

## ANALYZING THE IMPACT OF THE INNOVATIVE PROVISIONS OF CAMA 2020 ON THE GROWTH AND DEVELOPMENT OF BUSINESS IN NIGERIA

BY  
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### Abstract

*The Companies and Allied Matters Act 2020 is considered to be the most significant reform of Nigeria's company law in over 30 years. It introduces a range of new provisions and amendments to existing laws, with the aim of modernizing and simplifying the regulation of businesses in Nigeria. Using a doctrinal research methodology, this paper examined the key innovations of the CAMA 2020 and the potential impact the innovations could have on the Nigerian business sector. The paper found the innovations have the potential to have a significant impact on the Nigerian business sector, making it more attractive for foreign investors. However, the success of the new law will depend on addressing a number of challenges, including a lack of awareness and understanding of the new law, inadequate resources and concerns about privacy and data protection. These challenges could be overcome through a number of measures, including promoting awareness and understanding of the new law, through training programs, workshops and other educational initiatives. Coordination and collaboration between the key government's agencies involved in the implementation of the CAMA 2020 to ensure successful implementation.*

**Keywords:** Business Sector, Cama, Development, Growth, Impact, Innovations, Nigeria

### 1.0 Introduction

In recent years, the Nigerian government has implemented a series of reforms designed to improve the country's business sector and boost its global competitiveness. These reforms have been aimed at creating a more conducive environment for business; through initiatives such as improving the ease of doing business and streamlining the regulatory framework. One of the most notable reforms has been the Companies and Allied Matters Act, 2020, which overhauls the country's previous company law regime.<sup>1</sup> Thus, CAMA 2020 is a modern and streamlined piece of legislation that aims to make it easier to do business in Nigeria. The Act is designed to create a more competitive and attractive environment for businesses, and to make it easier for them to operate within the country. The goal of CAMA 2020 is therefore to create an enabling environment that encourages both foreign and domestic investment, while also protecting the interests of existing businesses. An enabling environment is one that is conducive to business growth and development, and that provides a level playing field for all businesses operating within the country. This will ultimately help to boost economic activity and create opportunities for both businesses and the wider community.<sup>2</sup> Perhaps, CAMA 2020 is intended to promote regulatory quality and efficiency, in order to make it easier for businesses of all sizes to operate in Nigeria<sup>3</sup> and thus introduced significant changes to the laws governing companies in Nigeria which aim to address the legal, regulatory and administrative obstacles that have made doing business in Nigeria difficult especially for small and medium-sized enterprises, and have deterred investment in the country.<sup>4</sup> It is against this backdrop that this paper

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<sup>1</sup> 1990 CAMA.

<sup>2</sup> J Anyanwu, 'Factors Affecting Economic Growth in Africa: Are there any Lessons from China?' (2014) 26 (3) *African Development Review*, 460.

<sup>3</sup> S Duru, *et al*, 'Companies And Allied Matters Act 2020: Reforming Provisions That Impact The Nigerian Business Community', <<https://banwo-ighodalo.com/resources/companies-and-allied-matters-act-2020-reforming-provisions-that-impact-the-nigerian-business-community>> accessed 4 January 2024.

<sup>4</sup> *Ibid*.

examined the key innovations of the CAMA 2020 and the potential impact the innovations could have on the Nigerian business sector.

## 2.0 Background of Companies and Allied Matters Act in Nigeria

Companies and Allied Matters Act is the primary legislation governing companies and businesses in Nigeria. It was enacted in 1990 and has played a significant role in promoting business growth and development in the country. Since CAMA became law over 30 years ago, the Nigerian business landscape has undergone significant transformation, with a growing demand for greater integration with the global and regional economy. Thus, CAMA 1990 had become outdated and no longer fit the needs of a modern, globalized business world. Many gaps and issues had become apparent, leading to calls for the modernization of the law to fit the growing complexities of the corporate world.<sup>5</sup> Additionally, rapid technological innovation in the business sector created a need for a new legal framework that would align with international best practices. In response, on August 7, 2020, President Muhammadu Buhari signed into law the Companies and Allied Matters Act 2020.<sup>6</sup> With 870 sections, CAMA 2020 is a significant expansion upon the previous law. It is divided into 7 parts, each addressing a different aspect of corporate law in Nigeria. Indeed, the enactment of the CAMA 2020 has engineered the beginning of a new era in the Nigerian corporate history.

