STATUTORY INSTRUMENTS

2015 No. 472

COMPANIES

The Companies Act 2006 (Amendment of Part 17) Regulations 2015

Made - - - - 3rd March 2015

Coming into force in accordance with regulation 2(1)

The Secretary of State makes the following Regulations in exercise of the powers conferred by section 657 of the Companies Act 2006(**1**).

In accordance with sections 657(4) and 1290 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 definitions

1.—(1) These Regulations may be cited as the Companies Act 2006 (Amendment of Part 17) Regulations 2015.

(2) In these Regulations—

"the Act" means the Companies Act 2006;

"associate" has the meaning given by section 988 of the Act, reading references in that section to an offeror as references to the person acquiring the shares in the company;

"the Panel" has the meaning given by section 942 of the Act;

"rules" has the meaning given by section 943(9) of the Act; and

"scheme" means a compromise or arrangement sanctioned by the court under Part 26 of the Act.

Commencement and application

2.—(1) These Regulations come into force on the day after that on which they are made.

(2) These Regulations do not apply in relation to a scheme that—

(a) gives effect to, or is proposed in connection with, a takeover announcement made in relation to a company before the day on which these Regulations come into force, or

(**1**) 2006 c.46.

(b) gives effect to, or is proposed in connection with, a pre-commencement offer to acquire all the shares in a company that is not subject to the rules or (where there is more than one class of shares in a company) all the shares of one or more classes, in each case other than shares that on the date that the terms of the offer were agreed were already held by the person making the offer or its associates.

(3) In this Regulation—

"pre-commencement offer" means an offer the terms of which (including the fact that the offer will be implemented by a scheme) have been agreed between the company concerned and the person making the offer before the day on which these Regulations come into force; and

"takeover announcement" means a public announcement that—

(a) concerns a firm intention to acquire all the shares in a company or (where there is more than one class of shares in a company) all the shares of one or more classes, in each case other than shares that on the date of the announcement were already held by the person making the announcement or its associates, and

(b) on the date of the announcement, was made under rules made by the Panel.

Amendment to the Companies Act 2006

3.—(1) Section 641 (circumstances in which a company may reduce its share capital) is amended as follows.

(2) After subsection (2), insert—

"(2A) A company may not reduce its share capital under subsection (1)(a) or (b) as part of a scheme by virtue of which a person, or a person together with its associates, is to acquire all the shares in the company or (where there is more than one class of shares in a company) all the shares of one or more classes, in each case other than shares that are already held by that person or its associates.

(2B) Subsection (2A) does not apply to a scheme under which—

(a) the company is to have a new parent undertaking,

(b) all or substantially all of the members of the company become members of the parent undertaking, and

(c) the members of the company are to hold proportions of the equity share capital of the parent undertaking in the same or substantially the same proportions as they hold the equity share capital of the company.

(2C) In this section—

"associate" has the meaning given by section 988 (meaning of "associate"), reading references in that section to an offeror as references to the person acquiring the shares in the company;

"scheme" means a compromise or arrangement sanctioned by the court under Part 26 (arrangements and reconstructions)."

(3) In subsection (3), for "Subject to that" substitute "Subject to subsections (2) to (2B)".