



**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).**

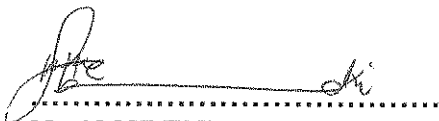
3.1 Applicable legislation in this regard is:

- 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**