



Companies Act 2006

2006 CHAPTER 46

PART 17

A COMPANY'S SHARE CAPITAL

CHAPTER 1

SHARES AND SHARE CAPITAL OF A COMPANY

Shares

540 Shares

- (1) In the Companies Acts “share”, in relation to a company, means share in the company's share capital.
- (2) A company's shares may no longer be converted into stock.
- (3) Stock created before the commencement of this Part may be reconverted into shares in accordance with section 620.
- (4) In the Companies Acts—
 - (a) references to shares include stock except where a distinction between share and stock is express or implied, and
 - (b) references to a number of shares include an amount of stock where the context admits of the reference to shares being read as including stock.

541 Nature of shares

The shares or other interest of a member in a company are personal property (or, in Scotland, moveable property) and are not in the nature of real estate (or heritage).

Status: This is the original version (as it was originally enacted).

542 Nominal value of shares

- (1) Shares in a limited company having a share capital must each have a fixed nominal value.
- (2) An allotment of a share that does not have a fixed nominal value is void.
- (3) Shares in a limited company having a share capital may be denominated in any currency, and different classes of shares may be denominated in different currencies.
But see section 765 (initial authorised minimum share capital requirement for public company to be met by reference to share capital denominated in sterling or euros).
- (4) If a company purports to allot shares in contravention of this section, an offence is committed by every officer of the company who is in default.
- (5) A person guilty of an offence under this section is liable—
 - (a) on conviction on indictment, to a fine;
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.

543 Numbering of shares

- (1) Each share in a company having a share capital must be distinguished by its appropriate number, except in the following circumstances.
- (2) If at any time—
 - (a) all the issued shares in a company are fully paid up and rank *pari passu* for all purposes, or
 - (b) all the issued shares of a particular class in a company are fully paid up and rank *pari passu* for all purposes,none of those shares need thereafter have a distinguishing number so long as it remains fully paid up and ranks *pari passu* for all purposes with all shares of the same class for the time being issued and fully paid up.

544 Transferability of shares

- (1) The shares or other interest of any member in a company are transferable in accordance with the company's articles.
- (2) This is subject to—
 - (a) the Stock Transfer Act 1963 (c. 18) or the Stock Transfer Act (Northern Ireland) 1963 (c. 24 (N.I.)) (which enables securities of certain descriptions to be transferred by a simplified process), and
 - (b) regulations under Chapter 2 of Part 21 of this Act (which enable title to securities to be evidenced and transferred without a written instrument).
- (3) See Part 21 of this Act generally as regards share transfers.

545 Companies having a share capital

References in the Companies Acts to a company having a share capital are to a company that has power under its constitution to issue shares.

546 Issued and allotted share capital

- (1) References in the Companies Acts—
 - (a) to “issued share capital” are to shares of a company that have been issued;
 - (b) to “allotted share capital” are to shares of a company that have been allotted.
- (2) References in the Companies Acts to issued or allotted shares, or to issued or allotted share capital, include shares taken on the formation of the company by the subscribers to the company's memorandum.

Share capital

547 Called-up share capital

In the Companies Acts—

“called-up share capital”, in relation to a company, means so much of its share capital as equals the aggregate amount of the calls made on its shares (whether or not those calls have been paid), together with—

- (a) any share capital paid up without being called, and
- (b) any share capital to be paid on a specified future date under the articles, the terms of allotment of the relevant shares or any other arrangements for payment of those shares; and

“uncalled share capital” is to be construed accordingly.

548 Equity share capital

In the Companies Acts “equity share capital”, in relation to a company, means its issued share capital excluding any part of that capital that, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution.