

*These notes refer to the Companies Act 2006 (c.46)  
which received Royal Assent on 8 November 2006*

# COMPANIES ACT 2006

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## EXPLANATORY NOTES

### COMMENTARY

#### **Part 18: Acquisition by Limited Company of Its Own Shares**

##### *Chapter 3: Redeemable Shares*

##### *Section 686: Payment for redeemable shares*

1001. This section replaces section 159(3) of the 1985 Act (which requires that where a company issues redeemable shares, the terms of redemption must provide for payment on redemption). It removes the current requirement, in section 159(3), that the terms of redemption must provide for payment on redemption. This means that the terms of redemption may provide for the company and the holder of the shares to agree that payment may be made on a date later than the redemption date.