

AUGUST 2020

CORPORATE NEWSLETTER

- Macroeconomic Update
- Changes to the Companies and Allied Matters Act (CAMA)
- Aviation Industry Information

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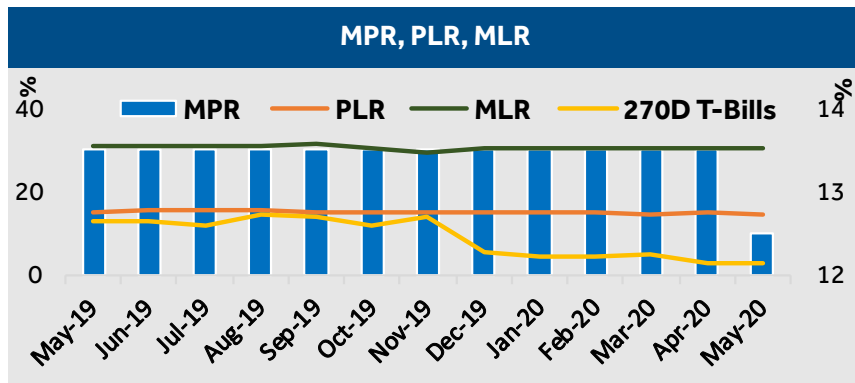


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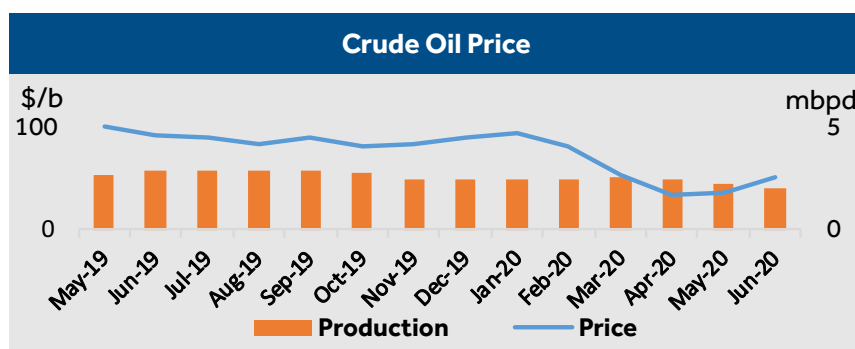
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Macroeconomic Update

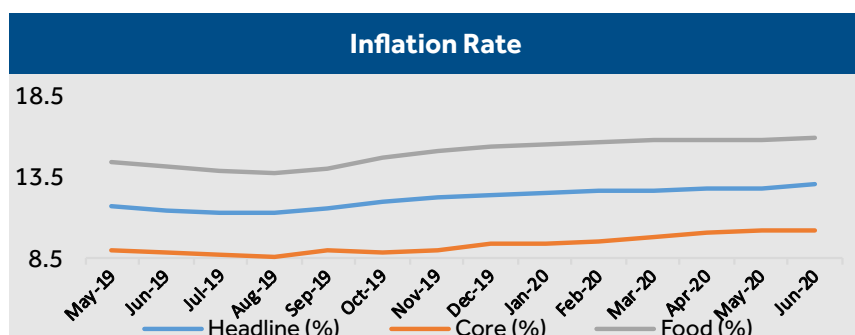
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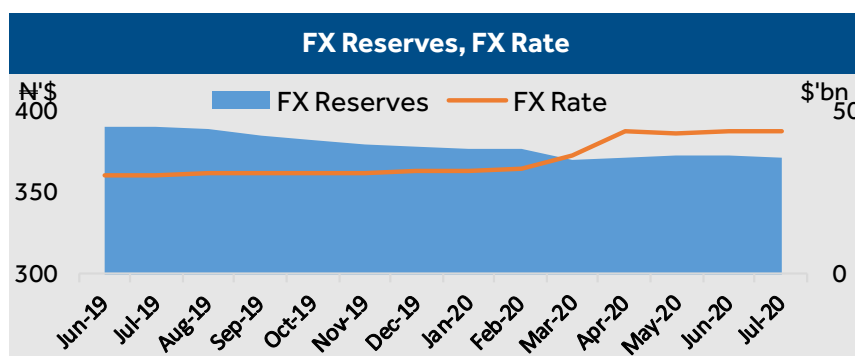
- The CBN's Monetary Policy Committee retained all parameters at its July 2020 meeting. The Monetary Policy Rate (MPR) was retained at 12.5% amidst rising inflation, similarly, the Cash Reserves Requirement (CRR) was left unchanged at 27.5%.
- In May, Prime Lending Rate & Maximum Lending Rate dropped to 14.73% and 30.69% paring 19 and 4 bps, respectively from April.
- The 270-Day Treasury Bills rate continued its southward trajectory settling at 1.9% in July 2020 from 2.9% in the previous month.



