

1. With common seal requirement being optional, do you think conflict between 2 teams in boardroom would become more rampant i.e 2 directors may sign off a transaction without the Board's approval?

Answer:

The fact that common seal requirement is optional under the law is irrelevant as the directors still have a duty to act within their proper authority. Sections 210–234 of the Companies Act 2016 provide for directors' duties and responsibilities. Directors who breach these requirements may face civil and/or criminal enforcement actions.

2. If a company opts not to have common seal, would other Government authorities, for example the Land Office still requires the company to use common seal during registration?

Answer:

The fact that the company opted not to have a common seal does not override the provisions of such requirement under any other written laws. As such, the company may adopt a common seal when it becomes necessary to comply with the requirements of other written laws, for example when dealing with the Land Office.

3. What is the ambit and scope of section 66 with regards to the execution of document?

Answer:

Section 66 should be read in totality to which the scope is intended to cover the execution of documents which are required under any written law/regulations or agreement to be executed under common seal.

This means that where there is a requirement under any written law/regulations or agreement requiring the documents to be executed by affixing the common seal, the company the following option:

- (a) by affixing the common seal in accordance with the conditions or limitations in the constitution; OR

- (b) by signature in accordance with section 66 i.e. signed by two authorized officers, one of whom must be a director or in the case of a single director, by that director in the presence of a witness.

Any document which is executed without a common seal but in accordance with section 66 would have the same effect as if it was executed under the common seal.