



Key Developments in the Nigerian Capital Markets Sector in 2024

Forecasts for 2025

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1. Introduction

The year 2024 was significant for regulatory reforms and positive regulatory actions as well as further expansion of Nigeria's capital markets. Below, we outline some of the key developments in 2024 and the forecasts for 2025.

2. Releases

- 2.1. **Securities and Exchange Commission (the "SEC") Approved NASD Plc to Operate Digital Securities Platform.** Following the lift on the ban by the Central Bank of Nigeria ("CBN") on the trading of digital assets on December 22, 2023, the SEC on January 10, 2024, approved NASD Plc to launch the NASD Digital Securities Platform ("N-DSP"). The N-DSP is powered by Blockstation Incorporation, a digital assets trading platform through blockchain technology, under the SEC regulatory incubation program.¹ This approval actualises NASD Plc's intention to launch the N-DSP as communicated in the publication released in 2022.² The launch of the N-DSP will enable access to trading digital assets, such as crypto-currency, on a regulated exchange.
- 2.2. **SEC Called for Another Application for Its Regulatory Incubation Program.** On February 5, 2024, the SEC launched applications for the second cohort of its Regulatory Incubation Program (the "RI Program"). The RI Program was designed to regulate new financial technology ("Fintech") operators with business models deemed to be capital market activities that should be regulated by the SEC or whose regulations are due for amendment by the SEC. The SEC Regulatory Incubation Guidelines (2021) contains regulatory and compliance requirements applicable to the eligible Fintech operators.³
- 2.3. **SEC Called for Compliance of Public Companies with Sections 60-63 of the Investment and Securities Act (2007).** On February 19, 2024, the SEC issued a directive requesting directors and external auditors of public companies to file their respective company's reports on Internal Control over Financial Reporting ("ICFR") for the 2023 financial year separately, along with the annual reports and accounts for review on compliance.⁴ The ICFR seeks to ensure the reliability and accuracy of financial reporting by providing reasonable assurance that financial statements are prepared in compliance with Generally Accepted Accounting Principles (GAAP). It aims to enhance transparency, prevent fraud, and strengthen investor confidence in public interest entities (PIEs) and public companies. Going forward, ICFR reports must now be included in the annual reports and accounts of public companies. This directive was issued further to an earlier circular released on November 8, 2021, which clarifies the manner in which public companies should comply with the requirement to establish and report on its internal system control.
- 2.4. **Alternative Bank Limited and TK Africa Partnered up to Launch US\$500m Digital Sukuk Initiative.** On March 28, 2024, the Alternative Bank Limited and TK Africa announced a partnership to introduce a US\$500 million digital sukuk initiative in Nigeria. The partnership aims to leverage blockchain technology for the trading of various securities within Nigeria.⁵ The introduction of blockchain-based Sukuk bonds is anticipated to have a substantial impact

¹ <https://nairametrics.com/2024/01/13/sec-grants-nasd-approval-for-digital-securities-platform/>

² <https://nasdng.com/wp-content/uploads/2022/06/press-release-Blockstation-NASD-master-agreement.pdf>

³ <https://sec.gov.ng/regulatory-incubation-program/>

⁴ <https://sec.gov.ng/re-compliance-of-public-companies-with-sections-60-63-of-the-investments-and-securities-act-2007/>

⁵ <https://businessday.ng/companies/article/the-alternative-bank-tk-tech-africa-unveil-500m-digital-sukuk-for-financial-innovation/>

on Nigeria's crypto ecosystem. By utilizing blockchain for transparent and efficient financial transactions, the initiative could bolster confidence in digital financial instruments and pave the way for broader adoption of blockchain technology in Nigeria's financial sector.

- 2.5. **NGX Group Announced Investment in Ethiopian Securities Exchange.** On April 7, 2024, the Nigerian Exchange Group Plc ("**NGX Group**") announced its investment in the Ethiopian Securities Exchange as the largest foreign institutional investor in the exchange. While the amount of investment was not disclosed, this move signifies the expansion of NGX Group's equity holding beyond a Nigerian securities exchange to East Africa.⁶
- 2.6. **President Tinubu Reconstituted SEC's Board.** On April 19, 2024, President Bola Ahmed Tinubu approved the reconstitution of the board of the SEC. The board of the SEC is now comprised of the following members:
- a. Mr. Mariga Aliyu Katuka as Chairman
 - b. Mr. Emomotimi Agama as Director-General
 - c. Frana Chukwuogor as Executive Commissioner for Legal and Enforcement
 - d. Mr. Bola Ajomale as Executive Commissioner for Operations
 - e. Mrs. Samiya Hassan Usman as Executive Commissioner for Corporate Services
 - f. Mr. Lekan Belo as a Non-Executive Commissioner
 - g. Mr. Kasimu Garba Kurfi as a Non-Executive Commissioner

The appointment of the Director-General and the three (3) Executive Commissioners was subsequently confirmed by the Nigerian Senate.