- Bonny light oil price rose, supported by growing demand from the gradual reopening of economies across the globe.
- Oil price posted a 14.2% increase in July 2020 rising to \$42.83 to \$37.5 in the previous month.
- Members of OPEC and OPEC+ maintained supply cuts to ramp up prices. Oil production dropped to 1.5 million barrel per day (mbpd) in June 2020 from 1.59mbpd in the previous month.



- Inflation rate continued to rise as supply disruptions stemming from the impact of COVID-19 on economic activities and currency weakness nudged up prices.
- Headline inflation rate ascended to 12.56% in June 2020 from 12.4% posted in the previous month.
- Food and Core index also grew by 0.01% and 0.14% respectively.



- Foreign reserves in July 2020, declined by \$300 million to \$35.9 billion from \$36.2 billion in the previous month. This reflects a 0.83% decline after a pick up in May 2020.
- The Naira appreciated in July 2020 as ₦/\$ settled at ₦387.24/\$ from ₦388.17/\$ in the previous month at the NAFEX window, reflecting a ₦0.93 increase.
- The official exchange rate was re-adjusted to ₦381/\$ from ₦360/\$ in July 2020 bringing it closer to rates in other windows.

Changes to the Companies and Allied Matters Act (CAMA)

The new Companies and Allied Matters Act (CAMA), was recently approved by President Muhammadu Buhari and passed into law by the National Assembly. The President's action repealed and replaced the extant Companies and Allied Matters Act, 1990 after 30 years.

The new Act is aimed at introducing several corporate legal innovations geared towards enhancing the ease of doing business in the Country. Some of the innovations of the new Act that will take effect when the Act is gazetted are highlighted below:

S/N	Section	Title	Clauses
1	S 18(1&2)	Provision of single member /Shareholder Companies	<p>1) As from the commencement of this Act, any two or more persons may form and incorporate a company by complying with the requirements of this Act in respect of registration of the company.</p> <p>2) Notwithstanding subsection (1), one person may form and incorporate a private company by complying with the requirements of this Act in respect of private companies.</p>
2	S119 (1& 2)	Disclosure of Capacity by Shareholders / persons with significant control of companies in a register of beneficial owners to enhance corporate accountability and transparency	<p>(1) Notwithstanding the provisions of section 120, every person with significant control over a company shall, within seven days of becoming such a person, indicate to the company in writing the particulars of such control.</p> <p>(2) A company after receiving or coming into possession of the information required under subsection (1), shall, not later than one month from the receipt of the information or any change therein, notify the Commission of that information provided that a company shall in every annual return, disclose the information required under subsection (1) in respect of the year for which the return is made.</p>
3	S 330 (1)	Exemption from the appointment of company secretary	(1) Except in the case of a small company, every company shall have a secretary.
4	S 402	Exemption from appointing Auditors	Small companies or any company having a single shareholder are no longer mandated to appoint auditors at the AGM to audit the financial records of the company
5	S 265(6)	Enhancement of minority shareholder protection and engagement	The Chairman of a public company shall not act as the Chief Executive Officer (CEO) of such company.

