

















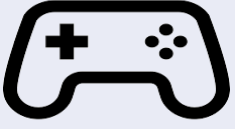




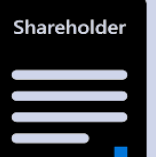







HOW THE NEW CAMA BILL WILL IMPROVE THE EASE OF DOING BUSINESS IN NIGERIA

On May 15, 2018 the Senate of the Federal Republic of Nigeria took giant strides towards actualizing the long anticipated repeal and re-enactment of the Companies and Allied Matters, 1990 by passing the Companies and Allied Matters (Repeal and Re-enactment) Bill 2018. Below is a summary of the most critical changes to be expected in the business landscape after the Bill is passed by the House of Representatives and assented to by the President.

 <p>Single Member Companies</p> <p>A single person should be able to form a private company, as against the current requirement of minimum of two persons.</p>	 <p>Registration of Partnerships</p> <p>Limited liability partnerships and limited partnerships will become corporate entities registrable by the CAC.</p>	 <p>Insolvency Framework</p> <p>Introduction of a company rescue insolvency legal framework focused on salvaging companies from insolvency.</p>	 <p>Display of Audited Accounts</p> <p>Public companies are now required to display their audited accounts on their website.</p>	 <p>Minority Protection</p> <p>Enhanced protection rights empowering shareholders to bring derivative actions in respect of a company as well as its subsidiary companies.</p>
 <p>Use of Company Secretaries</p> <p>It would be optional for small companies to appoint a secretary, though remaining mandatory for public companies.</p>	 <p>Voluntary General Meetings</p> <p>Small companies would no longer be mandatorily required to convene annual general meetings.</p>	 <p>Use of Auditors</p> <p>Small companies and companies that are yet to carry on any business are to be exempt from appointing auditors.</p>	 <p>Single Director</p> <p>Provision has been included for single directorship for small companies.</p>	 <p>Notice of Fixed Charge</p> <p>Clearer provisions on giving notice of fixed charge has been included.</p>
 <p>Prohibition of Irredeemable Preference Shares</p> <p>Introduction of prohibition on the issuance of irredeemable preference shares.</p>	 <p>Company Acquisition of its Shares</p> <p>Companies are now permitted to buy back their shares subject to defined conditions.</p>	 <p>Electronic Transfer of Shares</p> <p>Electronic transfers are now expressly permitted and recognized.</p>	 <p>Prohibition of Issuance of Shares at a Discount</p> <p>Prohibition of issuance of shares at a discount has been introduced.</p>	 <p>Increase of Issued Capital on Increase of Shares</p> <p>At least 25% of a company's share capital must be issued on increase of the shares of the company.</p>

 <p>Reform of the Corporate Affairs Commission</p> <p>A reform of the composition of the Board and functions of the CAC is to be made. Also, the financial year of the CAC is to be defined.</p>	 <p>Minimum Issued Share Capital for Companies</p> <p>The concept of authorized share capital has replaced with Minimum issued share capital.</p>	 <p>Disclosure of Substantial Shareholder with 5% interest in Public Company</p> <p>Requirement to notify the CAC of a disclosure of a substantial shareholder with up to 5% equity stake in a public company.</p>	 <p>Disclosure of Persons with Significant Control</p> <p>Disclosure of persons with significant control in all companies will be required.</p>	 <p>Recognition of Trust in respect of Shares</p> <p>Companies can now recognize trust in respect of shares and notify CAC of such arrangements.</p>
 <p>Re-registration of Companies</p> <p>An overhaul of the requirements, restrictions and processes for the re-registration of companies in Nigeria.</p>	 <p>Use of Company Seal</p> <p>Use of common seal by a company should be optional, and its use and design should be regulated by the company's Articles.</p>	 <p>Statement of Proposed Directors</p> <p>Detailed provisions on the content of the Statement of Company's Proposed Directors to be registered at the CAC.</p>	 <p>Statement of Guarantee</p> <p>Detailed provisions on the content of Statement of Guarantee to be submitted to CAC.</p>	 <p>Statement of Capital and Initial Shareholding</p> <p>Clearer and more detailed explanation of the expected content of Statement of Share Capital and Initial Shareholding of companies.</p>
 <p>Articles of Associations</p> <p>Statutory model Articles of Associations are removed, and CAC is empowered to prescribe model Articles.</p>	 <p>Electronic Reservation of Name</p> <p>The Bill recognizes reservation and registration of companies through electronic means.</p>	 <p>Requirements upon Change of Name</p> <p>The CAC may now prescribe a daily penalty for non-notification upon change of name and the requirement for a change of name to be published in the Gazette has been removed.</p>	 <p>CAC to prescribe the Form of Memorandum</p> <p>The CAC has been granted the authority to amend the prescribed form of Memorandum of Association for companies.</p>	 <p>Removal of Consent of Attorney General for LTD/GTE</p> <p>The requirement of authority of the Attorney-General of the Federation for the registration of LTD/GTE has been replaced with a requirement to advertise in three (3) national newspapers.</p>

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