



# THE LEGAL ADVISOR

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## NEWSLETTER AT A GLANCE

### EDITOR'S NOTE

NIGERIA'S MERGERS & ACQUISITION: WHAT'S COOKING IN 2024?

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## EDITOR'S NOTE

Dear readers,

It is with great enthusiasm that we present to you the inaugural edition of "The Legal Advisor", an exclusive online newsletter brought to you by the Corporate Commercial Department of Tope Adebayo LP.

In this issue, we're taking a fun yet insightful dive into the future! Join us as we gaze into our crystal ball to forecast the exciting trends set to revolutionize Nigeria's capital markets in 2024. We'll explore the buzzing potential of hot deals in the M&A sector, ponder if SPACs will skyrocket in Nigeria, and examine how Capital Aggregators are mobilizing funds to fuel Nigeria's growth.

Keeping the excitement going, we've also got our eyes on some cutting-edge developments! Think artificial intelligence, decentralized capital markets, real-time payments, and data analysis. Additionally, we're diving into the world of sustainable investment - from the allure of green financing to the expanding perspective of ESG investing.

And here's something handy - our compliance reminder pane! It's designed to keep your business on track and free from those pesky regulatory fines or operational hiccups. Consider it your go-to guide for compliance, helpful all year round.

We welcome your engagement and feedback to ensure we cover topics most relevant to you in future newsletters. Please reach out with any questions or insights to share. Thank you for reading - we look forward to continuing the conversation!

Sincerely,

*The Corporate Commercial Desk*



## Nigeria's Mergers & Acquisition: What's Cooking in 2024?

**A**s we step into 2024 enthusiasm is building up in Mergers & Acquisitions (M&A) amid interesting developments in Nigeria.

The Central Bank of Nigeria (CBN) recently announced plans to [raise minimum capital requirements for banks](#) from N25 billion to N100 billion. This looming recapitalization has the potential to catalyze the next wave of banking consolidation. We expect a surge of mergers between mid-sized banks seeking to scale, while larger banks may acquire smaller banks. In 2024, there is likely to be a significant reduction in the total number of banks in Nigeria.

[With the privatization of state assets on the cards](#), deals will heat up in power, infrastructure and transport sectors. The capital market will experience a boost if the privatization is undertaken via the stock exchange.

The oil and gas sector remains compelling [as international oil companies \(IOCs\) pack up their rigs and leave Nigeria's onshore and marginal oil fields](#), providing a golden opportunity for local players. The Petroleum Industry Act, with its focus on boosting local content, has kicked open the door for indigenous exploration and production (E&P) companies to step up and claim their stake. This shift is likely to trigger a wave of consolidation within the Nigerian E&P space, as smaller companies merge to pool resources, expertise, and capital to compete effectively with established players.

Despite a dip in venture funding in 2023, Nigeria's start-up ecosystem is expected to continue humming along. As founders expand into new markets and new ventures, restructuring into holding structures will pave the way for consolidation, fundraising, and strategic stake sales to new investors. And for startup investors, whether angels or VCs, a buyout may deliver that juicy return they've sweated years for. So, while going the M&A route means sacrificing full control, founders and investors gain partners and resources to reach new heights and corporations

receive the secret sauce of renewal through innovation injection. That combo of fresh thinking and exciting talents makes acquisitions a potent recipe for rebirth!

### IP: The Unsung Hero

Intellectual property (IP) will be the silent partner in the M&A waltz, its value influencing every step. As sectors like technology and healthcare witnessed increased M&A activity, understanding and protecting IP will be more critical than ever. Thorough due diligence will be crucial to identify and assess the IP rights being transferred, ensuring value protection for both sellers and buyers, post-acquisition. Clear warranties and indemnities regarding ownership, validity, and non-infringement will be key to mitigating risks.

### SPAC: The New Kid on the Block?

The Nigerian Securities and Exchange Commission (SEC) laid the groundwork [for Special Purpose Acquisition Companies \(SPACs\)](#) when it released Regulations on SPACs in 2021 and its [proposed New Rule](#). While it might not be in full swing yet, here's what to expect:

- **A Gradual Start:** Don't expect a SPAC flood in 2024. The minimum IPO size (₦10 billion) might limit player participation, but the rules could be tweaked to allow smaller SPACs.
- **Foreign Flavor:** Foreign investors could be interested in Nigerian SPACs, but ensuring easy access to foreign exchange for repatriation will be crucial.
- **Promoter Power:** SPACs need strong sponsors with proven track records and expertise to attract investors.





