



CHIEF MASTER'S DIRECTIVE 1 OF 2010

**BONDS OF SECURITY IN ASSETLESS COMPANIES
AND CLOSE CORPORATIONS**

1. PURPOSE

The purpose of this directive is to ensure a uniform approach by Masters nationally in respect of the issue set out below in accordance with the provisions of **Section 2(a) of the Administration of Estates Act No 66 of 1965**.

2. MOTIVATION / BACKGROUND

Certain role players have approached the Office of the Chief Master for clarity on specific matters. As part of the Chief Master's statutory obligations a decision has been made to provide the following guidelines to ensure a uniform approach to the matters raised.

All previous Master's Directives on points addressed by this Chief Master's Directive are hereby revoked.

3. THE FOLLOWING DECISION HAS BEEN MADE:

Providing Bonds of Security in Companies and Close Corporations where there are no assets (assetless estates).

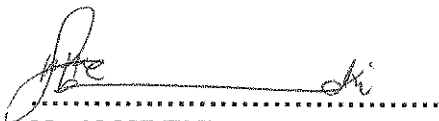
3.1 Applicable legislation in this regard is:

- 3.1.1 **The Companies Act No 61 of 1973 – Section 375; and**
- 3.1.2 **The Close Corporations Act No 69 of 1984 – Section 74(4).**

- 3.2 In all insolvency matters, the Master is obliged by statute to obtain security to his or her satisfaction; and is not empowered with the authority to dispense with obtaining security (unless the estate is a members voluntary wound up by way of special resolution where it has been resolved that no security is to be requested).
- 3.3 To curtail unnecessary expenses, liquidators are encouraged to finalize these assetless estates within the shortest possible period to avoid multiple bond of security payments.
- 3.4 In all matters involving Companies or Close Corporations; whether there are assets or not, minimum security must be in place at all times, until the finalization of the estate.

4. EFFECTIVE DATE

This Directive will become effective as from the date of signature hereof.



**Ms K MBEKI
ACTING CHIEF MASTER**

DATE: 05/01/2010