own shares in pursuance of that contract may be made under this Chapter;
- (b) in a case within subsection (1)(b), no such purchase following the variation may be made under this Chapter;
- (c) in a case within subsection (1)(c), the purported release is void.

706 Treatment of shares purchased

Where a limited company makes a purchase of its own shares in accordance with this Chapter, then—

- (a) if section 724 (treasury shares) applies, the shares may be held and dealt with in accordance with Chapter 6;
- (b) if that section does not apply—
 - (i) the shares are treated as cancelled, and
 - (ii) the amount of the company's issued share capital is diminished accordingly by the nominal value of the shares cancelled.

707 Return to registrar of purchase of own shares

- (1) Where a company purchases shares under this Chapter, it must deliver a return to the registrar within the period of 28 days beginning with the date on which the shares are delivered to it.
- (2) The return must distinguish—
 - (a) shares in relation to which section 724 (treasury shares) applies and shares in relation to which that section does not apply, and
 - (b) shares in relation to which that section applies—
 - (i) that are cancelled forthwith (under section 729 (cancellation of treasury shares)), and
 - (ii) that are not so cancelled.
- (3) The return must state, with respect to shares of each class purchased—
 - (a) the number and nominal value of the shares, and
 - (b) the date on which they were delivered to the company.
- (4) In the case of a public company the return must also state—
 - (a) the aggregate amount paid by the company for the shares, and
 - (b) the maximum and minimum prices paid in respect of shares of each class purchased.
- (5) Particulars of shares delivered to the company on different dates and under different contracts may be included in a single return.

In such a case the amount required to be stated under subsection (4)(a) is the aggregate amount paid by the company for all the shares to which the return relates.

- (6) If default is made in complying with this section an offence is committed by every officer of the company who is in default.
- (7) A person guilty of an offence under this section is liable—
 - (a) on conviction on indictment, to a fine;

Status: Point in time view as at 01/10/2009.

Changes to legislation: Companies Act 2006, Cross Heading: Supplementary provisions is up to date with all changes known to be in force on or before 31 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) on summary conviction to a fine not exceeding the statutory maximum and, for continued contravention, a daily default fine not exceeding one-tenth of the statutory maximum.

708 Notice to registrar of cancellation of shares

- (1) If on the purchase by a company of any of its own shares in accordance with this Part—
 - (a) section 724 (treasury shares) does not apply (so that the shares are treated as cancelled), or
 - (b) that section applies but the shares are cancelled forthwith (under section 729 (cancellation of treasury shares)),
 the company must give notice of cancellation to the registrar, within the period of 28 days beginning with the date on which the shares are delivered to it, specifying the shares cancelled.
- (2) The notice must be accompanied by a statement of capital.
- (3) The statement of capital must state with respect to the company's share capital immediately following the cancellation—
 - (a) the total number of shares of the company,
 - (b) the aggregate nominal value of those shares,
 - (c) for each class of shares—
 - (i) prescribed particulars of the rights attached to the shares,
 - (ii) the total number of shares of that class, and
 - (iii) the aggregate nominal value of shares of that class, and
 - (d) the amount paid up and the amount (if any) unpaid on each share (whether on account of the nominal value of the share or by way of premium).
- (4) If default is made in complying with this section, an offence is committed by—
 - (a) the company, and
 - (b) every officer of the company who is in default.
- (5) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

Commencement Information

- II** S. 708 wholly in force at 1.10.2009; s. 708 not in force at Royal Assent, see s. 1300; s. 708 in force for specified purposes at 20.1.2007 by [S.I. 2006/3428](#), [art. 3\(3\)](#) (subject to [art. 5](#), [Sch. 1](#) and with [arts. 6](#), [8](#), [Sch. 5](#)); s. 708 otherwise in force at 1.10.2009 by [S.I. 2008/2860](#), [art. 3\(1\)](#) (with [arts. 5](#), [7](#), [8](#), [Sch. 2](#)) (as amended by [S.I. 2009/1802](#), [art. 18](#))

Status:

Point in time view as at 01/10/2009.

Changes to legislation:

Companies Act 2006, Cross Heading: Supplementary provisions is up to date with all changes known to be in force on or before 31 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.