- 2.7. **FMDQ Group Plc Appointed Group Chairman.** On April 29, 2024, FMDQ Group Plc announced the appointment of Mr. Muhammad Sani Abdullahi as the Group Chairman of the Board following the retirement of its erstwhile chairman, Dr Kingsley Obiora. The appointment of Mr Abdullahi takes effect from Friday, April 26, 2024.⁷
- 2.8. **The Nigerian Exchange Limited ("NGX" or the "Exchange") Launched USSD Platform to Boost Capital Market Access.** The NGX, on June 10, 2024, introduced a new Unstructured Supplementary Service Data ("**USSD**") platform to enhance investor access to the Nigerian capital market.⁸ The platform is designed to allow the public to easily receive market information and commence account opening through their mobile phones by dialling the USSD code (*5474#).
- 2.9. **SEC Launched a New Program to Accelerate VASP Registration.** On June 21, 2024, the SEC introduced the Accelerated Regulatory Incubation Program ("**ARIP**") to streamline the registration process for Virtual Assets Service Providers ("**VASPs**"). This initiative amends the existing regulatory framework to improve the regulation of cryptocurrency in Nigeria. The ARIP offers a 30-day window for active and prospective VASPs to complete all the necessary requirements for full compliance⁹.

⁶ <https://ngxgroup.com/ngx-group-announces-strategic-investment-in-ethiopian-securities-exchange/>

⁷ <https://fmdqgroup.com/fmdq-group-plc-appoints-deputy-governor-economic-policy-of-cbn-muhammad-sani-abdullahi-as-group-chairman/>

⁸ <https://msmeafricaonline.com/nigerian-exchange-limited-launches-ussd-platform-for-enhanced-market-access/>

⁹ <https://nairametrics.com/2024/06/22/nigeria-sec-launches-new-initiative-to-speed-up-vasp-registration-in-june-21-memo/>

- 2.10. **SEC Launches Revamped E-Dividend Mandate Management System.** On July 2, 2024, the SEC announced the launch of its revamped e-Dividend Mandate Management System (“e-DMMS”) Portal. The e-DMMS Portal introduces a “self-service interface” that now allows investors to apply for their e-dividend virtually, without the need to visit the registrar or the bank.¹⁰
- 2.11. **NGX Unveiled Impact Board Platform for Listing Sustainability Instruments.** On July 11, 2024, the NGX, following the approval of the SEC, unveiled its Impact Board Platform (the “Platform”) for listing and trading sustainability instruments. This initiative is set to usher in a new era of responsible investing and offer issuers access to purpose-driven capital. Through the Platform, the issuers will have access to capital aimed at addressing pressing environmental challenges in Nigeria such as flooding, pollution and deforestation.¹¹ From the NGX website, there are currently three (3) green bonds listed on the Platform.
- 2.12. **NGX Group Launched ‘NGX Invest’ for Capital Raise.** On July 11, 2024, the NGX Group, following the approval of the SEC, launched “NGX Invest”, a digital platform designed to streamline public offerings and rights issues in the Nigerian capital market. The platform aims to revolutionise interactions among issuers, brokers, institutional investors, and retail investors within the primary market.¹² Several companies and banks have successfully used NGX Invest for capital-raising initiatives. Notably, FBN Holdings Plc is currently conducting a ₦150,000,000,000 (One Hundred and Fifty Billion Naira) rights issue via the platform, which is being offered on a one-for-six basis to its existing shareholders. This follows the successful use of NGX Invest by six other Nigerian banks, which have raised about ₦1.26 trillion (about \$770 million) in capital.¹³
- 2.13. **SEC Granted Approval-in-Principle to Two (2) Digital Assets Exchanges.** On August 29, 2024, the SEC granted Approval-in-Principle to two (2) Digital Assets Exchanges – Busha Digital Limited and Quidax Technologies Limited – to commence operation under the ARIP. Further to this, five (5) firms have been admitted to test the models and technology under the SEC’s Regulatory Incubation program. These firms include four (4) digital asset offering platforms: (a) Trovotech Ltd, (b) Wrapped CBDC Ltd, (c) HousingExchange.NG Ltd, and (d) Dream City Capital, and Blockvault Custodian Ltd as the digital asset custodian¹⁴.
- 2.14. **Nigeria Raised Over US\$900 Million in its Inaugural Domestic Dollar Eurobond Issuance.** The Federal Government of Nigeria (“FGN”) through the Debt Management Office, in September 2024 established a debut US\$2 billion domestic Eurobond programme and raised over US\$900 million under its up to US\$500 million Series 1 bond issuance. The purpose of the bond was to fund critical infrastructure projects and development programmes, which would further strengthen key sectors of Nigeria’s economy. The bonds were issued by way of an offer for subscription at a fixed price and with a coupon rate of 9.75%.¹⁵
- 2.15. **Nigeria Successfully Issued US\$2.2 Billion in a 6.5 Year and 10-Year Eurobonds.** The FGN issued a US\$2.2 billion Eurobond. The proceeds of the Eurobond are being earmarked to fund