Changes to the Companies and Allied Matters Act (CAMA)

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6	S 307(1)	Restriction on multiple directorship in public companies	Two years from the commencement date of this Act, any director in the Bank that holds such post in more than 5 companies will have to resign from all, but 5 of the companies
7	S 27 (2 & 3)	Replacement of authorized share capital with minimum share capital	<p>(2) Subject subsection (3), a person shall not be a director in more than five public companies.</p> <p>(3) Any person who is a director in more than five public companies shall, at the next annual general meeting of the companies after the expiration of two years from the commencement of this Act, resign from being a director from all but five of the companies.</p>
8	S 40(1)	Introduction of Statement of Compliance	(1) The statement of compliance required to be delivered to the Commission is a statement by the applicant or his agent that the requirements of this Act as to registration have been complied with
9	S 176	Instruments of transfer of shares now includes electronic instruments of transfer	(1) On the application of the transferor of any share or interest in a company, the company shall enter, in its register of members, the name of the transferee in the same conditions as if the application for the entry were made by the transferee, and register of transfer includes electronic register of transfer.
10	S 849	Incorporated Trustees	Provides that a merger is possible between two or more associations with similar aims and objects under the terms and conditions as may be prescribed by the CAC
11	S 240(2)	Virtual AGM	(2) A private company may hold its general meetings electronically provided that such meetings are conducted in accordance with the articles of the company.
12	S 434 – 442 S 443 – 549 S 718 – 721	Business rescue provisions for insolvent companies	<p>The new Act introduces a framework for rescuing a company in distress and to keep it alive as against allowing such entity to become insolvent.</p> <p>Provisions are also made with respect to Company Voluntary Arrangements, Administration and Netting.</p>

The Impact of COVID-19 on the Nigerian Aviation Industry

With the outbreak of the Coronavirus pandemic, the much-anticipated Summer 2020 holiday has been cancelled for so many travelers around the world. The "New Normal" has brought about significant measures to minimize the spread of the virus and the aviation industry is not left out. The effects of the contagion have resulted in major losses for the aviation industry – trip cancellations and refunds due to closure of airports and flight bans, unutilized fleet and maintenance costs, job losses, decline in airline share prices etc.

The Nigerian Aviation industry, has also taken a significant nosedive in revenue (expectedly), following the shutdown of both international and local airports, and restriction of airspace movements in March 2020. The International Air Transport Association (IATA) called for aviation-specific financial relief measures from the Nigerian government to address the severe impact of the COVID-19 crisis on the air transport sector. Prior to the crisis, aviation contributed \$1.7 billion to Nigeria's GDP and supported 241,000 jobs. IATA estimates that the COVID-19 crisis puts 124,000 Nigerian jobs at risk and some \$900 million of the country's GDP.¹

We can expect a number of adjustments in the industry particularly for increased passenger safety: Digital bookings and check-in will be encouraged to reduce physical interactions, revisions to flight seating plans to ensure physical distancing, pre-flight testing, use of face masks and hand gloves might also be strictly enforced. Passengers might also be more likely to purchase travel insurance policies.

Recovery: Post COVID-19

Listed below are some possible implications for consumers and the Industry post COVID-19:



Looming Recession

The International Monetary Fund (IMF) projects the Nigerian economy is to contract at -5.4% in 2020, the second recession experienced in the last 5 years. The effectiveness of the Economic Sustainability Plan (ESP) would also help to determine the contraction that the economic will experience.



Income Level

The income levels of the middle class will be affected but will however recover over the medium term returning to its pre 2020 level in 2023. Consumer spending is expected to drop by 2.8% in 2020. Most household income levels are expected to fall into the next lower income bracket.



Heightened Phobia

Aviophobia and Hodophobia, stemming from the outbreak of COVID-19 globally and domestically, is expected to persist till a vaccine or cure is found. The negative effect of these phobias on air travel or travelling in general would have a domino effect on the demand for hotel services in Nigeria.



Embracing Digitization

The advent of the COVID-19 pandemic has shown that it can still be businesses as usual, as the online contact gradually replaces the physical contact. The aviation and hotel industries seek to increase their presence in the digital space as this would improve their business process while returning confidence to their customers.

