

SOUTH AFRICA / JUDGMENT

JP Markets v Financial Sector Conduct Authority (FSCA) (460/2021) [2021] ZASCA 148; 2022 (4) SA 94 (SCA) (20 October 2021) [2021] ZASCA 148

COURT

Supreme Court of Appeal

BEFORE

Petse, Van der Merwe, Mbatha, Hughes, Molefe

CASE / FILE NUMBER

460/2021

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THE SUPREME COURT OF APPEAL OF SOUTH AFRICA

JUDGMENT

Reportable

Case no: 460/2021

In the matter between:

JP MARKETS SA (PTY) LIMITED

APPELLANT

and

THE FINANCIAL SECTOR CONDUCT AUTHORITY

(FSCA)

RESPONDENT

Neutral citation: JP Markets v FSCA (Case no 460/2021) [2021] ZASCA 148 (20 October 2021)

Coram: PETSE AP and VAN DER MERWE, MBATHA and HUGHES JJA and MOLEFE AJA

Heard: 21 September 2021

Delivered: This judgment was handed down electronically by circulation to the parties' legal representatives by email. It has been published on the Supreme Court of Appeal website and released to SAFLII. The date and time for hand-down is deemed to be 09h45 on 20 October 2021.

Summary: Financial markets – application for winding-up by Financial Sector Conduct Authority under s 96 of Financial Markets Act 19 of 2012 (FMA) – not requirement that preceding investigation had to be concluded – whether winding-up just and equitable – requires consideration of whether objects of FMA would be achieved and of availability of alternative remedies.

ORDER

On appeal from: Gauteng Division of the High Court, Johannesburg (Gilbert AJ, sitting as court of first instance): judgment reported sub nom Financial Sector Conduct Authority v JP Markets SA (Proprietary) Limited [2020] 4 All SA 457 (GJ)

1 The appeal is upheld with costs, including the costs of two counsel.

2 The order of the court a quo is set aside and replaced with the following:

‘The application is dismissed with costs, including the costs of two counsel.’

Van der Merwe JA (Petse AP and Mbatha and Hughes JJA and Molefe AJA concurring)

[1] The respondent in this appeal, the Financial Sector Conduct Authority (the Authority), is a juristic person established in terms of s 56(1) of the Financial Sector Regulation Act 9 of 2017 (the FSRA). At the instance of the Authority, the Gauteng Division of the High Court, Johannesburg (Gilbert AJ) ordered the final liquidation of the appellant, JP Markets SA (Pty) Ltd (JP Markets). The appeal is with the leave of the court a quo. The principal issues in the appeal are whether the Authority met the statutory jurisdictional requirements for the exercise of the power to institute an application for liquidation and, if so, whether it made out a proper case for the winding-up of JP Markets.

Background

[2] It is necessary to state at the outset what the matter is not about. The Financial Advisory and Intermediary Services Act 37 of 2002 (the FAIS Act) regulates the rendering of financial advisory and intermediary services to clients by financial services providers (FSPs). It provides that no person may act (or offer to act) as an FSP without a licence issued by the Authority under s 8 thereof. A Category 1 FSP licence authorises an FSP to provide advisory and intermediary services in respect of derivative instruments, as well as deposits as defined in the Banks Act 94 of 1990. In general terms a derivative instrument is a financial product that has a value based on the value of another product, such as indices, currencies or commodities. The Authority issued a Category 1 FSP licence to JP Markets. The evidence did not, however, provide any indication that JP Markets conducted business as an FSP by rendering financial advisory and intermediary services.

[3] Rather, the matter concerns transacting in over-the-counter (OTC) derivatives. In terms of the Financial Markets Act 19 of 2012 (the FMA), the Minister of Finance made the Financial Markets Act Regulations (the regulations).[1] The regulations define an OTC derivative as ‘an unlisted derivative instrument that is executed, whether confirmed or not

confirmed’,[2] but excluding foreign exchange spot contracts and physically-settled commodity derivatives. OTC derivatives are unlisted because they are not kept by an exchange in terms of s 11 of the FMA. They are high-risk financial products in respect of which only skilled traders could hope to profit over time.

[4] In terms of the regulations an OTC derivative provider (ODP) means ‘a person who as a regular feature of its business and transacting as principal: (a) originates, issues or sells OTC derivatives; or (b) makes a market in OTC derivatives’.[3] An ODP is colloquially referred to as a broker and its clients are referred to as traders. In terms of reg 2, a person may not act, advertise or hold itself out as an ODP unless authorised by the Authority in terms of s 6(8) of the FMA. For convenience, I refer to this as an ODP licence.

