

TIMELINE FOR TREATING UNISSUED SHARE CAPITAL EXTENDED BY THE CORPORATE AFFAIRS COMMISSION



Following the assent of the Companies and Allied Matters Act 2020 (“CAMA”) into law on August 7, 2020 by President Muhammadu Buhari, implementation by the Corporate Affairs Commission (“CAC”) commenced on January 1, 2021. One of the notable changes introduced under CAMA 2020 is the abolition of the concept of authorised share capital and replacement of same with the concept of “issued share capital” under which companies are no longer expected to have unissued shares.

By virtue of the provisions of the Companies Regulations 2021 which was released by the Corporate Affairs Commission in January 2021 to facilitate the implementation of the provisions of CAMA, all companies with unissued shares were required to issue such shares no later than June 30, 2021. However, following extensive engagements with CAC by stakeholders including our Firm, on the insufficiency of the above timeline for compliance with this requirement, the CAC has, by way of a Public Notice issued on Friday, April 16, 2021, confirmed the Honourable Minister for Industry, Trade and Investment’s approval of an amendment of Regulation 13 of the Companies Regulations, 2021, to permit an extension of the period for compliance

with the requirement to issue all unissued shares in a company’s share capital, to **December 31, 2022**.

In view of this development, companies with unissued shares now have until December 31, 2022 to deal with their respective unissued share capital in accordance with options available to such companies under Nigerian law. Failure to deal with such unissued shares within the extended date may attract penalty as prescribed under the Companies Regulations 2021.

DISCLAIMER: This news alert is only intended to provide general information on the subject matter and does not by itself create a client/attorney relationship between readers and our Law Firm or serve as legal advice. We are available to provide specialist legal advice on the readers’ specific circumstances when they arise.

For further enquiries, kindly reach out to any of the contact persons below:



Toyin Bashir

Partner

E: tbashir@banwo-ighodalo.com



Toyosi Alasi

Senior Associate

E: talasi@banwo-ighodalo.com

¹ Section 868 of CAMA defines “share capital” as the “issued share capital of a company at any given time”

² Regulation 13 of the Companies Regulations 2021