



GOVERNANCE RISK & OPERATIONS

Document Execution: The Seal Isn't Required. The Right Framework Still Is

Section 127 applies to companies, not incorporated associations. Confirm which framework governs your documents

Modern document execution law has moved well beyond the common seal most people still picture when they think about how an association formally signs something. Which execution framework applies to your organisation depends directly on the legal structure choice discussed earlier in this series, and getting it wrong can undermine a document's validity.

Which rules apply to your association?

The law depends on how your association is set up. A **company limited by guarantee** follows the Corporations Act 2001 (Cth) and its constitution. An **incorporated association** follows its state or territory associations Act and its rules. A **registered charity** also follows the ACNC Act and the ACNC Governance Standards, and some Corporations Act rules are replaced for charities that are companies. Check your own governing documents, and get advice before decisions with legal consequences.

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The Structural Distinction Most Associations Overlook

Section 127 of the Corporations Act, the modern provision allowing document execution without a common seal, applies specifically to entities registered as companies under that Act. A company limited by guarantee can rely on it directly. An incorporated association registered under state legislation cannot, since it was never registered under the Corporations Act in the first place. An incorporated association's execution rules instead come from its state or territory Act, its constitution, and that jurisdiction's laws on deeds and electronic signing, which differ between jurisdictions and may look different from the modernised company framework. Check all three before relying on electronic or unwitnessed execution. An association that has changed legal structure, or that simply assumed the same execution rules apply regardless of structure, should confirm which framework governs its own document execution.

The Common Seal Is Optional, Not Required

For associations structured as companies limited by guarantee, a common seal is not legally required at all. Most companies now execute documents entirely without one, relying instead on signatures from company officers in specific, defined combinations, typically two directors, or a director and the company secretary. (The sole-director method applies only to proprietary companies, not to companies limited by guarantee, which as public companies must have at least three directors.) This can be done electronically, including for deeds, and current provisions confirm a deed can be executed this way without requiring a witness at all, regardless of whether the document is physical or electronic. An association still requiring physical presence, wet ink, and a witnessed common seal for every formal document may be applying an outdated internal practice to a legal framework that has moved considerably further than most people realise.

The Delegation Distinction Worth Keeping Separate

A useful, related distinction sits in section 126 of the Corporations Act. Rather than requiring the full formal execution process for every routine contract, a company can authorise a specific representative, a chief executive, a finance director, or another designated officer, to enter into, vary, or discharge contracts on the organisation's behalf without needing the formal execution combination each time. This connects directly to the delegation of authority discipline discussed throughout this series, and it is the practical mechanism most associations should use for everyday operational agreements, reserving the fuller execution process for significant documents and deeds.

- Confirm which execution framework applies to your specific legal structure, Corporations Act section 127 for a company limited by guarantee, or your state or territory Act, constitution and deeds and electronic signing laws for an incorporated association.
- Recognise that a common seal is optional, not required, for associations structured as companies, and consider whether your internal execution policy still assumes a seal-based process the law no longer requires.
- Use properly delegated signing authority for routine operational contracts, connecting directly to the delegation discipline discussed earlier in this series, reserving formal multi-officer execution for significant documents.
- Ensure any deed is expressed as a deed in its wording, given the specific legal formalities this document type carries regardless of which execution method is used.
- Update your association's execution policy and any constitutional seal provisions to reflect current practice, rather than leaving outdated seal-specific rules in place that no longer match how the organisation actually operates.

Document execution is one of the more mechanical corners of governance, and it is precisely the kind of detail that quietly matters considerably more than its routine appearance suggests. Confirming your association applies the correct framework for its actual legal structure protects the validity of every significant document it signs. This is one of the practical governance topics built into our Board Director course, alongside the papers, tools and frameworks that turn the principle into your board's actual practice. [Explore the course](#)

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BOARDROOM ACTION WORKSHEET

Document Execution: The Seal Isn't Required. The Right Framework Still Is

Turn the resource into evidence, a decision and an accountable next step. Keep the completed record in your association's approved board records system.

1 What is the issue or decision?

State the governance question in one clear sentence.

2 What evidence do we already have?

Record the facts, source documents and stakeholder evidence available now.

3 What evidence is still needed?

Identify the legal, regulatory, financial, member or operational information still required.

4 What is the agreed next action?

Capture the owner, timeframe and how the matter will return to the board.

Action owner	Review date	Board decision or resolution

General education, not legal, financial, tax, clinical or governance advice. Confirm specifics at the relevant primary source or with your own qualified adviser. Nexus Leadership is operated by Lipstick Consulting Pty Ltd · ABN 15 619 120 482.

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