[5] In offering OTC derivative instruments to clients an ODP generally quotes an ‘ask’ price, at which the instrument may be bought, and a ‘bid’ price, at which it may be sold. Accordingly, a client may buy the instrument at the ask price and sell it at the bid price. The difference between the two prices is known as the ‘spread’.

The effect of such a contract between the ODP and the client is that should the underlying asset price or index increase, the client will make a profit and the ODP will make a corresponding loss, and vice versa.

[6] JP Markets stated that it had approximately 300 000 client accounts, of which approximately 20 000 would be active on any given day. These numbers apparently include so-called A-Book and B-Book clients. The A-Book clients trade directly with an entity referred to as a liquidity provider. The B-Book clients trade directly with JP Markets. It did not say that it had any other type of client, nor what the percentage of its B-Book clients were. It is safe to say, however, that they constituted the bulk of its clients. This judgment deals

with the business of JP Markets that consisted of transactions between it and its B-Book clients. The evidence revealed how this

business was operated. Much of the following exposition was derived directly from the evidence of Mr Justin

Paulsen, the sole shareholder and directing mind of JP Markets.

[7] It is the licensee in respect of computer software that constitutes a trading platform. The trading platform is ‘populated’ by pricing data. JP Markets purchases the pricing data from a liquidity provider. The trading platform is not a market in the ordinary meaning thereof. JP Markets utilises it to offer contracts-for-difference (CFDs) to clients. CFDs are a popular form of OTC derivatives. They are instruments that enable clients to speculate on the increase or

decrease of indices or in the prices of, inter alia, currencies and commodities. A CFD mirrors the movements of the index or in the price of the underlying assets and profits are gained or losses suffered relative to the position that the client has taken. The effect of the contract between JP Markets and the client in respect of a CFD is that, depending on the relevant increase or decrease, the one profits and the other suffers a corresponding loss and vice versa.

- [8] JP Markets is not able to change the pricing data on the trading platform. It can and does, however, alter the spreads offered to particular clients or groups of clients. The spreads are offered on the platform and the clients are free to accept them or to shop around for better trades. The adjustment of spreads particularly takes place in respect of what is referred to in the industry as ‘toxic’ clients. These are clients suspected of engaging in questionable trading practices. This is often indicated by high-volume and/or high-value trades that pose a particular risk of loss to JP Markets.
- [9] Although there may previously have been some uncertainty in this regard, the evidence established

with clarity that the business of JP Markets fell squarely within the definition of an ODP. As a regular feature of its business it at the very least issued and/or sold OTC derivatives whilst acting as a principal. It follows that JP Markets required an ODP licence to lawfully continue with its business. It submitted a formal application for an ODP licence to the Authority on 21 August 2020. That was after the application for its liquidation had been launched on an urgent basis on 7 July 2020. However, this must be seen in the following context.

- [10] The regulations introduced the requirement of an ODP licence during February 2018. The Authority nevertheless granted a period of grace for the submission of ODP licence applications until 14 June 2019. During July 2019, the internal compliance officer of JP Markets consulted with the Authority regarding the purport of the regulations. The Authority indicated that the application process was still in its infancy. In the result, the compliance officer advised JP Markets that she was awaiting clarity from the Authority regarding several elements of the regulatory licencing process.
- [11] On 14 October 2019, representatives of the Authority interviewed Mr Paulsen. During the interview he made it clear that JP Markets was the party (‘counter party’) that contracted with the clients in respect of CFDs. After the interview one of the interviewers enquired from Mr Paulsen whether JP Markets would be applying for an ODP licence. He responded that JP Markets was seeking advice in this regard. The internal compliance officer contacted the Authority on the same day. It responded the following day, 15 October 2019, and stated that the regulations, the Authority’s Conduct Standard 1 of 2018 (criteria for authorisation of OTC derivative providers) and other documentation on its website should guide JP Markets in respect of the licencing process. In an interview with a manager of the South African Reserve Bank during November 2019,

Mr Paulsen also admitted that JP Markets was the other party to the transactions with its clients.