- **Finding the Right Fit:** Can SPACs find suitable acquisition targets within their 2-year timeframe? Nigeria's growing startup ecosystem might offer some promising options.
- **Listing Dilemma:** SPACs will need to decide between the Nigerian Stock Exchange and offshore exchanges, considering listing requirements and costs. The SEC will have to tread a fine line between regulation and fostering growth.

Overall, SPACs might take some time to truly heat up in Nigeria, but the long-term potential is undeniable. 2024 might be about learning the ropes, but the future could see SPACs playing a bigger role in Nigeria's M&A scene. With regulatory oversight in place and with perks like quicker access to capital, Nigerian investors, companies and other high-growth startups should seriously consider the SPAC route in 2024.

While the M&A momentum looks promising, issues around policy consistency, forex liquidity, and transparent regulations need attention for sustaining deal activity. Overall, M&A looks set to scale new highs in 2024 as investors seek exposure to Nigeria's huge potential.

Do reach out if your plans involve dealmaking - we can help you with expert guidance and advice.

### **Capital Aggregators: Mobilising Capital to Fund Nigeria's Growth.**

The asset management industry in Nigeria is projected to continue on the path of steady growth in 2024, [with total assets under management estimated to reach 4 trillion naira by the end of the year](#). As capital aggregators, fund managers will leverage their expertise to channel funds from institutional and retail investors into productive investment opportunities.

Capital Aggregators can be the brick and mortar firms like banks and pension funds administrators, or digital investment platforms. Funds like mutual funds, hedge funds, private equity funds and venture capital funds pool resources from retail, institutional

and accredited investors to invest in money markets, stocks, fixed-income securities, real estate and agriculture. These platforms are not only making investment assets accessible to more Nigerians they are also bridging a much-needed financing gap in the country and may be a great source for startups and companies looking for funds for operating expenditure (OPEX) and capital expenditure (CAPEX).

Growth will rely on maintaining investor confidence through sound governance and adherence to SEC regulations on issues like licensing, risk management, disclosure and fund governance. Strict enforcement of rules and new guidelines aimed at enhancing investor protections is pivotal.

In parallel, we expect [crowdfunding platforms](#) to gain relevance as an alternative funding source, especially for creative ventures. Increased broadband penetration and fintech innovation will enable more efficient linkage between fundraisers and interested funders. But proactive regulations will be essential for orderly development of crowdfunding and preventing abuse. [SEC rules](#) will need to strike a balance between flexibility and investor protections around areas like fundraiser registration, disclosure requirements and platform accountability. Building investor understanding of risks will also be crucial.

If prudently regulated and governed, both asset managers and crowdfunding platforms can enhance their position as capital aggregators, funneling Nigeria's expanding pool of funds into productive uses and supporting broader economic growth.

# The Road to 2024: Nigeria's Capital Markets Gear Up for a Green Future

**W**ith the urgency of climate change underscored by the 2023 UN Climate Summit held in Dubai, UAE, Nigeria's capital markets are poised to play a crucial role in catalysing finance for climate resilience investments in the coming years.

In 2024, we can expect green bonds and other sustainable finance instruments to gain further traction as regulators and companies align with global net zero emissions targets. Initiatives like the [FMDQ's Green Exchange project](#) will likely accelerate.

Heightened environmental, social and governance (ESG) awareness among institutional investors and corporate bodies will also drive markets toward more sustainable business practices. More firms will integrate ESG factors into their investment processes and operations.

While the transition will take time, the local markets have demonstrated some commitment to supporting climate-aligned investments. With thoughtful regulations, reporting frameworks and partnerships, Nigeria's capital markets can mobilize the patient long-term capital needed to mitigate climate risks and unlock a greener future.

## Green Bonds: Financing a Greener Future

Green bonds have emerged as a powerful tool for financing environmentally friendly projects. From renewable energy initiatives to sustainable infrastructure, these bonds are shaping a pathway toward a greener future. In 2017, the Federal Government of Nigeria issued its first sovereign green bond – making Nigeria the first African country and the fourth country globally to issue a sovereign green bond. This is geared towards making the country compliant with the implementation of the Paris Agreement 2015. According to the Nigerian Green Bond Market Development Programme [Impact Report](#) (2018-2021), N47.82 billion has been raised through the issuance of Green



Bonds in Nigeria, and over 500 capital markets professional have been trained and five (5) green issuers have been provided technical assistance to support their issuances.

