



Companies Act 2006

2006 CHAPTER 46

PART 18

ACQUISITION BY LIMITED COMPANY OF ITS OWN SHARES

CHAPTER 6

TREASURY SHARES

726 Treasury shares: exercise of rights

- (1) This section applies where shares are held by a company as treasury shares.
- (2) The company must not exercise any right in respect of the treasury shares, and any purported exercise of such a right is void.

This applies, in particular, to any right to attend or vote at meetings.

- (3) No dividend may be paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of the treasury shares.
- (4) Nothing in this section prevents—
 - (a) an allotment of shares as fully paid bonus shares in respect of the treasury shares, or
 - (b) the payment of any amount payable on the redemption of the treasury shares (if they are redeemable shares).
- (5) Shares allotted as fully paid bonus shares in respect of the treasury shares are treated as if purchased by the company, at the time they were allotted, in circumstances in which section 724(1) (treasury shares) applied.

Changes to legislation:

There are currently no known outstanding effects for the Companies Act 2006, Section 726.