



# Companies Act 2006

## 2006 CHAPTER 46

### PART 18

#### ACQUISITION BY LIMITED COMPANY OF ITS OWN SHARES

#### CHAPTER 1

#### GENERAL PROVISIONS

#### *Shares held by or for public company*

#### **662 Duty to cancel shares in public company held by or for the company**

- (1) This section applies in the case of a public company—
- (a) where shares in the company are forfeited, or surrendered to the company in lieu of forfeiture, in pursuance of the articles, for failure to pay any sum payable in respect of the shares;
  - (b) where shares in the company are surrendered to the company in pursuance of section 102C(1)(b) of the Building Societies Act 1986 (c. 53);
  - (c) where shares in the company are acquired by it (otherwise than in accordance with this Part or Part 30 (protection of members against unfair prejudice)) and the company has a beneficial interest in the shares;
  - (d) where a nominee of the company acquires shares in the company from a third party without financial assistance being given directly or indirectly by the company and the company has a beneficial interest in the shares; or
  - (e) where a person acquires shares in the company, with financial assistance given to him, directly or indirectly, by the company for the purpose of or in connection with the acquisition, and the company has a beneficial interest in the shares.
- (2) Unless the shares or any interest of the company in them are previously disposed of, the company must—

---

*Changes to legislation: Companies Act 2006, Cross Heading: Shares held by or for public company 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)*

---

- (a) cancel the shares and diminish the amount of the company's share capital by the nominal value of the shares cancelled, and
  - (b) where the effect is that the nominal value of the company's allotted share capital is brought below the authorised minimum, apply for re-registration as a private company, stating the effect of the cancellation.
- (3) It must do so no later than—
- (a) in a case within subsection (1)(a) or (b), three years from the date of the forfeiture or surrender;
  - (b) in a case within subsection (1)(c) or (d), three years from the date of the acquisition;
  - (c) in a case within subsection (1)(e), one year from the date of the acquisition.
- (4) The directors of the company may take any steps necessary to enable the company to comply with this section, and may do so without complying with the provisions of Chapter 10 of Part 17 (reduction of capital).
- See also section 664 (re-registration as private company in consequence of cancellation).
- (5) Neither the company nor, in a case within subsection (1)(d) or (e), the nominee or other shareholder may exercise any voting rights in respect of the shares.
- (6) Any purported exercise of those rights is void.

**Annotations:**

**Modifications etc. (not altering text)**

- C1** Ss. 662-669 modified (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 12(1), **Sch. 3 para. 7(1)** (with art. 10)
- C2** Ss. 662-669 modified (12.5.2011) by [The Companies Act 2006 \(Consequential Amendments and Transitional Provisions\) Order 2011 \(S.I. 2011/1265\)](#), art. 5(1), **Sch. 1 para. 7(1)**

**663 Notice of cancellation of shares**

- (1) Where a company cancels shares in order to comply with section 662, it must within one month after the shares are cancelled give notice to the registrar, specifying the shares cancelled.
- (2) The notice must be accompanied by a statement of capital.
- (3) The statement of capital must state with respect to the company's share capital immediately following the cancellation—
- (a) the total number of shares of the company,
  - (b) the aggregate nominal value of those shares,
  - [<sup>F1</sup>(ba) the aggregate amount (if any) unpaid on those shares (whether on account of their nominal value or by way of premium), and]
  - (c) for each class of shares—
    - (i) prescribed particulars of the rights attached to the shares,
    - (ii) the total number of shares of that class, and
    - (iii) the aggregate nominal value of shares of that class, <sup>F2</sup>...

