

SCHEDULE 3 **U.K.**

MODEL ARTICLES FOR PUBLIC COMPANIES

PART 4 **U.K.**

SHARES AND DISTRIBUTIONS

PARTLY PAID SHARES

Company's lien over partly paid shares **U.K.**

52.—(1) The company has a lien (“the company’s lien”) over every share which is partly paid for any part of—

- (a) that share’s nominal value, and
- (b) any premium at which it was issued,

which has not been paid to the company, and which is payable immediately or at some time in the future, whether or not a call notice has been sent in respect of it.

(2) The company’s lien over a share—

- (a) takes priority over any third party’s interest in that share, and
- (b) extends to any dividend or other money payable by the company in respect of that share and (if the lien is enforced and the share is sold by the company) the proceeds of sale of that share.

(3) The directors may at any time decide that a share which is or would otherwise be subject to the company’s lien shall not be subject to it, either wholly or in part.

Commencement Information

11 [Sch. 3 art. 52](#) in force at 1.10.2009, see [reg. 1](#)

Enforcement of the company's lien **U.K.**

53.—(1) Subject to the provisions of this article, if—

- (a) a lien enforcement notice has been given in respect of a share, and
- (b) the person to whom the notice was given has failed to comply with it,

the company may sell that share in such manner as the directors decide.

(2) A lien enforcement notice—

- (a) may only be given in respect of a share which is subject to the company’s lien, in respect of which a sum is payable and the due date for payment of that sum has passed;
- (b) must specify the share concerned;
- (c) must require payment of the sum payable within 14 days of the notice;
- (d) must be addressed either to the holder of the share or to a person entitled to it by reason of the holder’s death, bankruptcy or otherwise; and
- (e) must state the company’s intention to sell the share if the notice is not complied with.

(3) Where shares are sold under this article—

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- (a) the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser, and
 - (b) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.
- (4) The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied—
- (a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice,
 - (b) second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the company for cancellation or a suitable indemnity has been given for any lost certificates, and subject to a lien equivalent to the company's lien over the shares before the sale for any money payable in respect of the shares after the date of the lien enforcement notice.
- (5) A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been sold to satisfy the company's lien on a specified date—
- (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and
 - (b) subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.

Commencement Information

12 Sch. 3 art. 53 in force at 1.10.2009, see [reg. 1](#)

Call notices **U.K.**

54.—(1) Subject to the articles and the terms on which shares are allotted, the directors may send a notice (a “call notice”) to a member requiring the member to pay the company a specified sum of money (a “call”) which is payable in respect of shares which that member holds at the date when the directors decide to send the call notice.

(2) A call notice—

- (a) may not require a member to pay a call which exceeds the total sum unpaid on that member's shares (whether as to the share's nominal value or any amount payable to the company by way of premium);
- (b) must state when and how any call to which it relates it is to be paid; and
- (c) may permit or require the call to be paid by instalments.

(3) A member must comply with the requirements of a call notice, but no member is obliged to pay any call before 14 days have passed since the notice was sent.

(4) Before the company has received any call due under a call notice the directors may—

- (a) revoke it wholly or in part, or
- (b) specify a later time for payment than is specified in the notice,

by a further notice in writing to the member in respect of whose shares the call is made.

Commencement Information

I3 Sch. 3 art. 54 in force at 1.10.2009, see [reg. 1](#)

Liability to pay calls **U.K.**

55.—(1) Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.

(2) Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.

(3) Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them—

- (a) to pay calls which are not the same, or
- (b) to pay calls at different times.

Commencement Information

I4 Sch. 3 art. 55 in force at 1.10.2009, see [reg. 1](#)

When call notice need not be issued **U.K.**

56.—(1) A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the company in respect of that share (whether in respect of nominal value or premium)—

- (a) on allotment;
- (b) on the occurrence of a particular event; or
- (c) on a date fixed by or in accordance with the terms of issue.

