

*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 18: Acquisition by Limited Company of Its Own Shares

Chapter 5: Redemption Or Purchase by Private Company Out of Capital

Section 709: Power of private limited company to redeem or purchase own shares out of capital

1018. This section replaces section 171(1) of the 1985 Act and restates section 171(2) of that Act. It removes the current requirement for prior authorisation in the articles where a private company makes a payment out of capital in respect of a redemption or purchase of its own shares. If they wish, the members may, however, restrict or prohibit such a payment by including a provision to this effect in the company's articles.