



Companies Act 2006

2006 CHAPTER 46

PART 17

A COMPANY'S SHARE CAPITAL

CHAPTER 8

ALTERATION OF SHARE CAPITAL

How share capital may be altered

617 Alteration of share capital of limited company

- (1) A limited company having a share capital may not alter its share capital except in the following ways.
- (2) The company may—
 - (a) increase its share capital by allotting new shares in accordance with this Part, or
 - (b) reduce its share capital in accordance with Chapter 10.
- (3) The company may—
 - (a) sub-divide or consolidate all or any of its share capital in accordance with section 618, or
 - (b) reconvert stock into shares in accordance with section 620.
- (4) The company may redenominate all or any of its shares in accordance with section 622, and may reduce its share capital in accordance with section 626 in connection with such a redenomination.
- (5) Nothing in this section affects—
 - (a) the power of a company to purchase its own shares, or to redeem shares, in accordance with Part 18;

Status: Point in time view as at 01/10/2009.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Chapter 8. (See end of Document for details)

- (b) the power of a company to purchase its own shares in pursuance of an order of the court under—
 - (i) section 98 (application to court to cancel resolution for re-registration as a private company),
 - (ii) section 721(6) (powers of court on objection to redemption or purchase of shares out of capital),
 - (iii) section 759 (remedial order in case of breach of prohibition of public offers by private company), or
 - (iv) Part 30 (protection of members against unfair prejudice);
- (c) the forfeiture of shares, or the acceptance of shares surrendered in lieu, in pursuance of the company's articles, for failure to pay any sum payable in respect of the shares;
- (d) the cancellation of shares under section 662 (duty to cancel shares held by or for a public company);
- (e) the power of a company—
 - (i) to enter into a compromise or arrangement in accordance with Part 26 (arrangements and reconstructions), or
 - (ii) to do anything required to comply with an order of the court on an application under that Part.

Subdivision or consolidation of shares

618 Sub-division or consolidation of shares

- (1) A limited company having a share capital may—
 - (a) sub-divide its shares, or any of them, into shares of a smaller nominal amount than its existing shares, or
 - (b) consolidate and divide all or any of its share capital into shares of a larger nominal amount than its existing shares.
- (2) In any sub-division, consolidation or division of shares under this section, the proportion between the amount paid and the amount (if any) unpaid on each resulting share must be the same as it was in the case of the share from which that share is derived.
- (3) A company may exercise a power conferred by this section only if its members have passed a resolution authorising it to do so.
- (4) A resolution under subsection (3) may authorise a company—
 - (a) to exercise more than one of the powers conferred by this section;
 - (b) to exercise a power on more than one occasion;
 - (c) to exercise a power at a specified time or in specified circumstances.
- (5) The company's articles may exclude or restrict the exercise of any power conferred by this section.

619 Notice to registrar of sub-division or consolidation

- (1) If a company exercises the power conferred by section 618 (sub-division or consolidation of shares) it must within one month after doing so give notice to the registrar, specifying the shares affected.

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

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Chapter 8. (See end of Document for details)

- (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 immediately following the exercise of the power—
 - (a) the total number of shares of the company,
 - (b) the aggregate nominal value of those shares,
 - (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, and
 - (d) the amount paid up and the amount (if any) unpaid on each share (whether on account of the nominal value of the share or by way of premium).
- (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.

Commencement Information

- II** [S. 619](#) wholly in force at 1.10.2009; [s. 619](#) not in force at Royal Assent, see [s. 1300](#); [s. 619](#) 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. 614](#) 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](#))

Reconversion of stock into shares

620 Reconversion of stock into shares

- (1) A limited company that has converted paid-up shares into stock (before the repeal by this Act of the power to do so) may reconvert that stock into paid-up shares of any nominal value.
- (2) A company may exercise the power conferred by this section only if its members have passed an ordinary resolution authorising it to do so.
- (3) A resolution under subsection (2) may authorise a company to exercise the power conferred by this section—
 - (a) on more than one occasion;
 - (b) at a specified time or in specified circumstances.

621 Notice to registrar of reconversion of stock into shares

- (1) If a company exercises a power conferred by section 620 (reconversion of stock into shares) it must within one month after doing so give notice to the registrar, specifying the stock affected.
- (2) The notice must be accompanied by a statement of capital.

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

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Chapter 8. (See end of Document for details)

- (3) The statement of capital must state with respect to the company's share capital immediately following the exercise of the power—
- (a) the total number of shares of the company,
 - (b) the aggregate nominal value of those shares,
 - (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, and
 - (d) the amount paid up and the amount (if any) unpaid on each share (whether on account of the nominal value of the share or by way of premium).
- (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.

Commencement Information

- I2** S. 621 wholly in force at 1.10.2009; s. 621 not in force at Royal Assent, see s. 1300; s. 621 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. 621 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)

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

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

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Chapter 8. (See end of Document for details)

- (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—
- state the date on which the resolution was passed, and
 - be accompanied by a statement of capital.

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

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Chapter 8. (See end of Document for details)

- (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,
 - (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, and
 - (d) the amount paid up and the amount (if any) unpaid on each share (whether on account of the nominal value of the share or by way of premium).
- (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.

Commencement Information

- I3** 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.
- (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—

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

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Chapter 8. (See end of Document for details)

- (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,
 - (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, and
 - (d) the amount paid up and the amount (if any) unpaid on each share (whether on account of the nominal value of the share or by way of premium).
- (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.

Commencement Information

I4 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.

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

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Chapter 8. (See end of Document for details)

- (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.

Status:

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

Changes to legislation:

There are currently no known outstanding effects for the Companies Act 2006, Chapter 8.