

Are Your Company’s Shares in Order?

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It’s a simple question, but one that many company owners can’t answer with confidence. Most assume that the shareholder details on the Companies Office website are all they need. It is a surprise for some to learn that every New Zealand company must also keep its own share register, and failing to do so can expose both the company and its directors to criminal liability.

What the law says

Section 87 of the Companies Act 1993 requires every company to maintain a share register. If a company doesn’t, the company and its directors each commit an offence and can be fined up to $10,000 on conviction. The register also matters beyond compliance. Under section 89, it is evidence of who legally owns the shares. Directors are responsible for making sure it is properly kept and that share transfers

are promptly entered on it.

What goes in a share register?

The Act is specific about what the register must record. In short, it should show the name and address of shareholders who own or have owned shares in the company (within the last 10 years), how many they hold, and when shares were issued, repurchased, redeemed or transferred.

Why the Companies Office register isn’t enough

It’s easy to see why the confusion arises. The Companies Office website lists a company’s shareholders, so it can look like the company’s official record of ownership. In fact, it is only a public notice. It does not replace the share register that the company itself must keep.

Why it matters in practice

A missing or out-of-date share register tends to surface at an inconvenient time. If you are selling the business or bringing in a new investor, the incoming shareholder will almost certainly ask to see the register as part of their due diligence. Gaps or errors can delay the transaction, add to legal costs and, in some cases, raise doubt about who actually owns the shares. The same issue arises if shareholders disagree about their holdings. Because the register is evidence of legal title, keeping it accurate is far easier than trying to reconstruct it after the event.

Where to from here?

If you run a company, now is a good time to check that you have a share register and that it is up to date. A quick review can save you from penalties later. Keeping the register current is straightforward if it becomes part of your routine. You should record each share issue or transfer as it happens, rather than waiting until the end of the financial year. If you are a shareholder, you can ask the board to show you the company’s share register. If you have any questions or would like help getting your register in order, please get in touch with our team.