

LEGISLATIVE BRIEF

A BILL FOR AN ACT TO AMEND THE COMPANIES AND ALLIED MATTERS ACT, CAP. C20, LFN, 2004 TO PROVIDE FOR THE INCORPORATION OF COMPANIES, REGISTRATION OF BUSINESS NAMES TOGETHER WITH INCORPORATION OF TRUSTEES OF CERTAIN COMMUNITIES, BODIES, ASSOCIATIONS AND INCIDENTAL MATTERS

Sponsor: SENATOR FATIMAT RAJI RASAKI

1.0 INTRODUCTION:

Your Excellency, the Senate President, Distinguished Senators, I seek your support while leading the debate for the Second Reading of the above Bill.

The Bill seeks to amend the Companies and Allied Matters Act (CAMA) to accommodate matters emerging, which were not contemplated when the Act was enacted during the regime of President Ibrahim Babangida.

Distinguished Senators, the Companies and Allied Matters Act (CAMA) is divided into four parts, namely: Parts A, B, C, and D. It is instructive to note that Part A deals with registration of Companies, either Private or Public. Part B deals with registration of Business Names, Part C deals with the registration of

of Incorporated Trustees, and Part D deals with the Schedule that guides the implementation of the Act.

The amendment Bill before the Distinguished Senate dwells much on Part "A" of the Act dealing with the registration of Companies.

2.0 AMENDMENT OF THE CAMA:

- [1] The Bill seeks to amend section 2 of the Act by introducing new members to include one representative of the Institute of Chartered Secretaries and Administrators, among others. This is intended to strengthen the Board to encompass relevant stakeholders and to deliver on its functions.
- [2] The Bill also seeks to introduce new functions for the Board of the Commission in addition to the functions of the Commission already contained in the Act. This novel idea is intended to make the Board more responsive in carrying out its functions to its Clients.
- [3] The Bill also seeks to amend section 18 of the Act to allow one person to be able to incorporate a private limited liability company by complying with the requirements of the Act in respect of a private company.

- [4] The Bill seeks to amend section 26 of Act on the registration of a company limited by guarantee to admit for reasons in the event of any objection to the registration of the company as Limited by Guarantee.
- [5] The Bill also seeks to amend section 27 of the Act which deals with the requirement for memorandum of a company. The share capital is to be increased from N10,000 to N100,000 in the case of a private company, and from N500,000 to N2,000,000 in the case of a Public company. This is intended to create confidence in companies doing business in Nigeria in view of the current realities of high inflationary rate which has drastically reduced the value of the Naira.
- [6] Section 32 of the Act on the reservation of name is to be amended to allow for reservation of names through hard copy or electronic communications. This is in line with the development in the Information Technology. Equally, fines imposed for default in the alteration of business or object clause is to be increased from N50 to N5,000.

- [7] The Bill proposes a holistic amendment on fines and penalties imposed by the Act so as to bring them in reality with the current value of Naira.
- [8] The Bill introduces and vests the power in the President to exempt foreign companies from complying with the provisions of section 55 of the Act. This applies to foreign companies either invited by any tier of Government in Nigeria, or invited for the execution of any specific loan project on behalf of a donor country or an international organization.
- [9] The Bill introduces a new innovation to allow companies effectively conduct their businesses by allowing them to hold their general meetings electronically, provided that such meetings are conducted in accordance with regulations made from time to time by the commission.
- [10] The Bill places on Directors the duty of disclosure as to their holdings in the company as well as their ages.
- [11] The Bill again introduces a restriction on multiple directorships, and stipulates that a person can not be a

Director in more than five public companies, and shall be fined accordingly where he fails to disclose his directorship in more than five public companies in accordance with this Bill.

[12] The Bill also introduces provisions to make it mandatory for a company to appoint a Company Secretary within six (6) months of its incorporation.

3.0 Your Excellency, Distinguished Senators, the amendment of the Companies and Allied Matters Act (CAMA) is important in view of the present Administration's determination to diversify the economy by laying more emphasis on trade and investments. The amendment therefore is to provide a more conducive climate for the conduct of business in Nigeria.

4.0 CONCLUSION:

Distinguished Senators, I thank you for your attention and wish to solicit for your support to allow the Bill to be read a Second time.

Thank you.