



Companies Act 2006

2006 CHAPTER 46

PART 28

TAKEOVERS ETC

CHAPTER 3

“SQUEEZE-OUT” AND “SELL-OUT”

Supplementary

986 Applications to the court

- (1) Where a notice is given under section 979 to a shareholder the court may, on an application made by him, order—
 - (a) that the offeror is not entitled and bound to acquire the shares to which the notice relates, or
 - (b) that the terms on which the offeror is entitled and bound to acquire the shares shall be such as the court thinks fit.

- (2) An application under subsection (1) must be made within six weeks from the date on which the notice referred to in that subsection was given.

If an application to the court under subsection (1) is pending at the end of that period, section 981(6) does not have effect until the application has been disposed of.

- (3) Where a shareholder exercises his rights under section 983 in respect of any shares held by him, the court may, on an application made by him or the offeror, order that the terms on which the offeror is entitled and bound to acquire the shares shall be such as the court thinks fit.
- (4) On an application under subsection (1) or (3)—

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Section 986. (See end of Document for details)

- (a) the court may not require consideration of a higher value than that specified in the terms of the offer (“the offer value”) to be given for the shares to which the application relates unless the holder of the shares shows that the offer value would be unfair;
 - (b) the court may not require consideration of a lower value than the offer value to be given for the shares.
- (5) No order for costs or expenses may be made against a shareholder making an application under subsection (1) or (3) unless the court considers that—
- (a) the application was unnecessary, improper or vexatious,
 - (b) there has been unreasonable delay in making the application, or
 - (c) there has been unreasonable conduct on the shareholder's part in conducting the proceedings on the application.
- (6) A shareholder who has made an application under subsection (1) or (3) must give notice of the application to the offeror.
- (7) An offeror who is given notice of an application under subsection (1) or (3) must give a copy of the notice to—
- (a) any person (other than the applicant) to whom a notice has been given under section 979;
 - (b) any person who has exercised his rights under section 983.
- (8) An offeror who makes an application under subsection (3) must give notice of the application to—
- (a) any person to whom a notice has been given under section 979;
 - (b) any person who has exercised his rights under section 983.
- (9) Where a takeover offer has not been accepted to the extent necessary for entitling the offeror to give notices under subsection (2) or (4) of section 979 the court may, on an application made by him, make an order authorising him to give notices under that subsection if it is satisfied that—
- (a) the offeror has after reasonable enquiry been unable to trace one or more of the persons holding shares to which the offer relates,
 - (b) the requirements of that subsection would have been met if the person, or all the persons, mentioned in paragraph (a) above had accepted the offer, and
 - (c) the consideration offered is fair and reasonable.

This is subject to subsection (10).

- (10) The court may not make an order under subsection (9) unless it considers that it is just and equitable to do so having regard, in particular, to the number of shareholders who have been traced but who have not accepted the offer.

Modifications etc. (not altering text)

- C1** Ss. 974-991 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, **Sch. 1 para. 14(2)** (with transitional provisions and savings in [regs. 7, 9, Sch. 2](#))

Changes to legislation:

There are currently no known outstanding effects for the Companies Act 2006, Section 986.