## 3.0 Innovative Provisions of CAMA 2020

CAMA 2020 has introduced a number of innovations that are expected to have a significant impact on the business landscape in Nigeria. These include the following:

### 3.1 Single Member Companies

Prior to CAMA 2020, all companies in Nigeria were required to have at least two members.<sup>7</sup> The effect of this is that entrepreneurs who are desirous of flagging a startup would have to pitch their ideas to a potential co-founder before being eligible for incorporation.<sup>8</sup> This constituted a major challenge to small and medium sized enterprises which operated as sole proprietorships and often resulted in the inclusion of passive owners or participants for the sake of compliance. The CAMA 2020 has introduced the concept of a single member company,<sup>9</sup> which allows a company to be operated by just one person. Thus, under section 18(2) CAMA 2020, an individual can now be the sole member of a company. This means that the minimum number of persons that can own a company has been reduced to one and the implication of this is that individuals who wish to own businesses that can be run as a legal entity with perpetual succession and which is separate and distinct from its owner can now do so without having to compulsorily register a business name as this was the only option under the CAMA 1990. In essence, business owners who currently trade as sole proprietors can register a company without the need to bring in new owners at the initial stage, and continue to run their business as before but with added benefits of limited liability and access to credit. That is the death of the owner will therefore not bring the company to an end, thus, recognizing business continuity.<sup>10</sup>

<sup>5</sup> A A Temilola *et al*, 'CAMA 2020: A Breath of Fresh Air or a Replica of the Past', < <file:///C:/Users/Acer/Downloads/SSRN-id3738441.pdf>,> accessed 4 January 2024.

<sup>6</sup> J Agbakwuru, Buhari signs Amended Companies and Allied Matters Bill CAMA 2020, <<https://www.vanguardngr.com>> accessed 8 January, 2024.

<sup>7</sup> CAMA 1990, s 18

<sup>8</sup> J O Orojo, *Company Law and Practice in Nigeria* (5<sup>th</sup> edn, Durban: LexisNexis, 2008) 33.

<sup>9</sup> CAMA 2020, s 18(2).

<sup>10</sup> O Odeyinde, 'Appraisal of Companies and Allied Matters Act, 2020, (2021) 1(1) *Bells University of Technology Journal of Management Sciences*, 118; *Union Bank (Nig) Ltd v Penny-Mart Ltd* (1992) 5 NWLR (Pt. 240) 228, 237

In addition to the change in the minimum number of members, CAMA 2020 has also removed the requirement for at least two directors for all companies. Small companies<sup>11</sup> can now have only one director, making it easier for entrepreneurs to set up and run their businesses.<sup>12</sup> This is consistent with modern-day corporate practices around the world and will greatly encourage the growth of startups, micro, small and medium enterprises and attract foreign investment in Nigeria. Moreover, CAMA 2020 has implemented important changes to the rules around the sale of shares of private companies. Under the Act, a member who wishes to sell his shares in a private company must first offer them to the other members.<sup>13</sup> This is known as a right of pre-emption. Only if the other members decline to purchase the shares can they then be offered to a third party. This change is intended to protect the rules of existing members and prevent the dilution of their ownership stake.

