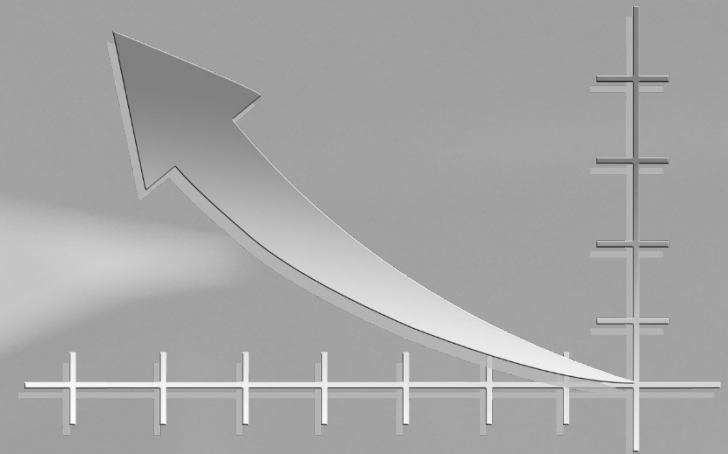


BUSINESS LAW RELATING TO SECURITIES AND INVESTMENTS IN NIGERIA

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1. Introduction

2. Business Law

3. Laws Relating to Securities & Investments

4. Highlights of Some Key Statutes

5. Dispute Resolution Mechanism

6. Emerging Trends

7. Conclusion

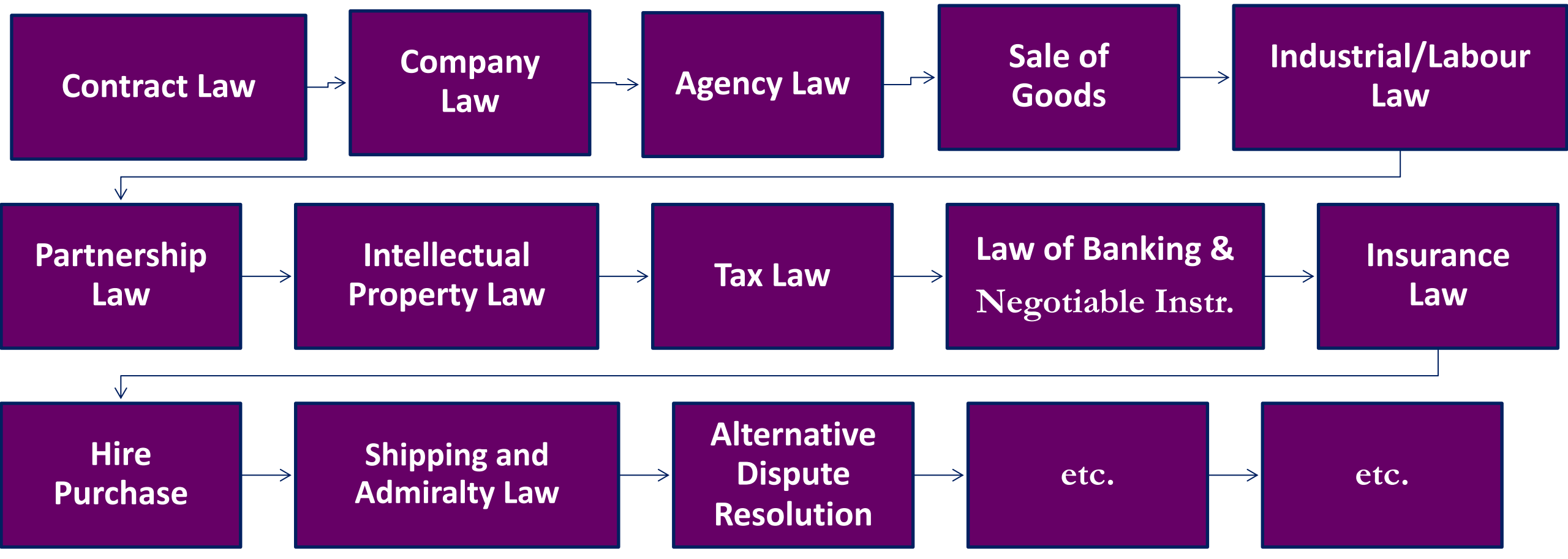
Law Relating to Securities & Investments

- ❖ In Nigeria, Securities and Investments are regulated by many laws and regulations aimed at driving capital formation for the growth of the economy
- ❖ The laws and regulations, among other things, seek to promote investments and protect investors
- ❖ Many of these laws and regulations apply to all businesses but there are those that apply specifically to securities and investments

Meaning of of Business Law

- ❖ Many definitions of law by different scholars
- ❖ To keep it simple, law is the body of principles, rules, regulations and practices that are recognized and enforceable in any society
- ❖ Business law is therefore the recognized and enforceable body of principles, rules, regulations and practices governing economic and commercial activities, transactions and interactions

Scope of Business Law



Importance of Business Law

- ❖ Promotion of trade and commerce
- ❖ Orderliness in commercial interactions
- ❖ Conflict resolution in commercial transactions
- ❖ Remediation of injuries suffered in commercial contracts

Securities and Investments

- ❖ Securities are financial assets/instruments that can be bought and sold in the capital markets
 - ❖ Capital markets is where companies and governments raise medium to long-term funds (capital) for operations, expansion or infrastructure projects by selling securities
 - ❖ Investment is the buying and selling of securities (financial assets/instruments)
 - ❖ Securities include shares/stocks, bonds and mutual funds representing equity, debt, hybrids and derivatives
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History and Milestones