[12] In the meantime, however, the internal and external compliance officers of JP Markets were researching whether JP Markets in fact required an ODP licence. On

10 December 2019, the Authority issued a notice to JP Markets in terms of s 136 of the FSRA. The notice required it to furnish the Authority with a variety of particulars relating to, inter alia, its business, trading platform and financial products. The notice stated that it was understood that JP Markets was the counter party in respect of or the issuer of CFDs, and required it to state whether it had applied for an ODP licence and, if not, the reasons for not having done so. JP Markets provided a comprehensive response to the Authority on 6 January 2020. It reiterated that it was the counter party to CFD transactions, but put forward an argument that its business nevertheless did not fall within the definition of an ODP. The argument was, inter alia, based on the fact that the pricing on its trading platform emanated from the liquidity provider. JP Markets stated that it would appreciate the guidance of the Authority on the points that the former had raised. The Authority did not respond thereto.

[13] On 20 January 2020, however, JP Markets' external compliance officer advised it that the Authority had indicated that it had to 'register as an ODP'. On 30 January 2020, Mr Paulsen instructed staff members of JP Markets to commence the process of preparing its ODP licence application. During February 2020, the internal compliance officer raised various difficulties in this regard with the Authority. In response, the Authority offered to assist JP Markets with the application process.

[14] JP Markets thus commenced the process of preparing its ODP licence application. It was advised by the Authority, however, that it had to pay the licencing fee prior to the submission of the application. After several written enquiries in this regard on behalf of JP Markets, the Authority, on 18 June 2020, provided it with an invoice in respect of the licencing fee in the amount of R50 000. JP Markets paid the fee immediately.

[15] The following day, 19 June 2020, the Authority provisionally suspended JP Markets' FSP licence until 30 September 2020. The notification that conveyed this decision set out the reasons therefor. For present purposes it suffices to say that, in the main, they were related to OTC derivative transactions. In terms of the notice JP Markets was prohibited from conducting new business as envisaged in the FAIS Act. During a teleconference on 23 June 2020, Mr Paulsen informed the Authority that it would comply with the terms of the notice of provisional suspension. However, it enquired whether 'new business' included existing clients with open positions, who could be severely prejudiced if they were not allowed to make deposits in respect of those positions. There was an understanding that this matter would be given further attention.

[16] On 24 June 2020, JP Markets responded to the notice of provisional suspension in writing and on 25 June 2020 the Authority's investigators conducted a further interview with Mr Paulsen, which could not be finalised. Neither in this response nor in the interview did JP Markets deny that it was a party to CFD transactions with its clients, but argued that it was

not the originator of the instruments. At this interview the Authority also clarified (and JP Markets accepted) that it could do no new business in respect of new or existing clients. As I have said, the Authority launched the liquidation application on 7 July 2020 and JP Markets submitted its ODP licence application on 20 August 2020. In the result, JP Markets'

ODP licence application was pending on the date of the hearing of the winding-up application in the court a quo.

[17] For its legal standing to launch the liquidation application, the Authority relied upon the provisions of both s 38B of the FAIS Act and s 96 of the FMA. Its founding affidavit proceeded to relate that the Authority had received more than a hundred complaints from clients of JP Markets. The complaints had two main themes. The first was that JP Markets had failed to make payments that were due to its clients.

The second was that due to interrupted access to its online trading platform, its clients had been unable to close their positions, with resultant losses.

[18] The Authority instructed investigators to conduct an investigation into the complaints. The Authority said that the investigation was ongoing but reached a stage where the information that had been gathered 'informed' the winding-up application. The founding affidavit demonstrated that JP Markets operated as an ODP without a licence. The Authority also alleged that there was a conflict between the interests of JP Markets and those of its clients. These matters, as well as the treatment of 'toxic' clients by JP Markets, formed the mainstay of the application.

[19] The court a quo held that the Authority's application was empowered by both s 38B of the FAIS Act and s 96 of the FMA. It had regard to the alleged grounds for the liquidation of JP Markets. The heart of its reasoning appeared from the following:

'148. It is the failure of the respondent to have timeously applied for an ODP licence when it was conducting the business of an OTC derivative provider and its persistence in conducting that business without applying for a licence when it was required to do so, coupled with its obfuscation in its dealings with the applicant as the relevant financial sector regulator, that most strongly militates in favour of the granting of a liquidation order, whether in terms of section 96 of the FMA or section 38B of FAIS.

149. The other grounds for winding-up therefore need not be considered in any detail save to state that such grounds demonstrate the necessity for the respondent to have been licenced as an ODP.'

The court accordingly concluded that it was just and equitable to order the winding-up of JP Markets.

