

---

D R A F T   S T A T U T O R Y   I N S T R U M E N T S

---

**2013 No. [0000]**

**COMPANIES**

**The Companies Act 2006 (Amendment of Part 18) Regulations  
2013**

*Made* - - - - - \*\*\*  
*Coming into force* - - - - - 6th April 2013

The Secretary of State makes the following Regulations in exercise of the powers conferred by section 737 of the Companies Act 2006(a).

In accordance with section 737(4) of that Act, a draft of these Regulations has been laid before Parliament and approved by a resolution of each house of Parliament.

**Citation and commencement**

1.—(1) These Regulations may be cited as the Companies Act 2006 (Amendment of Part 18) Regulations 2013.

(2) They come into force on 6th April 2013.

**Interpretation**

2. In these Regulations, “the Act” means the Companies Act 2006.

**Company to be allowed to pay for own shares by instalments**

3. In section 691 of the Act (own shares must be paid for on purchase), after subsection (2) insert—

“(3) But subsection (2) does not apply in a case where a private limited company is purchasing shares for the purposes of or pursuant to an employees’ share scheme.”

**Authority for off-market purchase**

4. In each of the following provisions of the Act, omit the word “special”—

- (a) subsections (2)(a) and (b) and (4) of section 694 (shareholder authorisation required for contract for off-market purchase of company’s own shares),
- (b) subsections (2) and (3) of section 697 (shareholder authorisation required for variation of contract for off-market purchase of company’s own shares), and

- (c) subsections (2) and (3) of section 700 (shareholder authorisation required for release of company's rights under contract for off-market purchase of company's own shares).

**Treasury shares**

- 5.—(1) Section 724(2) of the Act (treasury shares) is amended as follows.
- (2) Omit the word “or” after paragraph (c).
- (3) At the end of paragraph (d) insert “, or
  - (e) are shares in a private limited company”.

[Date]

*[Name]*  
Minister for Employment Relations, Consumer and Postal Affairs  
Department for Business, Innovation and Skills

## **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations come into force on 6th April 2013 and extend to the whole of the United Kingdom, reflecting the extent of the Companies Act 2006 (c.46).

These Regulations amend the Companies Act 2006. They make changes to improve the working of internal share markets for private companies.

Regulation 3 removes the requirement on private limited companies to pay in full the purchase price of shares in cases where the buy back is for an employees' share scheme; this will allow a private company to pay for its shares by instalments.

Regulation 4 reduces the requirements for shareholder authorisations concerning contracts for share buyback to be passed by special resolution (a majority of 75% of shareholders) to ordinary resolution (being a simple majority, i.e. over 50% of shareholders).

Regulation 5 allows a private limited company to hold its shares in treasury and to deal with such shares as treasury shares.

Draft