



Companies Act 2006

2006 CHAPTER 46

PART 18

ACQUISITION BY LIMITED COMPANY OF ITS OWN SHARES

CHAPTER 5

REDEMPTION OR PURCHASE BY PRIVATE COMPANY OUT OF CAPITAL

Objection to payment by members or creditors

721 Application to court to cancel resolution

- (1) Where a private company passes a special resolution approving a payment out of capital for the redemption or purchase of any of its shares—
 - (a) any member of the company (other than one who consented to or voted in favour of the resolution), and
 - (b) any creditor of the company,may apply to the court for the cancellation of the resolution.
- (2) The application—
 - (a) must be made within five weeks after the passing of the resolution, and
 - (b) may be made on behalf of the persons entitled to make it by such one or more of their number as they may appoint in writing for the purpose.
- (3) On an application under this section the court may if it thinks fit—
 - (a) adjourn the proceedings in order that an arrangement may be made to the satisfaction of the court—
 - (i) for the purchase of the interests of dissentient members, or
 - (ii) for the protection of dissentient creditors, and
 - (b) give such directions and make such orders as it thinks expedient for facilitating or carrying into effect any such arrangement.

Status: This is the original version (as it was originally enacted).

- (4) Subject to that, the court must make an order either cancelling or confirming the resolution, and may do so on such terms and conditions as it thinks fit.
- (5) If the court confirms the resolution, it may by order alter or extend any date or period of time specified—
 - (a) in the resolution, or
 - (b) in any provision of this Chapter applying to the redemption or purchase to which the resolution relates.
- (6) The court's order may, if the court thinks fit—
 - (a) provide for the purchase by the company of the shares of any of its members and for the reduction accordingly of the company's capital, and
 - (b) make any alteration in the company's articles that may be required in consequence of that provision.
- (7) The court's order may, if the court thinks fit, require the company not to make any, or any specified, amendments of its articles without the leave of the court.

722 Notice to registrar of court application or order

- (1) On making an application under section 721 (application to court to cancel resolution) the applicants, or the person making the application on their behalf, must immediately give notice to the registrar.

This is without prejudice to any provision of rules of court as to service of notice of the application.
- (2) On being served with notice of any such application, the company must immediately give notice to the registrar.
- (3) Within 15 days of the making of the court's order on the application, or such longer period as the court may at any time direct, the company must deliver to the registrar a copy of the order.
- (4) If a company fails to comply with subsection (2) or (3) 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.