CAMA 2020 has introduced new rules governing the buyback of share by companies. Under section 184, companies may buy back their shares from shareholders either through a scheme, from the open market, or from an option scheme. However, these buybacks must be permitted in the company's Articles of Association and must be approved by a special resolution.<sup>14</sup> Also, only fully paid-up shares can be bought back, and the buyback must be funded from the company's distributable profits.<sup>15</sup>

### 3.2 Minimum Issued Share Capital

CAMA 2020 has replaced the concept of authorized share capital with a requirement for minimum issued share capital. Under the Act, companies are no longer required to have authorized share capital. Instead, section 27 of CAMA 2020 requires companies to have a minimum issued share capital, which varies depending on the type of company. Before CAMA 2020, companies had to have a minimum authorized share capital, which was the total share capital that could be issued by the company.<sup>16</sup> At least 25% of this authorized share capital had to be issued as shares to shareholders.<sup>17</sup> However, CAMA 2020 has done away with this concept, and instead requires companies to have a minimum issued share capital, which must be at least ₦100,000 (One Hundred Thousand Naira) for private companies and ₦2,000,000 (Two Million Naira) for public companies.<sup>18</sup> Thus, under CAMA 2020, authorized share capital has been eliminated as a concept. The law now only recognizes issued share capital, which is defined as the total share capital of a company at any given time.<sup>19</sup> This means that companies can no longer have unissued shares.

### 3.3 Electronic Innovations

CAMA 2020 includes several provisions that reflect the realities of modern corporate life, including the widespread use of technology. Section 731(2) of the Act allows companies to maintain their records electronically. CAMA also allows documents to be filed electronically with Corporate Affairs Commission.<sup>20</sup> Perhaps, not only does CAMA allow companies to keep electronic records, it also

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<sup>11</sup> A small company is a company that is private company; its turnover is not more than N120,000,000 or such amount as may be fixed by the Commission from time to time; its net assets value is not more than N60,000.00 or such amount as may be fixed by the Commission from time to time; none of its members is an alien; none of its members is a government, government corporation or agency or its nominee; and in the case of a company having share capital, the directors between themselves hold at least 51% of its equity share capital. CAMA, s 394 (3).

<sup>12</sup> CAMA, s 271 (1).

<sup>13</sup> *Ibid*, s 22 (2) (b).

<sup>14</sup> CAMA, s 184 (1).

<sup>15</sup> *Ibid*.

<sup>16</sup> CAMA 1990, s 27

<sup>17</sup> *Ibid*.

<sup>18</sup> CAMA, s 27 (2)

<sup>19</sup> CAMA, s 868.

<sup>20</sup> It provides that any document required to be filed with the CAC for registration may be filed electronically. CAMA, s 860 (1).

states that certified copies of these electronic documents have the same legal validity as original documents. In other words, certified copies of electronic documents can be presented as evidence in court and will be treated as if they were the original hard copy documents.<sup>21</sup> Again, section 175(1) makes provision for electronic share transfer forms. In this regard, the Act defines instruments of transfer of shares to include electronic instruments of transfer. Thus, companies can use electronic forms for share transfers, rather than relying only on paper-based forms. This change reflects the fact that technology is increasingly being used in corporate transactions.

CAMA 2020 also allows private companies to hold their general meeting electronically.<sup>22</sup> This is especially important during the COVID-19 pandemic, when many companies and courts have turned to virtual meetings to stay safe and connected. By allowing these meeting to be held online, CAMA 2020 makes it easier for people to participate from anywhere, without the cost and hassle of traveling to a physical location of the meeting.

Moreover, CAMA 2020 makes it easier for companies to authenticate transaction documents. Electronic signatures are now acceptable form of authentication, and companies can execute a deed without a common seal, so long as the document is signed by two directors or a director and a secretary or at least two directors, or a director in the presence of at least one witness who shall attest the signature.<sup>23</sup> This aligns with recent trends and makes it easier for authorized officers to execute documents without having to travel or meet in person. This change by CAMA 2020 may also be an effort to align with the Finance Act of 2019, which addresses when documents are brought into Nigeria for the purposes of the Stamp Duties Act. However, with electronic execution, transmission and taking effect, there is no ambiguity about when a document is considered to be brought into Nigeria as soon as it is accessible electronically in Nigeria.<sup>24</sup>

### 3.4 New Corporate Structures

Prior to CAMA 2020, partnerships were not considered to have limited liability status.<sup>25</sup> This means that partners were personally liable for the debts and obligations of the partnership. CAMA 2020 therefore introduces two new corporate structures as Limited Partnership and Limited Liability Partnerships.<sup>26</sup> These structures incorporate the concept of limited liability companies into partnerships, which means that partners are not personally liable for the debts and obligations of the partnership. This will be beneficial for investors who want to structure their holdings in Nigerian businesses, as well as venture capital and private equity fund managers who use these structures for their investment funds.