¹⁰ <https://sec.gov.ng/revamped-e-dividend-mandate-management-system-portal/>

¹¹ <https://ngxgroup.com/ngx-launches-impact-board-for-sustainable-instruments/>

¹² <https://ngxgroup.com/ngx-groups-revolutionary-e-offering-platform-goes-live-following-sec-approval/>

¹³ https://ngxgroup.com/fbn-holdings-leverages-ngx-invest-for-n150bn-rights-issue/?utm_source=chatgpt.com

¹⁴ <https://sec.gov.ng/press-release-update-on-the-secs-accelerated-regulatory-incubation-program-and-regulatory-incubation-program/>

¹⁵ <https://finance.gov.ng/fg-raises-over-900-million-in-landmark-dollar-bond/>

the nation's 2024 fiscal deficit and support the government's budgetary needs.¹⁶ The Eurobond, which was oversubscribed to over US\$9 billion, will be admitted to the official list of the UK Listing Authority and available to trade on the London Stock Exchange's regulated market, the FMDQ Securities Exchange Limited and the NGX.

- 2.16. **SEC Proposed Amendment to Collective Investment Scheme ("CIS") Rules.** The SEC commenced actions to implement proposed amendments to its CIS rules titled '*Exposure of New and Sundry Amendments to the Rules and Regulations of the Commission*' (the "**CIS New Rules**"). The SEC revealed that it had overseen the placement of ₦2.14 trillion in CIS funds and had brought about ₦2.36 trillion in discretionary and non-discretionary funds in custody.¹⁷ The placement of these funds in custody aligns with the provisions of the CIS New Rules that require all CIS funds, including those in discretionary and non-discretionary products, to be placed under custody.

3. Regulatory

- 3.1. **CBN Set New Minimum Capital Requirement.** The CBN issued a circular dated March 28, 2024¹⁸ which reviewed the minimum capital requirements for commercial, merchant and non-interest banks in Nigeria. By this Circular, commercial banks with international, national and regional licenses are now required to have a minimum capital of ₦500 billion, ₦200 billion and ₦50 billion respectively whereas merchant banks, non-interest banks (national) and non-interest banks (regional) are to have ₦50 billion, ₦20 billion and ₦10 billion respectively. The mandate on the banks is geared towards enhancing their resilience, solvency and capital to continue to provide support for the Nigerian economy.
- 3.2. In determining the minimum capital, the CBN limited the qualifying capital to only the paid-up capital and the share premium of the banks. Banks willing to comply with this requirement must either inject fresh capital through private placements, right issue and/or offer for subscription, mergers and acquisitions and/or upgrade or downgrade of their license. The banks have a timeline of twenty-four (24) months from April 1, 2024, to March 31, 2026, failing which any bank which is unable to comply will have its license revoked. In addition, the banks were given a deadline of April 30, 2024, to submit an implementation plan on how they intend to meet the new capital requirement.
- 3.3. **SEC Introduced New Anti-Money Laundering Guidelines for Digital Assets Operators.** SEC announced the development of new guidelines to enhance the licensing, registration, and screening processes for digital and virtual asset service providers. The newly issued guidelines will complement the existing regulatory framework on issuance, offering platforms and custody of digital assets issued on May 11, 2022.¹⁹
- 3.4. **SEC Unveiled Framework for the Banking Sector Recapitalization Program.** The SEC on June 21, 2024, released a framework for the banking sector recapitalization program ("**Framework**"). The Framework outlines the guidelines and procedures the banks are to follow towards compliance with the CBN's directive on the capital raise and full disclosure of material facts in compliance with the Investments and Securities Act 2007 (as amended). The

