

OVERVIEW OF SHAREHOLDER RIGHTS

Shareholders in private limited companies incorporated in England and Wales benefit from a number of rights. The table below provides an overview of those rights, together with references to the applicable provisions of the Companies Act 2006 where relevant.

Shareholder rights for small and medium sized companies

The table is not an exhaustive guide to all shareholder rights under English company law, but highlights those which are likely to be most relevant in practice to shareholders in small and medium sized companies. The percentage thresholds listed are default levels under the Act – some of these thresholds may be altered, for example, by the company's articles of association or a shareholders' agreement, and so it is important that this table is not relied on in isolation when considering the position of a shareholder in relation to any particular company.

Furthermore, care should also be taken when reviewing this table in the context of companies with more than one class of share capital. In such cases, further advice will be required as to exactly which shares should be taken into account when calculating the relevant percentages, and also whether particular classes of shares enjoy each of the rights listed below (for example, the right to a dividend).

Level of shareholding required to exercise right	Shareholder right	Relevant provisions of the Act
0% plus 1 (i.e. rights which all shareholders have)	To inspect certain company information, principally the register of members and minutes of general meetings (but not, for example, board minutes)	s.116 and 358
	To apply to court for permission to bring a derivative claim (broadly speaking, a claim on behalf of the company)	ss.260 to 264
	To receive notice of and vote at shareholder meetings	s.310
	To appoint one or more proxies to vote on their behalf at general meeting	s.324
	To receive a copy of the company's annual accounts	s.423
	To receive a certificate in respect of shares registered in that shareholder's name	ss.769 and 776

	To apply to court for a remedy on grounds that the company's affairs are being conducted in a way which is unfairly prejudicial to members generally (or some part of the members)	ss.994 to 999
	To participate pro rata in any dividend paid	N/A
5% (or more)	Ability to require circulation of written resolution	s.292
	Ability to requisition a general meeting	s.303
	Ability to require company to circulate a written statement regarding business at a general meeting in advance of that meeting	s.314
10% (or more)	To require a company which would otherwise be exempt to have an audit	s.476
More than 10%	To prevent a general meeting being held on less than statutory notice	s.307
	To prevent minority shareholders having their shares compulsorily acquired (a "squeeze out") following a takeover	s.979
20% (or more)	Directors of a company, together with their connected persons, holding 20% or more of the shares in that company will be deemed to be "connected" with that company	s.254
More than 25%	Able to prevent shareholder resolutions being passed as special resolutions	s.283
	Able to block a scheme of arrangement	s.899
50% (or more)	Able to prevent shareholder resolutions being passed as ordinary resolutions	s.282
More than 50%	Able to pass shareholder resolutions as ordinary resolutions	s.282
	Able to pass an ordinary resolution to remove a director	s.168
	A director with this level of shareholding will be deemed to "control" the company	s.255
75% (or more)	Able to pass shareholder resolutions as special resolutions	s.283
	Able to approve scheme of arrangement	s.899
90% (or more)	Able to consent to the holding of a general meeting on short notice	s.307

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