### 3.5 Corporate Governance Requirements

CAMA 2020 adds new corporate governance requirements to improve transparency and accountability. Specifically, section 265(6) of CAMA prohibits the chairman of a public company from also serving as its Chief Executive Officer of that company. This separation of roles is intended to ensure that the board of directors is able to make independent decisions without being influenced by the company's management. This new requirement is similar to the standards used in developed countries like the UK, and it helps to prevent conflicts of interest that could arise if one person is both the Chairman and Chief Executive Officer of a company. The Nigerian Code of Corporate

<sup>21</sup> *Ibid*, s 860 (2). This aligns with the Supreme Court decision in *Kubor v Dickson* (2013) 4 NWLR (pt 1345) 534 Where the Court decided that electronically generated documents are admissible in evidence.

<sup>22</sup> *Ibid*, s. 244(3).

<sup>23</sup> CAMA, ss 101 and 102.

<sup>24</sup> G Elias, 'Changes Introduced by the Companies and Allied Matters Act 2020 to Business Combinations', <[https://www.gelias.com/images/Newsletter/Changes\\_introduced\\_by\\_CAMA\\_2020\\_to\\_business\\_combination\\_s.pdf](https://www.gelias.com/images/Newsletter/Changes_introduced_by_CAMA_2020_to_business_combination_s.pdf)>accessed 2 January 2024.

<sup>25</sup> Except those registered under the Partnership Law of Lagos States.

<sup>26</sup> CAMA, Part D, ss. 795-810.

Governance 2018 also requires that the board of directors be chaired by an independent non-executive director who does not participate in the company's day-to-day operations.<sup>27</sup> Moreover, separating the Chairman and Chief Executive Officer is also intended to ensure that the Chairman, who is responsible for board oversight, and the Chief Executive Officer, who is responsible for managing the company can do their jobs without interference from the other role. This separation of duties allows each person to focus on their distinct responsibilities without any conflicts of interest.

Additionally, CAMA 2020 requires public companies to have at least three independent directors who oversee the company's audit and compliance functions.<sup>28</sup> The Securities and Exchange Commission and the Nigerian Code of Corporate Governance<sup>29</sup> both currently require at least one independent director, but CAMA 2020 sets a higher standard. The writer is of the view that Public companies will need to comply with the Act requirement, even if it is different from the requirements of the other two standards. The requirement for three independent directors is meant to ensure that the board of directors is truly independent and can provide unbiased oversight of the company.

Another key innovation of CAMA 2020 is the restrictions on multiple directorships of public companies. Specifically, the Act provides that no person can serve as a director for more than five public companies at the same time.<sup>30</sup> As a result of the CAMA 2020 restrictions on multiple directorships, anyone who is currently serving as a director of more than five public companies must resign from some of those positions so that they only serve on the boards of five or fewer public companies. The Act further provides that the resignation should be done within two years from the commencement of the Act.<sup>31</sup> For example, if someone is currently a director for seven public companies, he will need to resign from two of those companies so that he is only serving on the boards of five companies. Directors who fail to comply with the CAMA 2020 restrictions on multiple directorships will be subject to a daily penalty, as well as being required to repay any compensation they have received from companies beyond the five-company limit.<sup>32</sup> The amount of the penalty and repayment details will be specified in the Regulations issued by the Corporate Affairs Commission.<sup>33</sup> In addition to the penalties and repayment requirements for existing directorships that exceed the five-company limit, the CAMA 2020 requires anyone being considered for appointment as a director of a public company to disclose any other public company directorships he may hold.<sup>34</sup> If someone is appointed to a public company board without disclosing a conflict of interest, he will be subject to a penalty to be determined by the Corporate Affairs Commission.<sup>35</sup>