¹Source: IATA.org <https://www.iata.org/en/pressroom/pr/2020-03-05-01>

Recovery: Post COVID-19



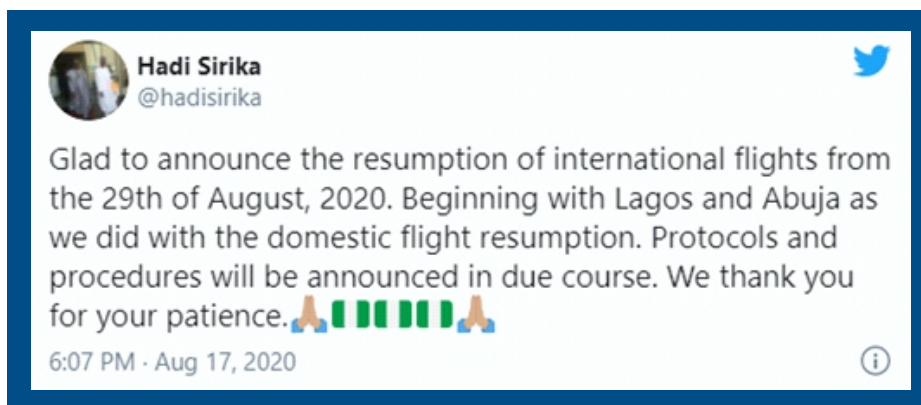
Intervention Funds

The Central Bank of Nigeria (CBN) has established an intervention facility for hoteliers, airline service providers amongst others, through the NIRSAL Microfinance Bank. Grant support including payroll support, tax and filing dates deferment would be given to the aviation industry.



Stringent FX Policy

The attempt to manage the external reserves by the CBN amidst dwindling oil prices, puny foreign portfolio inflows and remittances would negatively impact the aviation and hotel industries. The depreciation of Naira could discourage foreign travels.



The Federal Minister of Aviation, Sirika Hadi, in a Twitter post on August 17, 2020 announced the resumption of international flights from August 29th, introducing protocols to minimize the risk of coronavirus infection.


There might just be a late summer after all!


make bulk payments conveniently on PrimusPlus




Here is a step-by-step guide on how to make bulk payments easily on PrimusPlus:


Step 1:

 **1** Click "Payments" icon on the home page

 **2** Click the "File Upload" tab

 **3** Populate the Payment Details

- Select your Payment source*
- Select Pay Using*
- Check "Enable Multiple Debit" if you will like your payments to appear as multiple debits on your account. Otherwise, the payment will appear as a single debit
- Check "Charge Beneficiary" if you wish to pass the processing fee to the beneficiary
- Enter "Debit Narration"* - This is the narration that appears on your account statement
- Select "Value Date"* - This is the date that the beneficiary will receive value

 **4** Upload your Payment File:

- Download the "Sample Payment File" and input the details of your beneficiaries on the downloaded Excel file and save. (A bank code list is available on the platform for reference)
- Click on "Choose File" to upload your payment file
- Click on the "Refresh" icon until it shows 100% completed (This confirms that your payment file has been fully validated)

Step 2: Initiate Transactions:

- Click the "Actions" drop down menu
- Select "Initiate (valid entries only)" - This will only process the entries that returned as valid. If you have invalid entries, click on "Download All" to view the errors. You can either delete batch, make corrections and re-upload your file or go ahead to initiate valid entries only
- Select all entries by clicking on the tick box right beside the S/N
- Scroll down and click on "Initiate Selected" to proceed with payment initiation
- Click "Initiate" to confirm and move transaction to the approver

Step 3: Approve Transactions:

- Go to the homepage and select "Payments for Approval" on the bottom left corner of the page
- Click the request tab i.e. Bulk requests
- To view individual beneficiaries contained in the batch payment, please click on "Batch Count"
- Select all entries to be authorised by clicking on the tick box right beside the S/N
- Click "Authorize Selected" to proceed with authorization and input your token
- To Return/Decline requests, write the reason in the comment box and proceed to input your token

These steps are available in the User Guide on the platform and can be accessed by clicking "Help" on the Menu bar.

*mandatory fields