

*These notes refer to the Companies Act 2006 (c.46)
which received Royal Assent on 8 November 2006*

COMPANIES ACT 2006

EXPLANATORY NOTES

COMMENTARY

Part 17: a Company's Share Capital

Chapter 2: Allotment of Shares: General Provisions

Section 549: Exercise by directors of power to allot shares etc

844. This section replaces section 80(1), (2), (9) and (10) of the 1985 Act. It provides that the directors may not allot shares (or grant rights to subscribe for shares or to convert any security into shares) except in accordance with one of the following two sections.
845. *Subsection (2)* of this section provides that directors may allot shares in pursuance of an employees' share scheme without having to comply with one of the following two sections. This mirrors the current position (see section 80(2) of the 1985 Act).
846. Similarly, where a right to subscribe for, or to convert any security into, shares already exists, then the directors may allot shares pursuant to that right without having to comply with one of the following two sections (see *subsection 3*).
847. A director who knowingly allots shares in contravention of the requirements imposed by this section commits an offence. Such an allotment is not, however, invalid.