Again, according to sections 119 and 120 of CAMA 2020, persons who have significant control over a company must disclose that control within seven days of acquiring it. This disclosure requirement applies to all types of companies and thus, CAMA 2020 does not make a distinction between disclosure required by a public company and a private company. The Act specifically required persons who hold significant control in any type of company<sup>36</sup> to disclose particulars of such control to the relevant companies within seven days of acquiring such significant control.<sup>37</sup> As such, all affected companies must inform the Commission within one month of receipt of the information, disclose the information in their annual returns to the Commission and update their registers of members with the appropriate details. The requirement to maintain a register of significant control is

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<sup>27</sup> Principle 3.2 of the Nigerian Code of Corporate Governance 2018

<sup>28</sup> CAMA, s 275.

<sup>29</sup> Rules 5.5 (C) Code of Corporate Governance for Public Companies.

<sup>30</sup> *Ibid*, s 307.

<sup>31</sup> *Ibid*.

<sup>32</sup> *Ibid*.

<sup>33</sup> *Ibid*, s 278 (2).

<sup>34</sup> CAMA, s 278 (2).

<sup>35</sup> *Ibid*, s 278 (3).

<sup>36</sup> Whether private or public company.

<sup>37</sup> CAMA, ss 119 & 120.

meant to help companies identify anyone with significant control over them. This transparency is intended to deter fraud and other wrongdoing.

### **3.6 Business Rescue Provisions for Insolvent and Distressed Companies**

CAMA 2020 introduces a new framework for rescuing insolvent companies and helping them stay in business, instead of being wound up. The goal is to promote corporate rescue and to prevent the termination of businesses that are in distress. Despite the Supreme Court's decision that winding up proceedings should not be used as a substitute for debt recovery actions,<sup>38</sup> companies are still being forced into liquidation by litigants who file winding up petitions against them. In some cases, an ordinary debt recovery action may be sufficient to resolve the dispute without resorting to liquidation. CAMA 2020 therefore introduced a number of procedures to help insolvent companies avoid dissolution, including voluntary arrangement and administration. Voluntary arrangements and administration are aimed at rescuing companies that are in distress. The rescue mechanisms therefore allow an insolvent company to continue operating and become financially stable again. Perhaps, unlike the 1990 CAMA, which did not require administrators to try to save a company, the CAMA 2020 obligates administrators to make every effort to keep the company operating, if that is possible.<sup>39</sup> Indeed, these new provisions are designed to encourage investment and improve the business climate in Nigeria, bringing it more in line with international best practices.

### **4.0 The Impact of the Innovative Provisions of CAMA 2020 on the Growth and Development of Business in Nigerian**

Single member company concept could make it easier to do businesses in Nigeria, leading to more businesses, more productivity and greater competitiveness. So the single member company concept could lead to a shift in how businesses are structured in Nigeria, with more businesses operating as limited liability companies. Under CAMA 2020, micro, small, and medium-sized enterprises can now benefit from limited liability status for their business operations, which can make it easier for them to raise capital through their companies instead of as individuals. This could make it easier for micro, small, and medium-sized enterprises to access capital from financial institutions and other sources of funding.

