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## **Corporate Seal**

It has been a long established rule that a Cyprus company must have a corporate seal which must be kept at the registered office of the company under the custody of the company secretary as shall be directed by the Board of Directors. Even though there is no specific provision in the Cyprus Company Law, Cap 113, providing for a compulsory obligation for each Cyprus company to have a common seal nor is there any such requirement from the Cyprus Company Registrar such an obligation is implied from other provisions in Cap 113 and in Table A.

There have been though two schools of legal minds on whether the common seal should be in the form of a rubber stamp or engraved. The Cyprus Company Law has been silent on this until last July where a new amendment in the law has clarified the position by providing a definition of what is meant by a “common seal” of a company stating that “common seal also includes a stamp which does not produce any engraved prints”.

The requirement for a Cyprus company to have a common seal is further reinforced by the provisions of section 33(1) (a) of Cap 113 (as has also been amended last July) which provides that any contacts that are required by law to be made under seal according to English Law must be made in writing and either to have affixed the common seal of the company or have it omitted.

The most important amendment made last July on corporate seal is the new section 35, which has completely replaced the previous provisions of section 35, and which now provides that any document signed on behalf of a Cyprus company, in Cyprus or abroad, by any person acting under its authority, expressed or implied, shall have the same effect as if it was executed under the company’s common seal.

This new provision in the law has clearly abolished the requirement for affixing the company’s common seal in order to render an agreement as executed by deed or otherwise valid under the laws of any jurisdiction that may govern that agreement.

It is anticipated though that the new amendment, even though it is a positive innovation in the Cyprus Law, it may cause problems in interpretation when an “implied” authority will need to be proved and certainly it will depend on the circumstances of each case. Undoubtedly this will give rise to series of precedents based on acceptable commercial practices and behaviors.

It must be stressed though that the new section 35 further provides that in the event that the Cyprus company shall elect to use its seal then such seal must be used in accordance with the provisions of its Articles of Association or in accordance with Table A as applicable.

In the majority of the companies their Articles of Association (and alternatively Table A) do provide how the corporate seal should be affixed. The standard wording is that when affixed it should be countersigned by at least two directors and/or a director and the company secretary.

If there is no provision in the Articles of Association of the Cyprus Company then Regulation 113 of Table A of Cap 113 shall apply which provide that: “the directors shall provide for the safe custody of the seal, which shall only be used by the authority of the directors or of a committee of the directors authorized by the directors in that behalf, and every instrument to which the seal shall be affixed shall be signed by a director and shall be countersigned by the secretary or by a second director or by some other person appointed by the directors for the purpose”.

The new law will also eliminate the extensive use of Powers of Attorneys for the execution of agreements on behalf of the company as the law provided (old section 35) until last July that “a company may, by writing under its common seal, empower any person, either generally or in respect of any specified matters, as its attorney, to execute deeds abroad on its behalf in any place not situate in the Republic”

The new changes are innovative and welcomed in the legal and business sector as they have simplified the procedures when acting for and on behalf of Cypriot companies and thus rendering them more popular to be used in international corporate structure and res-structurings.