---

**Changes to legislation:** Companies Act 2006, Cross Heading: Shares held by or for public company 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)

---

- (d) .....
- (4) If default is made in complying with this section, an offence is committed by—
- (a) the company, and
  - (b) every officer of the company who is in default.
- (5) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

**Annotations:**

**Amendments (Textual)**

- F1** S. 663(3)(ba) inserted (30.6.2016) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), s. 164(1), [Sch. 6 para. 12\(a\)](#); S.I. 2016/321, reg. 6(e)
- F2** S. 663(3)(d) and word omitted (30.6.2016) by virtue of [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), s. 164(1), [Sch. 6 para. 12\(b\)](#); S.I. 2016/321, reg. 6(e)

**Modifications etc. (not altering text)**

- C3** Ss. 662-669 modified (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 12(1), [Sch. 3 para. 7\(1\)](#) (with art. 10)
- C4** Ss. 662-669 modified (12.5.2011) by [The Companies Act 2006 \(Consequential Amendments and Transitional Provisions\) Order 2011 \(S.I. 2011/1265\)](#), art. 5(1), [Sch. 1 para. 7\(1\)](#)

**Commencement Information**

- II** S. 663 wholly in force at 1.10.2009; s. 663 not in force at Royal Assent, see s. 1300; s. 663 in force for specified purposes at 20.1.2007 by [S.I. 2006/3428](#), [art. 3\(3\)](#) (subject to [art. 5](#), [Sch. 1](#) and with [arts. 6](#), [8](#), [Sch. 5](#)); s. 663 otherwise in force at 1.10.2009 by [S.I. 2008/2860](#), [art. 3\(1\)](#) (with [arts. 5](#), [7](#), [8](#), [Sch. 2](#)) (as amended by [S.I. 2009/1802](#), [art. 18](#))

**664 Re-registration as private company in consequence of cancellation**

- (1) Where a company is obliged to re-register as a private company to comply with section 662, the directors may resolve that the company should be so re-registered.
- Chapter 3 of Part 3 (resolutions affecting a company's constitution) applies to any such resolution.
- (2) The resolution may make such changes—
- (a) in the company's name, and
  - (b) in the company's articles,
- as are necessary in connection with its becoming a private company.
- (3) The application for re-registration must contain a statement of the company's proposed name on re-registration.
- (4) The application must be accompanied by—
- (a) a copy of the resolution (unless a copy has already been forwarded under Chapter 3 of Part 3),
  - (b) a copy of the company's articles as amended by the resolution, and
  - (c) a statement of compliance.

*Changes to legislation:* Companies Act 2006, Cross Heading: Shares held by or for public company 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)

- (5) The statement of compliance required is a statement that the requirements of this section as to re-registration as a private company have been complied with.
- (6) The registrar may accept the statement of compliance as sufficient evidence that the company is entitled to be re-registered as a private company.

**Annotations:**

**Modifications etc. (not altering text)**

- C5** Ss. 662-669 modified (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 12(1), **Sch. 3 para. 7(1)** (with art. 10)
- C6** Ss. 662-669 modified (12.5.2011) by [The Companies Act 2006 \(Consequential Amendments and Transitional Provisions\) Order 2011 \(S.I. 2011/1265\)](#), art. 5(1), **Sch. 1 para. 7(1)**

**665 Issue of certificate of incorporation on re-registration**

- (1) If on an application under section 664 the registrar is satisfied that the company is entitled to be re-registered as a private company, the company shall be re-registered accordingly.
- (2) The registrar must issue a certificate of incorporation altered to meet the circumstances of the case.
- (3) The certificate must state that it is issued on re-registration and the date on which it is issued.
- (4) On the issue of the certificate—
  - (a) the company by virtue of the issue of the certificate becomes a private company, and
  - (b) the changes in the company's name and articles take effect.
- (5) The certificate is conclusive evidence that the requirements of this Act as to re-registration have been complied with.

**Annotations:**

**Modifications etc. (not altering text)**

- C7** Ss. 662-669 modified (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 12(1), **Sch. 3 para. 7(1)** (with art. 10)
- C8** Ss. 662-669 modified (12.5.2011) by [The Companies Act 2006 \(Consequential Amendments and Transitional Provisions\) Order 2011 \(S.I. 2011/1265\)](#), art. 5(1), **Sch. 1 para. 7(1)**

**666 Effect of failure to re-register**

- (1) If a public company that is required by section 662 to apply to be re-registered as a private company fails to do so before the end of the period specified in subsection (3) of that section, Chapter 1 of Part 20 (prohibition of public offers by private company) applies to it as if it were a private company.

---

**Changes to legislation:** Companies Act 2006, Cross Heading: Shares held by or for public company 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)

---

- (2) Subject to that, the company continues to be treated as a public company until it is so re-registered.

