

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NO. 6679

26 September 2025

PRACTICE NOTE 03 OF 2025

(Issued in terms of Regulation 4(1)(b) of the Companies Act Regulations)

COMPANIES AND THEIR STAKEHOLDERS IN DISPUTE

The Companies and Intellectual Property Commission (CIPC) has as one of its objectives in terms of section 186(1)(b) of the Companies Act 71 of 2008, the maintenance of accurate, up to date and relevant information concerning companies, foreign companies and other juristic persons, and the provision of that information to the public and other organs of state. In achieving this objective, one of the Commission's functions include the receipt and deposit in the registry of any documents required to be filed in terms of the Act.

The Commission has observed through the filing of documentation, especially pertaining to director amendments, that the disputes within companies, between directors themselves and directors and shareholders, manifests itself in removal and appointment of directors. Although an application for removal and/or appointment of a director may comply with legislative and CIPC internal requirements, such submissions lead to a cycle of director amendments and the companies' submitting objections to such filings as provided for in Regulation 168(6) of the Act. The back and forth of amendments, and objections thereto, results in CIPC's objective of maintaining an accurate and up to date registry, being compromised.

In order to ensure that internal company disputes are adjudicated via the correct and relevant platforms, a position has been taken by the Commission that when there are reasonable grounds to believe that the filing of director amendments is not as a result of normal governance processes, the CIPC will stay (freeze) all filings related to director amendments, until the appropriate forum has pronounced on the dispute and a resolution has been reached.

Reasonable grounds, in this instance will, *inter alia*, include situations where two or more director amendments related to the same persons have been filed and the company objected thereto through the abovementioned process.

Section 187(2)(a) of the Companies Act, provides as follows: -

“(2) Other than with respect to matters within the jurisdiction of the Takeover Regulation Panel, the Commission must enforce this Act, by, among other things-

(a) promoting voluntary resolution of disputes arising in terms of this Act between a company on the one hand and a shareholder or director on the other, as contemplated in Part C of Chapter 7, without intervening in, or adjudicating any such dispute;

The appropriate forums for adjudicating disputes as mentioned above is detailed in section 156 of the Act, which includes the Companies Tribunal and relevant High Courts.

This practice will be effective immediately (from the date of publication) and your co-operation in this regard will be highly appreciated.

We trust that you will find the above in order.

Yours Sincerely,



Adv. Rory Voller
Commissioner: CIPC
24 / 7 / 2025