

AUTHORITY IS GREATER THAN THE MAN THAT WIELDS IT

THE TURQUAND RULE

The Turquand Rule (the “**Rule**”) allows a third party dealing with a company in good faith to presume the authority of a person acting on behalf of a company. The common law based **Rule** is recognised by our courts and is partially entrenched in the Companies Act (the “**Act**”).

The **Rule** entails that a person dealing with a representative of a company in good faith is entitled to presume that the company, in making any decision, has complied with all of the prescribed and procedural (internal) requirements. In the event the requirements have not been fulfilled, the company may find itself to be bound to the terms of the agreement concluded with the third party.

Note that the **Rule** does not allow for the person dealing with the company to make any assumptions with respect to the representative of the company. The **Rule** only entitles the person to presume that all requirements are fulfilled by the company. If the person or entity knew or reasonably ought to have known of any failure by the company to comply with any such requirements, such person will not enjoy any relief provided for by the **Rule**.

The **Rule** is applicable to any person dealing with any company other than a director, prescribed officer or shareholder of the company.

Contact Van Huyssteens

T +27 12 349 2306
F +086 6151 183

Address:

De Haviland Crescent Nr. 5,
III Villaggio Nr.12, Torino Suite
Persequor Park
Pretoria, South Africa

Van Huyssteens appreciates your feedback:

For information or editorial contributions, please e-mail: commercial@vanhuyssteens.co.za.

If you would like to subscribe to this service, please send a blank e-Mail to: commercial@vanhuyssteens.co.za with the word 'Subscribe' in the subject line. To unsubscribe send a blank e-Mail to: commercial@vanhuyssteens.co.za with the word 'un-Subscribe' in the subject line. As a subscriber, your name will not be released to any third party, but you may receive research surveys and similar communications about activities relating to Van Huyssteens and your fields of interest.

Van Huyssteens Commercial Attorneys disclaims all liability for any loss, damage, injury or expense however caused, arising from the use of, or reliance upon, in any manner or form, the information provided through this newsletter. It does not, in any form or manner, warrant, or purport to warrant, the truth, accuracy and/or completeness of the information provided. Should any of the information provided herein be applicable to (or interest) you, please consult with a legal professional for comprehensive advice and guidance thereon. The publisher's prior written permission is required to reproduce, publish, use and/or display the contents hereof in any form or manner and/or for any reason whatsoever.