

Capital Market and Corporate Finance Department

Regulatory Update: President Bola Ahmed Tinubu Signs the Long-Awaited Investments and Securities Act 2025[1]

1. Introduction

On 29th March 2025, the Securities and Exchange Commission ("SEC") announced that President Bola Ahmed Tinubu signed the Investments and Securities Bill 2025 ("ISB") into law[2]. The ISB repeals the Investments and Securities Act No. 29, 2007 ("ISA 2007") and enacts the Investments and Securities Act 2025 ("ISA 2025"). The ISA 2025 contains reforms largely aimed at addressing 21st century issues not addressed in the ISA 2007.

2. Significant reforms

2.1 **Expanded definition of securities** – Section 357, ISA 2025 expanded the definition of securities to include digital assets and virtual assets, commodities and all forms of derivatives. This will herald a radical shift in the virtual assets and digital assets industry in Nigeria, as the recognition will ensure more transparency in the industry and reduce the government's wariness of virtual and digital assets. However, this recognition may inundate the industry with regulatory requirements, disrupting the current ease and expeditiousness of dealing in virtual assets and digital assets.

2.2 **Classification of exchanges** – The ISA 2025 also introduces more flexibility in how securities exchanges are structured. Section 27, ISA 2025 now classifies exchanges into composite exchanges, which offer all types of securities and non-composite exchanges, which specialise in a particular type of security. This allows the capital market to accommodate both general and specialised platforms.

2.3 **Derivatives** – According to section 357, ISA 2025, derivatives now encompass any financial instrument or contract that creates rights and obligations and whose market price, value, delivery or payment obligations are derived from, referenced to or based

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[1] **Corporate Finance & Capital Markets Department, S.P.A. Ajibade & Co., Lagos, Nigeria.**
[2] See, Secnigeria on Instagram, available at <https://www.instagram.com/p/DHzA9RCO5h9/?igsh=NW8ydmQ0anMxMjBy> accessed on 10th April 2025.

on the value of one or more underlying assets. The ISA 2025 went further to stipulate other provisions on derivatives, supplementing its rules on derivatives.

2.4 **Financial markets infrastructures** – For the first time, section 41, ISA 2025 has defined financial market infrastructure as any entity set up to carry out centralised, multilateral clearing, settlement, caching or recording activities, or provides a platform for trading securities and requires them to obtain prior registration with the SEC.

2.5 **Fraud prevention** – The ISA 2025 promises to forestall fraud in many quarters, particularly by Ponzi schemes or pyramid schemes. Section 357 ISA 2025 defines Ponzi or pyramid schemes as schemes that are unlicensed/unregistered, with no genuine product or service but promising its members returns based on funds drawn from new members or referrals. Such schemes are now expressly prohibited. Also, in an effort to tackle fraud and misleading practices, section 350 of the ISA 2025 imposes tighter controls on the use of industry-related titles and terminology. Individuals and entities are now prohibited from using terms like “broker,” “fund manager,” “investment,” “exchange,” or “securities” in their business names without the written approval of the SEC.

2.6 **The SEC’s authority to control only mergers and restructurings involving public companies** – The ISA 2025, in acknowledgement of the Federal Competition and Consumer Protection Commission's (“FCCPCs”) power over mergers, has now limited the requirement for the SEC’s approval for mergers and restructurings to only mergers and restructurings involving public companies.

2.7 **The independence of the SEC** – According to section 1(3), ISA 2025, the SEC shall be independent in the performance of its duties and functions as contained in the ISA 2025. This implies that the SEC’s decisions and operations should not be influenced by higher, subordinate, coordinate authorities, persons and establishments. This assertion of its independence is aimed at forestalling corruption and nepotism in the capital market and investment scene in Nigeria, strengthening investors’ and other market participants’ confidence.

2.8 **Composition of the Investment and Securities Tribunal (IST)** – Section 315, ISA 2025 has increased the required number of members of the IST from ten to twelve. By the Act, seven of the twelve members are to be legal practitioners (the Chairman, four full-time and two part-time members), while five are to be persons knowledgeable in capital market matters. Also, according to section 316, ISA 2025, the power to appoint the Chairman and members of IST is now in the hands of the President of Nigeria, based on the recommendation of the Minister of Finance.

3. Conclusion

The enactment of the ISA 2025 marks a clear shift toward broader coverage, alignment with global trends and best practices in the capital market and investment scene in Nigeria. The ISA will not only strengthen Nigeria's capital market and investment scene but will also allow for the flexibility of raising funds by Investors and guarantee investor protection as well.

The SEC has announced its plan for the seamless transition to the new regulatory framework, and we readily await this transition and enforcement.