



ANNO DECIMO OCTAVO & DECIMO NONO

VICTORIÆ REGINÆ.

C A P. CXXXIII.

An Act for limiting the Liability of Members of
certain Joint Stock Companies.

[14th August 1855.]

WHEREAS it is expedient to enable Members of Joint Stock Companies to limit the Liability for the Debts and Engagements of such Companies to which they are now subject: Be it therefore enacted by the Queen's most Excellent Majesty, by and with the Advice and Consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the Authority of the same, as follows:

I. Any Joint Stock Company to be formed under the Act of the Eighth Year of Her Majesty, Chapter One hundred and ten, (other than an Assurance Company,) with a Capital to be divided into Shares of a nominal Value not less than Ten Pounds each, may obtain a Certificate of Complete Registration with Limited Liability upon complying with the Conditions following, in addition to doing all other Matters and Things now required in order to obtain a Certificate of Complete Registration; that is to say,

Mode of
obtaining
Limited
Liability by
future Com-
panies.

(1.) The Promoters shall state on their Returns to the Office for Provisional Registration that such Company is proposed to be formed with Limited Liability:

(2.) The Word "Limited" shall be the last Word of the Name of the Company:

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(3.) The

Limited Liability.

- (3.) The Deed of Settlement shall contain a Statement to the Effect that the Company is formed with Limited Liability :
- (4.) The Deed of Settlement shall be executed by Shareholders, not less than Twenty-five in Number, holding Shares to the Amount in the aggregate of at least Three Fourths of the nominal Capital of the Company, and there shall have been paid up by each of such Shareholders on account of his Shares not less than Twenty Pounds *per Centum* :
- (5.) The Payment of the above Per-centage shall be acknowledged in or endorsed on the Deed of Settlement, and the Fact of the same having been *bonâ fide* so paid shall be verified by a Declaration of the Promoters, or any Two of them, made in pursuance of the Act made in the Sixth Year of the Reign of His late Majesty King *William* the Fourth, Chapter Sixty-two :

And upon such Conditions being complied with, and such other Matters and Things done, the Registrar of Joint Stock Companies shall grant a Certificate of Complete Registration with Limited Liability to such Company.

Mode of
obtaining
Limited Lia-
bility by
Companies
now or
hereafter
registered.

II. Any Joint Stock Company, except as aforesaid, now or hereafter completely registered under the said Act of the Eighth Year of Her Majesty, may obtain a Certificate of Complete Registration with Limited Liability, in manner and subject to the Condition following; that is to say,

The Directors of such Company may, with the Consent of at least Three Fourths in Number and Value of its Shareholders who may be present, personally or by Proxy, at any General Meeting summoned for that Purpose, make such Alteration in the Name, nominal Value of Shares, and Deed of Settlement of the Company as may be necessary for enabling it to comply with the Conditions herein-before mentioned with respect to Joint Stock Companies seeking to obtain Certificates of Complete Registration with Limited Liability; and upon Compliance with such Conditions the Registrar, after the Affairs of the Company shall at the Expense of the Company have been audited by some Person appointed by the Board of Trade, and on Certificate from the said Board that the complete Solvency thereof has been established on such Audit to its Satisfaction, shall grant to such Company, by its new Name, a Certificate of Complete Registration with Limited Liability, and thereupon all Privileges and Obligations hereby attached to Companies with Limited Liability, their Shareholders, Directors, and Officers, shall attach to the Company named in such Certificate, its Shareholders, Directors, and Officers.

III. Any

Limited Liability.

III. Any Joint Stock Company, except as aforesaid, constituted under any Private Act of Parliament, whereof it shall be proved to the Satisfaction of the Board of Trade, after the Affairs of the Company shall, at the Expense of the Company, have been audited by some Person appointed by the Board of Trade, that the said Company is perfectly solvent, and that not less than Twenty *per Centum* of Three Fourths of the nominal Capital of such Company has been paid up, may obtain a Certificate of Complete Registration with Limited Liability, in manner and subject to the Condition following; that is to say,

Mode of obtaining Limited Liability by existing Companies constituted under Private Acts of Parliament.

The Directors of such Company may, with the Consent of at least Three Fourths in Number and Value of its Shareholders who may be present, personally or by Proxy, at any General Meeting summoned for that Purpose, make such Alteration in the Name and nominal Value of Shares as may be necessary for enabling it to comply with the Condition in that Behalf herein-before mentioned with respect to Joint Stock Companies seeking to obtain Certificates of Complete Registration with Limited Liability; and upon Compliance with such Condition the Registrar, on Receipt of a Certificate of the Solvency of the Company, and of the Payment of Capital as before mentioned, shall grant to such Company, by its new Name, a Certificate of Complete Registration with Limited Liability; and thereupon all Privileges and Obligations hereby attached to Companies with Limited Liability, their Shareholders, Directors, and Officers, shall attach to the Company named in such Certificate, its Shareholders, Directors, and Officers.

