



# Companies Act 2006

## 2006 CHAPTER 46

### PART 17

#### A COMPANY'S SHARE CAPITAL

### CHAPTER 8

#### ALTERATION OF SHARE CAPITAL

#### *Redenomination of share capital*

#### **622 Redenomination of share capital**

- (1) A limited company having a share capital may by resolution redenominate its share capital or any class of its share capital.

“Redenominate” means convert shares from having a fixed nominal value in one currency to having a fixed nominal value in another currency.

- (2) The conversion must be made at an appropriate spot rate of exchange specified in the resolution.
- (3) The rate must be either—
- (a) a rate prevailing on a day specified in the resolution, or
  - (b) a rate determined by taking the average of rates prevailing on each consecutive day of a period specified in the resolution.

The day or period specified for the purposes of paragraph (a) or (b) must be within the period of 28 days ending on the day before the resolution is passed.

- (4) A resolution under this section may specify conditions which must be met before the redenomination takes effect.
- (5) Redenomination in accordance with a resolution under this section takes effect—
- (a) on the day on which the resolution is passed, or

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- (b) on such later day as may be determined in accordance with the resolution.
- (6) A resolution under this section lapses if the redenomination for which it provides has not taken effect at the end of the period of 28 days beginning on the date on which it is passed.
- (7) A company's articles may prohibit or restrict the exercise of the power conferred by this section.
- (8) Chapter 3 of Part 3 (resolutions affecting a company's constitution) applies to a resolution under this section.

### **623 Calculation of new nominal values**

For each class of share the new nominal value of each share is calculated as follows:

#### *Step One*

Take the aggregate of the old nominal values of all the shares of that class.

#### *Step Two*

Translate that amount into the new currency at the rate of exchange specified in the resolution.

#### *Step Three*

Divide that amount by the number of shares in the class.

### **624 Effect of redenomination**

- (1) The redenomination of shares does not affect any rights or obligations of members under the company's constitution, or any restrictions affecting members under the company's constitution.

In particular, it does not affect entitlement to dividends (including entitlement to dividends in a particular currency), voting rights or any liability in respect of amounts unpaid on shares.

- (2) For this purpose the company's constitution includes the terms on which any shares of the company are allotted or held.
- (3) Subject to subsection (1), references to the old nominal value of the shares in any agreement or statement, or in any deed, instrument or document, shall (unless the context otherwise requires) be read after the resolution takes effect as references to the new nominal value of the shares.

### **625 Notice to registrar of redenomination**

- (1) If a limited company having a share capital redenominates any of its share capital, it must within one month after doing so give notice to the registrar, specifying the shares redenominated.
- (2) The notice must—
- (a) state the date on which the resolution was passed, and
  - (b) be accompanied by a statement of capital.

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- (3) The statement of capital must state with respect to the company's share capital as redenominated by the resolution—
- (a) the total number of shares of the company,
  - (b) the aggregate nominal value of those shares,
  - [<sup>F1</sup>(ba) the aggregate amount (if any) unpaid on those shares (whether on account of their nominal value or by way of premium), and]
  - (c) for each class of shares—
    - (i) prescribed particulars of the rights attached to the shares,
    - (ii) the total number of shares of that class, and
    - (iii) the aggregate nominal value of shares of that class, <sup>F2</sup>...
  - <sup>F2</sup>(d) .....
- (4) If default is made in complying with this section, 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.

#### Textual Amendments

- F1** S. 625(3)(ba) inserted (30.6.2016) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), s. 164(1), [Sch. 6 para. 8\(a\)](#); S.I. 2016/321, reg. 6(e)
- F2** S. 625(3)(d) and word omitted (30.6.2016) by virtue of [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), s. 164(1), [Sch. 6 para. 8\(b\)](#); S.I. 2016/321, reg. 6(e)

#### Commencement Information

- I1** S. 625 wholly in force at 1.10.2009; s. 625 not in force at Royal Assent, see s. 1300; s. 625 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, 8](#), [Sch. 5](#)); s. 625 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](#))

## 626 Reduction of capital in connection with redenomination

- (1) A limited company that passes a resolution redenominating some or all of its shares may, for the purpose of adjusting the nominal values of the redenominated shares to obtain values that are, in the opinion of the company, more suitable, reduce its share capital under this section.
- (2) A reduction of capital under this section requires a special resolution of the company.
- (3) Any such resolution must be passed within three months of the resolution effecting the redenomination.
- (4) The amount by which a company's share capital is reduced under this section must not exceed 10% of the nominal value of the company's allotted share capital immediately after the reduction.
- (5) A reduction of capital under this section does not extinguish or reduce any liability in respect of share capital not paid up.

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(6) Nothing in Chapter 10 applies to a reduction of capital under this section.

## **627 Notice to registrar of reduction of capital in connection with redenomination**

- (1) A company that passes a resolution under section 626 (reduction of capital in connection with redenomination) must within 15 days after the resolution is passed give notice to the registrar stating—
- (a) the date of the resolution, and
  - (b) the date of the resolution under section 622 in connection with which it was passed.

This is in addition to the copies of the resolutions themselves that are required to be delivered to the registrar under Chapter 3 of Part 3.

- (2) The notice must be accompanied by a statement of capital.
- (3) The statement of capital must state with respect to the company's share capital as reduced by the resolution—
  - (a) the total number of shares of the company,
  - (b) the aggregate nominal value of those shares,
  - <sup>F3</sup>(ba) the aggregate amount (if any) unpaid on those shares (whether on account of their nominal value or by way of premium), and]
  - (c) for each class of shares—
    - (i) prescribed particulars of the rights attached to the shares,
    - (ii) the total number of shares of that class, and
    - (iii) the aggregate nominal value of shares of that class, <sup>F4</sup>...
  - <sup>F4</sup>(d) .....
- (4) The registrar must register the notice and the statement on receipt.
- (5) The reduction of capital is not effective until those documents are registered.
- (6) The company must also deliver to the registrar, within 15 days after the resolution is passed, a statement by the directors confirming that the reduction in share capital is in accordance with section 626(4) (reduction of capital not to exceed 10% of nominal value of allotted shares immediately after reduction).
- (7) If default is made in complying with this section, an offence is committed by—
  - (a) the company, and
  - (b) every officer of the company who is in default.
- (8) A person guilty of an offence under this section is liable—
  - (a) on conviction on indictment to a fine, and
  - (b) on summary conviction to a fine not exceeding the statutory maximum.

### **Textual Amendments**

**F3** S. 627(3)(ba) inserted (30.6.2016) by Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), **Sch. 6 para. 9(a)**; S.I. 2016/321, reg. 6(e)

**F4** S. 627(3)(d) and word omitted (30.6.2016) by virtue of Small Business, Enterprise and Employment Act 2015 (c. 26), s. 164(1), **Sch. 6 para. 9(b)**; S.I. 2016/321, reg. 6(e)

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#### Commencement Information

- I2** S. 627 wholly in force at 1.10.2009; s. 627 not in force at Royal Assent, see s. 1300; s. 627 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, 8, Sch. 5**); s. 627 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**)

### 628 Redenomination reserve

- (1) The amount by which a company's share capital is reduced under section 626 (reduction of capital in connection with redenomination) must be transferred to a reserve, called “the redenomination reserve”.
- (2) The redenomination reserve may be applied by the company in paying up shares to be allotted to members as fully paid bonus shares.
- (3) Subject to that, the provisions of the Companies Acts relating to the reduction of a company's share capital apply as if the redenomination reserve were paid-up share capital of the company.

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