



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Status: This is the original version (as it was originally enacted).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