

Incidental payments with respect to acquisition of own shares

110. (1) Any payment made by a company in consideration of—

(a) acquiring any right with respect to the purchase of its own shares in pursuance of a contract authorised under section 105;

(b) the variation of a contract authorised under section 105; or

(c) the release of any of the company's obligations with respect to the purchase of any of its own shares under a contract authorised under section 105,

shall be unlawful if any such payment is made otherwise than out of distributable profits of the company or, in the circumstances in which the proceeds of such an issue are permitted to be used by this Part for the purpose of the purchase of the shares, the proceeds of a new issue of shares.

(2) If the requirements of subsection (1) are not satisfied in relation to a contract—

(a) in a case to which paragraph (a) of that subsection applies, no purchase by the company of its own shares in pursuance of that contract shall be lawful under this Part;

(b) in a case to which paragraph (b) of that subsection applies, no such purchase following the variation shall be lawful under this Part; and

(c) in a case to which paragraph (c) of that subsection applies, the purported release shall be void.