¹⁶ <https://www.dmo.gov.ng/news-and-events/dmo-in-the-news/press-release-nigeria-prices-us-2-2-billion-in-a-6-5-year-and-10-year-eurobonds-with-peak-order-books-in-excess-of-us-9-0-billion>

¹⁷ <https://punchng.com/sec-brings-n2-36tn-special-funds-into-custody/>

¹⁸ https://www.cbn.gov.ng/Out/2024/CCD/Recapitalization_MARCH_2024.pdf

¹⁹ <https://nairametrics.com/2024/03/07/sec-to-introduce-new-anti-money-laundering-for-digital-asset-operators/>

Framework outlines procedures for registration and documentation of the securities to be issued by the bank and the submission portal for the relevant documentation.

- 3.5. **National Pension Commission's ("PENCOM") Releases on Investments by Pension Fund Administrators ("PFAs") in Commercial Papers ("CPs").** On October 25, 2024, PENCOM suspended the PFAs from investing in CPs until the SEC issues guidelines or regulations on CP issuance.²⁰ PENCOM further raised a concern on the role of non-banks in participating as issuing and placing agents ("IPAs") under the CP issuances. However, PENCOM, on December 3, 2024, lifted the suspension noting the SEC's development of draft rules and an amendment of Rule 8 of the SEC Rules and Regulations (as amended) to regulate the issuance of CPs by regulated entities, and the proposed steps of the SEC to bring the non-banks IPA within regulatory frameworks.²¹ In January 2025, PENCOM introduced additional requirements for PFAs investing in CPs. According to the new rules, PFAs are only permitted to invest in CPs issued by corporate entities with a valid credit rating of 'A.' CPs from entities with a 'BBB' rating can be considered if they are guaranteed by a sovereign entity, a multilateral development finance organization (MDFO), or a commercial bank, provided the MDFO and commercial bank have a minimum of 'A' credit rating.²²
- 3.6. **SEC Announced New Requirements for Capital Market Operators.** SEC has introduced evidence of registration with a trade group as a new requirement for capital market operators seeking to renew their annual registration with SEC starting from 2025.²³ The new requirement by the SEC is poised to ensure that capital market operators adhere to industry standards and best practices.
- 3.7. **New Guidelines for Recapitalisation of Banks.** On July 29, 2024, the Corporate Affairs Commission ("CAC") released new guidelines for filings to be made towards the recapitalisation of banks and other financial institutions. For new incorporations, applicants must provide a reserved or approved name, sector regulator's approval-in-principle, completed incorporation forms, and payment of stamp duties and filing fees. Certificates of incorporation will be issued within 24 hours for applications that meet all requirements outlined in the CAC's Operations Checklist.
- 3.8. For share capital increases, requirements include a company resolution, return of allotment, director's statutory declaration of full payment, amended memorandum of association, and regulatory approval. Notices and affidavits confirming regulatory requirements must also be filed in compliance with the provisions of the Companies and Allied Matters Act, 2020 (as amended) ("CAMA"). Certificates of increase will be issued within twenty-four (24) hours of filing regulatory approval. For mergers, approvals such as SEC authorization, court orders for meetings, and publication evidence are needed, with annual filings up to date. License upgrades or downgrades, however, require no additional filings.²⁴
- 3.9. **New Rules on Issuance of Commercial Papers.** On December 23, 2024, SEC released the New Rules on Issuance of Commercial Papers (the "CP Rules").²⁵ Under the CP Rules, entities involved in CP transactions, such as issuing and placing agents (Issuing Houses) and issuing,

²⁰ <https://businessday.ng/markets/article/pencom-halts-pfas-investments-in-limited-liability-companies-commercial-papers/>

²¹ <https://www.pencom.gov.ng/wp-content/uploads/2024/12/Circular-on-Commercial-Paper.pdf>

²² <https://businessday.ng/insurance/article/pencoms-new-commercial-paper-rules-may-crowd-out-small-businesses/>

²³ <https://www.thisdaylive.com/index.php/2024/12/02/sec-announces-new-requirement-for-capital-market-operators/>

²⁴ <https://www.cac.gov.ng/guidelines-for-recapitalization-of-banks-and-other-financial-institutions/>

²⁵ <https://sec.gov.ng/wp-content/uploads/2024/12/Executed-Rules-Dec-2024.pdf>

placing, and collecting agents, are required to be registered with the SEC as capital market operators.

