

50 SALIENT INNOVATIONS OF THE COMPANIES AND ALLIED MATTERS ACT 2020

On 7 August, 2020, President Muhammadu Buhari assented to the Companies and Allied Matters (Amendment) Bill, now Companies and Allied Matters Act (CAMA) 2020. Salient innovations of the CAMA 2020 include:

1. Expansion of the functions of the Corporate Affairs Commission (CAC) to include the regulation, supervision, management and investigation into the affairs of business names and incorporated trustees. Section 8
2. Provision for the registration of limited liability partnerships. Section 746
3. Replacement of authorised share capital with minimum issued share capital for incorporation of companies. Section 27(2)
4. Increase in share capital now specified to be made by ordinary resolution. Section 127(8)
5. Re-description of a small company to be a company with a turnover of not more than ~~₦~~120, 000,000.00 (one hundred and twenty million naira) and a net assets value of not more than ~~₦~~60, 000,000.00 (sixty million naira). Section 394(3)
6. Provision for incorporation of a private company by a single member/shareholder. Section 18(2)
7. Provision for single directorship for small companies. Section 271(1)
8. Requirement of common seal for companies is no longer mandatory. Section 98
9. Electronic signature now permissible for the authentication of companies' documents and proceedings. Section 101
10. Provision for virtual general meetings for private companies. Section 240 (2)

11. Recognition of electronic transfer of shares as an instrument of transfer of shares. Section 175(1)
12. Provision for electronic filing of documents. Section 860(1)
13. Provision for the admissibility of Certified True Copies of electronically filed documents in evidence. Section 860(2)
14. Prohibition of a Chairman of a public company from acting as the Chief Executive Officer of the same company. Section 265(6)
15. Mandatory requirement for a director in a public company to disclose directorship held in other public companies. Section 278(2)
16. Prohibition of a person from being a director in more than 5 (five) public companies, simultaneously. Section 307(2)
17. Introduction of re-registration of a public company as an unlimited company. Section 75
18. Requirement of a minimum of 3 (three) independent directors for public companies. Section 275(1)
19. Mandatory requirement for public companies to display audited accounts on their websites. Section 374(6)
20. Requirement of a Register of Secretaries to be maintained by public companies. See section 336.
21. Exemption of small companies from mandatory requirement of having a company secretary. Section 330(1)
22. Exemption of small companies from the audit requirement stipulated under the Act. Section 402(1)(b)

23. Introduction of Statement of Compliance by an applicant or his agent for registration of companies, as an alternative to Statutory Declaration by a legal practitioner. Section 40(1) and (2)
24. Requirement of pre-action notice before commencement of action against the CAC. Section 17(1) and (2)
25. Exemption of small companies and single member companies from the mandatory requirement of holding Annual General Meetings. Section 237(1)
26. Inclusion of disclosure of remuneration of a company's managers as an ordinary business of Annual General Meetings. Section 238
27. Requirement for public companies to serve Notice of Annual General Meetings on the CAC. Section 243(1)(e)
28. Prohibition of issuance of a company's shares at a discount. Section 146
29. Provision of damages as a relief available to minority shareholders who institute personal or representative actions for the enforcement of their right(s). Section 344(1)(a)
30. Provision of whistle blowing protection and or compensation for employees who provide information in the course of an investigation into a company's affairs. Section 357 (4) and (5)
31. Introduction of a time limit of 30 (thirty) days for the Attorney General of the Federation to consent to the Memorandum of a company limited by guarantee, after which the CAC may subject to certain conditions, give its assent. Section 26(7) - (10)
32. Increase in the liability of members of a company limited by guarantee to a minimum amount of ₦100,000.00 (one hundred thousand naira) Section 26(12)
33. Additional requirement of a special resolution to retire or remove a member of a company limited by guarantee. Section 26(13)

34. Mandatory requirement of a statement of guarantee before registration in the case of a company that is limited by guarantee. Section 38(4)(b)
35. Introduction of company administration as an alternative to receivership to rescue ailing companies. Sections 443 – 444
36. Mergers of associations/incorporated trustees with similar objects now permissible. Section 849
37. The CAC can now, by order, suspend and or remove trustees of an association/incorporated trustees and appoint interim managers in their place. Section 839(1), (7) and (8)
38. The CAC can, upon receiving notice of any dormant bank account held by an association/incorporated trustees and upon reasonable belief that such association is not functioning, dissolve the association by an order of court and direct the transfer of its funds to another association carrying out similar activities. Section 842
39. Mandatory requirement for the submission of bi-annual statement of affairs of an association to the CAC. Section 845
40. Establishment of an Administrative Proceedings Committee for the provision of fair hearing for persons alleged to have contravened the CAMA, resolution of disputes arising from the operation of CAMA as well as imposition of penalties for contravention. Decisions of this Committee are subject to confirmation by the Board.¹ Section 851(1), (4) & (11)
41. Prohibition of creditors from instituting winding up proceedings against a company within 6 (six) months of its commencement of an arrangement and compromise scheme.² Section 717
42. Addition of directors to the category of persons who can make an application to court for the winding up of a company. Section 573 (1) (a)

¹The governing board is responsible for carrying out the functions of the Corporate Affairs Commission. Section 2.

² However, a secured creditor may, subject to specified conditions, apply to court to discharge the 6 (six) months moratorium period.

43. Introduction of share buyback options for limited liability companies. Section 184
44. Introduction of an obligation on shareholders of all companies, including private companies, to disclose significant control held in a company, to both the company and the CAC. Section 119(1) and (2)
45. Re-description of substantial shareholding in a public company to be shareholding entitling a person to exercise a minimum of 5% of the unrestricted voting rights at any general meeting of the company, as against 10% previously required. Section 120 (2)
46. Stipulation of a limitation period of 6 (six) years for recovery of debts owed by contributories to a company that has been wound up. Section 567(2)
47. Removal of restrictions on objects of a company, save for restrictions specified by the company's articles. Section 35(1)
48. Increase in the debt threshold for which Winding up proceedings can be commenced against a company, from ₦2, 000.00 (two thousand naira) to ₦200, 000.00 (two hundred thousand naira). Section 572 (a)
49. Introduction of a maximum amount of 0.35% of the value of a charge, as the total fees payable to the CAC in connection with the filing, registration or release of such charge. Section 222(12)
50. Provision for the withdrawal, cancellation or revocation of a certificate of incorporation by the CAC, upon its discovery that such certificate was fraudulently, unlawfully or improperly procured. Section 41 (7)

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