IV. Every Company that has obtained a Certificate of Complete Registration with Limited Liability shall paint or affix, and shall keep painted or affixed, its Name on the Outside of every Office or Place in which the Business of the Company is carried on, in a conspicuous Position, in Letters easily legible, and shall have its Name engraven in legible Characters on its Seal, and shall have its Name mentioned in legible Characters in all Notices, Advertisements, and other official Publications of such Company, and in all Bills of Exchange, Promissory Notes, Cheques, Orders for Money, Bills of Parcels, Invoices, Receipts, Letters, and other Writings used in the Transaction of the Business of the Company.

Regulations to be observed on Complete Registration with Limited Liability.

V. If such Company do not paint or affix, and keep painted or affixed, its Name, in the Manner aforesaid, each of the Directors thereof shall be liable to a Penalty not exceeding Five Pounds for not so painting or affixing its Name, and for every Day during which such Name is not so kept painted or affixed; and if any Director or other Officer of the Company, or any Person on its Behalf, use any Seal purporting

Penalties to be inflicted for Non-observance of such Regulations.

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purporting to be a Seal of the Company whereon its Name is not so engraven as aforesaid, or issue or authorize the Issue of any Notice, Advertisement, or other official Publication of such Company, or of any Bill of Exchange, Promissory Note, Cheque, Order for Money, Bill of Parcels, Invoice, Receipt, Letter, and other Writing used in the Transaction of the Business of the Company, wherein its Name is not mentioned in the Manner aforesaid, he shall be liable to a Penalty of Fifty Pounds, and shall further be personally liable to the Holder of any such Bill of Exchange, Promissory Note, Cheque, or Order for Money, for the Amount thereof, unless the same shall be duly paid by the Company.

Every Increase in the nominal Capital to be registered, under a Penalty.

VI. No Increase to be made in the nominal Capital of any Company that has obtained a Certificate of Complete Registration with Limited Liability shall be advertised or otherwise treated as Part of the Capital of such Company, until it has been registered with the Registrar of Joint Stock Companies; and no such Registration shall be made unless a Deed is produced to the Registrar, executed by Shareholders holding Shares of the nominal Value of not less than Ten Pounds to the Amount in the aggregate of at least Three Fourths of the proposed increased Capital of the Company, nor unless it is proved to the Registrar, by such Acknowledgment and Declaration as herein-after mentioned, that upon each of such Shares there has been paid up by the Holder thereof an Amount of not less than Twenty Pounds *per Centum*; and if any such Increase of Capital as aforesaid be advertised or otherwise treated as Part of the Capital of the Company before the same has been so registered, every Director of such Company shall incur a Penalty of Fifty Pounds; and the Payment of the above Percentage shall be acknowledged in or endorsed on the Deed so produced, and the Fact of the same having been bonâ fide so paid shall be verified by a Declaration of the Directors, or any Two of them, made in pursuance of the said Act made in the Sixth Year of the Reign of His late Majesty King *William* the Fourth, Chapter Sixty-two.

Members of certificated Companies to be free from personal Liability.

VII. The Members of a Joint Stock Company which has so obtained a Certificate of Complete Registration with Limited Liability, after such Certificate is granted, notwithstanding the Provisions contained in the said Act of the Eighth Year of Her present Majesty, shall not be liable, under any Judgment, Decree, or Order which shall be obtained against such Company, or for any Debt or Engagement of such Company, further or otherwise than is herein-after provided.

Effect of Execution against Company.

VIII. If any Execution, Sequestration, or other Process in the Nature of Execution, either at Law or in Equity, shall have been issued

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issued against the Property or Effects of the Company, and if there cannot be found sufficient whereon to levy or enforce such Execution, Sequestration, or other Process, then such Execution, Sequestration, or other Process may be issued against any of the Shareholders to the Extent of the Portions of their Shares respectively in the Capital of the Company not then paid up, but no Shareholder shall be liable to pay in satisfaction of any One or more such Execution, Sequestration, or other Process a greater Sum than shall be equal to the Portion of his Shares not paid up: Provided always, that no such Execution shall issue against any Shareholder except upon an Order of the Court, or of a Judge of the Court, in which the Action, Suit, or other Proceeding shall have been brought or instituted, and such Court or Judge may order Execution to issue accordingly, with the reasonable Costs of such Application, and Execution to be taxed by a Master of the said Court; and for the Purpose of ascertaining the Names of the Shareholders, and the Amount of Capital remaining to be paid upon their respective Shares, it shall be lawful for any Person entitled to any such Execution, at all reasonable Times, to inspect the Register of Shareholders without Fee.

IX. If the Directors of any such Company shall declare and pay any Dividend when the Company is known by them to be insolvent, or any Dividend the Payment of which would to their Knowledge render it insolvent, they shall be jointly and severally liable for all the Debts of the Company then existing, and for all that shall be thereafter contracted, so long as they shall respectively continue in Office; provided that the Amount for which they shall all be so liable shall not exceed the Amount of such Dividend, and that if any of the Directors shall be absent at the Time of making the Dividend, or shall object thereto, and shall file their Objection in Writing with the Clerk of the Company, they shall be exempted from the said Liability.