Authority's power to apply for winding-up

[20] Section 1A of the FAIS Act deals with the relationship between it and the FSRA. It provides that certain references in the FAIS Act should be read as references to provisions of the FSRA. Read with s 1A and insofar as it is relevant to this case, s 38B(1) provides as follows. If, after a supervisory on-site inspection or an investigation in terms of the FSRA, the Authority considers that the interests of the clients of an FSP or of members of the public so require, it may apply to the court for the liquidation of that FSP, whether or not it is solvent, in accordance with the Companies Act 71 of 2008 (the Companies Act).[4]

[21] I very much doubt whether s 38B(1) could find application in this case. As I have demonstrated, the winding-up application was not about the conduct of JP Markets as an FSP or about the protection of the interests of clients or the public in respect of financial advisory or intermediary services. There is much to be said for the view that the section envisages the winding-up of an FSP qua FSP. In addition, the phrase ‘in accordance with the Companies Act’ appears problematic. Section 81 of the Companies Act enumerates the classes of persons that may apply for the winding-up of a solvent company. They do not include the Authority. Thus, it may be argued that the Authority could only apply for the winding-up ‘in accordance with the Companies Act’ under s 157(1)(d), that is, when acting in the public interest, with leave of the court. However, in the light of the conclusion that I have reached, it is not necessary to determine these matters.

[22] It is necessary to reproduce s 96 of the FMA in full:

‘Powers of Authority after supervisory on-site inspection or investigation

After a supervisory on-site inspection or an investigation has been conducted, the Authority may, in order to achieve the objects of this Act referred to in section 2-

- (a) if the respondent is a company-
- (i) apply to the court under section 81 of the Companies Act for the winding-up of the respondent as if the Authority were a creditor of the respondent;
- (ii) apply to the court under section 131 of the Companies Act to begin business rescue proceedings in respect of the respondent as if the Authority were a creditor of the respondent;
- (b) subject to section 5 of the Financial Institutions (Protection of Funds) Act, apply to the court for the appointment of a curator for the business of the respondent;
- (c) direct the respondent to take any steps, or to refrain from performing or continuing to perform any act, in order to terminate or remedy any irregularity or state of affairs disclosed by the supervisory on-site inspection or investigation;

- (d) direct the respondent to prohibit or restrict specified activities, performed in terms of this Act, of a director, managing executive, officer or employee of the respondent, if the Authority believes that the director, managing executive, officer or employee is not fit and proper to perform such activities; or
- (e) hand the matter over to the National Director of Public Prosecutions, provided that the contravention or failure constitutes an offence in terms of this Act.’

[23] Section 2 of the FMA sets out its objects, in these terms:

‘Objects of Act

This Act aims to-

- (a) ensure that the South African financial markets are fair, efficient and transparent;
- (b) increase confidence in the South African financial markets by-
 - (i) requiring that securities services be provided in a fair, efficient and transparent manner; and
 - (ii) contributing to the maintenance of a stable financial market environment;
- (c) promote the protection of regulated persons, clients and investors;
- (d) reduce systemic risk; and
- (e) promote the international and domestic competitiveness of the South African financial markets and of securities services in the Republic.’

[24] There was no suggestion that a supervisory on-site inspection had taken place. Thus, the question was whether the jurisdictional requirement that ‘an investigation has been conducted’ had been met. With reference to the evidence that the investigation was ongoing, JP Markets argued that this phrase must be interpreted to mean ‘after . . . an investigation has been concluded’.

[25] This contention faces difficulty at every level of interpretation. First, the text simply does not say that an investigation must have been concluded. It does not introduce any element of finality. It says that an investigation must have been conducted. An ongoing investigation has been conducted even though it may still be continuing.

[26] Secondly, the context points to the same conclusion. It is clear that the remedies in subsections

- (a) to (e) of s 96 may be invoked after a single supervisory on-site inspection. The section does not require the inspection to have had a formal or final result. This provides a strong indication that a formal or final result in respect of an investigation is similarly not a requirement.

- [27] In the third place, the interpretation for which JP Markets contended is unbusinesslike. It leads to an insensible result. It makes little or no sense to require that an investigation be concluded before the taking of any steps in terms of subsecs (a) to (e) would be permissible, even though an ongoing investigation revealed evidence that would justify or require such action.
- [28] With reference to s 91 of the FSRA, JP Markets argued that a contrary interpretation would deprive it of the right to have a decision taken under s 96 reviewed and set aside under the provisions of the Promotion of Administrative Justice Act 3 of 2000 (PAJA). It pointed out that PAJA does not apply to incomplete investigative action. Read with the definitions in s 1 of the FSRA, s 91 provides that PAJA applies to any administrative action (within the meaning of PAJA) taken by, inter alia, the Authority in terms of the FMA.
- [29] The short answer to this submission is that a decision to apply to a court under subsec (a) or (b) is not administrative action under PAJA. It could not by itself affect the rights of any person nor have a direct, external legal effect. The same applies to proceeding under subsec (e). This must be distinguished from a direction under subsec (c) or (d), which could well be subject to review under PAJA. It follows that the court a quo correctly held that the Authority was authorised by s 96 of the FMA to apply for the liquidation of JP Markets.

