



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

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MEDIA RELEASE

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TO: ALL EDITORS AND JOURNALISTS

RE: A NEW DISPENSATION FOR CORPORATE SOUTH AFRICA OFFICIALLY BEGINS ON 1 MAY 2011

The Department of Trade and Industry (**the dti**) is delighted to announce that the Companies Amendment Act was signed by President Jacob Gedleyihlekisa Zuma today, 20 April 2011. The signing of the Companies Amendment Act, the Proclamation and the President's minute puts into legal force the Companies Act of 2008 on 1 May 2011. The Companies Regulations and all other relevant documents will be published and also come into force on implementation date.

"The new Companies Act is a major piece of legislation and reform which has a number of features to it which will certainly improve the environment for business operation in South Africa", said Trade and Industry Minister, Dr. Rob Davies.

According to Davies, business as a whole will reap the benefits of the Act

"There is a reduction particularly on the regulatory burden on small medium micro enterprises. The requirement for financial reporting for small companies has been reduced considerably in that they do not have to produce audited financial statements, but will need to have financial reporting at an appropriate low level. The major innovation is the introduction of business rescue scheme which means that instead of companies going into major judicial management as they do now, which is almost invariably a route to an eventual bankruptcy; a rescue process will be initiated. Then creditors can be held at bay while stakeholders work to rescue the company which is a major and very important innovation", added Davies

The signing of the Companies Amendment Act implies that the Companies and Intellectual Property Commission (CIPC), which was launched by Minister Davies on 18 April 2011, will be open for business as of 1 May 2011. The new Act does not allow registration of Close Corporations (CCs), and therefore no new CCs will be registered when the Act comes into legal force. However, CCs that are already in the system will remain active indefinitely, unless they choose to convert into the new corporate regime of the Companies Act of 2008. “The Act does not apply retrospectively and those registrants/people who have already applied for CC’s before May 2011 will still receive their certificates”, concluded Davies.

The Commission will ensure that the regulatory framework for enterprises promote growth, employment, innovation, stability, good governance, confidence and international competitiveness. The Act also gives the Commission powers to investigate companies and to ensure that they comply with the legislation. This include seizing documents and to address the burning issue of corporate identity hijacking.

the dti looks forward to working with the Commissioner, Ms Astrid Ludin, and Advocate Rory Voller, Deputy Commissioner, in ensuring that the CIPC achieves greater levels of performance and ensure that it works for the people.

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