

BANKING AND CAPITAL MARKETS

2025

WRAP UP

2026

OUTLOOK



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Foreword

Nigeria's financial services industry in 2025 demonstrated notable strength and resilience, successfully navigating macroeconomic headwinds, evolving regulatory priorities, and intensified capital-raising activity. Throughout the year, key banking and capital markets developments unfolded against the backdrop of targeted regulatory reforms led by key authorities, particularly the Central Bank of Nigeria (CBN), aimed at reinforcing financial stability, improving market confidence and aligning domestic practice more closely with global standards. Taken together, these initiatives reflect a financial sector that became more integrated and competitive over the course of the year, consistent with Nigeria's broader economic objectives.

A central development shaping the banking sector in 2025 was the continued impact of the CBN's bank recapitalisation directive issued in 2024. During the year, banks responded through a range of capital-raising initiatives, including equity offerings in both public and private markets, with several institutions already exceeding the prescribed thresholds.¹ With the compliance deadline fast approaching, the directive has also sharpened market focus on potential consolidation, particularly among banks yet to meet the recapitalisation requirements.² For such institutions, the available options have increasingly centred on strategic mergers or, where appropriate, license downgrades based on capital strength, while others continue to pursue alternative measures to achieve compliance ahead of the March 2026 deadline.

2025 also marked a pivotal phase in Nigeria's foreign exchange (FX) reform agenda, as the CBN advanced its shift towards a more transparent, disciplined and rules-based FX market. The launch of the Nigeria Foreign Exchange Code (the FX Code) was a defining regulatory development during the year. Alongside the FX Code, complementary measures were introduced which collectively contributed to stronger FX inflows, improved market conduct and governance, and deeper participation across financial markets.³

Nigeria's capital markets also recorded important regulatory developments in 2025, most notably the enactment of the Investment and Securities Act 2025 (ISA 2025).⁴ The ISA 2025 introduced updated frameworks for securities issuance and trading, enhanced investor protection and stricter sanctions for market misconduct, reinforcing alignment with global standards.

Within this evolving regulatory framework, activity in the debt capital markets in 2025 reflected a shift in funding preferences among both corporate and sovereign issuers. Corporates increasingly turned to commercial papers (CPs) as a means of accessing short-term funding in an environment of elevated interest rates and liquidity constraints with registered CP programmes rising to more than ₦8.19 trillion,⁵ underscoring sustained demand for flexible funding options. Nigeria's sovereign engagement in the capital markets remained robust as well, highlighted by the Federal Government of Nigeria (FGN)'s successful US\$2.25 billion Eurobond issuance, which attracted approximately US\$13 billion in investor demand, and reaffirmed the country's position as a leading African issuer.⁶

Equity capital market activity in 2025 featured a number of significant transactions, with banks particularly prominent among issuers. A notable highlight was the landmark direct listing of Guaranty Trust Holding Company Plc (GTCO) shares on the London Stock Exchange (LSE), following an equity raise of approximately US\$100 million. As the first West African financial institution to achieve a dual listing on both the Nigerian Exchange Limited (NGX) and the LSE,⁷ the transaction enhances the international profile of Nigerian issuers and reflects the growing foreign investor interest in the Nigerian equities market.

The developments outlined above, together with other themes examined in this Report reflect a year of consequential regulatory and market change across the banking and capital markets segments of the Nigerian economy. Throughout 2025, our team worked closely with clients as they responded to these shifts, applying practical insights drawn from our extensive market experience and innovative thinking to help them navigate a rapidly evolving environment. Given our expertise and consistent front-row engagement with the market, we were uniquely positioned to play a key role in many of the reforms and transactions that shaped the year. Drawing on this perspective, this Report highlights the key developments in the banking and capital markets sectors in 2025 and sets out our outlook for the year ahead.



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1. *Twenty One Nigerian Banks Meet New CBN Capital Thresholds Ahead of March 2026 Deadline (FULL LIST)*

2. *Forced mergers loom as banks race against 2026 recapitalisation deadline - Businessday NG*

3. *CBN-led reforms' benefits spread as FX inflows hit \$20.98bn in 10 months*

4. *Tinubu signs Investment and Securities Act 2025 into law - Nairametrics*

5. *Nigeria is in the middle of a commercial paper boom - Nairametrics*

6. *Eurobonds: Nigeria raises \$2.35 billion after record \$13 billion investor demand - Nairametrics*

7. *GTCO Lists Shares On London Stock Exchange*



BANKING:
**REGULATORY
TRENDS**



REGULATORY TRENDS

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MEASURED EASING OF MONETARY POLICY RATE

In 2025, the CBN maintained a generally tight monetary policy stance, while taking cautious steps in response to improving inflationary conditions. The Monetary Policy Rate (**MPR**) stood at 27.50% in July, before the Monetary Policy Committee (**MPC**) implemented a modest easing in September, reducing the rate to 27%, its first rate cut since 2020.

At its meeting held on 25 November 2025, the MPC resolved to retain the MPR at 27%, citing a continued need to consolidate gains on inflation, which stood at 16.05% at the time. In reaffirming this position, the MPC emphasised its commitment to a data-driven assessment of prevailing economic conditions and future inflationary trends in guiding subsequent monetary policy decisions.⁸



...the MPC resolved to retain the MPR at **27%**, citing a continued need to consolidate gains on inflation gains, which stood at **16.05%** at the time

RESETTING FX MARKET CONDUCT: LAUNCH OF FX CODE

With its launch on 28 January 2025, the FX Code introduced enforceable standards to replace long-standing informal norms, setting clear expectations for conduct, transparency, and risk management in the wholesale FX market. It applies to Market Participants,⁹ including Authorised Dealers¹⁰ licensed by the CBN under the Banks and Other Financial Institutions Act 2020 (**BOFIA**). The FX Code reflects principles of the Global FX Code,¹¹ with critical local enhancements on reporting and enforcement.

The FX Code calls on market participants to uphold high ethical standards, manage their FX activities responsibly, and ensure clear communication and transparency in transactions. It emphasises the protection of confidential information, the maintenance of sound risk and compliance systems, and the proper confirmation and settlement of all trades in line with regulatory expectations.

⁸ [Monetary Policy Communique No. 160](#)

⁹ [Market Participants as used in the FX code refers to FX Authorised dealers and approved entities active in the FX Markets as a regular part of its business and is engaged in the activity of the purchase or sale of one currency against another.](#)

¹⁰ [Section 41 of the Foreign Exchange \(Monitoring and Miscellaneous Provisions Act\) defines an authorized dealer as any banks licensed under the Banks and other Financial Institutions Act, and such other specialized banks issued with licensed to deal in foreign exchange](#)

¹¹ [The FX Global Code, accessed at https://www.globalfxcode.org/uploads/fx_global.pdf](https://www.globalfxcode.org/uploads/fx_global.pdf)



The FX Code also introduced ongoing reporting obligations for market participants, underscoring a commitment to active enforcement, with both monetary and administrative sanctions in place for non-compliance. It applies to all Market Participants active in the FX markets as a regular part of their business and engaged in the purchase or sale of one currency against another.

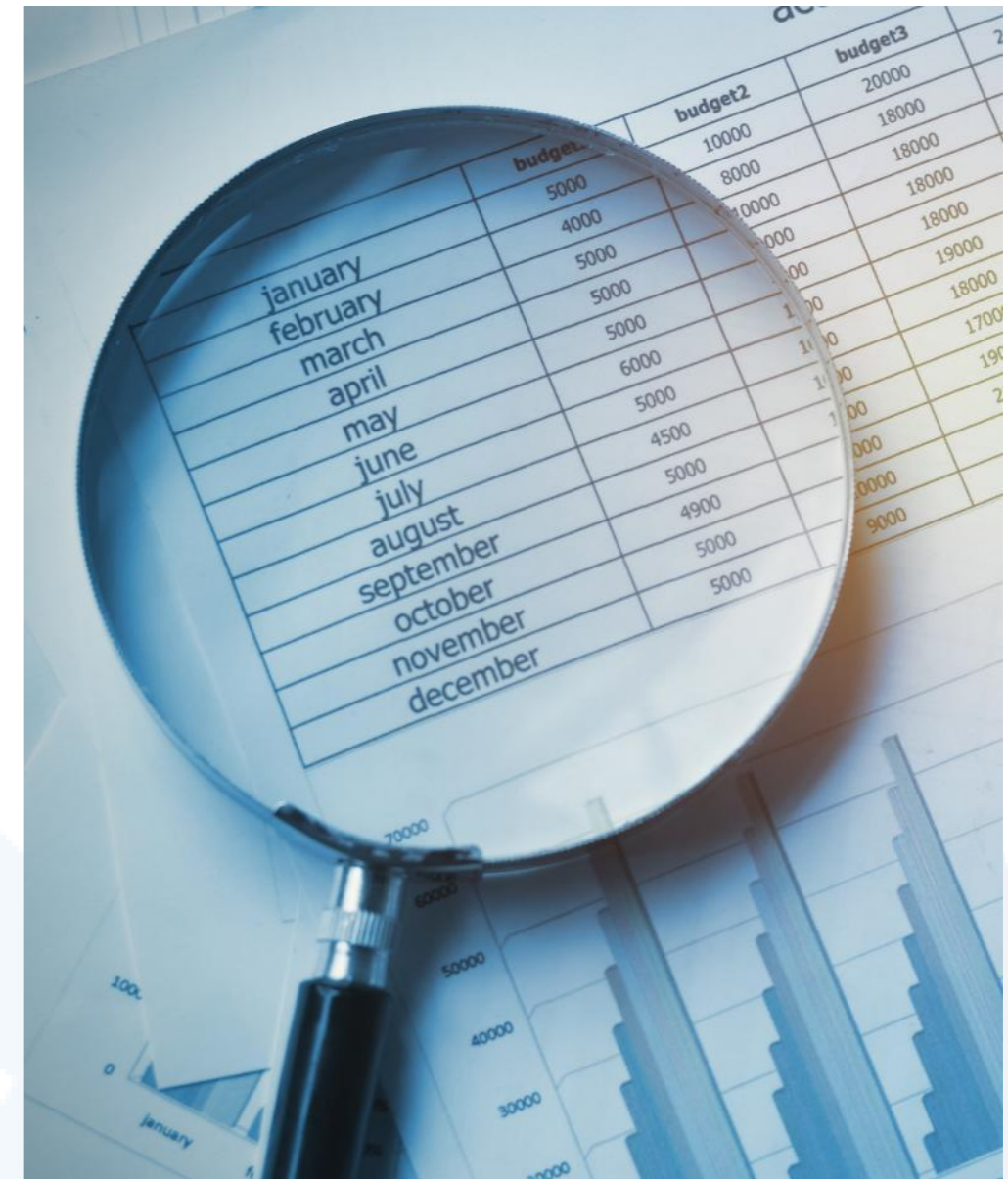
The FX Code and complementary reforms have been credited with helping to restore confidence and stability in Nigeria's FX market, contributing to improved liquidity, renewed foreign-investor interest and stronger capital inflows.¹² These reforms are also viewed as supporting Nigeria's broader economic-diversification agenda and enhancing the economy's resilience to oil-price volatility.¹³

TIGHTER REGULATION OF INSIDER LENDING BY BANKS

In February 2025, the CBN directed banks to bring all insider-related loans exceeding applicable legal limits¹⁴ into compliance within 180 days, including those historically approved by the CBN without specific timelines.¹⁵ The CBN also introduced a requirement for periodic reporting on insider lending portfolios and the remedial actions taken to conform with the new requirements. In parallel, the CBN instructed that directors with non-performing insider-related loans should step down immediately, with banks commencing recovery against the debt collateral, including the shareholdings of such directors, where applicable. This directive sharpens governance, reduces risky insider exposure, and ultimately protects depositors from potential bank failures.