## Green Financing: Aligning Investments with Sustainability

Green Financing, however, goes beyond bonds, encompassing a broader approach to align financial activities with sustainability goals. Businesses and investors are integrating green financing into their strategies, promoting eco-friendly practices and responsible investment decisions. An example is [Letshego Nigeria Microfinance Bank](#) which drums support for the growth of Nigeria's Green Economy by providing affordable financing for individuals and small businesses. They offer reduced rates to encourage more Nigerians to adopt a sustainable lifestyle.



## ESG Awareness: Investing with a Purpose

Environmental, Social, and Governance (ESG) factors now play crucial roles in shaping responsible investment decisions. ESG portfolio advancement has moved from just a moral imperative to the fore of strategic business decisions. The various advantages of advancing an investment portfolio with ESG principles include risk mitigation, improved brand reputation, and attracting socially conscious investors. This sustainability approach can in turn lead to long-term financial success. ESG awareness and implementation of such strategies tend to increase market share, employee retention and increased profitability of ESG compliant companies.

With a new administration in place, Nigeria's sustainable finance landscape looks poised for further growth in 2024. We expect to see more debut green bond issuances as Nigerian entities look to tap into growing investor appetite for sustainable assets.

More companies will likely adopt robust green bond frameworks that adhere to the principles of integrity, transparency and reporting. Regulators may also introduce incentives and guidelines to accelerate innovation in instruments like sustainability-linked bonds. Beyond green bonds, ESG integration will gain further momentum as asset managers increasingly adopt impact investing. Reporting on sustainability metrics and impacts will become more sophisticated across the market.

While in its early days, the roots of sustainable investing have taken hold in Nigeria. With supportive policies and industry commitment, 2024 could see many more green shoots emerge across the nation's capital markets and financial institutions.

## Catching up with Innovative Financing in 2024

**A**s we journey into the future, the intersection of technology and finance is becoming increasingly pronounced, revolutionizing the way we perceive and engage with the financial world. Let's look at how emerging technologies are reshaping finance, opening new possibilities and the perceived prospects it holds for 2024.

### 1. Emerging Artificial Intelligence (AI) Trends

Artificial Intelligence (AI) is no longer a distant prospect; it is now a driving force behind groundbreaking innovations in the financial sector. AIs with predictive capabilities such as Microsoft Azure ML, IBM Watson Studio, H2O Driverless AI, robo-advisor,



robo-trading, etc, stand out as transformative trends. These AIs use machine learning to determine the future and prevent bad financial outcomes by using available financial data to identify early warning signs. These AIs can automate investment strategies, leverage AI algorithms to analyze market trends and even execute trades swiftly for you.

### 2. The Future – Decentralized Capital Markets

Blockchain technology and decentralized finance (DeFi) are poised to transform traditional capital markets. Soon, we could see the emergence of decentralized debt and equity exchanges powered by blockchain and digital assets. This would enable transparent, efficient capital raising and trading without centralized intermediaries.

However, for Nigeria to realize this, the regulatory environment needs to evolve in tandem. As decentralized platforms potentially replace functions of traditional exchanges, regulators like the Securities and Exchange



Commission (SEC) will play a crucial role.

Key focus areas for regulators will include crafting rules to manage risks around volatility, custody and settlement of digital asset transactions. Robust know-your-customer (KYC) and anti-money laundering (AML) controls will need to be implemented for decentralized platforms and wallet providers. Disclosure requirements will help protect investors in initial coin offerings and tokenization of securities. Kudos to the CBN for the just released [Guidelines on Operations of Bank Account for Virtual Assets Service Providers 2023](#).

Upgrading Nigeria's capital market regulations to accommodate decentralized instruments and entities will enable the nation to harness the benefits of blockchain while safeguarding financial stability and integrity. The potential gains in efficiency and access warrant proactive engagement by regulators and industry leaders alike to chart the optimal path forward.

### 3. Real-Time Payments (RTPs) and Real-Time Data Analysis

Real-time payments (RTPs) now facilitate instant local and cross-border transfers through fintech apps and mobile money. Real-time data analytics also enables dynamic and responsive financial decision-making.

However, with these accelerations come risks around areas like money laundering, data privacy and consumer protection. Real-time abuse can spread rapidly. Regulators like the CBN and SEC face the challenge of crafting nimble regulations attuned to real-time finance.

For RTPs, focus areas could include setting limits on transaction

values and enhancing monitoring of suspicious transactions. Data privacy laws will need to evolve to cover issues like informed consent for data sharing from bank APIs. Consumer protection will require ensuring ease of dispute resolution and liability apportionment for instant payments.

