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ECONOMY

CAMA 2020: Stakeholders advocate review to stimulate market growth

Published 1 day ago on November 4, 2020

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 Market.

The stakeholders stated this in separate presentations on Wednesday at the 24th stockbrokers conference in Lagos.

The News Agency of Nigeria reports that the conference was organised by the Chartered Institute of 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 CAMA/ Implications for the Capital Market Ecosystem”.

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



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“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 shares they are offered in the first instance to all existing shareholders of the class being issued in proportion 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 seeking to 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raised concern amongst operators, corporates and investors, and is a significant deviation from the provision of the repealed Act which only specified preemptive rights for private companies,” he said.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 may at best, delay the admission of strategic investors, because the offensive provision implies that companies will not be able to undertake public offer transactions or private placements without going through the process of formally making an offer to their shareholders.

“The sections on dematerialization of shares and share certificates, powers of companies to allot and proscription of irredeemable preference shares have dire consequences on the market growth.



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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 t government in providing solutions to infrastructure deficit.

“I should, at this juncture, inform the general public that the scope of stockbroking, or the skill c 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 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 Trac Custodianship, Equity Dealing or Financial Advisory Services.

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

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

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



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He listed the benefits and drawbacks of alternative investments.

Dr Jumoke Oduwole, Senior Special Adviser to President Muhammadu Buhari on Ease of Doing Business, said that discussions with stakeholders were ongoing on the Act.

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.

Edited By: Philip Dzeremo/Oluwole Sogunle

Source: NAN

Sharable link: <https://wp.me/pcj2iU-3wgo>

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