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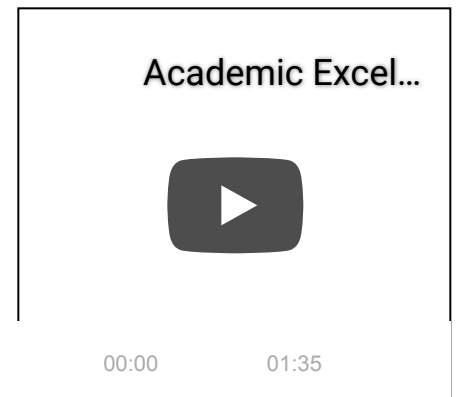
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FEATURES

# Stakeholders Advocate Review Of CAMA For Capital Market Growth

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A clarion call for amendment of some sections of the new Company and Allied Matters Act (CAMA) as a precondition for revival of the Nigerian Capital Market became a focal point yesterday as Stockbroker converged for their 2020 Annual Conference.

The first hybrid Conference with themed : “ Navigating through the Storms-Reenergizing the Economy through the Capital Market”, Commenced yesterday with an array of indigenous and international experts who discussed various issues in a panelist model.

The new CAMA has been under attack by different stakeholders over some of its sections that are anti-Investment. One of the most incisive discussion was the examination of the new CAMA by a key speaker, Co-founder, Banwo and Ighodalo and Chairman, Sterling Bank, Mr Asue Ighodalo who made a critique of the new CAMA in its presentation on “Rebirth of CAMA:

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Implications for the Capital Market Ecosystem”, explained that much as it contains many sections that would enhance the growth and development of the Capital Market, there was a need to review some new sections that could inhibit market growth.

“ Whilst CAMA 2020 amends and addresses a number of the loopholes and problem areas in the Repealed Act, and also tried to revise our Companies statute to bring same in tune with the 21st century, it would appear that the introduction of some oversight provisions and concepts suggest an overregulation of companies and company practices. 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 unless 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 public 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

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Repealed Act which only specified preemptive rights for private companies.

“ I align with these concerns as this provision may restrict public companies intending to undertake equity capital raise and restrict (or 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 first going through the process of formally making an offer to their shareholders.”, says Ighodalo.

According to him, the sections on dematerialization of shares and share certificates, powers of companies to allot shares and proscription of irredeemable preference shares have dire consequences on the market growth and should be reviewed.

In his welcome address, the President, CIS, Mr Olatunde Amolegbe, explained that finding solutions to Nigeria's economic problems was at the heart of this year's conference objective. Amolegbe noted that Nigerian Stockbrokers had skills and competencies that positioned them to assist the government in providing solution to funding infrastructure deficit.

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


The institute has also made it possible for our students 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. CIS is fully recognized by our counterparts worldwide. Our working agreements with the Chartered Institute for Securities & 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.”, said Amolegbe.

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

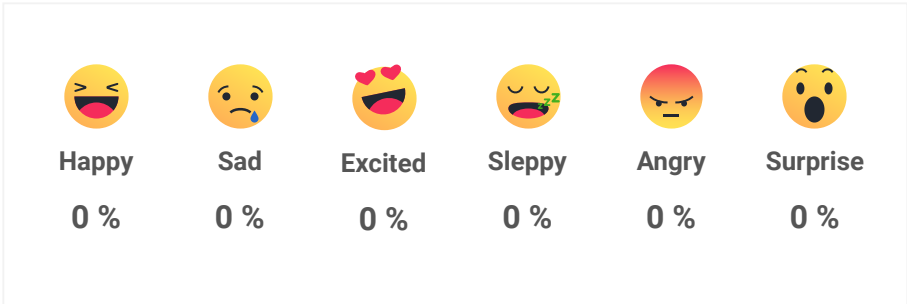
Another key speaker, Mr Bola Ajomale, the Managing Director, NASD PLC, spoke extensively on “ Alternative Investment: How to Invest when Traditional Options Taper”, listed the benefits and drawbacks of alternative investments.

There were outpouring of goodwill messages from the Osun State Governor, Alhaji Gboyega Oyetola, Chairman, Senate Committee on Capital Market, Senator Ibikunle

Amosu, Director General, Securities and Exchange Commission (SEC), Dr Lamido Yuguda and The President, The Nigerian Stock Exchange, Otunba Abimbola Ogunbanjo.



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