

CORPORATIONS' CONTRACTS BILL.

MEMORANDUM.

By the common law a contract made by a body corporate is void unless it is made under seal. This rule is subject to certain exceptions the extent of which is uncertain and which give rise to much difficulty and litigation. The Companies Act and many other statutes establishing different classes of corporations expressly exclude this rule, and enable such bodies to contract in the same manner as private persons. The purpose of this Bill is to abolish the rule of the common law altogether, as being needless and mischievous.

JOHN W. SALMOND,
Counsel to the Law Drafting Office.

No. 29- 2.

This PUBLIC BILL originated in the Legislative Council, and, having this day passed as now printed, is transmitted to the HOUSE OF REPRESENTATIVES for its concurrence.
Legislative Council,
17th July, 1908.

Hon. Dr. Findlay.

CORPORATIONS' CONTRACTS.

ANALYSIS.

Title.	
1. Short Title.	apply notwithstanding any rules as existing corporations.
2. Form and evidence of contracts by corporations.	4. Act not to affect rule as to affixing seal, &c.
3. Act to apply to all corporations. Act to	Act not to affect Stamp Duties Act or Bills of Exchange Act.

A BILL INTITULED

AN ACT to amend the Law as to the Contracts of Corporations. Title.

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the Corporations' Contracts Act, 1908. Short Title.

2. No contract which is made by a corporation after the passing of this Act, and which if made between individual persons would not require to be made by deed, shall be invalid because it is not under the seal of the corporation, and every contract made by a corporation after the passing of this Act shall be governed in respect of the form and evidence thereof by the same rules which govern the like contract when made between individual persons. Form and evidence of contracts by corporations.

3. (1.) This Act applies to all corporations, whether aggregate or sole, and whether incorporated in New Zealand or elsewhere, and whether incorporated before or after the passing of this Act. Act to apply to all corporations.

(2.) This Act applies to any corporation incorporated in New Zealand, notwithstanding the provisions of any Act in force on the passing of this Act determining the manner in which contracts shall be made by that corporation. Act to apply notwithstanding any rules as to existing corporations.

(3.) This Act applies to any corporation incorporated elsewhere than in New Zealand, notwithstanding any provision that would otherwise determine the manner in which contracts shall be made by that corporation.

4. (1.) Nothing in this Act shall affect any law or rule determining the mode in which a deed shall be executed by a corporation or in which the seal of a corporation shall be affixed to any document, or determining the persons by whom any contract may be made on behalf of a corporation. Act not to affect rule as to affixing seal, &c.

(2.) Nothing in this Act shall affect the provisions of the Stamp Duties Act, 1908, or the Bills of Exchange Act, 1908, or affect any rule of law as to the drawing, making, acceptance, indorsement, or execution by a corporation of any bill of exchange, promissory note, or other negotiable instrument. Act not to affect Stamp Duties Act or Bills of Exchange Act.