

# NOTICE TO LODGING PARTIES

LAND SERVICES GROUP

101 Grenfell Street

ADELAIDE 5000

No. 121

## EXECUTION BY CORPORATIONS - COMPANY LAW REVIEW ACT

The Company Law Review Act 1998 (which commenced on 1 July 1998) introduced major changes to the Corporations Law. One of the changes relates to the execution of documents by companies. Under the new provisions, it is no longer compulsory for a company to have a common seal (section 123). Accordingly, a company now has the option to execute documents either with or without a common seal (section 127).

Section 127(1) states:

A company may execute a document without using a common seal if the document is signed by:

- a) 2 directors of the company; or
- b) a director and a company secretary of the company; or
- c) for a proprietary company that has a sole director who is also the sole company secretary - that director.

Section 127(2) provides how a company may execute a document under common seal.

Provided that a document has been executed by a company in accordance with the Corporations Law and is otherwise in a registrable form, it will be accepted for registration.

A recommended form of execution without a seal is as follows:

EXECUTED by  
[NAME OF COMPANY]  
by the authority of the director(s)

[Signature]  
Director

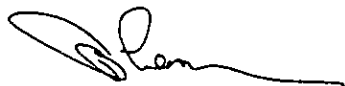
[Signature]  
Director / Secretary\*

\* Delete the inapplicable.

If a person executes a document in his or her capacity as the sole director and sole secretary of a company, that fact must be included in the execution.

Sections 128 and 129 provide that a person is entitled to make certain assumptions in relation to dealings with a company. The assumptions are meant to ensure that commercial transactions are not unduly impeded by long and complex enquiries to establish a company's authority to enter into a transaction. It will be a matter for persons dealing with companies to satisfy themselves that they are protected by sections 128 and 129 of the Corporations Law.

Clients should note that the new procedures for execution apply only to companies that are registered under the Corporations Law. They do not apply to strata or community corporations, or to bodies which are incorporated under other statutes (such as the Associations Incorporation Act 1985).



**ALAN J. SHARMAN**  
**REGISTRAR-GENERAL**

**9 September, 1998**