Again, CAMA, 2020 gives business owners more options for operating as partnerships. Limited liability partnerships and limited partnerships allow partners to limit their financial exposure to business liabilities. Limited liability Partnerships are likely to be more attractive to micro, small, and medium-sized enterprise, since they do not require annual returns, annual general meetings, or other such formalities. In addition to the expanded partnership options, the CAMA has also made it easier to register a business electronically. This means that companies can track their registrations online and enjoy a faster, more efficient process.<sup>40</sup> The electronic registration system is a big step forward for business owners in Nigeria. Again, the recognition of electronic signatures reduces the time and effort that business owners have to spend on sending documents to the Corporate Affairs Commission.<sup>41</sup>

Furthermore, eliminating authorized share capital and only recognizing issued share capital, also provides a more accurate capital, since authorized share capital does not reflect how much capital has actually been issued and paid up. Additionally, the minimum issued share capital requirement allows companies to avoid allocating and paying for unneeded shares when they are incorporated. So this means that eliminating authorized share capital not only provides a more accurate picture of the actual capital of a company, it also reduces costs by eliminating the need to pay stamp duties on

<sup>38</sup> *Air Via Ltd v Oriental Airlines Ltd* (2004) 9 NWLR (Pt 978) 298.

<sup>39</sup> CAMA, s 444(1).

<sup>40</sup> G Abubakar *et al*, 'CAMA 2020- One Year On: Implications, Impact and Challenges', < <https://nesgroup.org/blog/NES27-Pre-Summit-Event:-Implementation,-Impact-and-Challenges-of-the-CAMA-2020-Act>>accessed 24 January 2024

<sup>41</sup> *Ibid*.

authorized shares that have not been issued.<sup>42</sup> Moreover, CAMA 2020 also includes new provisions that strengthen corporate governance. For example, the requirement for public companies to have at least three independent directors helps to ensure that those companies are more independent. The limit of five board positions per individual also helps to ensure that directors can focus on the companies they serve and avoid conflict of interest. These new rules make public companies more transparent and accountable.

## **5.0 Challenges to the Implementation of the Innovative Provisions of CAMA 2020**

The CAMA 2020 has introduced a number of innovations that could have a significant impact on the growth and development of the Nigerian business sector. These innovations are intended to make it easier for businesses to operate in Nigeria, and to encourage investment and growth. However, the effective implementation of the innovations of CAMA 2020 could be hindered by the following challenges:

### **5.1 Awareness and Understanding of the New Law**

Lack of awareness and understanding of the new law is one of the main challenges to the implementation of CAMA 2020. CAMA 2020 is complex and includes many new provisions, so it may be difficult for businesses to understand and apply the law correctly. Thus, without a clear understanding of the new provisions, it could lead to resistance and confusion among businesses, thereby hindering the successful implementation of the innovations.

### **5.2 Costs and Complexity**

In addition to awareness and understanding issues, there may be concerns about the cost and complexity of complying with the Act. Some businesses may not have the financial or technical resources to implement the changes required by CAMA 2020. For example, the Act includes new reporting requirements, which may add to the administrative burden for businesses.<sup>43</sup> As a result, some businesses may find it difficult to comply with the Act, leading to potential delays and disruptions. This could affect the overall goal of improving corporate governance and transparency. The increased record-keeping and paperwork requirements associated with CAMA 2020 may increase the cost of doing business in Nigeria. Businesses may need to invest in new technology and systems to comply with the new electronic innovations. In the short term, these increased costs could put a strain on businesses already dealing with other challenges. However, in the long term, the new provisions could benefit businesses by improving efficiency and reducing administrative burdens.

The CAMA 2020 also requires all companies except for ‘small companies’ to have at least two directors<sup>44</sup> and a secretary.<sup>45</sup> This means that single-member private companies need to have at least two directors and a secretary unless they meet the criteria to be considered a small company. For single-member private companies that do not qualify as small companies, this may impose additional costs and administrative burden. This is because it is more difficult and expensive for a single-member company to have multiple directors and a secretary. Moreover, the audit requirement is another formality that is unnecessary in Single Member Private Companies.<sup>46</sup> The audit

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<sup>42</sup> Stamp duties will now be paid only on the issued share capital as opposed to the current regime whereby stamp duties are paid on the entire authorized share capital of the company at incorporation. See Section 107(1) of CAMA

<sup>43</sup> For instance, section 422 (3) CAMA provides to the effect that any document required to be annexed to the annual return may be delivered to the Corporate Affairs Commission either in hard or soft copy.