Keeping regulations timely will enable Nigeria to harness the efficiency of real-time finance while safeguarding user interests and financial stability. Close collaboration between regulators and industry stakeholders will be key to developing win-win solutions. The future may be real-time, but thoughtful real-time regulation will be critical.

### Catch-Up Strategies

As a stakeholder, you should ensure that you operate in this innovation-finance space within the operational standards such as the [CBN Regulation for Electronic Payment and Collection for Public and Private Sectors in Nigeria \(Revised\) 2019](#), the CBN Guidelines on Operations of Bank Accounts for Virtual Assets Service Providers 2023; ensure that the legal requirement to obtain consent and maintain the privacy of data subjects are observed; ensure compliance with cross-border data protection regulatory frameworks (where applicable), and be abreast with the legal implications that may arise from failure to adhere to regulations.

As a daily user, you can explore the goodness in mobile banking apps and/or digital wallets; open banking, blockchain-based remittance platforms, and predictive AIs. Familiarizing oneself with these technologies and opting for providers that embrace innovation can lead to better financial decisions and transactions. While exploring, you should be cautious about sharing sensitive information to and from these platforms and ensure that your chosen

platforms adhere to stringent security and privacy standards.

As regulators, regulations emphasizing the encryption of customer data and the implementation of robust cybersecurity measures for remittance, RTPs and real-time data analysis services should be adopted; we can take a cue from the [United Kingdom's National AI Strategy](#), [the European Union's Markets in Crypto-Assets Regulation \(MiCA\)](#) and [the European Union's Artificial Intelligence Act 2023](#) to update our regulations. The recently released Guidelines on Operations of Bank Accounts for Virtual Assets Service Provider by the CBN is a step in the right direction. Regulators may need to work closely with industry stakeholders to establish standardized security protocols that are well customized. Specifically for remittance, given the global nature of its technology, there is a need for harmonized regulations to ensure consistency.

Rapid technological advances are transforming Nigeria's financial landscape, bringing innovations like instant payments, decentralized finance and AI analytics. These innovations promise greater efficiency, access and insights.

However, risks around data privacy, consumer protection and financial stability remain. As regulators like CBN and SEC enable innovation, they must craft nimble regulations to safeguard users and the financial system. Areas to focus on include setting transaction limits, enhancing identity verification, ensuring accountability of new providers and boosting data security.

Nigeria stands to gain tremendously by harnessing emerging technologies to expand financial inclusion and efficiency. But this requires balancing innovation with thoughtful regulation centered on protecting consumers and maintaining integrity. Proactive collaboration between regulators and innovators will be key to realizing the promise of an innovative yet

# 2024 COMPLIANCE REMINDER PANE

## Introduction

The regulatory framework for businesses in Nigeria has undergone notable transformations with the introduction of new laws and regulations in 2023. These statutory and regulatory changes have either modified existing compliance requirements or ushered in new obligations to align with emerging trends.

Considering current statutory and regulatory provisions, we have highlighted below some key compliance requirements for 2024.

S/N	REQUIREMENTS	REGULATOR	DEADLINE/ FREQUENCY
<b>General</b>			
1.	Annual Returns	Corporate Affairs Commission	42 days after the Annual General Meeting
<b>Tax and Other Remittances</b>			
2.	Company Income Tax (CIT) Returns	Federal Inland Revenue Service	Six (6) months after the end of 2023 accounting year
3.	Payment of CIT	Federal Inland Revenue Service	Six (6) months after the end of the 2023 accounting year
4.	Pay As You Earn (PAYE) Returns	State Inland Revenue Service	31 <sup>st</sup> January 2024
5.	Remittance of PAYE	State Inland Revenue Service	10 <sup>th</sup> of every month following the month of deduction
6.	Value Added Tax	State Inland Revenue Service	21 <sup>st</sup> of every month
7.	Withholding Tax	Federal Inland Revenue Service	21 <sup>st</sup> of every month



