



Companies and Intellectual
Property Commission
a member of **the dtic group**

MEMBER AMENDMENT

The webinar aims to provide clarity on what is required as “the proof of transfer of member’s interest”



Legislation

CC membership changes are done in terms of the Close Corporations Act 69 of 1984 (the Act)

- Section 34: Disposal of interest of insolvent member and Attachment and sale in execution of member's interest
- Section 35: Disposal of interest of deceased member
- Section 36: Cessation of membership by order of Court
- Section 37: Other dispositions of member's interests.

Membership

In a CC a person becomes a member or ceases to be a member when he/she acquires member's interest or when all his/her member's interest is transferred, respectively.

Therefore, a member of the CC is not appointed like a director of the company neither does he/she resigns like the director of the company, these are distinct processes informed by different legislations.

So the correct wording must be used, i.e Member and not director.

Notice 51 of 2024

As part of improving the controls relating to change in membership in a Close Corporation (CC), a notice was published on 12 August 2024 that requires a CC to submit a proof of transfer of the member's interest in the CC, indicating the place where transfer took place, date of the transfer and must be signed by all members and witness(es).

NOTICE TO CUSTOMERS

(Notice Number 5.1 of 2024)

Close Corporation transfer of member's interest

As part of improving the controls relating to change in membership in a Close Corporation (CC), the following document will be required to be submitted with any CK2 for the change in member's interest as from 12 August 2024:

The proof of transfer of the member's interest in the CC, indicating the place and date of the transfer and must be signed by a witness.

The above stipulated are essential requirements in enforcing the transfer of member's interest as enshrined in section 34 of the Close Corporations Act 69 of 1984 (the Act), which focuses on the attachment and sale in execution of member's interest, section 35 which deals with the disposal of interest of deceased member, section 36 which deals with cessation of membership by order of Court and section 37 which looks at other dispositions of member's interests.

We trust that you will find the above in order.

Yours Sincerely



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Advocate Rory Voller
CIPC Commissioner

Date: 12 August 2024

Information required on the proof of transfer

- Proof of transfer must be a written instrument in a form of either a resolution, minutes, sale agreement, etc. and must include:
 - From whom to whom the member's interest is being transferred.
 - The percentage of member's interest being transferred.
 - The physical place where the transfer took place.
 - The date of the transfer.
 - Signed by or on behalf of all members involved in the transfer (if signed on behalf of member(s), power of attorney must be attached)
 - Must be signed by a witness(es) and the witness' name and surname or initials and surname must be indicated next to or underneath the signature.

The dtic Campus (Block F - Entfutukweni), 77 Meintjies Street, Sunnyside, Pretoria, P O Box 429, Pretoria, 0001

Call Centre: 086 100 2472

Website: www.cipc.co.za



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THANK YOU