REVIEW OF FX FORWARD TRANSACTIONS

In 2025, following a CBN-commissioned forensic audit by Deloitte of certain FX forward transactions, significant irregularities were identified in a portion of the reviewed portfolio. The CBN subsequently invalidated affected contracts with an aggregate value of approximately US\$2.4 billion and refunded the naira principal amounts previously deposited under those forwards, while communicating its position that no appeals would be entertained.



12. *Assessing FX Code Policy Impact on Market Growth, Stability*

13. *Tackling oil price shocks with economic diversification, FX reforms*

14. *The individual limit for a director's related facilities is five percent of paid-up capital; the aggregate insider facilities limit is ten percent of paid-up capital.*

15. *CBN orders Nigerian Banks to cut insider loans within six months - Nairametrics*



TAX REFORMS: IMPLICATIONS FOR BANKS

Recent reforms under the Nigeria Tax Administration Act 2025 (**NTAA**) and the Nigeria Tax Act 2025 (**NTA**) are expected to significantly influence banking operations, particularly in relation to tax reporting and compliance. Banks are now required to submit quarterly reports on new customers and on existing customers whose cumulative transactions exceed prescribed thresholds,¹⁶ while also interfacing with electronic tax platforms to support near-real-time VAT remittance.¹⁷

The reforms further embed Tax Identification Number (**TIN**) verification into core banking processes, including account opening, account maintenance, and certain categories of transactions.¹⁸ Alongside the move towards e-invoicing, enhanced digital record-keeping, and changes to capital gains and transactional taxes, these measures will increase systems integration and elevate compliance demands. Overall, the reforms signal a policy shift towards deeper fiscal transparency and reinforce the central role of banks as compliance gatekeepers within Nigeria's evolving tax framework.

INTRODUCTION OF NEW NON-INTEREST INSTRUMENTS

In May 2025, the CBN announced a significant advance in the non-interest banking sector through the deployment of tailored liquidity instruments.¹⁹ The Nigerian Non-Interest Financial Institutions' Master Repurchase Agreement (**NNMRA**) provides a standard framework governing repurchase transactions between the CBN and non-interest financial institutions (**NIFIs**), setting out the rights and obligations of counterparties and establishing operational and risk management standards for such transactions.

The CBN also commenced auctions of two complementary instruments aligned with Islamic finance: the CBN Non-Interest Asset-Backed Securities (**CNI-ABS**), which are tradable securities backed by eligible tangible assets, and the CBN Non-Interest Note (**CNIN**), an interest-free, auctioned note that functions as a liquidity buffer. These instruments are aimed at supporting liquidity management within the non-interest financial system. Participation in the auctions is open to eligible NIFIs and conventional banks with Islamic windows. The CBN specified that institutions participating in these auctions would be ineligible to access its discount window on auction days.



¹⁶. Section 29 Nigeria Tax Administration Act

¹⁷. Section 23(1) Nigeria Tax Administration Act

¹⁸. Section 8(2) Nigeria Tax Administration Act

¹⁹. Notification of the Deployment of the NNMRA and Commencement of the Auction of CNI-ABS and CNIN



EMBEDDING TECHNOLOGY IN AML REGULATION

The CBN released for public consultation, draft baseline standards setting out uniform requirements for the design and deployment of technology-based anti-money laundering (AML) systems across deposit money banks, microfinance and mortgage banks, digital payment service providers, and other regulated institutions (the **Standards**).²⁰

The Standards signal a shift from periodic to continuous, automated AML monitoring. They introduce real-time transaction tracking, AI-driven pattern recognition, and integrated case-management tools with full audit trails, alongside embedded reporting to the Nigerian Financial Intelligence Unit (NFIU). The draft also sets enhanced cybersecurity and governance expectations, including encryption, multi-factor authentication, role-based access controls, and strengthened vendor oversight.

Once finalised, institutions will have one year to achieve full alignment. Compliance teams are expected to initiate early assessments, budget for system upgrades, model validation, and change-management processes, as the new regime is designed to embed continuous AML monitoring into everyday operations rather than relying on periodic reviews.



INTRODUCTION OF NON-RESIDENT ACCOUNTS

One of the key developments in early 2025 was the CBN's introduction of two new account categories for non-resident Nigerians (NRNs): the Non-Resident Nigerian Ordinary Account (NRNOA) and the Non-Resident Nigerian Investment Account (NRNIA).²¹

The NRNOA is designed for inflows such as salaries, allowances, dividends, and rental income. Funds in NRNOAs are held in freely convertible foreign currencies and such foreign-currency balances may be used for domestic obligations after conversion to naira through Authorized Dealers. Account holders are also entitled to repatriate foreign currency balances in their accounts out of Nigeria without restriction.

The NRNIA enables NRNs to channel foreign-source funds into investments in Nigeria in either foreign currency or naira, including foreign-currency-denominated domestic bonds, fixed deposits, naira-denominated equities, government securities and mortgage products. Importantly, both principal and investment proceeds held in NRNIAs are eligible for full repatriation, with no need to obtain a certificate of capital importation, provided the funds are either maintained in foreign currency or held in naira that can be traceably linked to prior foreign-currency inflows.

20. Exposure of draft baseline standards for automated anti-money laundering solutions

21. The CBN Framework for the Operation of Non-Resident Nigerian Ordinary Account and Non-Resident Nigerian Investment Account dated 10 January 2025 accessed at [TEDFEMPUBFPC001002.pdf](#)



The introduction of these accounts addressed a key gap under the pre-existing framework,²² which focused primarily on diplomatic entities international organisations, foreign companies and professional bodies and did not expressly cater to remittances by individuals, despite their accounting for a significant share of funds sent to Nigeria.²³

The new accounts also resolve long-standing challenges faced by Nigerians in the diaspora when remitting funds, particularly the practical and fraud risks associated with informal transfer arrangements involving relatives or agents. In addition, they significantly ease previous operational barriers to diaspora participation in Nigeria's capital markets, including access to government debt instruments.

In April 2025, the CBN issued a circular revising documentation requirements for transactions conducted through the Pan-African Payment & Settlement System (PAPSS) in Nigeria

REVISED PAPSS DOCUMENTATION RULES

In April 2025, the CBN issued a circular revising documentation requirements for transactions conducted through the Pan-African Payment & Settlement System (**PAPSS**) in Nigeria.²⁴ Individuals and corporates can now rely on the basic KYC and AML documentation already held by their Authorised Dealers for transactions up to US\$2,000 (for individuals) and US\$5,000 or equivalent (for corporates), while larger transactions must continue to comply with documentation requirements under the Foreign Exchange Manual.


This change effectively simplifies low-value cross-border payments. By reducing onboarding and documentation barriers, banks are better positioned to process PAPSS transactions efficiently, which may, over time, support increased intra-African trade flows.

The CBN also clarified that banks may source foreign exchange for PAPSS settlements directly in the Nigerian market without recourse to the CBN, and that export proceeds repatriated via PAPSS must be certified by the processing banks. Applicants remain responsible for providing any additional regulatory documents required by other government agencies, such as customs authorities.

²² Memorandum 17 of the CBN Foreign Exchange Manual (2018)

²³ Nigeria's diaspora remittances exceed \$90bn in five years – NIDCOM

²⁴ CBN's review of documentation requirement for PAPSS Transactions in Nigeria



...other regulated entities completed onboarding on the Open Banking Registry, strengthened third party risk management and vendor attestations, and implemented consent dashboards and revocation tools to meet customer control requirements

OPEN BANKING IMPLEMENTATION

As part of long-standing efforts to modernise financial services and promote data portability, 2025 marked the year in which open banking in Nigeria moved decisively from planning to implementation.

