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Companies Act 2006 c. 46

s. 979 Right of offeror to buy out minority shareholder

Law In Force

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Subjects

Company law; Competition law

Keywords

Minority shareholders; Notice; Squeeze outs; Takeover bids

979 Right of offeror to buy out minority shareholder

- (1) Subsection (2) applies in a case where a takeover offer does not relate to shares of different classes.
- (2) If the offeror has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire—
 - (a) not less than 90% in value of the shares to which the offer relates, and
 - (b) in a case where the shares to which the offer relates are voting shares, not less than 90% of the voting rights carried by those shares,he may give notice to the holder of any shares to which the offer relates which the offeror has not acquired or unconditionally contracted to acquire that he desires to acquire those shares.
- (3) Subsection (4) applies in a case where a takeover offer relates to shares of different classes.
- (4) If the offeror has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire—
 - (a) not less than 90% in value of the shares of any class to which the offer relates, and
 - (b) in a case where the shares of that class are voting shares, not less than 90% of the voting rights carried by those shares,he may give notice to the holder of any shares of that class to which the offer relates which the offeror has not acquired or unconditionally contracted to acquire that he desires to acquire those shares.
- (5) In the case of a takeover offer which includes among the shares to which it relates—
 - (a) shares that are allotted after the date of the offer, or
 - (b) relevant treasury shares (within the meaning of [section 974](#)) that cease to be held as treasury shares after the date of the offer,the offeror's entitlement to give a notice under subsection (2) or (4) on any particular date shall be determined as if the shares to which the offer relates did not include any allotted, or ceasing to be held as treasury shares, on or after that date.
- (6) Subsection (7) applies where—
 - (a) the requirements for the giving of a notice under subsection (2) or (4) are satisfied, and

(b) there are shares in the company which the offeror, or an associate of his, has contracted to acquire subject to conditions being met, and in relation to which the contract has not become unconditional.

(7) The offeror's entitlement to give a notice under subsection (2) or (4) shall be determined as if—

(a) the shares to which the offer relates included shares falling within paragraph (b) of subsection (6), and

(b) in relation to shares falling within that paragraph, the words “by virtue of acceptances of the offer” in subsection (2) or (4) were omitted.

(8) Where—

(a) a takeover offer is made,

(b) during the period beginning with the date of the offer and ending when the offer can no longer be accepted, the offeror—

(i) acquires or unconditionally contracts to acquire any of the shares to which the offer relates, but

(ii) does not do so by virtue of acceptances of the offer, and

(c) subsection (10) applies,

then for the purposes of this section those shares are not excluded by [section 977\(1\)](#) from those to which the offer relates, and the offeror is treated as having acquired or contracted to acquire them by virtue of acceptances of the offer.

(9) Where—

(a) a takeover offer is made,

(b) during the period beginning with the date of the offer and ending when the offer can no longer be accepted, an associate of the offeror acquires or unconditionally contracts to acquire any of the shares to which the offer relates, and

(c) subsection (10) applies,

then for the purposes of this section those shares are not excluded by [section 977\(2\)](#) from those to which the offer relates.

(10) This subsection applies if—

(a) at the time the shares are acquired or contracted to be acquired as mentioned in subsection (8) or (9) (as the case may be), the value of the consideration for which they are acquired or contracted to be acquired (“the acquisition consideration”) does not exceed the value of the consideration specified in the terms of the offer, or

(b) those terms are subsequently revised so that when the revision is announced the value of the acquisition consideration, at the time mentioned in paragraph (a), no longer exceeds the value of the consideration specified in those terms.

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