Just and equitable ground for winding-up

- [30] It will be recalled that in terms of subsec (a)(i) of s 96, the Authority may, in order to achieve the objects of the FMA, apply for the winding-up of a respondent under s 81 of the Companies Act, as if it were a creditor of the respondent. In the circumstances of this case s 81(1)(c)(ii) of the Companies Act^[5] was applicable. Thus, the Authority had to show that it was just and equitable for JP Markets to be wound up.
- [31] Although our courts have repeatedly stressed that this does not constitute a complete or closed list, they have over the years developed five broad categories of cases that could constitute a 'just and equitable' ground. These are: (a) disappearance of the company's substratum; (b) illegality of the objects of the company and fraud in connection therewith; (c) a deadlock in the management of the company's affairs which can only be resolved by winding it up; (d) grounds analogous to those for the dissolution of partnerships; and (e) oppression. These categories remain applicable under the Companies Act and may, of course, be extended.^[6]
- [32] Most of these categories apply to cases where the applicant is a shareholder of the company and none of them apply to JP Markets. Importantly, a winding-up under s 96 must be aimed at achieving the objects of the FMA. The determination of whether it would be just and equitable to order a winding-up under s 96, is therefore inextricably linked to the achievement of the objects of the FMA. As the manifest purpose of the FMA is to serve public interest, the dictum of this Court in *Redhisa*^[7] para 116^[8] is relevant to s 96. Consequently, a consideration of alternative remedies must also take a central place in the enquiry.

- [33] The starting point must be that JP Markets is a solvent company and a substantial concern. It employs 70 permanent employees at a monthly cost of more than R1 million. It paid in excess of R1 billion to thousands of clients during the period of three months preceding the liquidation application. It was not disputed that its own cash equity amounted to approximately R220 million.
- [34] The Authority declined to make the complaints levelled against it available to JP Markets. JP Markets nevertheless pointed out that around 100 dissatisfied clients did not represent a large percentage of its approximately 300 000 clients. It said that it did its utmost to retain clients in a very competitive environment. It would be counterproductive to arbitrarily deny withdrawal requests or to cause unnecessary delays, and that it did not do so. It explained that in limited cases, where prohibited trading had been identified (and after the trader was afforded an opportunity to make representations), profits were withheld, but the client's deposit was refunded.
- [35] It further explained that because trading takes place on an automated trading platform, interruptions in access thereto would be detrimental to its business. It therefore employed all precautions at its disposal to prevent such interruptions or system failures. The instances of interruption of access to the trading platform that occurred had been caused by circumstances beyond its control.
- [36] One such event, for example, was a 'global market halt' on 16 March 2020.

It was caused by the COVID-19 pandemic and affected many brokers around the world. As a result, the pricing of instruments on JP

Markets' trading platform were either absent or incorrect. In affected clients were restored to the positions in which they had been before the market halt. Whilst clients who had lost money were refunded, the profits of others were reversed, which understandably

might have caused dissatisfaction and complaints. It is clear from the foregoing that it could not be determined on the papers whether any of the complaints were valid.

- [37] There was no evidence that the clients of JP Markets had been unaware that they transacted with JP Markets itself. It follows that it could not be said that there was any conflict of interest as alleged. And because traders were free to accept or decline the spreads offered to them, it was not objectionable to quote differentiated spreads to clients that had been regarded as 'toxic'. I have set out the interactions between

JP Markets and the Authority in some detail to show that, contrary to what the court a quo found, JP Markets had not been guilty of obfuscation.

