



Companies Act 2006

2006 CHAPTER 46

PART 18

ACQUISITION BY LIMITED COMPANY OF ITS OWN SHARES

CHAPTER 4

PURCHASE OF OWN SHARES

Authority for market purchase

701 Authority for market purchase

- (1) A company may only make a market purchase of its own shares if the purchase has first been authorised by a resolution of the company.
- (2) That authority—
 - (a) may be general or limited to the purchase of shares of a particular class or description, and
 - (b) may be unconditional or subject to conditions.
- (3) The authority must—
 - (a) specify the maximum number of shares authorised to be acquired, and
 - (b) determine both the maximum and minimum prices that may be paid for the shares.
- (4) The authority may be varied, revoked or from time to time renewed by a resolution of the company.
- (5) A resolution conferring, varying or renewing authority must specify a date on which it is to expire, which must not be later than [F1five years] after the date on which the resolution is passed.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Section 701. (See end of Document for details)

- (6) A company may make a purchase of its own shares after the expiry of the time limit specified if—
- (a) the contract of purchase was concluded before the authority expired, and
 - (b) the terms of the authority permitted the company to make a contract of purchase that would or might be executed wholly or partly after its expiration.
- (7) A resolution to confer or vary authority under this section may determine either or both the maximum and minimum price for purchase by—
- (a) specifying a particular sum, or
 - (b) providing a basis or formula for calculating the amount of the price (but without reference to any person's discretion or opinion).
- (8) Chapter 3 of Part 3 (resolutions affecting a company's constitution) applies to a resolution under this section.

Textual Amendments

- F1** Words in s. 701(5) substituted (1.10.2009) by [The Companies \(Share Capital and Acquisition by Company of its Own Shares\) Regulations 2009 \(S.I. 2009/2022\)](#), **reg. 4(2)**

Changes to legislation:

There are currently no known outstanding effects for the Companies Act 2006, Section 701.