

REGULATORY UPDATE

HIGHLIGHTS OF THE GUIDELINES, LETTERS, CIRCULARS AND NOTIFICATIONS ISSUED IN MARCH 2025





Dear Esteemed Client,

The Central Bank of Nigeria ("**CBN**"), the Securities and Exchange Commission ("**SEC**"), the Nigerian Data Protection Commission ("**NDPC**"), the Federal High Court ("**FHC**"), and the National Information Technology Development Agency ("**NITDA**") issued the following Press Releases, Circulars, and Guidelines in March 2025, containing information and directives for the Banking Industry, Insolvency Practitioners, Financial Markets, and Data Protection Sector. We hope that you find the information useful in your operations.

Please find the highlights below:

INVESTMENT AND SECURITIES ACT 2025



The new Investment and Securities Act 2025 significantly strengthens the regulatory powers of the Securities and Exchange Commission (SEC) in Nigeria. Key provisions include the explicit recognition and regulation of digital assets like cryptocurrencies, bringing them under the SEC's purview. This move aims to provide clarity and protection for investors in the burgeoning digital asset space while also curbing fraudulent activities. Furthermore, the Act introduces stricter measures against Ponzi schemes and other illegal investment schemes, with harsher penalties, including lengthy jail terms, for offenders. The Act also mandates the use of Legal Entity Identifiers (LEIs) for capital market participants to enhance transparency in securities transactions. It introduces new frameworks for regulating financial market infrastructures, such as clearing houses and trade depositories, and expands the SEC's authority over commodities exchanges. These reforms seek to align Nigeria's capital market with

international best practices, fostering a more secure and efficient investment environment while promoting market integrity and investor confidence.

SEC UPDATE ON FINANCIAL ACTION TASK FORCE LIST OF IDENTIFIED JURISDICTIONS IN FEBRUARY 2025

On the 13th of March 2025, SEC released a circular to all capital market operators, expert and stakeholders based on the outcome of the plenary meeting of the Financial Action Task Force (FATF). At the meeting, the FATF updated its list of high-risk jurisdictions subject to a call for action (black list jurisdictions) and jurisdictions under increased monitoring (grey list jurisdictions). The black list jurisdictions are Democratic People's Republic of Korea, Islamic Republic of Iran and Myanmar while Nigeria has been listed as a grey list jurisdiction along with Algeria, Angola, Bulgaria, Burkina Faso, Cameroon, Cote D'Ivoire, Croatia, Democratic Republic of Congo, Haiti, Kenya, Lebanon, Mali, Monaco, Mozambique, Namibia, South Africa, South Sudan, Syria, Tanzania, Venezuela, Vietnam, Lao People's Democratic Republic, and Nepal. Capital Market Operators, Experts and Stakeholders are required to implement Targeted Financial Sanction (TFS) on blacklist jurisdictions and to apply enhanced due diligence measures for any business relationship and



transactions linked to grey list jurisdictions, in line with relevant regulatory requirements.

For more information, please refer <u>here</u>:

SEC ADDITIONAL ENFORCEMENT MEASURES ON ERRING CAPITAL MARKET OPERATORS



The Securities and Exchange Commission (SEC) is reinforcing its commitment to a zero-tolerance policy for infractions within the Nigerian Capital Market. In line with its revised enforcement strategies, the SEC announced the implementation of a "name and shame" journal. Henceforth, the names of Capital Market Operators (CMOs) found to have violated market laws and regulations will be publicly disclosed in this journal. This publication is in addition to the existing sanctions and penalties prescribed under the Investments and Securities Act (ISA) 2005 and the SEC Rules and Regulations. This strategy reinforces the Commission's commitment to market integrity, investor protection, and regulatory compliance.

For more information, please refer <u>here</u>.

CBN NOTIFICATION OF SIGNED STATEMENT OF COMMITMENT TO THE NIGERIA FOREIGN EXCHANGE CODE BY THE CBN

In recognition of the FX Global Code as a set of principles representing good practice in the foreign exchange market, the CBN, in its role as regulator, affirms its commitment to conduct FX market regulation in accordance with the Code's principles. The Bank has taken necessary steps to harmonize its regulatory functions with these principles, considering the scale and intricacy of the Nigerian FX market.

For more information, please refer here.

CBN REVIEW OF TERMINAL ALLOCATION TO PRE-SHIPMENT INSPECTION AGENTS (PIAs) AND ALLOCATION OF PIAS TO MONITORING AND EVALUATING AGENTS

The Central Bank of Nigeria (CBN) has implemented a significant restructuring of the oversight framework for the country's crude oil and gas export sector. This involves a revised allocation of oil terminals to Pre-Shipment Inspection Agents (PIAs), and the introduction of Monitoring and Evaluation Agents (MEAs) to supervise their operations. The objective of this move is to enhance transparency and efficiency in the industry, ensuring greater accountability in the monitoring and evaluation of oil and gas exports. This new directive, which takes immediate effect, outlines the specific terminal assignments for each PIA and designates the MEAs responsible for their oversight. By clearly defining these roles and responsibilities, the CBN aims to streamline the processes involved in crude oil and gas exports, reduce potential for irregularities, and ultimately improve the overall management of this critical sector of the Nigerian economy.

For more information, please refer here

NITDA COLLABORATES WITH FLUTTRWAVE AND ALAMI TO DRIVE DIGITAL INCLUSION FOR NIGERIAN SMES

NITDA has signed a Memorandum of Understanding with Flutterwave and Alami aimed to bridge Nigeria's digital divide by



empowering SMEs with digital financial tools and promoting fintech innovation.

For more information, please refer <u>here</u>.

FEDERALHIGHCOURTCREATESINSOLVENCYUNITTOADDRESSCOMPANIES'RESTRUCTURING AND DISSOLUTION IN NIGERIA.

The Federal High Court has established an Insolvency Unit to streamline and improve the handling of company restructuring and dissolution cases in Nigeria. This Unit will oversee the implementation of laws related to Company Voluntary Arrangements (CVA), Administration, Receivership, Winding Up, and other restructuring processes, as outlined in laws like the Companies and Allied Matters Act and the Asset Management Corporation of Nigeria ("AMCON") Act. The Unit aims to provide specialized and standardized services, aligned with global best practices, and offer insolvency practitioners a dedicated channel for supervisory and enforcement services. It will also help modernize insolvency practices within the Nigerian legal system.

For more information, please refer here.

NDPC RELEASES A GENERAL APPLICATION AND IMPLEMENTATION DIRECTIVE (GAID) 2025

The NDPC General Application and Implementation Directive (GAID) 2025, issued by the Nigeria Data Protection Commission, serves to clarify and provide detailed guidelines for the application of the Nigeria Data Protection Act 2023. This directive is crucial for organizations handling personal data in Nigeria, as it outlines key provisions concerning data processing principles, lawful basis for processing, data subjects' rights, and mandatory compliance measures. Notably, the GAID repeals the previous Nigeria Data Protection Regulation (NDPR), establishing a new regulatory framework. Key aspects of the GAID include new registration and compliance audit requirements for Data Controllers and Processors of Major Importance (DCPMIs), a refined definition of DCPMI, and mandatory Data Protection Impact Assessment (DPIA) requirements for high-risk processing activities. The GAID also places emphasis on the appointment and certification of Data Protection Officers (DPOs), and sets out regulations regarding cross-border data transfers and the protection of vulnerable data subjects. The GAID aims to strengthen data protection practices in Nigeria, aligning them with international standards and fostering a culture of data privacy.

For more information, please refer here.

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