



20 January 2025

## The 2024 amendments to the Companies Act are now effective!

### Amendments which became effective on 27 December 2024

Several amendments to the Companies Act of 2008 became effective on 27 December 2024, ushering in significant changes aimed at improving corporate governance, providing clarity to certain sections of the Companies Act and reducing internal administrative requirements to simplify doing business in South Africa. The key areas impacted by the amendments to the Companies Act include:

- clarity on timing of amendments to the Memorandum of Incorporation;
- clarity on mechanism for shares issued for future consideration;
- addition of new subsidiary exemption in respect of section 45 financial assistance;
- simplification of share buy-back procedures;
- additional requirements for the appointment and composition of social and ethics committees;
- reduction of cooling-off period for auditor appointments;
- simplification of procedure for the appointment of auditors of private companies;
- extension of “employee share scheme” definition; and
- relaxation of the time bars for pursuing directors for section 77 liability (e.g. for breaches of fiduciary duties) and for declaring directors delinquent or under probation.

### Amendments on hold

The more contentious amendments relating to director and employee remuneration disclosures are yet to become effective. Likewise, the amendment which enables public access to financial statements of certain private companies is on hold. However, it is anticipated that these amendments will become effective in the near future.

### Next steps

It is imperative that business leaders, management and compliance officers understand these amendments to enable a compliant and efficient corporate environment. Clients should undertake a review of the company’s social and ethics committee to ensure compliance with the new requirements. In addition, the MOI and other governance documents should be reviewed to identify those provisions which are in conflict or inconsistent with the Companies Act or which prescribe stricter formalities compared to those prescribed in terms of the Companies Act. Amendments to the MOI should then be considered, where required.

Importantly, a careful review of any transactions/corporate activity with an effective date on or after 27 December 2024 (eg. 31 December 2024 or 1 January 2025) should be undertaken to verify whether such transactions comply with the amended provisions of the Companies Act, as applicable.

## Get in touch

Our team of professionals have extensive experience in corporate and commercial law and can assist with any queries you may have in relation to the amendments to the Companies Act.

### For more information and assistance, please contact:



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Kind Regards

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