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Companies Act 2006 c. 46

s. 551 Power of directors to allot shares etc: authorisation by company

Law In Force

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Subjects

Company law

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551 Power of directors to allot shares etc: authorisation by company

(1) The directors of a company may exercise a power of the company—

(a) to allot shares in the company, or

(b) to grant rights to subscribe for or to convert any security into shares in the company,

if they are authorised to do so by the company's articles or by resolution of the company.

(2) Authorisation may be given for a particular exercise of the power or for its exercise generally, and may be unconditional or subject to conditions.

(3) Authorisation must—

(a) state the maximum amount of shares that may be allotted under it, and

(b) specify the date on which it will expire, which must be not more than five years from—

(i) in the case of authorisation contained in the company's articles at the time of its original incorporation, the date of that incorporation;

(ii) in any other case, the date on which the resolution is passed by virtue of which the authorisation is given.

(4) Authorisation may—

(a) be renewed or further renewed by resolution of the company for a further period not exceeding five years, and

(b) be revoked or varied at any time by resolution of the company.

(5) A resolution renewing authorisation must—

(a) state (or restate) the maximum amount of shares that may be allotted under the authorisation or, as the case may be, the amount remaining to be allotted under it, and

(b) specify the date on which the renewed authorisation will expire.

- (6) In relation to rights to subscribe for or to convert any security into shares in the company, references in this section to the maximum amount of shares that may be allotted under the authorisation are to the maximum amount of shares that may be allotted pursuant to the rights.
- (7) The directors may allot shares, or grant rights to subscribe for or to convert any security into shares, after authorisation has expired if–
- (a) the shares are allotted, or the rights are granted, in pursuance of an offer or agreement made by the company before the authorisation expired, and
 - (b) the authorisation allowed the company to make an offer or agreement which would or might require shares to be allotted, or rights to be granted, after the authorisation had expired.
- (8) A resolution of a company to give, vary, revoke or renew authorisation under this section may be an ordinary resolution, even though it amends the company's articles.
- (9) [Chapter 3 of Part 3](#) (resolutions affecting a company's constitution) applies to a resolution under this section.

*Part 17 A COMPANY'S SHARE CAPITAL > Chapter 2 ALLOTMENT OF SHARES: GENERAL PROVISIONS
> Power of directors to allot shares > s. 551 Power of directors to allot shares etc: authorisation by company*

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