



Companies Act 2006

2006 CHAPTER 46

PART 18

ACQUISITION BY LIMITED COMPANY OF ITS OWN SHARES

CHAPTER 4

PURCHASE OF OWN SHARES

Authority for market purchase

701 Authority for market purchase

- (1) A company may only make a market purchase of its own shares if the purchase has first been authorised by a resolution of the company.
- (2) That authority—
 - (a) may be general or limited to the purchase of shares of a particular class or description, and
 - (b) may be unconditional or subject to conditions.
- (3) The authority must—
 - (a) specify the maximum number of shares authorised to be acquired, and
 - (b) determine both the maximum and minimum prices that may be paid for the shares.
- (4) The authority may be varied, revoked or from time to time renewed by a resolution of the company.
- (5) A resolution conferring, varying or renewing authority must specify a date on which it is to expire, which must not be later than [^{F1}five years] after the date on which the resolution is passed.

Changes to legislation: Companies Act 2006, Section 701 is up to date with all changes known to be in force on or before 27 August 2024. 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) View outstanding changes

- (6) A company may make a purchase of its own shares after the expiry of the time limit specified if—
- (a) the contract of purchase was concluded before the authority expired, and
 - (b) the terms of the authority permitted the company to make a contract of purchase that would or might be executed wholly or partly after its expiration.
- (7) A resolution to confer or vary authority under this section may determine either or both the maximum and minimum price for purchase by—
- (a) specifying a particular sum, or
 - (b) providing a basis or formula for calculating the amount of the price (but without reference to any person's discretion or opinion).
- (8) Chapter 3 of Part 3 (resolutions affecting a company's constitution) applies to a resolution under this section.

Textual Amendments

- F1** Words in s. 701(5) substituted (1.10.2009) by [The Companies \(Share Capital and Acquisition by Company of its Own Shares\) Regulations 2009 \(S.I. 2009/2022\)](#), **reg. 4(2)**

Changes to legislation:

Companies Act 2006, Section 701 is up to date with all changes known to be in force on or before 27 August 2024. 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.

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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. 479A(2)(c)(zi) inserted by [S.I. 2019/177 reg. 4\(b\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 4 substituted by regs. 4, 4A immediately before IP completion day by S.I. 2019/1392, regs. 1(2), 4)
- Sch. 2 Pt. 2 Section (A) para. 25(m) inserted by [2024 c. 13 Sch. 30 para. 30](#)
- Sch. 2 Pt. 2 Section (A) para. 25(j) omitted by [2024 c. 13 Sch. 21 para. 10](#)
- Sch. 2 Pt. 2 Section (A) para. 28 words substituted by [2024 c. 13 Sch. 18 para. 9\(2\)\(a\)\(i\)](#)
- Sch. 2 Pt. 2 Section (A) para. 29 words substituted by [2024 c. 13 Sch. 18 para. 9\(2\)\(a\)\(ii\)](#)
- Sch. 2 Pt. 2 Section (A) para. 36 words substituted by [2024 c. 13 Sch. 18 para. 9\(2\)\(b\)](#)
- Sch. 10 para. 6(2D) inserted by [S.I. 2019/177 reg. 28\(e\)](#) (This amendment not applied to legislation.gov.uk. Reg. 28(e) omitted immediately before IP completion day by virtue of S.I. 2020/523, regs. 1(2), 14(e)(iv))
- Sch. 10 para. 7(2A) inserted by [S.I. 2019/177 reg. 29\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 29 substituted immediately before IP completion day by S.I. 2020/523, regs. 1(2), 14(f))