



# 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) <sup>F1</sup>.....
- (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
  - (b) the shares are not treated as forming part of the ordinary share capital of the company.

*Status: Point in time view as at 01/10/2009.*

*Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Companies Act 2006. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)*

- (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).

#### Textual Amendments

- F1** S. 561(3) omitted (1.10.2009) by virtue of [The Companies Act 2006 \(Allotment of Shares and Right of Pre-emption\) \(Amendment\) Regulations 2009 \(S.I. 2009/2561\)](#), [reg. 2\(3\)](#)

## 562 Communication of pre-emption offers to shareholders

- (1) This section has effect as to the manner in which offers required by section 561 are to be made to holders of a company's shares.
- (2) The offer may be made in hard copy or electronic form.
- (3) If the holder—
  - (a) has no registered address in an EEA State and has not given to the company an address in an EEA State for the service of notices on him, or
  - (b) is the holder of a share warrant,
 the offer may be made by causing it, or a notice specifying where a copy of it can be obtained or inspected, to be published in the Gazette.
- (4) The offer must state a period during which it may be accepted and the offer shall not be withdrawn before the end of that period.
- (5) The period must be a period of at least [<sup>F2</sup>14 days] beginning—
  - (a) in the case of an offer made in hard copy form, with the date on which the offer is sent or supplied;
  - (b) in the case of an offer made in electronic form, with the date on which the offer is sent;
  - (c) in the case of an offer made by publication in the Gazette, with the date of publication.
- (6) The Secretary of State may by regulations made by statutory instrument—
  - (a) reduce the period specified in subsection (5) (but not to less than 14 days), or
  - (b) increase that period.
- (7) A statutory instrument containing regulations made under subsection (6) is subject to affirmative resolution procedure.

#### Textual Amendments

- F2** Words in [s. 562\(5\)](#) substituted (1.10.2009) by [The Companies \(Share Capital and Acquisition by Company of its Own Shares\) Regulations 2009 \(S.I. 2009/2022\)](#), [reg. 2](#)

#### Commencement Information

- I1** S. 562 wholly in force at 1.10.2009; s. 562 not in force at Royal Assent, see [s. 1300](#); s. 562 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](#),

---

**Status:** Point in time view as at 01/10/2009.

**Changes to legislation:** There are outstanding changes not yet made by the legislation.gov.uk editorial team to Companies Act 2006. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

---

8, Sch. 5); s. 562 otherwise in force at 1.10.2009 by S.I. 2008/2860, art. 3(k) (with arts. 5, 7, 8, Sch. 2) (as amended by S.I. 2009/1802, art. 18)

### **563 Liability of company and officers in case of contravention**

- (1) This section applies where there is a contravention of—
  - section 561 (existing shareholders' right of pre-emption), or
  - section 562 (communication of pre-emption offers to shareholders).
- (2) The company and every officer of it who knowingly authorised or permitted the contravention are jointly and severally liable to compensate any person to whom an offer should have been made in accordance with those provisions for any loss, damage, costs or expenses which the person has sustained or incurred by reason of the contravention.
- (3) No proceedings to recover any such loss, damage, costs or expenses shall be commenced after the expiration of two years—
  - (a) from the delivery to the registrar of companies of the return of allotment, or
  - (b) where equity securities other than shares are granted, from the date of the grant.

**Status:**

Point in time view as at 01/10/2009.

**Changes to legislation:**

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Companies Act 2006. Any changes that have already been made by the team appear in the content and are referenced with annotations.