<sup>44</sup> CAMA, s.271 (1).

<sup>45</sup> *Ibid*, 330(1).

<sup>46</sup> Generally, every company is mandated to appoint auditor or auditors to audit their financial records and statement in respect of a financial year during the annual general meeting of such companies. This is no longer the case as small companies or companies that have not carried on business since incorporation (excluding insurance companies and banks) are now exempted from such obligations. S 402(1) CAMA

requirement under the Act is another administrative burden for single-member private companies.<sup>47</sup> The purpose of an audit is to give shareholders confidence that the company's financial statements are accurate and fairly represent the financial position of the company. However, this is unnecessary for a single-member company, since the shareholder would also be the only director and would already have complete information about the company's financial position. The audit process is designed to reduce the agency problem which is the conflict of interest that can arise when shareholders (as owners) and the board (as their representative) have different goals. Since a single-member private company does not have this separation of ownership and control, the audit process is not necessary.

### 5.3 Privacy and Data Protection

The move to electronic registration and virtual meetings could pose privacy risks if personal data is not handled properly. The collection and processing of personal data online could leave individuals vulnerable to fraud or identity theft if the data is not securely stored or used in an appropriate manner. This could be especially problematic for a single-member private company, where the owner is the only member and is therefore at greater risk of having his personal data compromised. Protection of personal data and privacy has therefore become an important issue for internet users, as any data entered into the internet could potentially be accessed by anyone, anywhere in the world.<sup>48</sup> This raises concerns about the security and integrity of personal data that is collected and processed online. Without appropriate data protection laws, personal information collected and processed online could be used for malicious purposes, such as fraud or identity theft. The online registration process often requires individuals to provide their name, address, and other personal information, which could be exploited if it is not properly secured and this could cause harm to the company and its investors.

Privacy issues have therefore become one of the most significant threats facing Nigeria. This was lucidly captured by Lord Hoffman in the case of *R v Brown* (1996) as follows:

Vast amounts of information about everyone are stored on computers, capable of instant transmission anywhere in the world and accessible at the touch of a keyboard. The right to keep oneself to oneself, to tell other people that certain things are none of their business is under technological threat.

Thus, the internet therefore poses a significant threat to privacy, as it allows for the easy collection and transfer of vast amounts of personal data. This information can be accessed by anyone with an internet connection and a computer, making it vulnerable to misuse and exploitation.

### 5.4 Lack of Infrastructure and Resources

The lack of infrastructure and resources presents a major obstacle to the successful implementation of CAMA 2020. Without a reliable internet connection or a steady supply of electricity, businesses may not be able to use the electronic innovations required by the Act. Furthermore, businesses may lack the technical expertise and resources to effectively utilize the Act's electronic provisions. In addition, problems of digital literacy and computer literacy are still widespread, and many people are not familiar with how to use these new technologies. Furthermore, the cost of implementing the Act's new requirements may be too high for many businesses especially small businesses and start-ups.

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<sup>47</sup> The CAMA 2020 requires every company, except dormant companies and small companies, to appoint auditors to audit the financial statements of the company. S. 401(1) CAMA

<sup>48</sup> T I Akomolede, 'Contemporary Issues in Electronic Commerce in Nigeria' (2008) 11 (3) *PELJ*, 5.



Indeed, the lack of infrastructure and resources is a significant barrier to the successful implementation of CAMA 2020.

