

Buying out minority shareholders in Guernsey companies

Briefing Summary: Part XVIII of The Companies (Guernsey) Law 2008 (as amended) (the “2008 Law”) provides a simple framework for the compulsory acquisition of minority shareholders by using a squeeze-out procedure, subject to certain conditions as described below.

Service Area: Corporate, Mergers and Acquisitions, Joint Ventures

Sector: Trust and Company Business

Location: Guernsey

Content Authors: Tom Carey, Tabitha Lepp

Created Date: 10 February 2023

Overview

There is no sell-out right in the 2008 Law for minority shareholders to be bought out. However, the constitutional documents of the target Guernsey Company (the “**Target Company**”) may provide additional rights to minority shareholders.

From 1 July 2009, a provision to appoint a body to regulate takeovers and mergers in Guernsey was introduced to the 2008 Law, under the Companies (Panel on Takeovers and Mergers) Ordinance, 2009 (the “**Takeover Panel**”). The Takeover Panel can issue rules and regulations to ensure the fair treatment of shareholders and impose sanctions in Guernsey. More detailed information on the Takeover Panel can be found in our Carey Olsen briefing: [The Takeover Code and Guernsey Companies](#).

Compulsory acquisition by the bidder

The compulsory acquisition procedures are available where a scheme or contract involves the transfer of shares or any class of shares in the Target Company to any person (the “**Bidder**”).

Therefore, there must be an offer made by the Bidder under a contract (the “**Offer**”) the terms of which can be accepted by the shareholders of the Target Company (the “**Vendors**”).

Key Contacts



Annette Alexander
PARTNER, GUERNSEY
+44 (0)1481 732067

[EMAIL ANNETTE](#)



Christopher Anderson
PARTNER, GUERNSEY
+44 (0)1481 741537

[EMAIL CHRISTOPHER](#)



Andrew Boyce
PARTNER, GUERNSEY
+44 (0)1481 732078

[EMAIL ANDREW](#)



Matthew Brehaut
PARTNER, LONDON
+44 (0)20 7614 5620

[EMAIL MATTHEW](#)

OFFSHORE LAW SPECIALISTS

Section 337(1) of the 2008 Law creates a 4-month period (the “**Offer Period**”) in which the Offer has to be accepted by Vendors “... comprising 90% in value of the shares affected” (the “**Threshold**”). Section 337(7) states that the following shares are not taken into account when calculating the Threshold: shares held as treasury shares, shares held by the transferee or any class or description of person specified in section 337A at the date of the Offer, or shares acquired by the transferee during the Offer Period at a price higher than the Offer price, save where the Offer price is raised to match the higher price.

If, 90% in value of the Vendors (the “**Accepting Vendors**”) have accepted the Offer during the Offer Period, the Purchaser can give a notice (a “**Notice to Acquire**”) to any shareholder who has not accepted the Offer (the “**Dissenting Shareholders**”) within a period of two months immediately after the Threshold is reached.

The Notice to Acquire is then sent to the Dissenting Shareholders and has to explain to the Dissenting Shareholders that the Purchaser wishes (and is making a binding offer) to acquire their shares on the same terms on which the shares of the Accepting Vendors are to be transferred to the Purchaser. If the terms of the Offer provide a choice of consideration, the Notice to Acquire must give particulars of the choice and state the period within which the Dissenting Shareholder must notify the Accepting Vendors of their choice and which consideration applies if no notice is given to the Accepting Vendors.

Under Section 337(3), the Notice to Acquire may be given to any Dissenting Shareholder who is resident outside of Guernsey, irrespective of any laws in force in that jurisdiction that may prohibit the making or acceptance of an Offer or giving of a Notice to Acquire. If the overseas legislation prohibits making an Offer or giving a Notice to Acquire, the Notice to Acquire can be given by publishing it in La Gazette Officielle or in any other manner allowed by the Target Company’s articles.

Immediately following the date on which the Notice to Acquire is sent to the Dissenting Shareholders, section 339 of the 2008 Law creates a one-month period during which the Dissenting Shareholders can apply to the Court for the cancellation of the Notice to Acquire (the “**Court Cancellation Period**”).

If the Notice to Acquire has not been cancelled by the Court by the end of the Court Cancellation Period, section 338(1) of the 2008 Law provides that the Purchaser “shall”: (a) send a copy of the Notice to Acquire to the Target Company; and (b) pay or transfer to the Target Company the consideration required under the Notice to Acquire in respect of the shares he is entitled to acquire from the Dissenting Shareholders (the “**Consideration**”).

On receipt of the Notice to Acquire and the Consideration, the Target Company “shall” register the Purchaser as holder of those shares.

Any sums received by the Target Company must be paid into a separate bank account, and any such sums and any other consideration so received shall be held by the Target Company on trust for the Vendors.

Key Contacts



Tom Carey
PARTNER, GUERNSEY
+44 (0)1481 741559

[EMAIL TOM](#)



David Crosland
PARTNER, GUERNSEY
+44 (0)1481 741556

[EMAIL DAVID](#)



Tony Lane
PARTNER, GUERNSEY
+44 (0)1481 732086

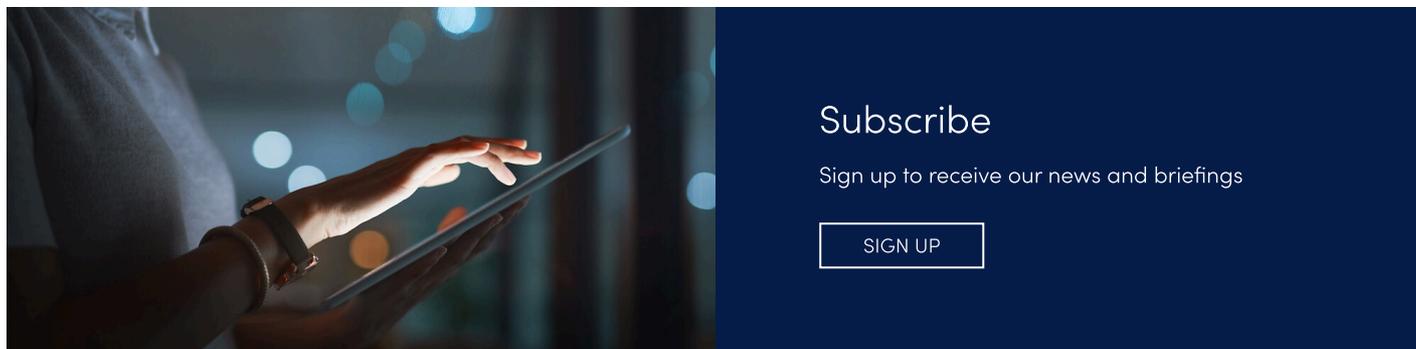
[EMAIL TONY](#)



Ben Morgan
PARTNER, GUERNSEY
+44 (0)1481 741557

[EMAIL BEN](#)

Please note that this briefing is intended to provide a very general overview of the matters to which it relates. It is not intended as legal advice and should not be relied on as such. © Carey Olsen (Guernsey) LLP 2026



Subscribe

Sign up to receive our news and briefings

[SIGN UP](#)