- [38] The evidence therefore did not establish that the business of JP Markets constituted a systemic risk to its clients or to financial markets generally. It follows that the only remaining relevant factor was that JP Markets had been doing business as an ODP without a licence. In this regard it was in the first place not irrelevant that it was not the only one to do so.
- [39] Following the service of the liquidation application, JP Markets caused a letter to be sent to the Authority, seeking copies of the ODP licences of all other OTC derivative brokers. The letter contained a list of eight OTC derivative providers who were known to operate on the same business model as JP Markets. The Authority's response recorded that only one of these entities had submitted an application for an ODP licence. Notably, the Authority had not taken steps against any of these brokers.
- [40] In the circumstances the decisive consideration was that JP Markets had applied for an ODP licence. At the time of the hearing of the appeal that application was still pending before the Authority. The liquidation of JP Markets prior to the determination of its ODP licence application would not achieve the objects of the FMA. I believe that the court a quo had this in mind when it said the following in respect of granting leave to appeal:

'What has swayed me to find that there is some other compelling reason why the appeal should be heard is that my judgment does operate in a regulatory environment and more particularly the regulation of the unlicensed conducting of the business of an OTC derivative provider, and how that is advanced by granting a winding-up order.'

And should an ODP licence ultimately be refused, the Authority would have no difficulty to obtain an order prohibiting JP Markets from continuing to do business as an ODP. In the result, the winding-up of JP Markets was neither just nor equitable.

- [41] For these reasons I conclude that the court a quo erred in finding that it was just and equitable to liquidate JP Markets and that the appeal must succeed. Although JP Markets employed four counsel, it rightly asked to be awarded the costs of only two counsel.

- [42] The following order is issued:

C H G VAN DER MERWE

JUDGE OF APPEAL

Appearances

For appellant:

J Muller SC (with him A Katz SC, P Long and

K Perumalsamy)

Instructed by:

Hanekom Attorneys, Cape Town

Webbers Attorneys, Bloemfontein

For respondent: E Theron SC (with him L Mbatha)

Instructed by:

Mamatela Attorneys, Johannesburg

Lovius Block Attorneys, Bloemfontein

[1] ‘Financial Markets Act Regulations, GN R98, GG 41433, 9 February 2018.’

[2] Financial Markets Act Regulations, s 1.

[3] Ibid.

[4] Section 38B(2) provides: ‘In deciding an application contemplated in subsection (1), the court — (a) may take into account whether sequestration or liquidation of the financial services provider concerned is reasonably necessary—

(i) in order to protect the interests of the clients of the provider; and (ii) for the integrity and stability of the financial sector; (b) may make an order concerning the manner in which claims may be proved by clients of the financial services provider concerned; and (c) shall appoint as trustee or liquidator a person nominated by the registrar.’

[4] Section 38B(2) provides: ‘In deciding an application contemplated in subsection (1), the court —

(a) may take into account whether sequestration or liquidation of the financial services provider concerned is reasonably necessary—

(i) in order to protect the interests of the clients of the provider; and

(ii) for the integrity and stability of the financial sector;

(b) may make an order concerning the manner in which claims may be proved by clients of the financial services provider concerned; and

(c) shall appoint as trustee or liquidator a person nominated by the registrar.’

[5] Section 81(1) provides that: ‘A court may order a solvent company to be wound up if— (a) . . . (b) . . . (c) one or more of the company’s creditors have applied to the court for an order to wind up the company on the grounds that— (i) . . . (ii) it is otherwise just and equitable for the company to be wound up.’

[5] Section 81(1) provides that:

‘A court may order a solvent company to be wound up if—

(a) . . .

- (b) . . .
- (c) one or more of the company's creditors have applied to the court for an order to wind up the company on the grounds that—
- (i) . . .
- (ii) it is otherwise just and equitable for the company to be wound up.'
- [6] See *Rand Air (Pty) Ltd v Ray Bester Investments (Pty) Ltd* 1985
- (2) SA 345 (W); *Cuninghame and Another v First Ready Development 249* (Association incorporated under s 21) [2010] 1 All SA 473; 2010 (5) SA 325 (SCA) para 6; *Thunder Cats Investments 92 (Pty) Ltd and Another v Nkonjane Economic Prospecting & Investment (Pty) Ltd and Others* [2013] ZASCA 164; [2014] 1 All SA 474; 2014 (5) SA 1 (SCA) paras 15 and 16.
- [7] *Recycling and Economic Development Initiative of South Africa NPC v Minister of Environmental Affairs*
- [2019] ZASCA 1; [2019] 2 All SA 1; 2019 (3) SA 251 (SCA) (Redhisa).
- [8] Paragraph 116 states: 'There is one more reason why it was not just and equitable to wind up the appellants: the court had to be satisfied that the Minister had no alternative means to address complaints before resorting to the drastic expedient of winding up the appellants. The court a quo did not address this requirement. It is discussed further in the following section.'

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