



CAC ISSUES GUIDELINES ON HOLDING OF ANNUAL GENERAL MEETINGS OF PUBLIC COMPANIES USING PROXIES

Compliance & Regulatory

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On 26th March 2020, the Corporate Affairs Commission (CAC) issued a circular on guidelines for public companies to hold their annual general meeting (AGM) by proxies (pursuant to Section 230 of the Companies and Allied Matters Act (CAMA)). The guidelines are as follows:

- ❖ The approval of the CAC shall be obtained before such a meeting is held. The application can be submitted to the Head Office in Abuja or any of the branch offices in any of the States.
- ❖ CAC shall send representative(s) as observer(s) to the meeting.
- ❖ The meeting shall only discuss the Ordinary Business of an AGM as provided in S.214 CAMA.
- ❖ Notice of meeting and proxy form shall be sent to every member in accordance with the requirements of CAMA. Companies will be required to provide the CAC with the evidence of postage or delivery of such notices after the meeting.
- ❖ All the members shall be advised in the notice that in view of the Covid-19 pandemic, attendance shall only be by proxy with names and particulars of the proposed proxies listed for them to select therefrom. The invitation shall be issued at the companies' expense as well as the stamp duties which shall be prepaid by the company. The proxies need not be members of the company.
- ❖ The company shall be guided by the provisions of its Articles or CAMA as regards to a quorum. However, for the purpose of determining quorum, each duly completed proxy form shall be counted as one.

Comment

Companies all over the world are facing unprecedented challenges caused by the COVID-19 pandemic, as they seek to meet with their financial obligations, comply with statutory requirements, protect shareholder value and ensure the safety of their employees.

Public companies have statutory and regulatory filing requirements that mandate the approval of their financial statements and accounts at an AGM to be held within a fixed period. Thus, the restrictions on movement and gatherings due to the COVID-19 have impacted the ability of the shareholders of public companies to participate at AGMs that have been previously scheduled.

The CAC's regulatory intervention is laudable, but a mandated proxy model may not be accepted by shareholders or shareholder groups.

Look out for our publication on the impact of COVID-19 on AGM of Companies.

For further information on this topic, please contact **Bolaji Gabari** and **Ayodele Adeniyi** at:

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