Building on the Operational Guidelines for Open Banking, originally issued by the CBN in 2023,²⁵ participants began operationalizing the framework across the ecosystem. During the year, banks, Fintechs, and other regulated entities completed onboarding on the Open Banking Registry, strengthened third party risk management and vendor attestations, and implemented consent dashboards and revocation tools to meet customer control requirements.²⁶

The CBN had initially targeted August 2025 for the rollout of open banking; however, the live system was not yet operational by year-end. The launch is expected once governance structures and API standards are finalised.²⁷

25. [Operational Guidelines for Open Banking in Nigeria](#)

26. [CBN's Open Banking Approval: 3 Things Banks and Fintechs Should Be Doing Now](#)

27. [Nigeria's open banking will happen soon – CBN](#)



BANKING
MARKET
TRENDS



MARKET TRENDS

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Progress on Banking Sector Recapitalisation

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Rise in Banks' Non-Performing Loan Ratios

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National Credit Guarantee Company (NCGC) and Access to Credit

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Rising Government-Backed Mortgage Financing Measures





PROGRESS ON BANKING SECTOR RECAPITALISATION

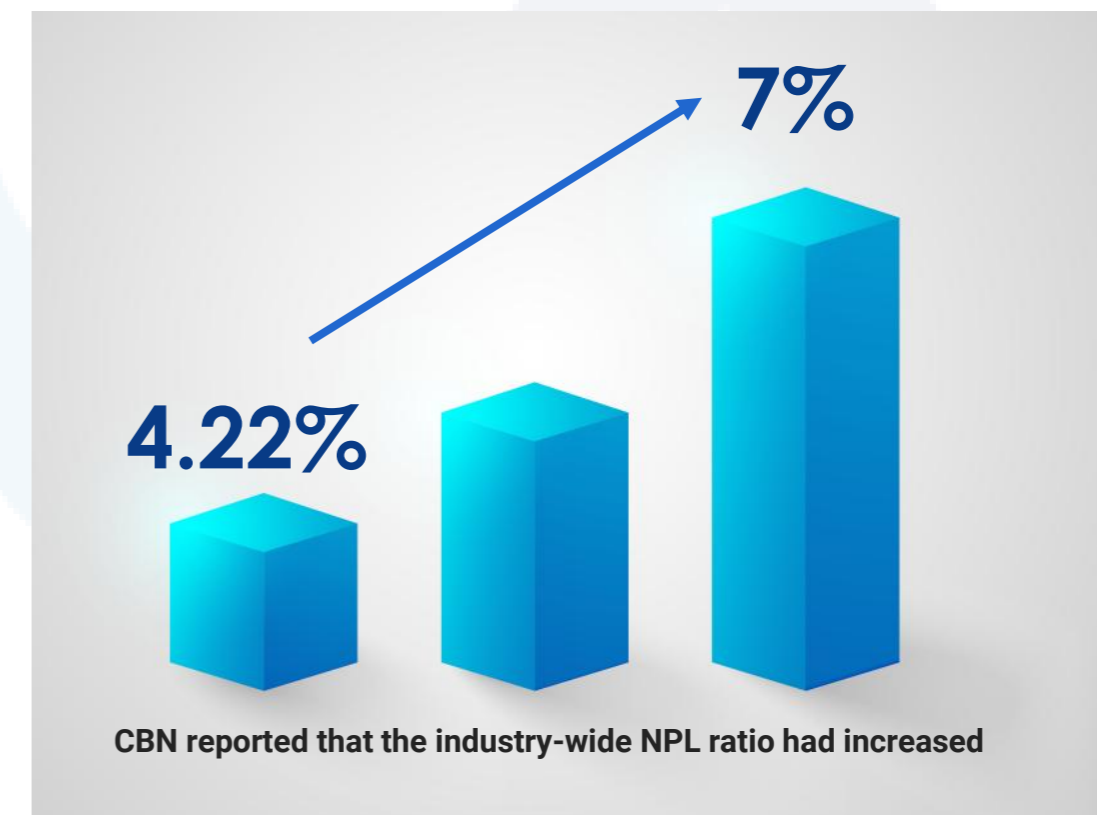
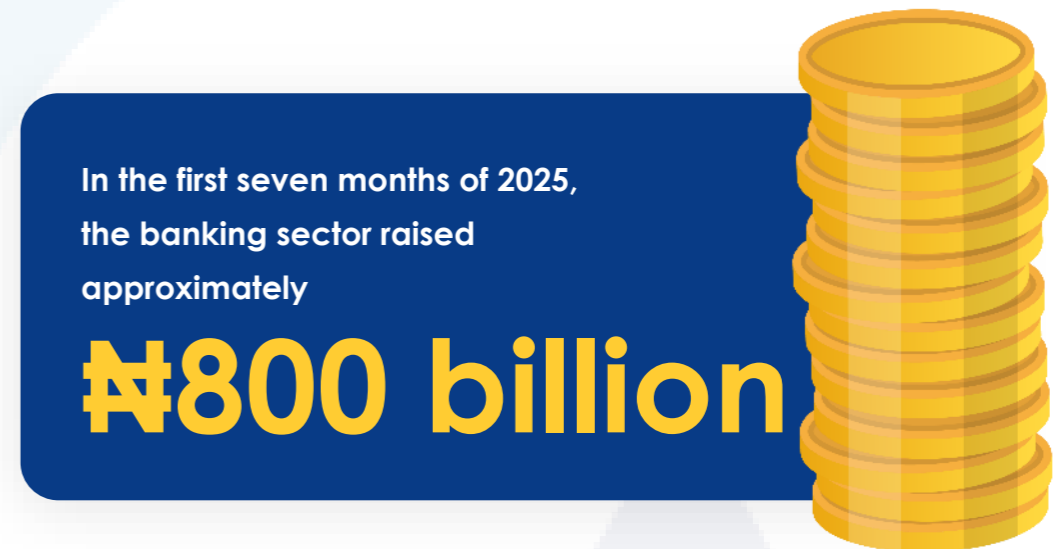
Throughout 2025, Nigerian banks remained focused on meeting the CBN's increased minimum capital requirements under the ongoing recapitalisation programme, with the March 2026 compliance deadline shaping capital-raising activity across the sector. Banks primarily pursued rights issues and public offers as part of their recapitalisation strategies, while others explored alternative structural adjustments.

In the first seven months of 2025, the banking sector raised approximately ₦800 billion through equity offerings, with an additional ₦900 billion forecasted, potentially increasing the total value of banking sector assets in Nigeria to about ₦242.3 trillion.²⁸

By November 2025, the CBN had confirmed that the following banks had fully complied with the recapitalization directive: Access Holdings Plc, Standard Chartered, Premium Trust Bank, Wema Bank Plc, Jaiz Bank, Zenith Bank Plc, Lotus Bank Limited, Providus Bank Limited, Stanbic IBTC Holdings Plc, and Greenwich Merchant Bank Limited, with Globus Bank Plc awaiting final verification.²⁹ However, some banks opted for strategic realignments over outright mergers; for instance, Nova Bank downgraded its licence to a regional banking licence.³⁰

RISE IN BANKS' NON-PERFORMING LOAN RATIOS

Nigeria's banking sector recorded a rise in non-performing loan (NPL) ratios, bringing asset quality back into regulatory focus. The CBN reported that the industry-wide NPL ratio had increased to 7%, up from 4.22% at the start of the year and above the prudential threshold of 5.0%.³¹ The increase was attributed largely to loan reclassifications following annual risk assessments and CBN's withdrawal of the regulatory forbearance granted to banks during the COVID-19 pandemic, with several banks identified as exceeding the regulatory limit.



28. [2025 Banking Industry Report – Augusto Store](#)

29. [Here are banks that have met capital rules ahead of 2026 deadline - Businessday NG](#)

30. [Forced mergers loom as banks race against 2026 recapitalisation deadline - Businessday NG](#)

31. [Banks' non-performing loans ratio rises to 7% after CBN ends forbearance - Nairametrics](#)



In June 2025, the CBN issued a circular introducing temporary prudential restrictions for affected banks. These measures included the suspension of dividend payments, the deferral of bonuses to directors and senior management, and limits on new offshore investments.³² The suspension, which remains in force until the banks' capital adequacy and provisioning levels are verified to be fully aligned with prevailing prudential standards, is intended to preserve capital reserves.

↑

₦100 billion

NCGC was capitalised at

with funding jointly provided by the Ministry of Finance Incorporated, the Nigeria Sovereign Investment Authority, the Bank of Industry and the Nigeria Consumer Credit Corporation.

NATIONAL CREDIT GUARANTEE COMPANY (NCGC) AND ACCESS TO CREDIT

The FGN approved the establishment of the National Credit Guarantee Company (**NCGC**) as a targeted intervention to improve access to credit for businesses, particularly micro, small and medium enterprises (**MSMEs**). The NCGC was capitalised at N100 billion, with funding jointly provided by the Ministry of Finance Incorporated, the Nigeria Sovereign Investment Authority, the Bank of Industry and the Nigeria Consumer Credit Corporation.

While the NCGC had not commenced full operations by year-end, it recorded initial progress through the execution of memorandum of understanding with leading financial institutions, including commitments to provide credit guarantees of up to N5 billion per participating institution to de-risk lending to youth and women-led MSMEs, as well as underserved borrowers.³³

³². [Temporary Suspension of Dividend Payments, Bonuses and Investment in Foreign Subsidiaries.pdf](#)

³³. <https://ncgc.ng/2025/09/08/ncgc-and-financial-institutions-sign-landmark-mou-to-expand-credit-access-for-youth-and-women-led-enterprises/>



RISING GOVERNMENT-BACKED MORTGAGE FINANCING MEASURES

To enhance Nigerians' access to affordable housing finance, the Federal Mortgage Bank of Nigeria (FMBN) increased the maximum National Housing Fund (NHF) loan amount from ₦15 Million to ₦50 million and announced the upcoming launch of its Diaspora NHF Mortgage Loan product, designed to enable Nigerians living abroad to invest in and own property in Nigeria.³⁴ Further demonstrating its improved financial capacity, the FMBN reported an operational surplus of ₦6.5 billion in the first quarter of 2025, signalling the potential for expanded access to housing finance.³⁵

In addition, to further enhance access to mortgage financing, the Ministry of Finance launched the Ministry of Finance Incorporated Real Estate Investment Fund (MREIF), a ₦1 trillion real estate investment fund aimed at providing low-cost, long-term mortgage financing while stimulating economic growth in the housing and construction sectors. To date, MREIF has disbursed ₦64.87 billion to eligible financial institutions and individuals.



National Housing Fund (NHF) loan amount from **₦15 Million** to **₦50 million** and announced the upcoming launch of its Diaspora NHF Mortgage Loan product

³⁴ FMBN N50m loan threshold excites contributors as affordability concerns deepen - Businessday NG

³⁵ Federal Mortgage Bank of Nigeria reports N71.5 billion in loan approvals in 2024 - Nairametrics



CAPITAL
MARKETS:
**REGULATORY
TRENDS**



REGULATORY TRENDS

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Enactment
of ISA 2025

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New Rules On
Issuance of
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nt Facility
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of the NGX
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Finance
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Illegal Operator
Alerts and
Clampdowns





ENACTMENT OF ISA 2025



Following months of legislative review and consultation, the ISA 2025 was signed into law on 25 March 2025, repealing the Investment and Securities Act 2007 (the **Old Act**). The ISA 2025 is a landmark legislation aimed at modernising the Nigerian capital markets, aligning local regulation with global best practices such as the International Organisation of Securities Commissions (**IOSCO**) principles, and addressing key gaps in the Old Act.