- ❖ Pre-Independence: Beside English laws, some local legislations guided securities and investment activities in Nigeria. Central Bank of Nigeria (CBN) Act 1958 was enacted and CBN was established
 - ❖ 1960: The Lagos Stock Exchange was incorporated as a private company limited by guarantee, commencing operations in 1961
 - ❖ 1962: Exchange Control Act 1962 was enacted
 - ❖ 1962: Trustee Investment Act 1962 was enacted
 - ❖ 1962: CBN set up Capital Issues Committee
 - ❖ 1968: Company Act 1968 was promulgated
 - ❖ 1969: The Banking Act 1969 was promulgated
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History and Milestones

- ❖ 1979: The Securities and Exchange Commission Act, 1979 which established the Securities and Exchange Commission (SEC) was came into law.
 - ❖ 1988: the SEC Decree 1988 repealed the SEC Act, 1979 and expanded the powers of SEC
 - ❖ 1988: Privatization and Commercialization Decree 1988, was promulgated to guide the privatization and commercialization of some enterprises of Fed Government
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History and Milestones

- ❖ 1990: Companies and Allied Matters Act, 1990 (CAMA) came into force.
 - ❖ 1995: Nigerian Investment Promotion Commission Act 1995 enacted
 - ❖ 1995: National Office for Technology Acquisition and Promotion Act 1995
 - ❖ 1999: Investment and Securities Act 1999
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History and Milestones

- ❖ 2004: Money Laundering Prohibition Act 2004
 - ❖ 2007: Investments & Securities Act 2007
 - ❖ 2007: Central Bank of Nigeria Act 2007
 - ❖ 2020: Companies and Allied Matters Act 2020
 - ❖ 2022: Business Facilitation (Miscellaneous Provisions) Act 2022
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❑ Investments and Securities Act 2007 (ISA)

- ❖ Principal legislation for the Nigerian Capital Market
- ❖ Regulates all Capital Market operations, including securities trading and other investment activities.
- ❖ Aims to ensure investor protection, market integrity, and orderly conduct within the Capital Market
- ❖ Provides for stringent disclosures by companies issuing securities
- ❖ Established the Securities and Exchange Commission (SEC) as the apex regulator in the Capital Market and empowers it to:
 - Make rules and regulations for the market

❑ Investments and Securities Act 2007 (ISA)

- Register and regulate securities exchanges and other self-regulatory organisations as well as Capital Market operators
- Register and regulate the issuance of securities
- Intervene in the management and control of failing capital market operators
- Impose penalties and levies on defaulting capital market operators in appropriate cases

❑ **Companies and Allied Matters Act (CAMA) 2020**

- ❖ Established Corporate Affairs Commission charged with the responsibility of implementing CAMA 2020
- ❖ Makes provisions for the incorporation and regulation of companies and organizations doing business in Nigeria
- ❖ Provides for corporate governance and corporate accountability particularly for public limited liability companies
- ❖ Protects minority shareholders
- ❖ Increases disclosure requirements for companies
- ❖ Provides for the nature and types of shares and bonds (securities) to be issued by companies

❑ Nigerian Investment Promotion Commission (NIPC) Act

- ❖ Established the Nigerian Investment Promotion Commission for the purpose of promoting foreign investments in Nigeria
- ❖ Removed the ceiling on foreign investments in Nigerian companies
- ❖ Enlarged investment modes to include spare parts, raw materials etc
- ❖ Remittances of dividends, interest, capital in foreign currency for investments backed by certificate of capital importation
- ❖ Protection of foreign investments from arbitrary acquisition

❑ Business Facilitation (Miscellaneous Provisions) Act 2022

- ❖ Aims to promote the ease of doing business in Nigeria.
- ❖ Aims to remove statutory and regulatory bottlenecks
- ❖ Requires transparency and collaboration of MDAs in providing their services and products to businesses
- ❖ Provides timelines for approval of applications by MDAs
- ❖ Amended some provisions of CAMA 2020, Customs and Excise Management Act 2004, ISA 2007, Immigration Act, Financial Reporting Council Act, Trade Marks Act, Nigerian Investments Promotion Commission Act 1995, National Housing Fund Act, Industrial Training Fund Act, Pension Reform Act 2014 to bring them in line with the demands of modern business and the ease of doing business.



□ Cryptocurrency and Digital Asset Regulations

SEC Rules on the Issuance, Offering Platforms and Custody of Digital Assets
2022

This Rules provide a regulatory framework for the trading of digital assets in the Nigerian Capital Market. It outlines guidelines for issuance, trading, and custody of the digital assets, aiming to foster responsible innovation and address risks such as: money laundering, fraud, and investor protection concerns relating to digital assets.

□ Regulatory Sandbox for FinTech Innovations

The Regulatory Sandbox for FinTech Innovations, launched by the Securities and Exchange Commission (SEC) in 2021, offers a controlled environment for testing new finTech products and services. It allows finTech firms to experiment with innovative ideas under regulatory supervision, fostering innovation while ensuring consumer protection and regulatory compliance.

□ Green and Sustainable Finance

SEC Green Bonds Rules 2018

Following the increasing emphasis on Environmental, Social, and Governance (ESG) factors, SEC released the Green Bond Rules in 2018, providing a framework for the issuance of green bonds to finance environmentally friendly projects.

SEC defines a Green Bond as “any type of debt instrument, the proceeds of which would be exclusively applied to finance or refinance in part or in full new and/or existing projects that have a positive environmental impact”.

- ❖ Laws and regulations play an important role in the business of Securities and Investments
- ❖ Lawyers may be consulted where expertise in the laws and regulations is required to guide investment decisions, agreements and actions or for issuance of securities
- ❖ Professionals dealing with Securities and Investments will do well to have a general understanding of the relevant laws and regulations

Q & A

THANK YOU
