

EXISTING COMPANIES AND THE REQUIREMENTS OF ISSUED SHARE CAPITAL UNDER THE COMPANIES AND ALLIED MATTERS ACT 2020

DID YOU KNOW that there is a requirement of issued share capital under the Companies and Allied Matters Act 2020 (CAMA) for existing companies?

Section 868 of the CAMA defined Share Capital as the **“issued share capital of a company at any given time”**. This means that any share capital of a Company that shall remain unissued shall not be recognized as forming part of the share capital of the Company until the share capital of the Company is fully issued or reduced accordingly.

By an amendment to Regulation 13 of the Companies Regulations, 2021, the Minister of Industry, Trade and Investment has approved an extension to the period for complying with the requirements of issued share capital under Section 124 of the CAMA by existing Companies with unissued share capital up to 31st December, 2022. Any application filed in compliance with Section 124, CAMA after the extended date shall attract the applicable penalty prescribed under the Section and the Companies Regulations 2021.

What should I do?

1. Check to ensure there are no unissued shares in your share capital
2. If there are outstanding unissued shares, take steps to allot them immediately
3. File your returns of allotment

NOW YOU KNOW!

We hope you found this helpful? If you need professional assistance in this regard, you may reach out to us on +2349019995610 or send an email to info@sebassociates.com