A notable feature of the ISA 2025 is the codification of regulatory frameworks that had previously operated primarily through subsidiary legislation or regulatory practice. In this regard, the Act places on a statutory footing the Securities and Exchange Commission (**SEC**)'s role in the review of mergers and acquisitions involving public companies, its regulatory authority over FX trading activities within the capital markets, and its oversight of virtual and digital asset activities that had previously been governed only by SEC rules.

The ISA 2025 also expands the scope of the SEC's enforcement and intervention powers, extending oversight beyond capital market operators to include public companies, directors and other market participants. In addition, it broadens the categories of entities eligible to access the public markets, including Free Trade Zone entities, subject to regulatory approval.

The Act further introduces a formal framework for the designation and regulation of financial market infrastructures, together with insolvency protections aimed at preserving transaction finality within clearing and settlement systems. It also strengthens investor protection through enhanced compensation mechanisms and tougher sanctions for market abuse, while reinforcing the legal framework for commodities trading through the statutory recognition of warehouse receipts as tradable instruments.



SEC's enforcement and intervention powers, extending oversight beyond capital market operators to include public companies, directors and other market participants



NEW RULES ON ISSUANCE OF PRIVATE COMPANIES' SECURITIES.

The SEC issued the Rules on Issuance and Allotment of Private Companies' Securities (the Private Company Issuance Rules), which took effect in April 2025. The rules followed a reform process initiated in May 2024, after amendments introduced by the Business Facilitation Act 2023 to permit limited public debt issuances by private companies, subject to specified restrictions.³⁶

There is, however, some uncertainty regarding the validity of the Private Company Issuance Rules as the ISA 2025 clearly omits private companies from the categories of entities that may invite the public to subscribe to their securities.³⁷ This has given rise to questions as to whether the rules conflict with the statute or can be accommodated within its broader provisions permitting issuances by entities approved by the SEC. Further regulatory guidance from the SEC would be important to ensure that the rules operate effectively and achieve their intended objectives.



RULES FOR CREDIT ENHANCEMENT FACILITY PROVIDERS

As part of its expanded regulatory remit under the ISA 2025 to regulate credit enhancement services, the SEC published the Rules for Credit Enhancement Facility Providers (the **CEFP Rules**), which became effective on 26 September 2025. The CEP Rules establish a new regulatory framework for entities providing credit enhancement facilities (**CEFPs**) to issuers of securities in the Nigeria capital markets. The CEFP Rules require existing CEFPs to register with the SEC within six months from the commencement of the CEFP Rules, while new CEFPs must obtain registration before commencing operations.

Under the CEFP Rules, licensed providers may offer guarantees, standby credit lines and similar credit enhancement products in respect of qualifying domestic and international issuances.³⁸ The framework is expected to support broader use of credit enhancement structures in the capital markets, with potential implications for issuers' access to funding, particularly for infrastructure and other capital-intensive projects.

36. The restrictions include (x) the securities must be strictly debt or fixed income securities; (y) the company must have a three (3) years track record, unless the issuance is guaranteed; (z) the debt securities must be offered to qualified investors only; (xy) the number of issuance in a year must not exceed three (3), and the aggregate value of the issuances must not exceed NGN15 billion annually; (xz) the private company must not be in default of principal or interest payment of previous debt for more than six (6) months; and (xxx) the issuance must be subscribed by at least 50%.

37. Section 65 (1) of the ISA 2025 lists the categories of persons that may invite the public to subscribe for its securities to include public companies, government and government agencies, statutory banks, banks licensed by the CBN, supranational bodies, collective investment schemes, public companies and free trade zone enterprises.


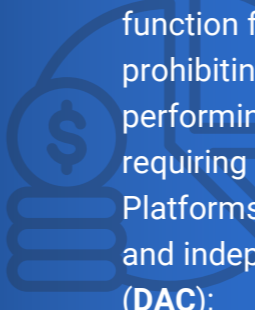


38. Qualifying issuances include issuances by a Nigerian issuer issuing securities in a foreign jurisdiction as part of its cross-border capital raising programme; issuances to raise offshore financing for Nigerian based projects.



PROPOSED AMENDMENTS TO DIGITAL ASSET RULES

In response to emerging trends in the digital assets space, the SEC issued an exposure draft amendment to its Rules on Digital Assets Issuance, Offering Platforms, Exchange and Custody, which was intended to take effect on 30 June 2025 (the **Digital Asset Amendment Rules**).³⁹ The proposed amendments seek to update the existing rules by providing for new models in the offering of digital assets and services and by clarifying areas of regulatory uncertainty.

The Digital Asset Amendment Rules:

| | | |
|--|---|---|
|  <p>repealed the SEC Statement on Digital Assets and their Classification and Treatment 2020, which had provided the earliest SEC framework for regulation of crypto-assets in Nigeria;⁴⁰</p> <p>1</p> | <p>expanded the categories of regulated assets to include all distributed ledger technology-backed offerings, and broadened the scope of regulated persons to include foreign Virtual Asset Service Providers (Foreign VASPs) operating in Nigeria or actively targeting Nigerians,⁴¹ financial influencers (Finfluencers),⁴² and Digital Asset Intermediaries (DAIs);⁴³</p> <p>2</p> |  <p>separated the digital offering platform function from the custodial function by prohibiting a single entity from performing both functions, thereby requiring Digital Assets Offering Platforms (DAOPs) to appoint a distinct and independent Digital Asset Custodian (DAC);</p> <p>3</p> |
|  <p>integrated digital exchange and brokerage functions by permitting Digital Asset Exchanges (DAX), with prior SEC approval, to include digital brokerage services as part of their offering and</p> <p>4</p> |  <p>significantly increased the registration and application fees for DAOPs and DAX.</p> <p>5</p> | |

39. Although the exposure draft proposed an effective date of 30 June 2025, a final issuance of the amendment was not released by SEC. Accordingly, we believe the proposed amendment is yet to take effect.

40. The SEC Statement on Digital Assets and their Classification and Treatment 2020 (Statement) provided the earliest SEC framework for regulation of crypto assets in Nigeria. It established that crypto assets are securities unless proven otherwise, and the burden of proof is on the issuer to show that their assets is not a security. The Statement also provided the scope of SEC's regulatory powers over digital assets and guidelines for registration requirement.

41. Paragraph 5, Exposure Draft of Amendments to Rules on Digital Assets Issuance, Offering Platforms, Exchange and Custody 2024

42. Paragraph 16.2, Exposure Draft of Amendments to Rules on Digital Assets Issuance, Offering Platforms, Exchange and Custody 2024. Under the Rules, Finfluencers means a person who promotes any digital assets product or service or share any financial investment opportunity on social media, or through any other medium of communication including unstructured supplementary service data (USSD), radio and television

43. Paragraph 66, Exposure Draft of Amendments to Rules on Digital Assets Issuance, Offering Platforms, Exchange and Custody 2024. A DAI is an entity organized and registered as a corporation to facilitate transactions involving virtual assets including: (x) execution of orders for virtual assets on behalf of clients; (y) acceptance and transmission of orders for virtual assets on behalf of clients; (z) placing of virtual assets; (xx) providing advice on virtual assets investment; (xy) providing financial portfolio; (xz) management on virtual assets; and (xxx) providing transfer services for virtual assets on behalf of clients.



TREATMENT OF UNCLAIMED DIVIDENDS

The SEC issued a circular titled Treatment of Unclaimed Dividends of Public Companies circular (the **Unclaimed Dividends Circular**), clarifying the regulatory treatment of unclaimed dividends of public companies, in response to increasing market queries amidst the growing volume of unclaimed dividends.⁴⁴

The circular confirms that, in line with section 60 of the Finance Act 2020, dividends remaining unclaimed for six years are to be transferred by paying companies to the Unclaimed Funds Trust Fund (**UFTF**) to be established and managed by the FGN, where they will be held as a special debt and remain claimable by shareholders at any time. Pending the establishment of the UFTF, paying companies and registrars remain responsible for settling eligible claims and are required to report annually to the SEC.

The circular also clarifies that dividends which had not become statute-barred as at 31 December 2020 remain payable, and that the former twelve-year limitation period no longer applies to unclaimed dividends of public companies.

CBN'S INTERVENTION IN FIXED INCOME MARKET



The CBN announced a phased operational overhaul of Nigeria's fixed income market, seeking to enhance transparency, regulatory oversight and the effectiveness of monetary policy transmission.⁴⁵ Under the new framework, the CBN assumes a central role in operating both the settlement system and the trading platform for fixed income securities.⁴⁶

User-acceptance testing was scheduled for October 2025, followed by a pilot phase, with full migration of settlement activities planned for early November and the activation of a CBN-sponsored trading environment expected by December 2025. As at year end, no public confirmation had been issued on the completion of these phases, and further regulatory guidance is anticipated.

44. As of December 2024, the unclaimed dividends of public companies in Nigeria were NGN215 billion. <https://punchng.com/poor-records-deceased-shareholders-drive-n215bn-unclaimed-dividend-crisis/>

45. [CBN moves to drive transparency in fixed income market through phase reform](#)

46. [CBN takes direct control of Nigeria's fixed-income market to boost transparency](#)



MAJOR CHANGES TO CORPORATE GOVERNANCE

The SEC issued a circular on 19 June 2025 titled Transmutation of Independent Non-Executive Directors and Tenure of Directors (the **Non-Transmutation Circular**) to address the emerging trend of converting Independent Non-Executive Directors (**INEDs**) into Executive Directors (**EDs**) within the same company or group of companies.

The Non-Transmutation Circular prohibits public companies and significant public interest Capital Market Operators (**CMOs**),⁴⁷ as determined by the SEC, from converting INEDs into EDs within the same company or group. It also provides that the tenure limit of directors of all significant public interest CMOs is ten consecutive years in the same company and twelve consecutive years within a group structure. A cool off period of three years applies before former EDs may be appointed as chairman of the same company or within the group in which they served, and the tenure of such appointment is limited to a single term of four years. The Non-Transmutation Circular further provides that years already served by affected INEDs and EDs prior to the circular will count in calculating their exit date.

FMDQ: PROPOSED EQUITY LISTING AND TRADING RULES

In March 2025, FMDQ Exchange Limited (**FMDQ**) issued an exposure draft of its Equity Listing and Trading Rules in preparation for the launch of a proposed equity trading platform. The initiative represents a further expansion of Nigeria's equity market, introducing an additional listing venue alongside the NGX.