- 3.9.1. Companies intending to issue CPs or sponsor a Special Purpose Vehicle (SPV) for such issuance must satisfy specific conditions. Firstly, the company must be incorporated under the CAMA or any other relevant legislation and have been in operation for no less than five years.
 - 3.9.2. Furthermore, the company must present audited financial statements for the past three years, with the latest statement not exceeding nine months from the end of its last financial year. The issuer must maintain shareholders' funds of at least ₦500,000,000 (Five Hundred Million Naira), which must be confirmed by its auditors and reflected in its most recent audited accounts. This minimum capital threshold must be upheld throughout the life of any outstanding CPs.
 - 3.9.3. The issuer's debt obligations, including the proposed CP issuance, should not exceed four times its net worth, reflecting a gearing ratio of 4:1, based on its most recent audited financial statements. If the CP is guaranteed, the issuer must secure an approved credit arrangement or similar agreement with the guarantor. Additionally, a valid credit rating of investment grade from an SEC-registered rating agency is necessary.
 - 3.9.4. Issuers currently in default of payment obligations from prior CP issuances are prohibited from offering new CPs. In cases where an issuer cannot meet the stated requirements, the CP issuance must be supported by a guarantor or credit enhancement provider who fulfills the eligibility criteria.
- 3.10. **Amendment to Rule 8 (Exemptions).** On December 23, 2024, the SEC released Amendments to Rule 8 which previously exempted the application of the Investment and Securities Act, 2007 and the SEC Rules from investment and securities transactions with a maturity date of less than nine (9) months. The amendment to Rule 8 removes exemptions which previously allowed issuances with a maturity under nine (9) months to be exempted from registration with the SEC. Pursuant to the Amendment, securities issued by non-profit entities, such as religious, educational, or charitable organisations, will now be subject to SEC's regulatory oversight where they exceed ₦20,000,000 (Twenty Million Naira).²⁶
- 3.11. **Amendment to SEC Rules on Annual Supervisory and Regulatory Fees for Collective Investment Schemes.** On December 23, 2024, SEC released amendments to the rules on Annual Supervisory Fees for Collective Investment Schemes ("CIS").
- 3.11.1. CIS fund managers are required to pay annual supervisory fees of 0.2% of the net asset value of the CIS under management not later than January 31 to SEC;
 - 3.11.2. All fund and portfolio managers are required to pay an annual regulatory fee of 0.25% of total assets under management of all discretionary and non-discretionary products/portfolios (other than CIS) under the management of the fund/portfolio management targeted at retail investors and high net worth individuals whereas only 0.2% of the total assets under management would be paid where such is targeted at institutional investors.

²⁶ <https://sec.gov.ng/wp-content/uploads/2024/12/Executed-Rules-Dec-2024.pdf>. The initial sum prior to the Amendment was fixed at ₦5,000,000 (Five Million Naira)

- 3.12. **SEC Released Exposure Draft on the Proposed New Rules on the Issuance of Private Companies' Securities.** The SEC, on May 7, 2024, issued an exposure draft to regulate the issuance of debt securities by private companies to the public. Further to this release, the SEC has now, in December 2024, re-exposed the proposed new rules with minor amendments to the earlier version released in May 2024. The proposed rules seek to rely on the provisions of the Business Facilitation (Miscellaneous Provisions) Act, 2022, which amended the ISA and which, once finalised, would allow private companies to issue debt securities to the public.
- 3.13. Any private company seeking to issue debt securities under the proposed rules is required to have at least three (3) years track record of operation, and where less, have a guarantor with a minimum of three (3) years of operational track record and investment grading report. In addition, the issuer and the bonds must be rated by a rating agency, and the rating must not be below the investment grade. The debt securities under the proposed rules are only required to be sold to qualified investors.

