



NEWSLETTER



CORPORATE AFFAIRS COMMISSION: REJOINDER TO REGULATORY UPDATE VOL. 2

CAC COMMENCE ENFORCEMENT OF N100,000,000 ISSUED SHARECAPITAL FOR COMPANIES WITH FOREIGN PARTICIPATION.

On 5th December 2023, the Corporate Affairs Commission (“the Commission”) issued a public notice signalling a pivotal shift in the minimum paid-up capital requirements for companies operating in Nigeria with foreign participation. Shortly after, the Commission on 8th December, 2023 withdrew its earlier notice advising members of the public to disregard same. Whilst the Commission insinuated that it sought to refer to “issued share capital” and not “paid-up capital”, the Commission noted that an amended notice to provide clarification will be issued in due time.

We can now confirm however, that the Commission has commenced enforcement of the requirement mandating companies with foreign participation to have an issued share capital of N100,000,000 (One Hundred Million Naira).

To implement this regime, the Commission has, effective immediately, mandated that all applications for the incorporation of a company with foreign participation will only be processed if they comply with the revised issued share capital of N100,000,000 (One Hundred Million Naira Only).

Additionally, existing companies with foreign participation and with an issued share capital below the N100,000,000 threshold, are advised to ensure compliance within six (6) months from the date of this notice. Failure to comply to this directive will lead to the following consequences:

- The Commission shall commence proceedings for the compulsory winding-up of the Companies under Section 571(e) of the Companies and Allied Matters Act 2020
- The affected Companies will not be allowed to file any post-incorporation statutory filing with the Commission, including the annual returns, the failure of which will lead to changing the Company’s status to INACTIVE on the Commission’s platform and ultimately lead to a striking out of the Company from the Companies Register.

- The Companies will not be allowed to apply for expatriate quota or file any immigration returns and this will affect the immigration status of the Company.

Therefore, it is imperative for existing companies with foreign participation to utilize this six-month window in complying with this directive by increasing their share capital and filing all necessary documentation with the CAC. Adherence to these regulations not only mitigates the risk of penalties, legal actions, or winding-up proceedings but also safeguards the company's reputation and financial stability.

For new companies, compliance ensures a seamless initiation of business operations in Nigeria, averting potential disruptions due to non-compliance issues.

This newsletter is only intended to provide general information and shall not serve as a legal opinion or meant to create a client relationship with its readers. We are available to provide specialized opinion on reader's circumstance if needed.

London

5 Fleet Place, London, EC4M 7RD. United Kingdom

Lagos

64, Adetokunbo Ademola Street, Victoria Island

+234 908-0000-357, +234 908-0000-358

Abuja

B1 Block B, 72 Yakubu Gowon Asokoro District

+234 817-5853-312

Ghana

22 Swamp Grove, Asylum Down Korle

Klottey GA-049-2142 Accra

Email: oakinrinwa@wyze-ng.com



wyze_ng