The proposed rules set out the framework for the listing and trading of equity securities on the FMDQ Equity Exchange, providing for both primary listings by first-time issuers and secondary listings, including cross-border and dual listings. Under the draft framework, primary listings may be admitted to the Prime Board, intended for issuers with a minimum of three years' operating track record and earnings before interest and tax of at least ₦150 million, or to the Growth Board, which is designed for issuers with at least two years' track record and revenues of ₦100 million.

The rules also contemplate listings by foreign issuers, subject to the appointment of a Nigerian representative, appropriate disclosures of applicable foreign law and satisfaction of prescribed listing requirements.



...for issuers with a minimum of three years' operating track record and earnings before interest and tax of at least

₦150 million

or to the Growth Board, which is designed for issuers with at least two years' track record

*and revenues of **₦100 million***

47. The categories of CMOs that may be considered as significant public interest CMOs is not statutorily defined. Entities that qualify as such would be determined by the SEC.



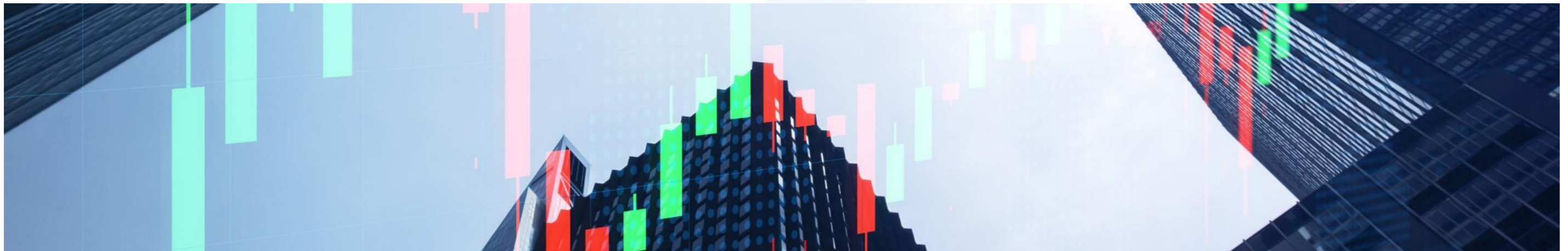
UPDATED CAPITAL MARKET TAX FRAMEWORK

The tax reforms introduced by the new tax legislation have significant implications for Nigeria's capital markets, particularly with respect to the taxation of securities and capital market instruments.

Key exemptions were retained, including exemptions for income from FGN bonds, now extended to state government bonds,⁴⁸ and for pension fund assets.⁴⁹ Stamp duty exemptions were also introduced for instruments transferring interests in shares and certain government securities.⁵⁰

Significantly, the new tax regime unifies the capital gains tax (CGT) rate for companies and individuals with the corresponding income tax rates, thereby increasing the CGT payable by companies on the disposal of securities from 10% to 30%, while for individuals, the applicable CGT is determined based on the individual's progressive tax band.⁵¹ In respect of gains derived from the disposal of shares, the new tax regime treats such gains as income subject to income tax.

The new tax framework has generated strong interest among participants and investors in the Nigerian capital markets, as both issuers and investors prepare for the changes in the tax landscape.



NEW SETTLEMENT CYCLE FOR EQUITY TRANSACTIONS

The SEC announced the transition to a trade date plus two days (T+2) settlement cycle for equities transactions in the Nigerian capital market by a circular issued on 3 June 2025, with implementation taking effect on 28 November 2025, replacing the previous T+3 cycle.

The move forms part of a phased transition towards a T+1 settlement framework and is intended to enhance market efficiency and liquidity while aligning Nigeria's equities market with international settlement standards.

48. Section 163 (1)(n) Nigeria Tax Act 2025

49. Section 163 (1) (h) Nigeria Tax Act 2025

50. Section 185 Nigeria Tax Act 2025

51. Sections 56 and 58 Nigeria Tax Act 2025



LAUNCH OF ISA AUDIO AND USSD SERVICE

The SEC unveiled two products, the ISA Audio and USSD Service⁵² at the Capital Market Committee meeting held on 8 December 2025. These products are aimed at democratising information dissemination and deepening market accessibility and inclusion in the Nigerian capital market.

The ISA Audio provides easy-to-understand audio content on the ISA 2025, while the USSD Service is designed to provide a channel for users to obtain capital markets information without the need for internet connectivity or mobile applications.



INTRODUCTION OF THE NGX NON-INTEREST FINANCE BOARD

In August 2025, the NGX launched the NGX Non-Interest Finance Board (**NGX NIF Board**), a dedicated platform for the listing and trading of Shariah-compliant capital market products, including equities, sukuk, funds and exchange-traded products.

The NGX NIF Board was introduced to enhance visibility, transparency and secondary market liquidity for non-interest securities, addressing long-standing constraints around price discovery and investor exit in Nigeria's non-interest capital market.

By consolidating Shariah-compliant products on a single, clearly identified board, the NGX NIF Board is expected to support market depth and broaden participation from both domestic and international retail and institutional investors.



52. (*347*138#)



ILLEGAL OPERATOR ALERTS AND CLAMPDOWNS

Following the commencement of the ISA 2025, the SEC intensified its crackdown on unregistered and illegal CMOs and fraudulent investment schemes. Between April and October 2025, the SEC issued multiple public alerts naming entities involved in unauthorised investment activities, including digital asset platforms, unlicensed cryptocurrency exchanges and unregistered collective investment schemes.

The flagged operators were found to be soliciting funds outside the SEC's regulatory framework, often through token offerings, real-estate linked schemes and Ponzi structures. Entities identified in the alerts included CBEX,⁵³ Shalom Coin,⁵⁴ GVEST⁵⁵, Pocket Option,⁵⁶ among others. The collapse of CBEX alone reportedly resulted in investor losses exceeding ₦1.3 trillion.⁵⁷

These regulatory actions are supported by the expanded enforcement powers under the ISA 2025, which criminalises the promotion of unregistered investment schemes and strengthens the SEC's authority to sanction non-compliant entities. The heightened enforcement activity reflects a more assertive regulatory posture aimed at safeguarding investors and preserving market integrity.



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53. [Illegal Operator Alert – CBEX – Securities and Exchange Commission, Nigeria.](#)

54. [Illegal Operator Alert - Shalom Coin \(SHLM\) - Securities and Exchange Commission, Nigeria](#)

55. [Illegal Operator Alert – GVEST GLOBAL /GVEST \(ALAU\) COOPERATIVE MULTIPURPOSE LIMITED/GVEST INVESTMENT LIMITED/GTEXT HOLDINGS - Securities and Exchange Commission, Nigeria](#)

56. [Illegal Operator Alert – Pocket Option - Securities and Exchange Commission, Nigeria](#)

57. [How CBEX wiped off investors' ₦1.3trn in nine months - Businessday NG](#)



CAPITAL MARKETS: **MARKET TRENDS**



MARKET TRENDS

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UPTICK IN THE EQUITY CAPITAL MARKET

The equity capital market experienced a sustained increase in activity and positive returns during the year as banks accelerated efforts to meet the March 2026 CBN recapitalisation deadline.

The NGX All-Share-Index recorded an all-time high of 119,978.57 points in June 2025, ranking second across Africa and representing a 16.57% increase from 102,926 points in December 2024.⁵⁸ There was a corresponding increase in NGX market capitalisation to ₦94.998 trillion as at November 2025⁵⁹, a 37.9% increase compared to the corresponding period in the previous year.⁶⁰

These unprecedented increases have also stimulated investor participation. According to the NGX, in the first seven months of 2025, everyday Nigerians invested over ₦ 981 billion into equities listed on the NGX, representing a sharp 56% year-on-year increase, compared to ₦630 billion invested during the same period in 2024.⁶¹

Similarly, there was increased activity on the NASD OTC Securities Exchange, including the listing of Infrastructure Credit Guarantee Company Plc.

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INCREASED PARTICIPATION IN CIS

In 2025, collective investment schemes (CIS) continued to serve as an important vehicle for mobilising and channelling long-term capital into key sectors of the Nigerian economy.

Data released by the SEC as of 28 November 2025 show⁶² that the Net Asset Value (NAV) of CIS stood at over ₦7.4 trillion, representing an increase of more than 50% with the corresponding period of the previous year.⁶³ The market also recorded a 35% increase in the number of unitholders across various types of CIS, including real estate investment schemes, infrastructure funds and money market funds. This surge in CIS activity reflects growing investor confidence in CIS as an asset class.

58. <https://www.pwc.com/ng/en/assets/pdf/nigerian-capital-market-update-august-2025.pdf>
 59. https://doclib.ngxgroup.com/market_data-site/other-market-information-site/Weekly%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2007-11-2025.pdf
 60. https://doclib.ngxgroup.com/market_data-site/other-market-information-site/Weekly%20Market%20Report/Weekly%20Market%20Report%20for%20the%20Week%20Ended%2008-11-2024.pdf
 61. <https://ngxgroup.com/nigerians-invest-n981-billion-in-stocks-in-first-seven-months-of-2025/#:~:text=In%20the%20first%20seven%20months,the%20same%20period%20in%202024.>
 62. <https://sec.gov.ng/documents/1423/NAV-as-at-28th-November-2025.xlsx>
 63. <https://sec.gov.ng/documents/1189/NAV-as-at-29th-November-2024.xlsx>



SHIFT TO SHORT-TERM INSTRUMENTS

Elevated interest rates and borrowing costs continued to weigh on long-term funding decisions, leading corporates to favour short-term instruments, particularly commercial papers, over bond issuances.

This trend was reflected in muted activity in the corporate bond market, with only two issuances recorded in the first half of 2025.⁶⁴ By contrast, commercial paper issuances increased significantly to unprecedented levels, with the value of new listings standing at ₦1.58 trillion in July 2025, about 107.16% higher than ₦764.43 billion in the corresponding period in the previous year.⁶⁵

INCREASED APPETITE FOR NON-INTEREST CAPITAL MARKET PRODUCTS

In 2025, Nigeria's non-interest capital market continued to gain momentum, supported by strong investor demand for ethical, asset-backed and Shariah-compliant instruments. By August 2025, the market had reached an estimated valuation of approximately ₦1.6 trillion, reflecting sustained growth across non-interest product classes.⁶⁶

Investor appetite was particularly evident in the continued oversubscription of sukuk issuances. In May 2025, the FGN's Series VII sukuk recorded a 735% oversubscription,⁶⁷ while TajBank's Mudarabah sukuk issuance in October 2025 achieved an oversubscription rate of 185.15%.⁶⁸

These developments point to deepening confidence in Nigeria's non-interest capital market and a growing awareness of the investment proposition offered by Shariah-compliant products. The repeated oversubscriptions also suggest a demand–supply imbalance, highlighting opportunities for further product development and increased issuer participation to meet unmet investor demand.



