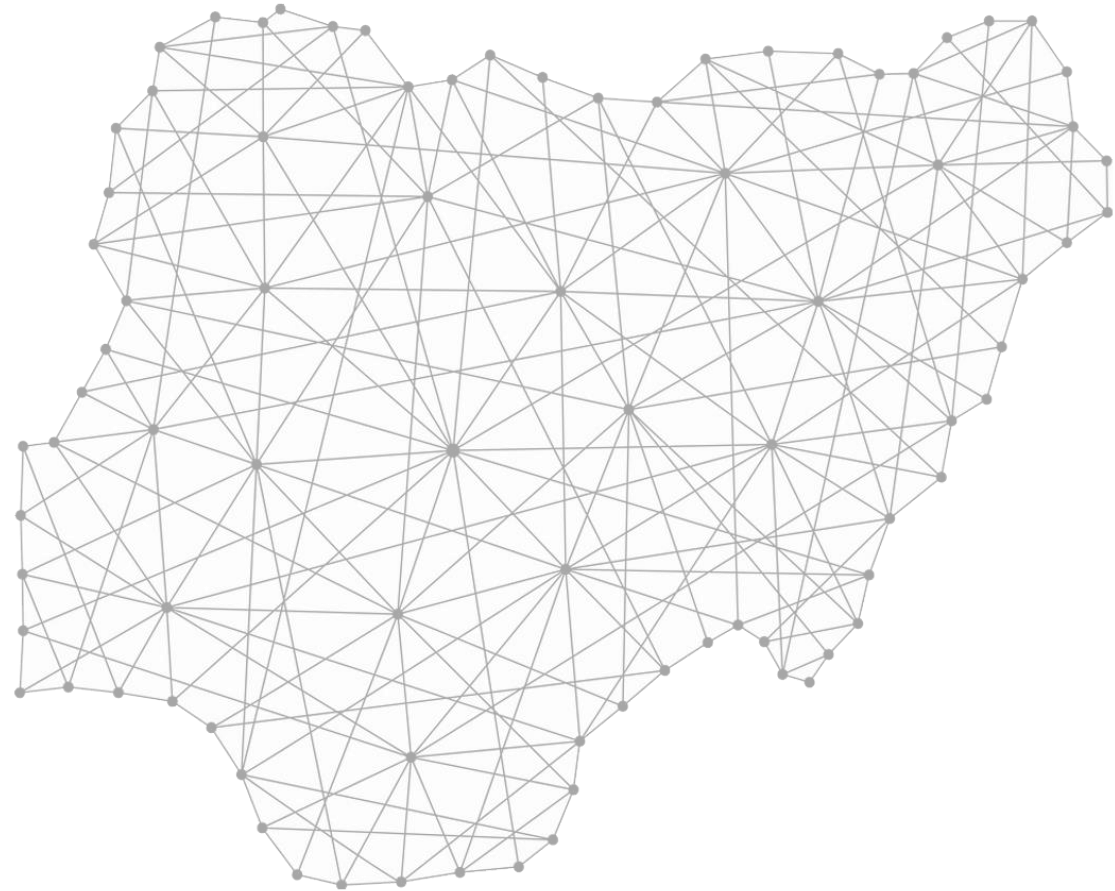


G. ELIAS

The Nigerian Capital Markets Bi-Annual Round Up

Second Half of 2022



Here are some of the events that occurred in the second half of 2022 in the Nigerian capital markets¹.

