



**PRESIDENTIAL
ENABLING BUSINESS
ENVIRONMENT COUNCIL (PEBEC)**
Enabling Business Environment Secretariat

Doing Business Provisions in the Companies and Allied Matters (Repeal and Re-enactment) Bill 2018

The Companies and Allied Matters (Repeal and Re-enactment) Bill 2018 (**"The CAM Bill"**) is one of the most critical pieces of legislation which impacts the Nigerian business climate and the Micro, Small and Medium Scale Enterprises (MSMEs). It also directly affects the influx of Foreign Direct Investment (FDI) into Nigeria because of its relevance to ease of doing business and ease of investing in Nigeria. The National Assembly recognizes the deficiencies in the business environment and places strong emphasis on increasing Nigeria's competitiveness.

Therefore, the Senate of the Federal Republic of Nigeria passed the Companies and Allied Matters (Repeal and Re-enactment) Bill 2018 on Tuesday, May 15, 2018. This Bill also reflects certain key provisions that will improve Nigeria's position on the World Bank *Doing Business* Rankings. These provisions cut across different indicators (reforms areas), in which the Presidential Enabling Business Environment Council (PEBEC), chaired by His Excellency, the Vice President, Prof. Yemi Osinbajo SAN GCON, have been collaborating with the 8th National Assembly on. The PEBEC also looks forward to the House of Representatives of the Federal Republic of Nigeria passing the CAM Bill shortly.

Some of these provisions include:

- **Single Member Companies:** It will now be possible for a single person to form a private company, which is the first of its kind in Nigeria. This provision is consistent with what is obtainable in several other progressive economies such as the United Kingdom, India and Singapore.
- **Limited Limited Partnerships:** This creates a new form of legal entity known as Limited Liability Partnerships. The essential feature of a Limited Liability Partnership is that it combines the organizational flexibility and tax status of a partnership with limited liability for its members.
- **Company Rescue Provisions:** These provisions seek to create an effective insolvency regime in Nigeria and has a dual aim: to save viable businesses, and to ensure that non-viable businesses can quickly exit the market, allowing deployment of assets to more productive firms. It will see to the following benefits: lower costs of credit; increased access and availability of credit; improved creditor recovery; strengthened job preservation through reorganization and business rescue; promotion of entrepreneurship; and other benefits for small businesses.



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- **Reservation of name:** This provision provides for the submission of applications for reservation of names through electronic means. It codifies one of the key ease of doing business reforms of the Corporate Affairs Commission (CAC), which can now be done in less than 4 hours. This amendment brings the provision in line with the technological solutions of the 21st century.
- **Optional use of common seal:** Companies will now be able to authenticate documents by other means other than the use of a common seal. Other means include: having principal officers of the company execute documents on the company's behalf, having a principal officer act in conjunction with the company secretary or by having the signature of the principal officer witnessed by a third party. It creates multiple options for companies to execute documents, as opposed to just one option. As such, companies may choose not to fabricate a common seal for their business operations.
- **Introduction of e-signature for business registration:** These provisions will permit the use of electronic signatures for company registration documents. It will make the entire business registration process fully automated.
- **Introduction of a form for statement of compliance:** This provision will eliminate the current Declaration of Compliance Form and replace same with a new Statement of Compliance Form which can be signed by the Business Owner without the need for notarizing the Form before a Notary Public or a Commissioner for Oaths.
- **Minority shareholder rights:** These provisions will regulate related-party transactions and shareholders access to judicial redress. It also protects the shareholders rights in corporate governance as a proxy for Nigeria's overall corporate governance standards and ease of access to financing from capital markets. Shareholders will be able to bring actions both in respect of a company and any of its subsidiary companies and other companies related to the parent company.
- **Beneficial Ownership:** These provisions will mandate the disclosure of beneficial interests in a company's shares and prescribe punitive measures for failing to disclose such interests. In this regard, where a person holds interests on behalf of another in a nominal capacity in a company, both parties (the owner and the nominal holder) are required to disclose the beneficial interests to the company.