... the market had reached an estimated valuation of approximately

₦1.6 trillion, reflecting sustained growth across non-interest product classes

64. <https://www.pwc.com/ng/en/assets/pdf/nigerian-capital-market-update-august-2025.pdf>

65. <https://punchng.com/commercial-paper-market-jumps-107-to-n1-58tn/>

66. <https://nairametrics.com/2025/10/07/sec-nigerias-non-interest-capital-market-hits-n1-6-trillion-in-august/>

67. https://businessday.ng/news/article/fgs-latest-sukuk-offering-attracts-record-%E2%82%A62-2trn-in-bids-735-oversubscription/#google_vignette

68. <https://punchng.com/n20bn-sukuk-tajbank-records-185-5-oversubscription/>



LISTINGS AND DELISTINGS ON THE NGX

Between January and October 2025, the NGX recorded approximately ₦5.31 trillion in new listings comprising FGN bonds and corporate securities.⁶⁹ With the exception of Legend Internet Plc's listing by introduction, activity during the period was largely driven by supplementary listings, particularly by banks raising capital in response to the CBN's recapitalisation requirements.

This trend underscores the deepening role of the capital market as a strategic platform for capital mobilisation and regulatory compliance within Nigeria's evolving financial landscape. Specifically, the listing by Legend Internet Plc has been described by the NGX CEO as a turning point for the technology sector, signalling the ability of the NGX to support technological innovation that creates sustainable value.

During the same period, eight companies were delisted from the NGX due to regulatory non-compliance, operational challenges or voluntary exits. These delistings underscore the NGX's active supervisory posture and ongoing enforcement of listing standards, reinforcing market discipline and investor protection.



Seplat Energy Plc issued **US\$ 650,000,000** 9.125% Rule 144A/Reg S Senior Notes due 2030

NIGERIA'S FOOTPRINT IN THE INTERNATIONAL CAPITAL MARKET

In 2025, Nigerian issuers continued to access international capital markets, reflecting a steady shift from predominantly domestic funding to tapping into global investor pools. Notably, Seplat Energy Plc issued US\$ 650,000,000 9.125% Rule 144A/Reg S Senior Notes due 2030.⁷⁰

Similarly, in a move described as a strategic recalibration to unlock access to global capital and institutional investors, GTCO undertook an international capital raise of approximately US\$105 million and listed its ordinary shares on the LSE.⁷¹ The FGN remained active in the sovereign international segment. In November 2025, its dual-tranche Eurobond was more than four times oversubscribed, with a peak order book exceeding US\$13 billion, representing the largest sovereign order book for Nigeria to date.⁷²

This sustained participation by the Nigerian government and corporate institutions in the international capital markets enhances access to long-term capital and reinforces higher standards of disclosure, governance and market discipline.

69. <https://www.thisdaylive.com/2025/10/13/ngx-records-n5-31trn-new-listings-as-fgn-bonds-outshine-corporates/>

70. <https://www.olaniwunajayi.net/blog/olaniwun-ajayi-lp-advises-seplat-energy-plc-on-issuance-of-the-usd-650000000-9-125-rule-144a-reg-s-senior-notes/>

71. <https://www.gtco-plc.com/what-we-think/press-releases/gtco-plc-becomes-the-1st-financial-services-institution-in-west-africa-to-achieve-listing-and-trading-of-its-ordinary-shares-on-the-london-stock-exchange>

72. <https://www.dmo.gov.ng/news-and-events/dmo-in-the-news/media-statement-nigeria-prices-us-2-35-billion-in-a-long-10-year-and-long-20-year-eurobonds>



SUSTAINABILITY FINANCING

2025 saw renewed momentum in sustainability-linked financing, with green bonds re-emerging as a key channel for mobilising capital towards climate-resilient and environmentally aligned projects.

After a six-year pause, the FGN re-entered the green bond market in June 2025 with a ₦50 billion Series III sovereign green bond issuance, which was oversubscribed by 183%.⁷³ Similarly, in November 2025, the Lagos State Government undertook a dual-tranche issuance that included a ₦14.815 billion green bond programme, the first sub-national green bond in Nigeria.⁷⁴ While sovereign issuance has picked up, the corporate green bond market remained quiet, with no corporate green bond issuances since 2021.⁷⁵

Another notable development was the SEC's announcement of plans for the phased adoption of the International Sustainability Standards Board (ISSB) disclosure framework in Nigeria, aimed at enhancing transparency and supporting future issuances of green and sustainability-linked instruments.⁷⁶

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SUSTAINED SOVEREIGN PARTICIPATION IN THE DOMESTIC DEBT MARKET

In 2025, the FGN remained an active participant in the domestic debt capital markets, continuing to access the market to finance budgetary and infrastructure needs. As at June 2025, total public debt stood at approximately USD100 billion (equivalent to ₦152 trillion), reflecting a 5.35% increase from December 2024. Approximately ₦77 trillion of this portfolio comprised domestic securities such as FGN bonds, Treasury bills, sukuk and promissory notes.⁷⁷

During the year, the FGN issued sukuk to support road and bridge infrastructure and reopened existing FGN bond issuances through the Debt Management Office (DMO).⁷⁸ Investor appetite for sovereign issuances remained strong, with several auctions recording oversubscription, signalling sustained confidence in FGN securities.

^{73.} <https://chapelhilldenham.com/chapel-hill-denham-advises-the-federal-government-on-successful-%E2%82%A650-billion-series-iii-green-bond-issuance/>

^{74.} <https://lagosstate.gov.ng/news/all/view/68cba40e88319a643b645a41>

^{75.} <https://www.pwc.com/ng/en/assets/pdf/nigerian-capital-market-update-august-2025.pdf>

^{76.} <https://businessday.ng/news/article/sec-sees-issb-aligned-disclosures-lowering-capital-costs-attracting-investors/>

^{77.} Total Public Debts - Debt Management Office Nigeria

^{78.} Circulars & Releases - Debt Management Office Nigeria



INTRODUCTION OF CP LISTINGS ON THE NGX

In December 2025, the NGX introduced the listing of commercial papers, enabling corporates to list and trade both interest-bearing and non-interest CPs on its platform. The initiative is timely given the significant growth in CP issuances during the year, as issuers increasingly turned to short-term instruments to address liquidity and working capital requirements.

The NGX framework is intended to complement the long-established FMDQ platform, broadening issuer optionality and supporting wider investor participation, price discovery, and transparency. As market activity develops, the NGX is expected to issue detailed CP listing rules to reflect current market realities and provide greater regulatory clarity.



The initiative is timely given the significant growth in CP issuances during the year, as issuers increasingly turned to short-term instruments to address liquidity and working capital requirements.



BANKING AND CAPITAL MARKETS: NOTABLE CASES AND DECISIONS



01 STANBIC IBTC BANK PLC V. LONGTERM GLOBAL CAPITAL LTD & ORS

WHETHER A CAPITAL MARKET OPERATOR CAN BE HELD PERSONALLY LIABLE FOR MISREPRESENTATION AND NON-DISCLOSURE IN A PRIVATE PLACEMENT

The suit arose from a 2008 private placement by Starcomms Plc, in which Stanbic IBTC Bank Plc acted as a joint issuing house. The respondents subscribed for a total of 100 million shares in Starcomms Plc at a consideration of ₦1 billion, relying on an investor letter and forms of commitment presented as the operative offering documents. The investor letter expressly stated that the private placement would obtain SEC approval on or before 31 May 2008, failing which subscription monies would be refunded.⁷⁹

The respondents later discovered that a private placement memorandum, containing additional disclosures and submitted to the SEC, had not been provided to them. The respondents alleged material non-disclosure, failure to obtain SEC approval within the stipulated period, and failure to refund the subscription amount. The Federal High Court held that presenting the investor letter as the principal offering document while withholding the memorandum constituted material non-disclosure and ordered rescission of the transaction together with a refund of the subscription sum. On appeal, the Court of Appeal affirmed the decision of the lower court in its entirety, upholding the findings of misrepresentation and holding that Stanbic IBTC Bank could be personally liable despite acting as an agent.

The Supreme Court in dismissing the appeal, upheld the decisions of the lower courts and held that Stanbic IBTC's failure to disclose the private placement memorandum constituted fraudulent misrepresentation and a breach of statutory disclosure obligations. The Court held that the refund clause in the investor letter formed part of the binding terms of the transaction and was enforceable once the SEC approval was not obtained within the stipulated timeline. The doctrine of *in pari delicto* did not apply because the respondents had no involvement in the regulatory non-compliance. As a capital market operator with independent statutory duties under the ISA, Stanbic IBTC could be held jointly and severally liable with Starcomms Plc.

This decision affirms that capital market operators owe direct statutory disclosure obligations and may be held personally and jointly liable for misrepresentation and regulatory breaches. It also underscores that transactions tainted by material non-disclosure may be rescinded notwithstanding the passage of time. Overall, the judgment reinforces investor protection, market integrity, and accountability in Nigeria's capital markets.



