



Federal High Court Establishes Insolvency Unit to Enhance Corporate Restructuring and Dissolution in Nigeria

Introduction

The Federal High Court has established a dedicated Insolvency Unit to strengthen Nigeria's corporate legal framework and improve corporate restructuring and dissolution processes. Approved by the Chief Judge, Justice John Terhemba Tsoho, the unit will operate under key Nigerian laws, including the Companies and Allied Matters Act (CAMA) 2020, the Asset Management Corporation of Nigeria (AMCON) Act, 2019, the Nigeria Deposit Insurance Corporation (NDIC) Act, 2024, and the Bankruptcy Act, 2010.

Aims and Objectives of the Insolvency Unit

1. Oversight of Corporate Restructuring Processes:

The unit will oversee matters relating to Company Voluntary Arrangements (CVA), Administration, Receivership, Winding Up (Dissolution), and other corporate restructuring processes under Nigerian law.

2. Streamlining Insolvency Procedures:

By offering specialized services, the unit seeks to provide a streamlined process for insolvency

practitioners and businesses, fostering a legal environment where restructuring matters are handled with global best practices.

3. Strengthening Enforcement Mechanisms:

The unit will provide a dedicated channel for enforcement services, reinforcing the court's commitment to modernizing insolvency procedures in Nigeria.

Key implications for stakeholders

This new development brings several notable benefits to the Nigerian legal and business ecosystem:

1. Boosting Corporate Restructuring and Stability:

The Insolvency Unit will provide faster, more transparent procedures for companies seeking to restructure or dissolve, offering a smoother path to financial recovery for troubled businesses. This aligns with global standards, enhancing Nigeria's competitiveness in the global business environment.

2. Promoting Legal Compliance and Regulatory Confidence:

The establishment of the unit reaffirms Nigeria's commitment to adhering to international regulatory frameworks, providing companies with a clear path to comply with both local and global insolvency regulations. This fosters confidence among local and international investors looking to engage with Nigerian businesses.

3. Enhancing Corporate Responsibility and Accountability:

The unit will serve as a resource for ensuring that companies facing financial difficulties meet their legal obligations responsibly. It will also help in resolving disputes efficiently, reducing the potential for protracted legal battles and enhancing overall corporate accountability.

4. Stimulating Economic Growth through Efficient Resource Management:

By enabling more efficient corporate restructuring and dissolution, the unit will help optimize Nigeria's business resources. This will contribute to a more dynamic economy, where businesses can either recover from financial distress or be wound up in an orderly manner, ensuring that the broader economy remains resilient and competitive.

Empowering Nigerian Businesses for the future

The establishment of the Insolvency Unit is poised to transform the way corporate insolvencies and restructurings are managed in Nigeria. It will provide businesses with a more robust, transparent, and efficient framework to handle financial difficulties, thereby improving overall legal and economic stability. This move not only strengthens the Nigerian economy but also enhances Nigeria's reputation as a leading business destination in Africa.



As the Federal High Court moves forward with this initiative, businesses and legal practitioners in Nigeria will benefit from a more structured and modernized insolvency process. The Insolvency Unit is set to play an important role in fostering corporate stability and economic resilience in the country. Businesses are encouraged to take full advantage of the unit's services to streamline their restructuring processes and ensure compliance with relevant laws.

For more information on how to navigate the insolvency process in Nigeria, contact us at info@scp-law.com or visit www.scp-law.com.