

The Companies (Treasury Shares) Regulations, 2016

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The Companies (Treasury Shares) Regulations, 2016 (as amended) (**Regulations**) were implemented with effect from 22 July 2016, effectively removing the limit on the number of shares that a Guernsey company can hold in treasury.

Treasury shares are shares that effectively a company holds in itself. Shares may be transferred into treasury following the acquisition of those shares by the company from a shareholder and may then be held, cancelled, sold or transferred to an employee share scheme. This affords companies greater flexibility when seeking to manage their share capital base as companies can hold shares in treasury thereby avoiding the time and expense of cancelling repurchased shares and subsequently issuing new shares.

Prior to the Regulations being introduced, under the Companies (Guernsey) Law, 2008 (as amended) (**Law**), if a company was authorised under the Law to hold treasury shares, the number of shares of any class which could be held as treasury shares could not at any time exceed 10% of the total number of issued shares of that class at that time. However, with effect from 22 July 2016, the Regulations have amended the Law to permit companies authorised to hold treasury shares to hold 100% of the total number of issued shares of any class or classes as treasury shares, provided that at least one share in the company of any class is held by a person other than the company.

This change in the Law is welcome and we expect a number of companies, particularly those whose shares are listed, will seek to take advantage of this.

If you would like to discuss this further please contact your usual Ogier contact.

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