



Companies Act 2006

2006 CHAPTER 46

PART 18

ACQUISITION BY LIMITED COMPANY OF ITS OWN SHARES

CHAPTER 1

GENERAL PROVISIONS

Introductory

658 General rule against limited company acquiring its own shares

- (1) A limited company must not acquire its own shares, whether by purchase, subscription or otherwise, except in accordance with the provisions of this Part.
- (2) If a company purports to act in contravention of this section—
 - (a) an offence is committed by—
 - (i) the company, and
 - (ii) every officer of the company who is in default, and
 - (b) the purported acquisition is void.
- (3) A person guilty of an offence under this section is liable—
 - (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
 - (b) on summary conviction—
 - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or a fine not exceeding the statutory maximum (or both);
 - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months or a fine not exceeding the statutory maximum (or both).

Changes to legislation: Companies Act 2006, Cross Heading: Introductory is up to date with all changes known to be in force on or before 07 July 2018. 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)

Annotations:

Modifications etc. (not altering text)

- C1** S. 658 excluded (E.W.S.) by The Open-Ended Investment Companies Regulations 2001 (S.I. 2001/1228), reg. 11B (as inserted (21.12.2011) by The Open-Ended Investment Companies (Amendment) Regulations 2011 (S.I. 2011/3049), regs. 1, **3(3)** (with reg. 10(1)))

659 Exceptions to general rule

- (1) A limited company may acquire any of its own fully paid shares otherwise than for valuable consideration.
- (2) Section 658 does not prohibit—
 - (a) the acquisition of shares in a reduction of capital duly made;
 - (b) the purchase of shares in pursuance of an order of the court under—
 - (i) section 98 (application to court to cancel resolution for re-registration as a private company),
 - (ii) section 721(6) (powers of court on objection to redemption or purchase of shares out of capital),
 - (iii) section 759 (remedial order in case of breach of prohibition of public offers by private company), or
 - (iv) Part 30 (protection of members against unfair prejudice);
 - (c) the forfeiture of shares, or the acceptance of shares surrendered in lieu, in pursuance of the company's articles, for failure to pay any sum payable in respect of the shares.

Changes to legislation:

Companies Act 2006, Cross Heading: Introductory is up to date with all changes known to be in force on or before 07 July 2018. 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.

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act amendment to earlier affecting provision S.I. 2008/373 reg. 11(1) by [S.I. 2013/1971 reg. 9\(a\)](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)
- Act amendment to earlier affecting provision S.I. 2008/373 reg. 3(4) by [S.I. 2013/1971 reg. 4](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 156A-156C inserted by [2015 c. 26 s. 87\(4\)](#)