⁷⁹. *Enhanced Protection For Investors Participating In Private Placements? – The Decision In Stanbic IBTC Bank PLC v. Longterm Global Capital Limited & Ors. - Securities - Nigeria*



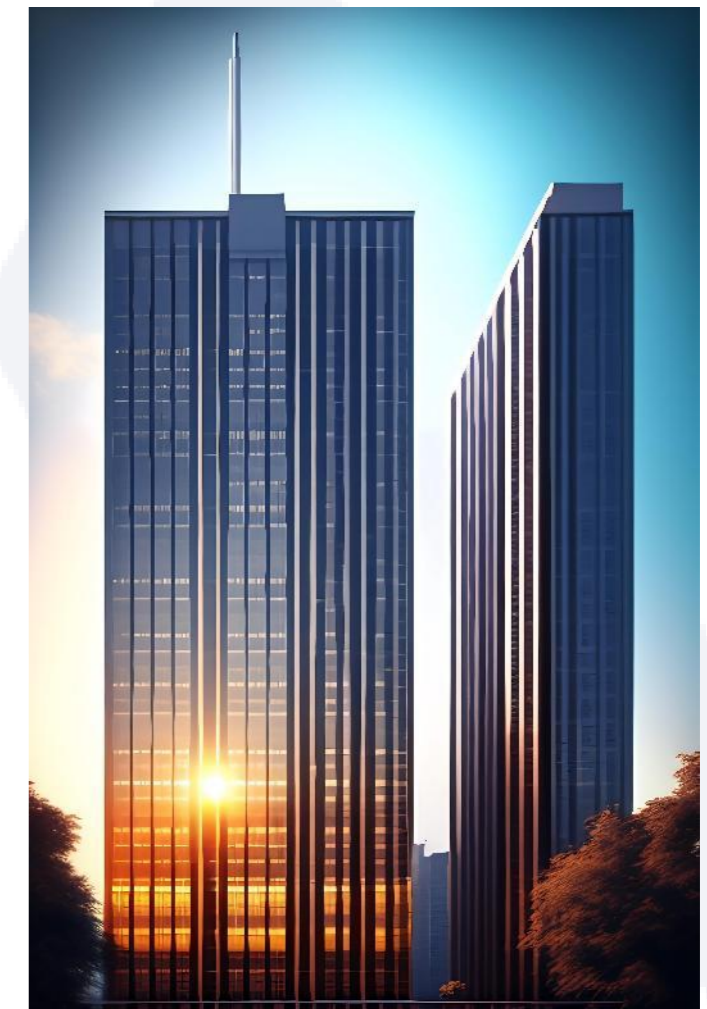
02 KUDA MICROFINANCE BANK LTD V. AMARACHI KENNETH BLESSING⁸⁰

WHETHER A BANK HAS THE POWER TO FREEZE THE ACCOUNT OF A CUSTOMER WITHOUT A PRIOR COURT ORDER

In a judgment delivered on 13 March 2025, the Court of Appeal reversed a Federal High Court ruling and affirmed that banks in Nigeria may lawfully freeze customer accounts without a prior court order, provided there is a report of fraud or suspicious activity and the customer has agreed to such terms. The case involved Kuda Microfinance Bank Limited (**Kuda**) and its customer, Amarachi Kenneth Blessing, who received ₦5,000,000 into her Access Bank account and immediately transferred it to her Kuda account. Upon notification from Access Bank that the transfer was erroneous, Kuda restricted the account.

The Court emphasised the contractual nature of the bank-customer relationship, affirming that Kuda's terms and conditions, accepted by the customer at account opening, permitted account restrictions in such circumstances. It also upheld the validity of relevant CBN regulations⁸¹ and circulars⁸² supporting such actions. The ruling clarified that temporary restrictions pending investigations do not amount to an unconstitutional deprivation of property, particularly in the context of electronic banking where swift action is essential to prevent the dissipation of potentially fraudulent funds.

This decision reinforces the authority of banks to act pre-emptively under regulatory guidelines and contractual agreements, while underscoring the importance of customers thoroughly reviewing and understanding banking terms before opening an account.



⁸⁰. Appeal No. CA/EK/48/2024

⁸¹. CBN Circular on the Establishment of Industry Fraud Risk, June 2015

⁸². CBN Circular on the Regulation on Instant (Inter-Bank) Electronic Funds Transfer Services in Nigeria, September 2018



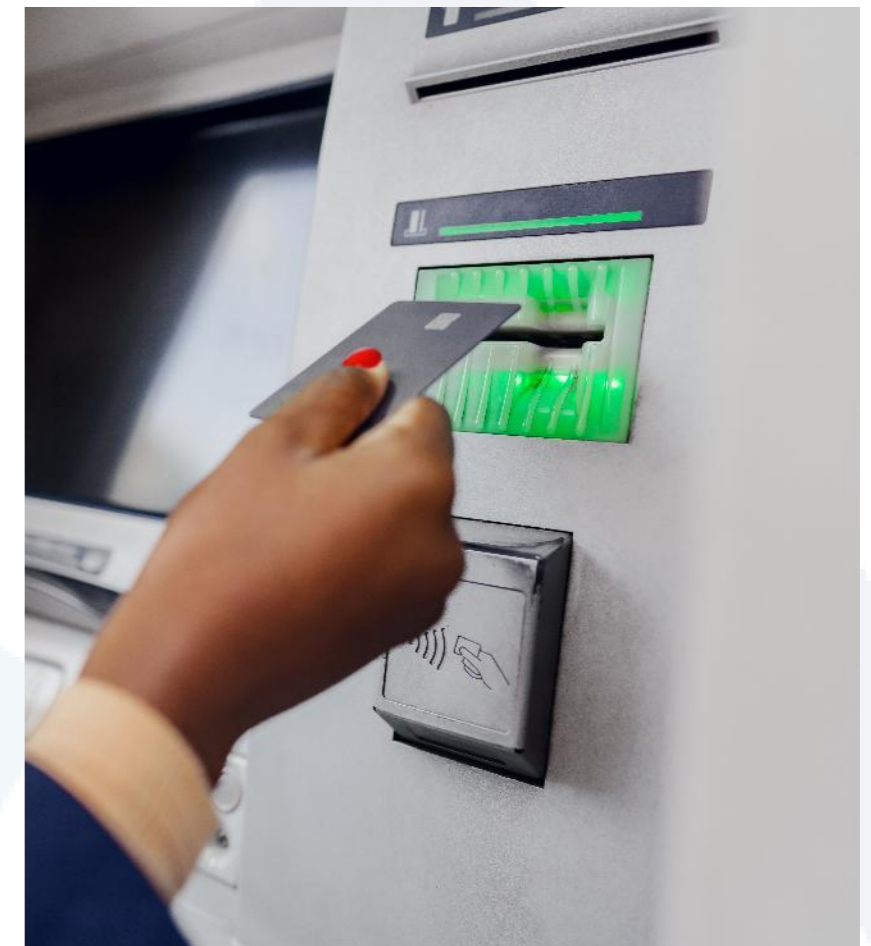
03 SOCIO-ECONOMIC RIGHTS & ACCOUNTABILITY PROJECT (SERAP) V. CBN⁸³

CHALLENGE TO THE INCREASE IN ATM TRANSACTION FEES

In February 2025, the CBN issued a circular to all banks and other financial institutions revising Automated Teller Machine (ATM) transaction fees, introducing charges of ₦1200 per ₦20,000 withdrawn at off-site bank ATMs, and up to ₦600 at standalone locations such as malls and airports. In response, the Socio-Economic Rights and Accountability Project (SERAP) filed a suit⁸⁴ at the Federal High Court, Lagos, challenging the increase as arbitrary, unfair and contrary to provisions of⁸⁵ the Federal Competition and Consumer Protection Act 2018 (FCCPA).

SERAP argues that the fee hike violates consumer rights, disproportionately affects low-income Nigerians, and contributes to broader socio-economic inequality. The organisation is seeking an interim injunction to halt enforcement pending full judicial review, asserting that the increase lacks justification under the Constitution of the Federal Republic of Nigeria 1999 (as amended), the CBN Act 2007 and Nigeria's international human rights obligations.

This case raises important questions about the balance between regulatory discretion and consumer protection in Nigeria's financial system. As the proceedings unfold, stakeholders across the banking and legal sectors will be closely watching to see how the courts interpret the intersection of financial regulation, competition law, and constitutional rights. The outcome could set an important precedent for future policy decisions affecting financial access and affordability.



83. FHC/L/CS/344/2025

84. FHC/L/CS/344/2025

85. Sections 1(c), (d), 104, 105 & 127 (1) of the FCCPA 2018



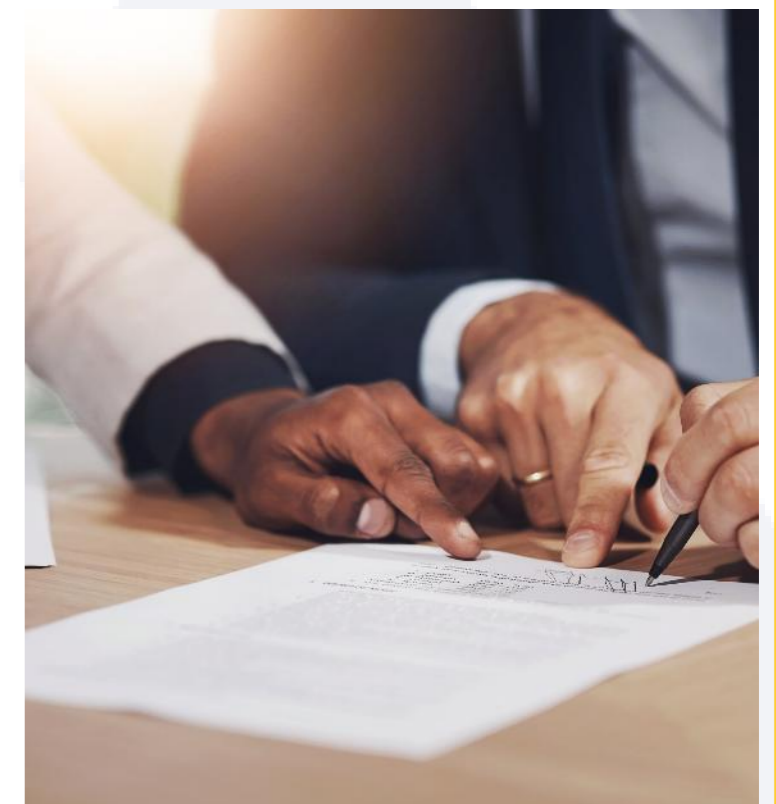
04 BANK OF AGRICULTURE LIMITED V SALEM FARMS LIMITED⁸⁶

APPLICATION OF THE DOCTRINE OF FRUSTRATION TO FINANCIAL CONTRACTS

In a judgment delivered on 17 January 2025, the Supreme Court of Nigeria affirmed the applicability of the common-law doctrine of frustration to existing loan obligations, even in the absence of an express force majeure clause. The case involved Salem Farms Limited, which had obtained a loan of ₦1,161,818 from the Bank of Agriculture to expand its cattle farming operations. Although the loan was insured by the Nigerian Agricultural Insurance Company Limited, an outbreak of Contagious Bovine Pleuro-Pneumonia (CBPP) in 1989 killed most of the cattle despite veterinary intervention, effectively bringing the project to a halt.

