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CAMA 2020: Stakeholders advocate review to stimulate market growth

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By ITOHAN ABARALASERIAN



Some stakeholders in the capital market ecosystem have advocated amendment of some sections of the new Company and Allied Matters Act (CAMA) 2020 to trigger more growth in the Capital M



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 The News Agency of Nigeria reports that the conference was organised by the Chartered Insti
 Stockbrokers (CIS) with the theme, ”

Navigating through the Storms-Reenergizing the Economy through the Capital Market.”

A participant, Mr Asue Ighodalo, Co-founder, Banwo and Ighodalo, spoke on “Rebirth of CAM/
 Implications for the Capital Market Ecosystem”.

He said that though the new law contained sections that encouraged growth and development
 capital market, it still needed review to trigger more growth.

Ighodalo, Chairman of Sterling Bank Plc, said that certain inclusions made its outlook ” over-re

“Some of these excessive regulatory provisions actually impede transactions in the market.

” Section 142 of the Act provides that a company shall not in any event allot newly issued shar
 they are offered in the first instance to all existing shareholders of the class being issued in prc
 as nearly as may be to their existing holdings.

“The applicability of this provision does not distinguish private and public companies.

“The implementation of this provision will pose significant problems for public companies seeki
 raise capital by the issuance of new shares.

“In undertaking such capital raising transactions, public companies would not be able to make
 offers or undertake private placements without first making an offer to all their shareholders.

“This amendment has raised concern amongst operators, corporates and investors, and is a s
 deviation from the provision of the repealed Act which only specified preemptive rights for priva
 companies,” he said.

Ighodalo, who agreed with such concerns, noted that the provision was restrictive.

” This provision may restrict public companies intending to undertake equity capital raise and r
 at best, delay the admission of strategic investors, because the offensive provision implies tha



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“The sections on dematerialization of shares and share certificates, powers of companies to all and proscription of irredeemable preference shares have dire consequences on the market growth should be reviewed,” he said.

In an address of welcome, Mr Olatunde Amolegbe, President of CIS said the objective of the conference was to explore avenues of resolving the country’s economic problems.

Amolegbe noted that Nigerian Stockbrokers had skills and the required competence to assist the government in providing solutions to infrastructure deficit.

“I should, at this juncture, inform the general public that the scope of stockbroking, or the skill of Chartered Stockbrokers, goes far beyond the traditional and popular securities trading activity associated with them.

“Stockbrokers are all-round investment experts. The institute has also made it possible for our members to specialize in specific areas of the profession if they so desire.

” So, our young entrants today can choose to focus on Fixed Income Dealing, Commodity Trading, Custodianship, Equity Dealing or Financial Advisory Services.

“They of course, still have the option of combining everything and becoming omnibus Stockbrokers which is fully recognized by our counterparts worldwide.

“Our working agreements with the Chartered Institute for Securities and Investment, United Kingdom (CISI UK) and the Association of Certified International Investment Analysts (ACIIA) ensure that our members can practice in more than 35 countries around the world,” he said.

Addressing the participants, a lawmaker, Mr Babangida Ibrahim, Chairman, House Committee on Capital Market, explained that the Conference would add value to the search for an economic strategy that would bring about sustainable growth and development of Nigeria.

Another key speaker, Mr Bola Ajomale, Managing Director, NASD PLC, spoke extensively on “Alternative Investment: How to Invest when Traditional Options Taper”.

He listed the benefits and drawbacks of alternative investments.



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 Oduwole, however, said that capital market had benefited immensely from the amended Act, a
 netting provision enabled various means of raising capital and transfer of shares.

She said that the Act could still be amended in future.

Also, stakeholders in the academia also lent their voices on governance that would stimulate e
 growth and deepen market participation.

Others who gave goodwill messages were: Osun Governor, Mr Gbeyoga Oyetola; Chairman, S
 Committee on Capital Market, Sen. Ibikunle Amosu; Director-General, Securities and Exchange
 Commission (SEC), Dr Lamido Yuguda; and The President, Nigeria Stock Exchange, Otunba ,
 Ogunbanjo.

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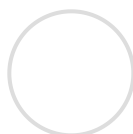
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ITOHAN ABARALASERIAN

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