



Companies Act changes

The Companies Amendment Act (No 4) 2014 and the Limited Partnerships Amendment Act (No 2) 2014 were passed into law on 24 June 2014.

- [Read the press release](#)

These Acts strengthen the rules applying to the governance, registration, and reconstruction of companies, and the registration of limited partnerships by:

Governance

1. Creating criminal offences for serious breaches of two directors' duties where:

- i. A director acts in bad faith and not in the best interests of the company and knows that this will cause serious loss to the company;
- ii. A director dishonestly incurs debt for the company when the company is insolvent, or the director knew, the company would become insolvent.

A director who commits an offence is liable on conviction to a fine not exceeding \$200,000 or imprisonment not exceeding 5 years.

This work formed part of the Securities Law review and was approved by Cabinet in the February 2011 paper:

- [Cabinet paper - February 2011 \[PDF 483KB\]](#)

Registration

Requiring all New Zealand companies to have at least one director who lives in New Zealand or who lives in an enforcement country and is a director of a company in that country, and requiring the date and place of birth of company directors. One general partner of a limited partnership will also have to meet residency criteria and qualifications will be aligned with Companies Act requirements for directors. The powers of the Registrar of Companies are clarified to require verification of information upon request. Companies will need to disclose the details of their ultimate holding company if they have one.

Further, the Registrar of Companies will have more power to identify the true owner of a company by enquiring about:

- Individuals controlling companies and limited partnerships.
- Individuals controlling directors and general partners.
- Individuals that directors and general partners may have delegated their powers to.

These measures are designed to shore up New Zealand's company registration process against criminal activity.

See the Cabinet papers below for more information:

- [Cabinet Paper: Misuse of Companies and Limited Partnerships \[PDF 86KB\]](#)
- [Cabinet Paper: New Zealand company registration process \[PDF 165KB\]](#)

Reconstruction

The Companies Act provisions allowing companies subject to the Takeovers Code to amalgamate or otherwise rearrange themselves are aligned more closely to the requirements of the Takeovers Code.

See the Cabinet paper below for more information:

- [Cabinet paper: Schemes and amalgamations for code companies \[PDF 4MB\]](#)

Last updated: 24 December 2015

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