If Dividends be made and Corporation insolvent, each Director consenting thereto liable.

X. No Note or Obligation given by any Shareholder to the Company whereof he is a Shareholder, whether secured by any Pledge or otherwise, shall be considered as Payment of any Money due from him on any Share held by him, and no Loan of Money shall be made by any such Company to any Shareholder therein; and if any such Loan shall be made to a Shareholder, the Directors who shall make it, or who shall assent thereto, shall be jointly and severally liable to the Extent of such Loan, and Interest for all the Debts of the Company contracted before the Repayment of the Sum so lent.

Notes of Shareholders not receivable in Payment of Calls; Liability of each Officer consenting to a Loan to Shareholders.

Limited Liability.

Rights
of Creditors
of existing
Companies
preserved.

XI. Where any Company completely registered under the said Act of the Eighth Year of Her present Majesty, or any Company constituted under any Act of Parliament, shall obtain a Certificate of Complete Registration with Limited Liability, the Grant of such Certificate shall not prejudice or affect any Right which previously to the Grant of such Certificate has accrued to any Creditor or other Person against the Company in its Corporate Capacity, or against any Person then being or having been a Member of such Company, but every such Creditor or other Person shall be entitled to all such Remedies against the Company in its Corporate Capacity, and against every Person then being or having been a Member of such Company, as he would have been entitled to in case such Certificate had not been obtained.

Change in
the Name of
a Company
under the
Act not to
affect the
Rights of the
Company or
other Par-
ties.

XII. No Alteration made by virtue of this Act in the Name of any Company shall prejudice or affect any Right which previously to such Alteration has accrued to such Company as against any other Company or Person, or which has accrued to any other Company or Person as against such Company, but every such Company as against any other Company or Person, and every other Company or Person as against such Company and the Members thereof, shall be entitled to all such Remedies as they or he would have been entitled to if no such Alteration had been made; and no such Alteration shall abate or render defective any legal Proceeding pending at the Time when such Alteration is made.

Companies
to be dis-
solved and
wound up
when Three
Fourths of
the Capital
lost.

XIII. In the Case of any Company which has obtained a Certificate of Limited Liability, whenever, on taking the yearly Accounts of such Company, or by any Report of the Auditors thereof, it appears that Three Fourths of the subscribed Capital Stock of the Company has been lost, or has become unavailable in the Course of Trade, from the Insolvency of Shareholders, or from any other Cause, the Trading and Business of such Company shall forthwith cease, or shall be carried on for the sole Purpose of winding up its Affairs; and the Directors of such Company shall forthwith take proper Steps for the Dissolution of such Company, and for the winding up of its Affairs, either by Petition to the Court of Chancery, or by Exercise of the Powers of the Deed of Settlement, or by such other lawful Course as they may think most fit.

Auditors to
be appointed
subject to
Approval of
Board of
Trade.

XIV. In Cases where a Certificate of Registration with Limited Liability has been obtained, when One Auditor only shall have been appointed under the Thirty-eighth Section of the Act of the Eighth of *Victoria*, Chapter One hundred and ten, that single Auditor, and when Two or more such Auditors shall have been

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so appointed then One of such Auditors, shall be subject to the Approval of the Board of Trade, and such Board in case the Auditor submitted to them for Approval shall for any Reason appear unfit or objectionable shall appoint another in his Place.

XV. Every pecuniary Penalty imposed in pursuance of this Act shall be deemed a Debt due to the Crown, and shall be recoverable accordingly. Recovery of Penalties.

XVI. This Act shall, so far as is consistent with the Contents and Subject Matter thereof, be taken as Part of and construed with the said Act of the Eighth Year of Her present Majesty, Chapter One hundred and ten, and the Act of the Eleventh Year of Her Majesty, Chapter Seventy-eight, and all the Provisions of the said Acts, save in so far as they are varied by this Act, shall apply to Persons and Companies applying for or obtaining a Certificate of Complete Registration with Limited Liability. Act to be taken as Part of 7 & 8 Vict. c. 110.

XVII. The Provisions of the Act of the Eighth Year of Her present Majesty, Chapter One hundred and eleven, and of the Joint Stock Companies Winding-up Act, 1848, and of the Joint Stock Companies Winding-up Amendment Act, 1849, shall apply to Persons and Companies obtaining a Certificate of complete Registration with Limited Liability, subject only to such Variations as may be occasioned by the Provisions of this Act. Provisions of 7 & 8 Vict. c. 111., 11 & 12 Vict c. 45., and 12 & 13 Vict c. 108. to apply to this Act.

XVIII. This Act shall not apply to *Scotland*.

Act not to apply to Scotland.

XIX. This Act may be cited for all Purposes as “The Limited Liability Act, 1855.” Short Title.

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