4. Legislative

- 4.1. **National Assembly Passed the Investments and Securities Bill, 2024.** The National Assembly in 2024 passed the Investments and Securities Bill, 2024 ("**Bill**"). The Bill seeks to repeal the extant Investments and Securities Act, 2007 (as amended) and introduce a new regulatory framework and market infrastructure for investment and securities businesses in Nigeria, with a particular focus on derivatives, systemic risk management, financial market infrastructure, and the regulation of funding schemes and related platforms.
- 4.2. **Nigeria Insurance Industry Reform Act.** On December 18, 2024, the Senate approved new minimum capital requirements for insurance companies in Nigeria via the Nigeria Insurance Industry Reform Bill ("**NIIRB**") which repealed and replaced existing laws in the sector. The NIIRB implements a risk-focused regulatory approach while revising capital thresholds for insurance companies. Under the updated requirements, the minimum capital is now set at ₦15 billion for non-life insurance companies, ₦10 billion for life insurance companies, and ₦35 billion for reinsurance companies. These represent a substantial rise from the previous thresholds of ₦3 billion, ₦2 billion, and ₦10 billion, respectively.

5. Sundry Amendments to the NGX Rulebook.

- 5.1. Following the SEC's approval of the amendments to the NGX Rulebook on May 6, 2024, the NGX published the following amendments:
- a. NGX Framework for Listing on NGX Impact Board (the "**Impact Board Framework**");
 - b. NGX Rules for Broker to Fintech Regulations (the "**Collaboration Rules**");
 - c. Amendments to Preamble, Definitions and Requirements for all Listings of the Rulebook of the Exchange (Issuers' Rules) ("**Preamble Rules**");
 - d. Amendments to Rule 6.1 – Trading License Holders' Rules ("**Rule 6.1 Amendments**");
 - e. Amendments to Rule 7.1 – Minimum Capital Requirements ("**Rule 7.1 Amendments**");
 - f. Amendments to Rules Governing Free Float Requirements ("**Free Float Amendments**"); and
 - g. Amendments to Rules on Suspension of Trading in Listed Securities (the "**Suspension Rules Amendments**").

Each of these amendments is reviewed in the following paragraphs.

- 5.1.1. **NGX Impact Board Framework.** The NGX Impact Board Framework establishes a specialised platform for listing sustainable finance instruments (“**SFIs**”) on the NGX Impact Board. Its objectives include creating visibility and access to capital for issuers, attracting foreign portfolio investments and multilateral financing for sustainable projects aligned with the Sustainable Development Goals and Paris Agreement, and supporting Nigeria’s federal government in raising climate-related funds. To qualify, issuers must register their bonds with the SEC, comply with NGX listing rules, and submit the required documentation. Eligible SFIs include green bonds, social bonds, sustainability bonds, blue bonds, gender bonds, and climate bonds, among others.
- 5.1.2. Under this framework, a climate bond is defined as an extension of a green bond and a type of instrument issued to raise finance that is exclusively applied to climate change solutions and/or used to deliver a low-carbon and climate-resilient economy. A gender bond, as an extension of the social bond, is a debt issuance applied exclusively to new or existing projects on gender equality, women’s advancement, empowerment and other similar causes. A sustainability bond, however, is a debt instrument issued to raise finance, which is exclusively for projects that meet the criteria of both social and green bonds.
- 5.1.3. Issuers must adhere to transparency and disclosure obligations, including submitting annual reports detailing project allocations, expected environmental and social impacts, and performance metrics. They must publish independent assessments, conduct follow-up evaluations, and ensure reports remain publicly accessible for at least five (5) years. Compliance reports must be filed via the Exchange’s issuers’ portal within ninety (90) days after the financial year-end. Non-compliance with the Impact Board Framework attracts sanctions as prescribed by the Exchange.
- 5.1.4. **Collaboration Rules.** The Collaboration Rules establish guidelines for broker-to-fintech collaborations (“**BFCs**”) and complement the trading Rules for trading license holders. Before engaging in a BFC, a trading license holder must obtain a no-objection letter from the NGX, supported by key documents such as the fintech’s SEC registration certificate, risk assessment report, service level agreement, and proof of data privacy compliance. Additionally, the trading license holder must present details of the collaboration, including operational modalities and safety features, to the Exchange. Fintechs seeking collaboration must be SEC-registered and comply with relevant regulations, while trading license holders must ensure due diligence, enforce KYC procedures, maintain a best execution policy, and conduct periodic internal control reviews. Any modifications to a BFC must be promptly disclosed to the Exchange, ensuring compliance with applicable laws and user protection measures.
- 5.1.5. All BFCs must adhere to Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) regulations and complaints management frameworks, ensuring user education, transparent communication, and proper disclosures. Marketing materials must be accurate, risk-informed, and compliant with the Exchange’s rules, including prohibitions against guaranteed returns. For existing BFCs predating these rules, trading license holders must submit required documents and comply within two months of the rules’ effective date. In the event of termination, the trading license holder must notify the Exchange and users at least fourteen (14) working days in advance, cease onboarding new users, protect client data and assets, and facilitate a seamless transition to a new arrangement.