**Annotations:**

**Modifications etc. (not altering text)**

- C9** Ss. 662-669 modified (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 12(1), **Sch. 3 para. 7(1)** (with art. 10)
- C10** Ss. 662-669 modified (12.5.2011) by [The Companies Act 2006 \(Consequential Amendments and Transitional Provisions\) Order 2011 \(S.I. 2011/1265\)](#), art. 5(1), **Sch. 1 para. 7(1)**

**667 Offence in case of failure to cancel shares or re-register**

- (1) This section applies where a company, when required to do by section 662—
- (a) fails to cancel any shares, or
  - (b) fails to make an application for re-registration as a private company, within the time specified in subsection (3) of that section.
- (2) An offence is committed by—
- (a) the company, and
  - (b) every officer of the company who is in default.
- (3) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

**Annotations:**

**Modifications etc. (not altering text)**

- C11** Ss. 662-669 modified (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 12(1), **Sch. 3 para. 7(1)** (with art. 10)
- C12** Ss. 662-669 modified (12.5.2011) by [The Companies Act 2006 \(Consequential Amendments and Transitional Provisions\) Order 2011 \(S.I. 2011/1265\)](#), art. 5(1), **Sch. 1 para. 7(1)**

**668 Application of provisions to company re-registering as public company**

- (1) This section applies where, after shares in a private company—
- (a) are forfeited in pursuance of the company's articles or are surrendered to the company in lieu of forfeiture,
  - (b) are acquired by the company (otherwise than by any of the methods permitted by this Part or Part 30 (protection of members against unfair prejudice)), the company having a beneficial interest in the shares,
  - (c) are acquired by a nominee of the company from a third party without financial assistance being given directly or indirectly by the company, the company having a beneficial interest in the shares, or

*Changes to legislation: Companies Act 2006, Cross Heading: Shares held by or for public company 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)*

- (d) are acquired by a person with financial assistance given to him, directly or indirectly, by the company for the purpose of or in connection with the acquisition, the company having a beneficial interest in the shares, the company is re-registered as a public company.
- (2) In that case the provisions of sections 662 to 667 apply to the company as if it had been a public company at the time of the forfeiture, surrender or acquisition, subject to the following modification.
- (3) The modification is that the period specified in section 662(3)(a), (b) or (c) (period for complying with obligations under that section) runs from the date of the re-registration of the company as a public company.

**Annotations:**

**Modifications etc. (not altering text)**

- C13** Ss. 662-669 modified (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 12(1), **Sch. 3 para. 7(1)** (with art. 10)
- C14** S. 668 applied (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 12(1), **Sch. 3 para. 7(2)** (with art. 10)
- C15** S. 668 applied (12.5.2011) by [The Companies Act 2006 \(Consequential Amendments and Transitional Provisions\) Order 2011 \(S.I. 2011/1265\)](#), art. 5(1), **Sch. 1 para. 7(2)**
- C16** Ss. 662-669 modified (12.5.2011) by [The Companies Act 2006 \(Consequential Amendments and Transitional Provisions\) Order 2011 \(S.I. 2011/1265\)](#), art. 5(1), **Sch. 1 para. 7(1)**

**669 Transfer to reserve on acquisition of shares by public company or nominee**

- (1) Where—
- (a) a public company, or a nominee of a public company, acquires shares in the company, and
- (b) those shares are shown in a balance sheet of the company as an asset, an amount equal to the value of the shares must be transferred out of profits available for dividend to a reserve fund and is not then available for distribution.
- (2) Subsection (1) applies to an interest in shares as it applies to shares.

As it so applies the reference to the value of the shares shall be read as a reference to the value to the company of its interest in the shares.

**Annotations:**

**Modifications etc. (not altering text)**

- C17** Ss. 662-669 modified (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 12(1), **Sch. 3 para. 7(1)** (with art. 10)
- C18** Ss. 662-669 modified (12.5.2011) by [The Companies Act 2006 \(Consequential Amendments and Transitional Provisions\) Order 2011 \(S.I. 2011/1265\)](#), art. 5(1), **Sch. 1 para. 7(1)**

**Changes to legislation:**

Companies Act 2006, Cross Heading: Shares held by or for public company 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\(4\)](#)