(2) But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

Commencement Information

I5 Sch. 3 art. 56 in force at 1.10.2009, see [reg. 1](#)

Failure to comply with call notice: automatic consequences **U.K.**

57.—(1) If a person is liable to pay a call and fails to do so by the call payment date—

- (a) the directors may issue a notice of intended forfeiture to that person, and
- (b) until the call is paid, that person must pay the company interest on the call from the call payment date at the relevant rate.

(2) For the purposes of this article—

- (a) the “call payment date” is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the “call payment date” is that later date;
- (b) the “relevant rate” is—

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- (i) the rate fixed by the terms on which the share in respect of which the call is due was allotted;
- (ii) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors; or
- (iii) if no rate is fixed in either of these ways, 5 per cent per annum.

(3) The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998(1).

(4) The directors may waive any obligation to pay interest on a call wholly or in part.

Commencement Information

16 Sch. 3 art. 57 in force at 1.10.2009, see [reg. 1](#)

Notice of intended forfeiture **U.K.**

58. A notice of intended forfeiture—

- (a) may be sent in respect of any share in respect of which a call has not been paid as required by a call notice;
- (b) must be sent to the holder of that share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise;
- (c) must require payment of the call and any accrued interest by a date which is not less than 14 days after the date of the notice;
- (d) must state how the payment is to be made; and
- (e) must state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.

Commencement Information

17 Sch. 3 art. 58 in force at 1.10.2009, see [reg. 1](#)

Directors' power to forfeit shares **U.K.**

59. If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

Commencement Information

18 Sch. 3 art. 59 in force at 1.10.2009, see [reg. 1](#)

Effect of forfeiture **U.K.**

60.—(1) Subject to the articles, the forfeiture of a share extinguishes—

(1) 1998 c.11.

- (a) all interests in that share, and all claims and demands against the company in respect of it, and
 - (b) all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the company.
- (2) Any share which is forfeited in accordance with the articles—
- (a) is deemed to have been forfeited when the directors decide that it is forfeited;
 - (b) is deemed to be the property of the company; and
 - (c) may be sold, re-allotted or otherwise disposed of as the directors think fit.
- (3) If a person's shares have been forfeited—
- (a) the company must send that person notice that forfeiture has occurred and record it in the register of members;
 - (b) that person ceases to be a member in respect of those shares;
 - (c) that person must surrender the certificate for the shares forfeited to the company for cancellation;
 - (d) that person remains liable to the company for all sums payable by that person under the articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture); and
 - (e) the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.
- (4) At any time before the company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls and interest due in respect of it and on such other terms as they think fit.

Commencement Information

19 Sch. 3 art. 60 in force at 1.10.2009, see [reg. 1](#)

Procedure following forfeiture **U.K.**

61.—(1) If a forfeited share is to be disposed of by being transferred, the company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer.

(2) A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been forfeited on a specified date—

- (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and
- (b) subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.

(3) A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.

(4) If the company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the company the proceeds of such sale, net of any commission, and excluding any amount which—

- (a) was, or would have become, payable, and

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(b) had not, when that share was forfeited, been paid by that person in respect of that share, but no interest is payable to such a person in respect of such proceeds and the company is not required to account for any money earned on them.

Commencement Information

I10 Sch. 3 art. 61 in force at 1.10.2009, see [reg. 1](#)

Surrender of shares **U.K.**

62.—(1) A member may surrender any share—

- (a) in respect of which the directors may issue a notice of intended forfeiture;
- (b) which the directors may forfeit; or
- (c) which has been forfeited.

(2) The directors may accept the surrender of any such share.

(3) The effect of surrender on a share is the same as the effect of forfeiture on that share.

(4) A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.

Commencement Information

I11 Sch. 3 art. 62 in force at 1.10.2009, see [reg. 1](#)

Changes to legislation:

There are currently no known outstanding effects for the The Companies (Model Articles) Regulations 2008, PARTLY PAID SHARES.