

GOVERNANCE AND COMPLIANCE DIGEST



EXAMINING SHARE CAPITAL REQUIREMENTS FOR COMPANIES IN NIGERIA

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What is a Share Capital?

A share capital may simply be defined as the amount of money invested in a Company by its members in exchange for ownership of shares.

A share capital is fundamental to businesses as it determines the extent of liabilities and dividends that the shareholders are entitled to with respect to the Company.

What is the Authorized Share Capital of a Company under the CAMA 2020?

The authorized share capital refers to the minimum amount of capital that a Company is legally required to have to operate under relevant regulations.

The CAMA 2020 defines a share capital as the **issued share capital** of a Company at a given time. **Issued share capital** represents the total value of shares that a Company has allotted to the shareholders and registered with the CAC.

This provision implies that the share capital of a Company includes only shares that have been **issued** to its members and that Companies no longer have the discretion to leave some of their shares unissued as was provided for in the CAMA 1990. This implies that Companies can no longer reserve a percentage of their share capital for future investors. Therefore, Companies intending to allot new shares in the future will be required by an ordinary resolution to increase their share capital to create new shares or transfer shares from an existing shareholder. Companies with unallotted shares may also by a special resolution reduce their shares.

Paid-up share capital specifically refers to the portion of the issued share capital for which payment has been made by the shareholders. CAMA provides that 25% of a Company's issued share capital must be paid up.

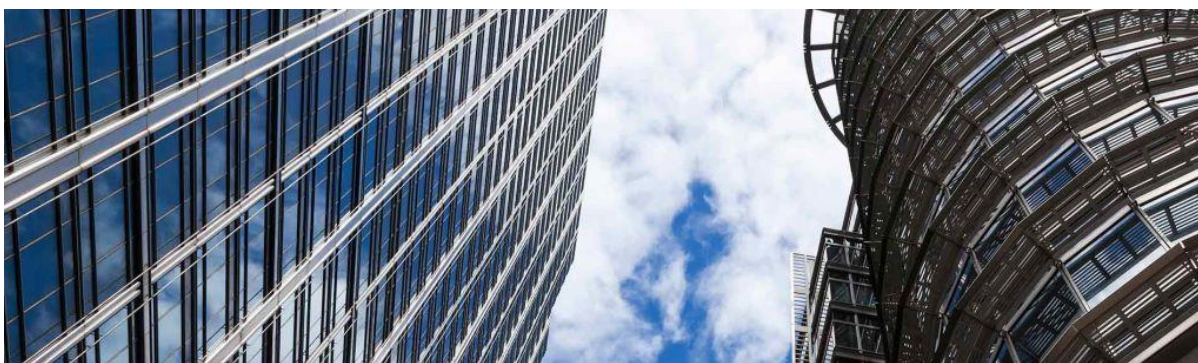
The CAMA 2020 set the minimum issued share capital of every private and public Company at **N100,000 (One Hundred Thousand Naira)** and **N2,000,000 (Two Million Naira)** respectively.

Also, regulators, (for instance, the Central Bank of Nigeria), have set minimum thresholds for the share capital of Companies which they regulate.

Below are specific industry requirements for Companies in various sectors:

Sector	Shares ₦
Private Security Company	10 Million
Sports Lottery	30 Million
Agents of Foreign Airlines	1 Million
Pension Fund Administrator	5 Billion
Shipping Company/Agent	25 Million
Issuing House	200 Million
Broker/Dealer	300 Million
Trustee	300 Million
Fund/Portfolio Manager	150 Million
Agricultural Seed, Productions, Processing, Marketing	10 Million
Stock Broker	200 Million
Stock Dealer	100 Million
Private Security Company	10 Million
Sports Lottery	30 Million
Corporate Investment Adviser (Registrar)	150 Million

Corporate Investment Adviser	5 Million
Individual Investment Adviser	2 Million
Commercial Bank (With Regional Authorization)	10 Billion
Commercial Bank (With National Authorization)	25 Billion
Commercial Bank (With International Authorization)	50 Billion
Merchant Bank	15 Billion
Bureau De Change	35 Million
Finance Company	20 Million
Payment Service Bank	5 Billion
Health Management Organization (HMO) (National)	400 Million
Health Management Organization (HMO) (Regional)	200 Million
Health Management Organization (HMO) (State)	100 Million
Foreign Owned Entity	100 Million



Conclusion

The Corporate Affairs Commission (“CAC”) in compliance with **Section 124 of CAMA 2020**, instructed all Companies to fully allot all its unallotted shares by 31st December 2022, failure which, such Company shall be liable to a daily default fee ranging from N250 to N1000 depending on the type and size of the Company. Each of the officers of the Company shall also be liable to a daily default penalty.

In view of the above, persons intending to incorporate a Company must bear in mind that the shares of the Company must be fully issued to all the subscribers to the Company’s memorandum at incorporation.

REFERENCES

1. <https://www.companybug.com/what-is-share-capital/>
2. Section 27(2) of the Companies and Allied Matters Act, 2020
3. Paragraph 13 of the Companies regulations, 2021
4. Section 130 of the Companies and Allied Matters Act, 2020
5. https://www.cac.gov.ng/wp-content/uploads/2022/05/Corporate-Affairs-Commission-Operations-Checklists-2022.pdf?_cf_chl_tk=swr19wtViX8dTPnLWtOeYOorvqAcRnaFDwLns.Egm58-1718379629-0.0.1.1-5268

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