- 5.1.6. Non-compliance with the Collaboration Rules attracts sanctions ranging from warnings to revocation of the no-objection letter. Severe violations, such as market infractions or misconduct, may lead to fines of at least ₦250,000 (Two Hundred and Fifty Thousand Naira), suspension, or other penalties. A trading license holder whose no-objection letter is revoked must immediately cease operations and notify clients within fourteen (14) working days, with further penalties for continued non-compliance. Failure to disclose existing BFCs within the stipulated timeframe or non-compliance with onboarding requirements will also result in penalties.
- 5.1.7. **Preamble Rules.** The Preamble Rules outline key principles governing listings and corporate actions on the Exchange. They define the scope of the Issuers' Rules (IRs), which set the requirements for initial and continued listings, ensuring transparency, investor protection, and orderly capital markets. The rules emphasize full and timely disclosure of price-sensitive information, fair treatment of security holders, and adherence to high standards of corporate governance. The Exchange retains the authority to interpret and enforce these rules, making compliance mandatory for all listed issuers.
- 5.1.8. Several important definitions have been updated or introduced. "Capital" now includes convertibles and mezzanine financing instruments, while a "Corporation" encompasses companies, government entities, and SEC-approved fundraisers, including Free Trade Zone entities. The inclusion of Free Trade Zone entities as part of entities who can solicit funds from the public is not however supported by the provisions of the SEC Rules and the ISA. The "Entry Segment" and "Standard Segment" are defined as platforms for listing and financing startups, SMEs, and medium-sized businesses within specified market capitalization ranges. High Net-Worth Individuals are classified based on an investment asset threshold of at least ₦100,000,000 (One Hundred Million Naira).
- 5.1.9. The Preamble Rules also refine key terms related to securities offerings. An "Offer for Sale" refers to the sale of shares by existing investors, while an "Offer for Subscription" involves issuing new securities to the public. "Material Information" is defined as price-sensitive data that could affect security values if publicly disclosed. The definition of "Securities" now explicitly includes shares, unit trusts, derivatives, bonds, and debentures, aligning with the Investment and Securities Act, 2007 (as amended) ("ISA") and the SEC regulations. Finally, a "Trading License Holder" includes both Dealing Members under the ISA and market participants licensed to trade securities on the Exchange. These definitions and amendments (a) expand participation and variety in Nigeria's capital markets and (b) reinforce investor confidence and market integrity by setting clear guidelines for issuers, traders, and market participants.
- 5.1.10. **Rule 6.1 Amendments.** The amendments to Rule 6.1 introduce key changes to the designation and regulatory framework for market participants. The title is revised to replace "Dealing Member" with "Trading License Holder" reflecting a broader scope. The amendments clarify that sub-brokers, though registered by the SEC, are not licensed by the Exchange and must act as agents of Trading License Holders when assisting investors in securities transactions. Additionally, Trading License Holders are now required to meet updated minimum standards set by the Exchange, covering technology, manpower, governance, operational efficiency, and global competitiveness.

