

## CHAPTER 6 Acquisition of own shares

Company acquiring its own shares, etc. — permissible circumstances and prohibitions

102. (1) Subject to the provisions of this Chapter, a company may acquire its own fully paid shares—

(a) by transfer or surrender to the company otherwise than for valuable consideration;

(b) by cancellation pursuant to a reduction of company capital by either of the means referred to in section 84;

(c) pursuant to an order of the court under section 212;

(d) where those shares are redeemable shares, by redemption or purchase under section 105;

(e) by purchase under section 105;

(f) where those shares are preference shares referred to in section 108, by redemption under that section; or

(g) pursuant to a merger or division under Chapter 3 or 4 of Part 9.

(2) Without prejudice to the powers of a company with respect to forfeiture of its own shares as provided by this Part or to accept any of its own shares surrendered in lieu for failure to pay any sum payable in respect of those shares, a company may not acquire any of its own shares otherwise than as described in the preceding subsection, but nothing in that subsection or any other provision of this section affects the lawfulness of a merger effected in accordance with Chapter 3 of Part 9 or a scheme of arrangement sanctioned under that Part.

(3) If a company purports to act in contravention of subsection (2), the company and any officer of it who is in default shall be guilty of a category 2 offence and the purported acquisition is void.

(4) Subject to section 103, a private limited subsidiary shall not—

(a) subscribe for the shares of its parent public company; or

(b) purchase shares in its parent public company which are not fully paid.

(5) If a private limited subsidiary purports to act in contravention of subsection (4)(a), that subsidiary and any officer of it who is in default shall be guilty of a category 2 offence and the purported subscription is void.

(6) Where shares in a parent public company are subscribed for by a nominee of a private limited

subsidiary, then for all purposes the shares shall be treated as held by the nominee on his or her own account and the private limited subsidiary shall be regarded as having no beneficial interest in them, and the provisions of section 104 shall, with any necessary modifications, apply.

(7) Without prejudice to any other requirements contained in or penalties imposed by this Act, where a private limited subsidiary purchases, subscribes for or holds shares in its parent public company, and—

(a) in the case of a purchase, the shares were not fully paid when they were purchased; or

(b) the authorisation required by section 114 (3) has not been obtained; or

(c) by virtue of their being treated (under subsection (2) of section 109) as shares held as treasury shares by the parent public company for the purposes of the limit provided by subsection (1) of that section, that limit is exceeded by the parent public company; or

(d) the purchase or subscription was in contravention of section 82 (7),

then, unless the shares or any interest of the private limited subsidiary in them are previously disposed of, the provisions of sections 1040 and 1041 shall apply to the private limited subsidiary in respect of such shares, with the modification that the “relevant period” (as that expression is used in those sections) in relation to any shares shall be 12 months and with any other necessary modifications.