### **5.5 Lack of Precision and Inelegant drafting**

The lack of precision and inelegant drafting of the CAMA 2020 is another challenge to its implementation. There are inconsistencies and contradictions in the Act, which could cause confusion and make it difficult for businesses to comply. This could lead to difficulties in interpreting and implementing the Act, and could potentially create legal uncertainty. One example of a lack of precision in the CAMA 2020 is the lack of a definition for the term ‘single member private companies’. In addition, the term ‘shareholder’ and ‘member’ are used interchangeably in relation to single member private companies, which could cause confusion. For example, the provisions designed to hold annual general meetings refer to ‘single shareholders companies’, which is not a term defined in the Act.<sup>49</sup> This lack of clarity in the Act could lead to difficulties in its interpretation and implementation. Additionally, the CAMA’s definition of ‘member’ includes personal representatives<sup>50</sup>, but this conflict with other provisions of the Act.<sup>51</sup> This inconsistency could lead to confusion and uncertainty in interpreting and applying the Act. For instance, if the courts are called upon to determine whether a company is subject to the same compliance obligations as a single member private company, the inconsistent use of the terms could create practical problems. While shareholding is a necessary requirement for membership in a company limited by shares, the two concepts are not one and the same. In other words, owning shares in a company is a precondition for membership; shareholding does not automatically confer membership. Membership in a company limited by shares requires additional factors, such as being named on the company’s register of members.<sup>52</sup> Indeed, these inconsistencies could lead to confusion and misunderstanding of the Act thereby affecting the effective implementation of the Act.

### **5.6 Potential Conflicts with other Laws and Regulations**

One potential issue with the CAMA 2020 is that it creates limited partnerships and limited liability partnerships under Part D and Part E, respectively. However, the Partnership Law of Lagos State 2009 also regulates limited liability partnerships.<sup>53</sup> This creates the potential for confusion and conflict between the two laws, particularly for companies that have already registered under the Partnership Law of Lagos State 2009. It remains unclear whether those companies will be required to re-register under the CAMA 2020 or whether the Partnership Law of Lagos State 2009 will continue to apply to them. This issue was addressed by the Supreme Court of Nigeria in the case of *AG Ogun State & Ors v AG Federation*,<sup>54</sup> where it was held that any state legislation that is inconsistent with federal legislation is void. Given that CAMA 2020 is Federal legislation, it would appear that the Partnership Law of Lagos State 2009 may be void to the extent that it conflicts with the CAMA 2020. The Court further held that, where however, the legislation enacted by the State Government is the same as the one enacted by the Federal Government, and the two legislations are in pari materia, the State legislation is in abeyance and becomes inoperative for the period the Federal legislation is in force. However, it is important to note that the Partnership Law of Lagos State 2009 may continue to apply to matters not covered by the CAMA 2020.

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<sup>49</sup> CAMA, ss. 237 and 240 CAMA. Other provisions relating to quorum at annual general meetings, adjournments, and meetings apply to ‘single/one-member companies.’ See ss 256, 264(5) 266(1), and 266(4) CAMA

<sup>50</sup> S 868(1) CAMA

<sup>51</sup> For example, the Act states that the personal representative of a member is not ipso facto a member of a company, which directly contradicts the definition of member.

<sup>52</sup> *Tika Tore Press Ltd v Abina & Ors*, (1973) 4 SC 63.

<sup>53</sup> Partnership Law of Lagos State, 2009, ss 56 – 81.

<sup>54</sup> (1982) 13 NSCC , 35.

## **6.0 Conclusion**

The CAMA 2020 has introduced a number of innovations that have the potential to significantly impact the growth and development of Nigerian businesses. These innovations aim to facilitate business operations in Nigeria, encourage investment and promote overall economic growth. However, the implementation of the innovations could be hindered by several challenges, including lack of awareness and understanding of the Act, limited resources, privacy and data protection et cetera.

## **7.0 Recommendations**

To overcome these challenges, awareness and understanding of the provisions of the Act should be promoted through training programs, workshops and other educational initiatives. There should be coordination and collaboration between key government agencies responsible for implementing the CAMA 200, including the Corporate Affairs Commission, Federal Inland Revenue Service, Federal Competition and Consumer Protection Commission et cetera. Adequate resources, including financial human and technological resources, should be provided to support the implementation of the Act. In order to avoid ambiguity and uncertainty, it is recommended that the CAMA 2020 be amended to clarify inconsistent or confusing provisions. This would help to ensure that the law is clearly understood and applied in a consistent manner.