

Stakeholders Advocate Review of New CAMA to Revive Market

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Stakeholders who converged for the Chartered Institute of Stockbrokers (CIS) annual conference in Lagos yesterday called for the amendment of some sections of the new Company and Allied Matters Act (CAMA) as a precondition for revival of the Nigerian capital market. The new CAMA had been under attack by different stakeholders over some of its sections that they said are anti-Investment.

Speaking at the conference, one of the stakeholders, Co-founder, Banwo and Ighodalo, a law firm and Chairman, Sterling Bank, Mr AsueIghodalo, who made a critique of the new CAMA in its presentation on "Rebirth of CAMA: 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.

He said: "Whilst CAMA 2020 amends and addresses a number of the loopholes and problem areas in the Repealed Act, and also tried to revise our companies' statute to bring same in tune with the 21st century, it would appear that the introduction of some oversight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 maybe 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.”

According to him, 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raised concern amongst operators, corporates and investors, and is a significant deviation from the provision of the Repealed Act which only specified preemptive rights for private companies.

“ 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,” Ighodalo declared.

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.

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