Despite partial repayment and an ex-gratia payment from the Nigerian Agricultural Insurance Company, the Bank demanded further repayment and threatened seizure. The Supreme Court upheld the decisions of the lower courts, ruling that the unforeseen disease outbreak constituted a frustrating event that discharged Salem Farms from further performance under the loan contract. The Court also observed that Salem Farms had taken reasonable steps to mitigate its losses, including insuring the project and involving veterinary authorities. These efforts, the Court held, dispelled any suggestion of fault or negligence on the part of Salem Farms.

This decision introduces a notable precedent in Nigeria's lending market, affirming that courts may relieve borrowers from contractual obligations where performance becomes impracticable due to unforeseeable events. It underscores the need for lenders to reassess risk allocation in loan documentation and may influence future structuring of agricultural and project finance transactions in Nigeria.



⁸⁶. [2025] LPELR- 80902(SC)



OTHER FINANCIAL MARKET DEVELOPMENTS



Revised Minimum Capital Requirements for Licensed Pension Fund Administrators and Pension Fund Custodians

As part of ongoing reforms in the Nigerian pension industry, the National Pension Commission (**PenCom**) announced an increase in the minimum capital requirements for Pension Fund Administrators (**PFA**s) and Pension Fund Custodians (**PFC**s) via a circular dated 26 September 2025 (the **PenCom Circular**).

For PFA's, the new regime links capital to scale, requiring a higher threshold for institutions with larger assets under management. PFC's are now subject to an increased base capital requirement with an additional proportionate charge tied to assets under custody. While the new thresholds apply immediately to new entrants, existing operators have until 31 December 2026 to comply. PenCom also indicated that capital levels will be reviewed periodically going forward.



Revised Minimum Capital Requirements for Insurance Companies

Following the enactment of the Nigerian Insurance Industry Reform Act, 2025 (**NIIRA**), which introduced higher capital requirements for insurers, the Nigerian insurance sector is poised for significant consolidation. The merger of Sanlam Life Insurance Nigeria Limited, Sanlam General Insurance Nigeria Limited, and Allianz Nigeria Insurance Limited to form Sanlam Allianz Life and Sanlam Allianz General marked the beginning of this trend.⁸⁷ We anticipate a continuation of mergers, acquisitions, and strategic equity injections in 2026 as insurance companies seek to meet the new capital thresholds, potentially leading to a leaner but more resilient insurance industry.

87. NAICOM Hands Over New Licenses to SanlamAllianz Life and General Insurance - NAICOM



2026 OUTLOOK AND PROJECTIONS



BANKING



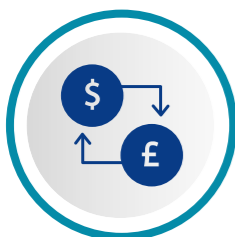
POTENTIAL MERGERS, ACQUISITIONS AND LICENCE RECLASSIFICATIONS

In 2026, Nigeria's banking sector is likely to experience increased consolidation as banks work towards meeting the CBN's recapitalisation requirements. With a few institutions yet to attain the revised minimum capital thresholds, mergers, acquisitions, and new capital raises are expected. Where banks are unable to reach the capital level required for their current licence category, licence downgrades may also occur as a compliance option.⁸⁸



CONTINUED EASING OF THE MPR

In 2025, the CBN maintained a cautious approach to monetary policy.⁸⁹ By the second half of the year, with inflation showing early signs of moderation, the implementation of the rate cut signalled a potential gradual shift from a restrictive to a less restrictive stance.⁹⁰ Looking ahead, market analysts anticipate a cautious easing cycle in 2026, with the CBN likely to reduce interest rates as inflationary pressures subside and exchange rate stability improves.⁹¹



SUSTAINED STABILITY IN THE FOREIGN EXCHANGE MARKET

Following the series of FX market reforms implemented in 2025 greater stability in the FX market is anticipated in the coming year. At its 302nd meeting, the MPC reiterated that FX market stability and improved market confidence will remain core priorities for 2026.⁹²

88. Forced mergers loom as banks race against 2026 recapitalisation deadline - Businessday NG

89. CBN Monetary Policy Communique No. 158

90. CBN Monetary Policy Communique No. 159

91. Standard Bank, African Markets Revealed – June 2025.

92. Monetary Policy COMMUNIQUE No.159



RISE IN CREDIT EXTENSION BY BANKS

Higher minimum capital requirements and the establishment of the NCGC are expected to support increased bank lending in 2026. Stronger capital positions should enhance lending capacity, while NCGC guarantees are likely to reduce MSME credit risk. A moderation in lending rates could further stimulate borrowing, contributing to an overall rise in credit extension across key sectors.



EXPECTED DISPUTES RELATING TO INVALIDATED CBN FX FORWARDS

The CBN's decision to invalidate certain FX forward contracts is likely to give rise to increased disputes in 2026. These disputes are expected to involve Authorised Dealers and beneficiaries of the affected contracts, with key issues likely to centre on risk allocation, the effect of regulatory intervention on private contracts, and the respective rights and obligations of the parties.





CAPITAL MARKETS



NEW RULES AND REGULATIONS FOR THE CAPITAL MARKETS PURSUANT TO THE ISA 2025

In 2026, capital markets rule-making is expected to accelerate as regulators move to operationalise the ISA 2025. The SEC has indicated that it will undertake a comprehensive review and update of its Rules and Regulations. It is also expected that securities exchanges, self-regulatory organisations and financial market infrastructures will issue new and revised rules to align their operations with the new law.



MORE ISSUANCES WITHIN THE NON-INTEREST CAPITAL MARKET SECTOR

Growing investor demand for non-interest products, together with the development of supporting market infrastructure, is expected to drive further expansion of the non-interest capital market in the coming year. In addition to sukuk, the SEC's framework for non-interest collective investment schemes and non-interest commercial papers is likely to support the emergence of more structured and innovative Shariah-compliant instruments.



INCREASED ACTIVITY IN THE EQUITY CAPITAL MARKET

Further to the increased minimum capital requirements for PFAs and insurance operators, these entities are expected to access the equity capital markets to strengthen their capital bases, leading to increased activity within the equity capital market.





IMPROVED ACTIVITY IN THE CORPORATE DEBT MARKET

Corporates are expected to continue accessing the capital markets for debt funding in 2026, with commercial papers likely to remain a preferred short-term instrument. In addition, moderating inflation and expectations of a more accommodative monetary policy stance may support a pickup in longer-tenor corporate bond issuances as issuers seek to benefit from improving pricing conditions.



SUSTAINED BORROWINGS BY THE FGN, SUB-NATIONALS AND AGENCIES OF THE FGN

In 2026, borrowing activity by the FGN, sub-nationals and government agencies is expected to remain strong, driven by continued market appetite for sovereign and sub-sovereign instruments. These public sector issuers are likely to continue to access the capital markets to support ongoing budgetary funding and sector-specific liquidity initiatives, with the recently launched ₦4 trillion Power Sector Multi-Issuance Programme serving as a strong indicator of this direction.



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Conclusion

The events of 2025 underscored the scale and pace of change underway across Nigeria's banking sector and capital markets. Regulatory intervention reshaped market behaviour across foreign exchange, capital adequacy, compliance and securities regulation, compelling institutions to reassess established practices. The year was defined not only by the introduction of tangible policy measures, but also by the implementation and enforcement of those measures.

It is anticipated that in 2026, financial intermediaries including PFAs and insurance operators, as well as banks will continue to align their capital structures and governance frameworks with a more exacting regulatory environment, while capital

markets activity is expected to respond to a clearer legislative footing and improving market confidence. The interaction between regulation, macroeconomic conditions and market conduct will remain a defining feature of the operating landscape.

Viewed together, the reforms highlighted in this Report reinforce the dynamic and evolving nature of Nigeria's financial services sector. With sustained, front-line engagement across regulatory innovations and market-shaping initiatives, we remain well positioned to support our clients as they navigate the next phase of market development.

Glossary

| Abbreviation | Meaning | Abbreviation | Meaning |
|---------------------|--|-------------------------|---|
| ABS | Asset-Backed Securities | NAV | Net Asset Value |
| AML | Anti-Money Laundering | NCGC | National Credit Guarantee Company |
| API | Application Programming Interface | NDIC | Nigerian Deposit Insurance Corporation |
| BOFIA | Banks and Other Financial Institutions Act 2020 | NFIU | Nigerian Financial Intelligence Unit |
| CBN | Central Bank of Nigeria | NGN / ₦ | Nigerian Naira |
| CBPP | Contagious Bovine Pleuro-Pneumonia | NGX | Nigerian Exchange Limited |
| DAC | Digital Asset Custodian | NHF | National Housing Fund |
| DAI | Digital Assets Intermediary | NIFIs | Non-Interest Financial Institutions |
| DAOP | Digital Asset Offering Platform | NNMRA | Nigerian Non-Interest Financial Institutions' Master Repurchase Agreement |
| DMO | Debt Management Office | NPL | Non-Performing Loan |
| ED | Executive Director | NTA | Nigeria Tax Act 2025 |
| FCCPA | Federal Competition and Consumer Protection Act 2018 | PAPSS | Pan-African Payment & Settlement System |
| FGN | Federal Government of Nigeria | PFCs | Pension Fund Custodians |
| FMBN | Federal Mortgage Bank of Nigeria | SEC | Securities and Exchange Commission |
| FMDQ | FMDQ Exchange Limited | SERAP | Socio-Economic Rights and Accountability Project |
| FX | Foreign Exchange | TIN | Tax Identification Number |
| INEDs | Independent Non - Executive Directors | T+1 / T+2 / T +3 | Trade Date Plus One / Two / Three Days Settlement Cycle |
| IOSCO | International Organisation of Securities Commission | UFTF | Unclaimed Funds Trust Fund |
| ISA 2025 | Investment and Securities Act 2025 | USSD | Unstructured Supplementary Service Data |
| ISSB | International Sustainability Standards Board | VASPs | Virtual Asset Service Providers |
| KYC | Know Your Customer | | |
| LSE | London Stock Exchange | | |
| MPC | Monetary Policy Committee | | |
| MREIF | Ministry of Finance Incorporated Real Estate Investment Fund | | |
| MSMEs | Micro and Small Medium Enterprises | | |

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