

Treasury shares

109. (1) The nominal value of treasury shares held by a company may not, at any one time, exceed 10 per cent of its company capital.

(2) For the purposes of subsection (1), the following shall also be deemed to be treasury shares held by the company—

(a) shares held in the company by any subsidiary in pursuance of section 114;

(b) shares held in the company by any person acting in his or her own name but on the company's behalf.

(3) For the purposes of subsection (1), shares of the company acquired by it otherwise than for valuable consideration shall not be deemed to be treasury shares.

(4) For so long as the company holds shares as treasury shares—

(a) the company shall not exercise any voting rights in respect of those shares and any purported exercise of those rights shall be void; and

(b) no dividend or other payment (including any payment in a winding up of the company) shall be payable to the company in respect of those shares.

(5) The manner in which shares held by a company as treasury shares are to be treated in the company's entity financial statements is provided for in section 320 (1) (which also contains provision restricting the profits available for distribution by reference to the accounting treatment of such shares there provided).

(6) Treasury shares may either be—

(a) cancelled by the company in which case section 106 shall apply as if the shares had been cancelled on their acquisition; or

(b) subject to subsections (7) to (9), re-issued as shares of any class or classes.

(7) A re-issue of shares under this section shall be deemed for all the purposes of this Act to be an issue of shares but the issued share capital of the company shall not be regarded for any purpose as having been increased by the re-issue of the shares.

(8) Unless the case falls within subsection (9), the maximum and minimum prices at which treasury shares may be re-allotted (the “re-allotment price range”) shall be determined by special resolution of the company passed before any contract for the re-allotment of the shares is entered into.

(9) In a case where the whole or a part of the treasury shares to be re-allotted are derived from shares

acquired by the company under this Part on foot of the authority of a special resolution of the company, the re-allotment price range of the whole or such part (as the case may be) of those shares shall be determined by special resolution of the company passed at the meeting at which the first-mentioned resolution in this subsection has been passed.

(10) Any determination referred to in subsection (8) or (9)—

(a) may fix different maximum and minimum prices for different shares; and

(b) shall, for the purposes of subsection (8) or (9), as the case may be, remain effective with respect to those shares for the requisite period.

(11) The company may from time to time, by special resolution, vary or renew a determination of re-allotment price range under subsection (8) or (9) with respect to particular treasury shares before any contract for re-allotment of those shares is entered into and any such variation or renewal shall, for the purposes of this subsection, remain effective as a determination of the re-allotment price range of those shares for the requisite period.

(12) A re-allotment by a company of treasury shares in contravention of subsection (8), (9), (10) or (11) shall be unlawful.

(13) In this section “requisite period” means the period of 18 months after the date of the passing of the resolution determining the re-allotment price range or varying or renewing (as the case may be) such determination or such lesser period as the resolution may specify.