



“

SUMMARY OF ACTIVITIES OF THE CORPORATE AFFAIRS COMMISSION IN THE LAST TWO YEARS PRESENTED AT THIRD WEBINAR MEETING OF CAPITAL MARKET COMMITTEE HOLDING ON THURSDAY NOVEMBER 11, 2021.

The reform that has taken place in the Commission in the last two years can be broadly divided into two:

a) Legal reforms

b) Operational and Administrative reforms;

Legal Reforms: The Companies and Allied Matters Act No.3 of 2020, was signed into Law by Mr. President on August 7, 2020. The Act took effect on January 1, 2021. The Commission issued the Companies Regulations 2021, which also came into force on January 1, 2021. The Regulation was an essential requirement for implementation of the Principal Act. The Principal Act introduced over 200 reforms to Corporate Law and Practice.

A few of the reforms are listed below:

- Expansion of the Board to admit other critical stakeholders (ICSAN, NASME & FMF)-**S.2**
- Window for incorporation of One-Man company-**S.18(2)**
- Three advertisements in national dailies as alternative to consent of the Attorney-General of the Federation(AGF) where the AGF fails or neglects to indicate assent to registration of a company limited by guarantee within 30 days of receipt of application-**S.26**
- Upward review of minimum capital threshold to 100,000 & 1,000,000 for private and public companies respectively-**S.27(2)**
- Replacement of Nominal capital with issued share capital-**S.37**
- Protection of directors residential address if desired-**S.39**
- Replacement of statutory declaration with statement of compliance that requires no notarization-**S.40**

- Power to grant foreign companies exemption from local incorporation vested in the Honorable Minister of Industry, Trade and Investment instead of the President through the Secretary to the Government of the Federation-**S.80**
- Requirement for common seal now optional for all legal entities-**S.98**
- Recognition of electronic authentication or signature for corporate documents-**S.101**
- Requirement for disclosure of beneficial interest in memorandum of association-**SS.119 & 791**
- Mandatory observance of pre-emptive rights in disposition of shares for all companies limited by shares-**S.142**
- Recognition of electronic transfer of shares-**S.175**
- Reduction of cost of registration of charges to 0.35%-**S.222(12)**
- Permission for small companies and one-man company to hold Statutory and Annual General Meeting abroad-**S.240**
- Corporate Affairs Commission to mandatorily receive Notice of Annual General Meetings of public companies-**S.243**
- Permission for electronic service of notice of company meetings-**S.244**

- Prohibition of the combination of the office of chairman and chief executive officer in one and the same person for public companies-**S.265(6)**
- Requirement of a minimum of three independent directors for public companies-**S.275**
- Requirement for directors to observe sustainability principles in company management-**S.305**
- Interlocking directorships to be restricted to a maximum of 5 in public companies-**S.307**
- Data privacy and protection for certain classes of information-**SS.323 & 324**
- Requirement of company secretary optional for small companies-**S.330**
- Reduction of the minimum shareholding percentage requirement for petition for investigation of companies from 25 to 10

- Turnover and Net assets requirements for small companies fixed at 120,000,000 & 60,000,000 OR other figures as prescribed by the Commission-**S.394** (25,000,000 & 12,500,000) prescribed in the Companies Regulations.
- Composition of Audit Committee for public companies to include 3 members and 2 Non-Executive directors and at least one member must be an accountant-**S.404**
- Unclaimed dividends to revert back to shareholders after 12 years-**S.432**
- Company Voluntary Arrangement-**SS.434-442**
- Company Administration-**SS.443-549**
- Netting-**SS.718-721**
- Voluntary striking-off of the name of company from the register now available at the instance of the company where it has not commenced business-**SS.691-693**

- Increased the minimum threshold of unpaid debt for which petition for winding up of company can be presented from 1,000 to 100,000
Naira-S.699
- Introduced the requirement that only duly accredited Insolvency Practitioner should undertake insolvency practice-**SS.704-721**
- Incorporation of Limited Liability Partnerships-**SS.746-794**
- Registration of Limited Partnerships-**SS.795-810**
- Introduction of the requirement of a minimum of 2 trustees for registration of incorporated trustees-**S.823**
- Empowered the Commission to suspend a delinquent trustee-**S.839**
- Incorporated trustees to maintain accounting records and present annual audited financial statements-**S.840**
- Establishment of Administrative Proceedings Committee-**S.851**
- **Electronic filing of documents-S.860**

Operations and Administrative Reforms: The Commission undertook a holistic review of operational processes which were aimed at achieving Total end-to-end electronic workflow that dispenses with the need for the customer to physically visit the Commission for any reason. Outputs were sent to the customer's email for printing if desired. This was for all Pre and Post incorporation applications.

The Operational and administrative reforms are also listed below:

- Consolidation of all incorporation all incorporation forms into one single form and consequently reducing several processes to one process.
- Total digitalization of all operational processes from end-to-end thus enabling customers to start and complete registration process from the comfort one's office or home
- Issuance of Electronic Certificates with QR codes for authentication of the certificates instead of physical certificates. Certificates are sent to customers email addresses. This eliminates the need to visit the Commission's premises for any reason connected with the registration.
- Auto generation of Tax Identification numbers on electronic certificates.

- Replacement of Statutory declaration with Statement of Compliance that is in-built in the incorporation form to avoid disruption of electronic workflow.
- Reduction of filing fees for pre-incorporation and increases by 50% & 25% for issued share capital greater than 1 Million Naira & 500 Million Naira respectively.
- Reduction of cost of registration of Charges by 65%.
- Issued Companies Regulation 2020.
- Reviewed Operational checklist in line with new legal requirements

- Deployed a new software for the registration of Limited Liability Partnerships and Limited Partnerships
- Modified the Company Registration Portal to admit all the reforms introduced into the law
- Migrated the Database to Galaxy Backbone in line with Federal Government's directive
- Established a new Data Recovery Center at the Head Office.

THREE OF THE LEGAL REFORMS ARE OF INTEREST TO THE CAPITAL MARKET.

a) Electronic Signature-Section 101 of CAMA

b) Recognition of electronic transfer of shares-Section 175 of CAMA

c) The utilization of unclaimed dividend contained in the Finance Act-sections 75-78 of the Finance Act NO.4 of 2021

CONCLUSION.

The Commission is has attained 99% automated online operations in less than one year. This is Unprecedented in the history of Global Registry Operations.

It is now concentrating on completing the 1% automation as well as addressing glitches observed in the course of the automation. When this is done, the Commission will no doubt be one of the best registries in the World.

THANK

YOU!