- **The Federal Inland Revenue Service (FIRS) issues Clarificatory Circulars on Tax Treatment of Regulated Securities Lending and Application of Tax Laws to Non-Residents***. The Nigerian federal tax authority issued a number of clarificatory circulars. Of those circulars, two which are both dated April 11, 2022 are noteworthy for their impact on the Nigerian capital markets. The first provides clarification on the application of the Nigerian taxation laws to both individual and corporate non-residents. The other highlights the tax treatment of regulated securities lending transactions.
- **Anti-Money Laundering Regime Gets a Facelift***. On May 13, 2022, the Money Laundering (Prevention and Prohibition) Act, 2022 was enacted following the assent of the President. The Securities and Exchange Commission (SEC) also released the Regulations on Capital Market Operators Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation 2022, which repealed the previous regulations which were passed in 2013.
- **The Nigerian Exchange (NGX) Explores the Deployment of Blockchain Technology for the Settlement of Trades**. The NGX announced its plans to deploy the blockchain technology in settlement of capital market transactions starting from 2023. Prior to the launch, the NGX will partner with a technology firm and obtain the approval of relevant regulators.
- **The SEC Turns its Gaze on Shariah Advisory Services**. The SEC issued an exposure draft of the rules on shariah advisory services for non-interest capital market products and services.

¹ We have included some events that happened in the first half of 2022 but were not included in round-up for the first half of 2022 which can be accessed here - https://www.gelias.com/images/The_Capital_Markets_First_Half_of_the_Year_Round_Up.pdf. The relevant events have an asterisk.

- **Retirement Savings can now be applied as Equity Contribution for Residential Mortgages.** The National Pension Commission (**PENCOM**) issued the the Guidelines on Accessing Retirement Savings Account (RSA) Balance towards Payment of Equity Contribution for Residential Mortgage by RSA Holders (the “**Guidelines**”). The Guidelines set out the requirement to be met by RSA holders seeking to utilize part of their retirement savings as equity contribution for the purpose of securing residential mortgages. PENCOM also released a list of 34 mortgage Banks licenced for the furtherance of the purposes of the Guidelines.
- **Approval of the Amendments to the Investment and Securities (Exemption of State Governments etc.) Order 2019.** The SEC announced that the Honourable Minister of Finance, Budget and National Development approved an amendment to the Investment and Securities (Exemption of State Governments etc.) Order 2019 (the “**Order**”). The Order, which was initially published in the Official Gazette of the Federal Republic of Nigeria on December 27, 2019, was amended with the addition of a new “Section 3”. The Order has been re-published in the Gazette, dated 31st May 2021.
- **Commencement of the Implementation of National Agency for Science and Engineering Infrastructure Levy.** By a circular published on September 1, 2022, the FIRS announced that the National Agency for Science and Engineering Infrastructure (“**NASENI**”) levy shall be chargeable on the profit before tax of 2021 financial statements for the 2022 year of assessment. The NASENI levy is 0.25% of a company’s profit before tax and is payable by companies in the banking, maritime, aviation, mobile telecommunications, information and communications technology, and oil and gas sectors with a turnover above NGN100-million.

- **The Federal Government's Suspension of the 5% Excise Duty on Telecommunications Services.** After announcing the suspension of the proposed 5% excise duty on telecommunications services on September 5, 2022, the Federal Government inaugurated a committee chaired by the Minister of Communications and Digital Economy, Prof. Isa Ali Ibrahim Pantami, to review the policy, immediately.
- **The NGX sets up its Technology Board.** In the first quarter of the year, the NGX announced its plan to launch the NGX Technology Board, which is a specialised platform for technology-based companies to list and raise capital on the bourse. The NGX successfully secured the SEC's approval of its Rules for Listing on NGX Technology Board in the second half of the year.
- **Startup Bill Finally Becomes Law.** Following the assent of the President, the Startup Bill has now become the Nigeria Start-Up Act, 2022.
- **Nigeria to Convert Vast Central Bank of Nigeria Loans to 40-Year Bonds.** Bloomberg reports that the Federal Government intends to convert at least 20 trillion naira (\$45.4 billion) of loans taken from the Central Bank of Nigeria to 40-year bonds.
- **The SEC's Approval of the NGX's Amendment to its Rules on Transactions with Related Parties.** The SEC approved the NGX's amendments to its rules governing transactions with related parties or interested persons.
- **The SEC Updates the Sanctions List.** The SEC announced the addition of more individuals and entities to the Nigeria Sanctions List of individuals and entities who are subject to assets freeze, travel ban and arms embargo.

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