



**CAN A LIMITED  
LIABILITY COMPANY  
PURCHASE ITS SHARES  
IN NIGERIA?**

- Following the enactment of the Companies and Allied Matters Act (CAMA) 2020, Companies are required to fully issue all of their share capital.
- CAMA 2020 replaced ‘authorized share capital’ with ‘minimum issued share capital’. Section 124 of CAMA 2020 provides that no company shall have a share capital which is less than its minimum issued share capital and requires that every company with unissued shares, must not later than six (6) months from the commencement of CAMA 2020, issue shares up to an amount not below its minimum issued share capital.
- Companies whose shares have not been fully issued and do not want to allot the shares to new or existing shareholders or reduce the share capital have an option to purchase the shares as provided in Section 184 of CAMA 2020 subject to meeting the following conditions.

# Conditions for a Company to purchase its shares

1. Purchase of its shares must be permitted in the articles of the Company
2. The shares to be purchased shall be fully paid-up shares and the terms of the purchase shall provide for the payment of the purchase
3. A special resolution must be passed by the shareholders approving the acquisition of the shares by the Company
4. Within 7 days of passing the special resolution, there shall be publication in two national newspapers of a notice of the proposed purchase by the Company of its own shares
5. Within 15 days after the publication, the Directors of the Company shall make and file a statutory declaration of solvency with the Corporates Affairs Commission to the effect that the Company is Solvent and that after the payment for the purchase of the shares, the Company will still be solvent and can pay its debts as they become due.
6. The shares to be purchased should be such that the purchase will not result in the Company no longer having issued shares other than redeemable shares or shares held as treasury shares.

- The Company's Creditor(s) may within six (6) weeks of the publication in the newspaper or a dissenting shareholder who did not vote in favour of the share buyback can make an application to Court for an order cancelling the resolution. The ability for the Company to proceed with the share buyback shall depend on the order of court, where applicable.
- Therefore, upon fulfilment of the conditions for the buyback of shares by a Company of its own shares and the absence of any challenge by a creditor or a dissenting shareholder who did not vote in favour of the share buyback, a Company can purchase its own shares subject to the limit provided by the CAMA.



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