



Companies Act 2006

2006 CHAPTER 46

PART 17

A COMPANY'S SHARE CAPITAL

CHAPTER 3

ALLOTMENT OF EQUITY SECURITIES: EXISTING SHAREHOLDERS' RIGHT OF PRE-EMPTION

Existing shareholders' right of pre-emption

561 Existing shareholders' right of pre-emption

- (1) A company must not allot equity securities to a person on any terms unless—
 - (a) it has made an offer to each person who holds ordinary shares in the company to allot to him on the same or more favourable terms a proportion of those securities that is as nearly as practicable equal to the proportion in nominal value held by him of the ordinary share capital of the company, and
 - (b) the period during which any such offer may be accepted has expired or the company has received notice of the acceptance or refusal of every offer so made.
- (2) Securities that a company has offered to allot to a holder of ordinary shares may be allotted to him, or anyone in whose favour he has renounced his right to their allotment, without contravening subsection (1)(b).
- (3) If subsection (1) applies in relation to the grant of such a right, it does not apply in relation to the allotment of shares in pursuance of that right.
- (4) Shares held by the company as treasury shares are disregarded for the purposes of this section, so that—
 - (a) the company is not treated as a person who holds ordinary shares, and

Status: *This is the original version (as it was originally enacted).*

- (b) the shares are not treated as forming part of the ordinary share capital of the company.
- (5) This section is subject to—
- (a) sections 564 to 566 (exceptions to pre-emption right),
 - (b) sections 567 and 568 (exclusion of rights of pre-emption),
 - (c) sections 569 to 573 (disapplication of pre-emption rights), and
 - (d) section 576 (saving for certain older pre-emption procedures).