- 5.1.11. This revised provision mandates that Trading License Holders engage in activities that support a fair and orderly market. The Exchange retains the authority to suspend or revoke the license of any Trading License Holder found to be in substantial or continued breach of this requirement. These changes reinforce regulatory oversight and aim to enhance market integrity and investor confidence.
- 5.1.12. **Rule 7.1. Amendments.** The amendments to Rule 7.1 replace the term "Dealing Member" with "Trading License Holder" and update capital requirements for market participants. The minimum capital requirement for each Trading License Holder will now be determined by both the SEC and the Exchange. Additionally, Trading License Holders are mandated to maintain these capital thresholds as set by regulators, ensuring financial stability and compliance with evolving market standards.
- 5.1.13. Further revisions modify capital adequacy monitoring, removing the daily oversight requirement while still ensuring that the Exchange has mechanisms in place. If a Trading License Holder's capital falls below the minimum threshold, they must immediately notify the Exchange and submit a plan to restore compliance within the SEC's prescribed timeline. The prior rule mandating immediate suspension within twenty-four (24) hours has been removed. However, a new provision introduces penalties, allowing the Exchange to suspend non-compliant Trading License Holders for a period it deems appropriate.
- 5.1.14. **Suspension Rules Amendments.** The Suspension Rules Amendments introduce key changes, including the definition of "Authorized Representatives" as licensed individuals acting on behalf of issuers. A new time frame is established, requiring suspension applications to be submitted at least five (5) business days before the intended date. Additionally, issuers must now comply with the CAMA, alongside other relevant laws and regulations. The amendments also revise rules on capital restructuring, removing the requirement for a Dealing Member to submit applications and instead allowing issuers to request suspension through their Trading License Holders or Authorized Representatives.
- 5.1.15. Further updates modify rules related to securities reorganization, voluntary delisting, and mergers and acquisitions. The term "shares" is replaced with "securities" to clarify re-listing procedures post-reorganization. For voluntary delisting, the entire listed securities of an issuer will be suspended upon submission of the required documents. The amendments also streamline the merger and acquisition process by removing references to compliance with the Investments and Securities Act and deleting the requirement for a CAC-certified true copy of a court sanction. Following this amendment, the securities of the absorbed or acquired entity can now be suspended when the required documents are submitted to the Exchange.
- 5.1.16. Additional changes include replacing references to "Council" with "Board" and clarifying issuer obligations in cases of liquidation, winding up, or receivership. Issuers must notify the Exchange when seeking voluntary winding up and when subject to creditor or court-ordered liquidation. Lastly, issuers with suspended securities must continue fulfilling all listing obligations and submit monthly reports on their financial state unless explicitly exempted.
- 5.1.17. **Free Float Amendments.** The Free Float Amendments introduce several key changes to shareholding structure definitions and compliance requirements for issuers on the Exchange. It defines "Shareholding Structure" as the analysis of an issuer's issued

share capital and modifies the free float requirements for new listings. The amendments ensure that issuers meet the minimum free float requirements in respect of the Board where the securities are listed at the time of application submission and maintain compliance thereafter.

5.1.18. Further, the amendments eliminate the provision for issuers to request an extension of time to meet free float requirements. Additionally, if an issuer falls below the free float requirements, it must submit a compliance plan within three (3) months, and if the initial plan is rejected, an alternative plan must be submitted within twenty-one (21) business days. The Exchange will notify issuers within ten (10) business days of approving their compliance plan.

5.1.19. Regarding enforcement, issuers that fail to meet the minimum free float requirement within the prescribed timeframe will have their securities suspended unless an extension is granted. The amendments further clarify the consequences of persistent non-compliance, including the delisting of an issuer's shares. A new provision specifies that delisting may commence if the issuer fails to take corrective actions within three (3) months of being suspended. The amendments also adjust the language to focus on compliance with "free float requirements" rather than broader listing standards, ensuring a more precise regulatory approach.

6. Forecasts

6.1. **Passage of the New Investments and Securities Bill into Law:** With the passage of the Investments and Securities Bill, 2024 ("Bill") by the National Assembly in 2024, we envisage the President will sign same into law. The draft of the Bill is set to among other things grant SEC the oversight over the mergers of public companies, the introduction of a custodian as a professional party for securities issued by federal and state government agencies and sub-national entities, mandatory requirements for both private and public companies to register with the SEC before the issuance of debt securities, introduction and requirement for the operation of financial market infrastructures.

6.2. **SEC Position on CP Issuance.** Following the issuance of the CP Rules, it is expected that SEC will further release guidelines and/or directives on the operationalisation of the CP Rules. This may be further necessitated once the Bill is passed into law as the draft Bill has already vested the SEC with the oversight over debt issuances by both private and public companies.

6.3. **Further Debt Securities Issuance by the Federal Government.** With the successful establishment of the Domestic FGN US Dollar Eurobond Programme ("Programme") in 2024 and the Eurobond issuance in international markets, the Federal Government will most likely undertake further issuance of new series under the Programme since the Programme was established in August 2024, pursuant to a Presidential Executive Order²⁷ and with a validity period of eighteen (18) months from its establishment. In addition, the Federal Government may explore other debt securities issuances like Sukuk Bonds or Green Bonds.

²⁷ Presidential Executive Order No. 16 of 2023 titled Foreign Currency Denominated Financial Instrument Local Issuance Programme and Related Matters Order, 2023.

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