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**Extension to Prescribed Period for
Compliance with Company Share Capital**

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Further to our alert dated April 1, 2021 on the new requirement on share capital contained in the Companies and Allied Matters Act, 2020 (as amended) ("**CAMA 2020**"), there have been recent updates from the Corporate Affairs Commission ("**Commission**") to the timeline for compliance which are important to note.

As highlighted in our earlier alert, the provisions of CAMA 2020 no longer permit a limited liability company to have unissued shares in its capital. This means that companies must ensure that all unissued shares in their share capital are issued at any given time.

To this end, the Commission had mandated in Regulation 13 of the Companies Regulations, 2021 that all companies comply with this new requirement by June 30, 2021 (the "**Prescribed Period**").

Extension of the Prescribed Period

The Commission has now published a notice dated April 16, 2021 ("**Notice**") on its website informing the public of the Minister of Interior, Trade and Investment ("**Minister**") approval of an extension of the Prescribed Period, effectively extending it to 31 December 2022 ("**Extended Period**"). By this extension, existing companies with unissued shares ("**Affected Companies**") have been given more time to ensure compliance either within the Prescribed Period or the Extended Period.

It is however unclear whether the timeline can be extended in this manner due to the timeframe stipulated in section 124 of the CAMA 2020. There is a debate as to whether the clear provisions of an Act can be amended by a secondary legislator or by the Minister without an amendment of the Act itself.

Consequences of non-compliance within the Extended Period

The Notice indicates that non-compliance by Affected Companies within the Extended Period would attract applicable penalties as prescribed by the Commission under the Companies Regulations, 2021.

Conclusion

Considering the concern earlier expressed on the Extended Period, we recommend that all Affected Companies should endeavour to comply within the Prescribed Period, i.e. before June 30, 2021.

We are available to advise on meeting this requirement including the possible options that can be taken to achieve this.

G. Elias & Co. has been advising leading global and national clients on financial services sector regulation for more than 20 years. If you have any questions about financial services sector regulation, please contact Segun Omoregie (segun.omoregie@gelias.com) or corporate@gelias.com.

G. ELIAS & CO. 

LAGOS OFFICE

6, Broad Street
Lagos
Nigeria

T: +234 (1) 460 7890;
280 6970
E: [gelias@gelias.com](mailto:g Elias@gelias.com)

www.gelias.com

ABUJA OFFICE

2nd Floor, Abia House
Plot 979, First Avenue
Central Business District
Federal Capital Territory
Abuja

T: +234 (1) 888 8881