8.	Tertiary Education Tax	Federal Inland Revenue Service	Six (6) months after the end of your company`s 2023 accounting year
9.	Social Security Contributions	Nigeria Social Insurance Trust Fund (NSITF)	21 <sup>st</sup> of every month
10.	Contribution to Training Funds	Industrial Training Fund.	31 <sup>st</sup> March 2024
<b>Data Protection and Privacy</b>			
11.	Data Protection Compliance Audit Returns	Nigeria Data Protection Commission	15 <sup>th</sup> March 2024
12.	Notification of Personal Data breach	Nigeria Data Protection Commission	72 hours of occurrence
<b>Publicly Listed Companies</b>			
13.	Submission of quarterly financial statements	Securities and Exchange Commission and NGX Regulation Limited	The end of the month following each quarter
14.	Publication of quarterly accounts in at least two (2) national daily newspapers	Securities and Exchange Commission and NGX Regulation Limited	Five (5) business days after the date of filing
15.	Quarterly Forecast	NGX Regulation Limited and Securities and Exchange Commission	20 days before the commencement of a quarter
16.	Half Yearly Returns	Securities and Exchange Commission	30 <sup>th</sup> August 2024
17.	Report of Unclaimed Dividends	Securities and Exchange Commission	Twice yearly - 31 <sup>st</sup> January and 31 <sup>st</sup> July 2024
18.	Submission of 2023 Audited Account	NGX Regulation Limited and Securities and Exchange Commission	3 months from the end of the financial year
19.	2023 Annual Report and Audited Account	Financial Reporting Council	60 days from Board's approval
20.	Payment of Annual Subscription fee	Financial Reporting Council	Not later than 120 days from the beginning of the 2024 financial year
21.	Yearly Returns on Corporate Governance (Form 1)	Securities and Exchange Commission	On or before 31 <sup>st</sup> January 2024
22.	Reporting on the application of the Nigerian Code of Corporate Governance 2018	Financial Reporting Council and NGX Regulation Limited	Not later than 3 months from the end of the financial year. That is, 31 <sup>st</sup> March 2024 for companies whose financial year ends on 31 <sup>st</sup> December 2023
23.	Notice of 2024 Annual General Meeting (AGM)	Securities and Exchange Commission and NGX Regulation Limited	21 or 28 days (depending on the Meeting's Agenda) before the AGM
<b>AML/CFT</b>			
24.	Registration of Designated non-Financial Businesses and Professions with Special Control Unit against Money Laundering (SCUML)	Special Control Unit against Money Laundering (SCUML)	After incorporation but not later than 3 months after commencement of business activities.
25.	Cash Based Transaction Report/ Currency Transaction Report (CTR)	Nigerian Financial Intelligence Unit (NFIU) / Special Control Unit against Money Laundering (SCML)	7 days from the date of the transaction
26.	Suspicious transaction reports (STR)	Nigerian Financial Intelligence Unit (NFIU) / Special Control Unit against Money Laundering (SCML)	24 hours after the occurrence
<b>Companies with Foreign Participation</b>			
27.	Business Permit	Federal Ministry of Interior	One-off
28.	Business Registration	Nigerian Investment Promotion Commission	After incorporation but before commencing any business operation.
29.	Expatriate Quota Renewals	Federal Ministry of Interior	3 years after the initial issue or 2 years for second renewals.
30.	Expatriate Quota Returns	Federal Ministry of Interior	First week of each month
31.	Share capital increase to the minimum threshold of N100,000,000	Corporate Affairs Commission	One-off*



<b>Insurance**</b>			
32.	Submission of Directors' list	National Insurance Commission	30 <sup>th</sup> January & 30 <sup>th</sup> July 2024
33.	Submission of the Minute of Board meetings	National Insurance Commission	Not later than 30 days after the end of each quarter
34.	Submission of Board Evaluation Report for 2023	National Insurance Commission	31 <sup>st</sup> March 2024
35.	Reporting on the application of the Nigerian Code of Corporate Governance 2018	National Insurance Commission	31 <sup>st</sup> March 2024
<b>Financial Services**</b>			
36.	Submission of 2023 Audited Accounts	Central Bank of Nigeria	The end of the fourth month following the end of the 2023 financial year.
37.	Money lenders license	Magistrate's Court/Ministry of Home Affairs and Tourism	Annual
<b>Oil &amp; Gas**</b>			
38.	Estimated Petroleum Profit Tax (PPT) Returns	Federal Inland Revenue Service	2 months after commencement of the company`s accounting period
39.	Final PPT Returns	Federal Inland Revenue Service	5 months after the end of the company`s accounting period
40.	Hydrocarbon tax	Federal Inland Revenue Service	Annually for the frequency.
41.	Submission of list of contracts or purchase orders below and above \$1,000,000 to be bid or executed in the next quarter	Nigerian Content Monitoring Board	30 days before commencement of each quarter
42.	Employment and Training Plan	Nigerian Content Monitoring Board	Annually
43.	Employment and Training Report	Nigerian Content Monitoring Board	Quarterly
44.	Submission of Research and Development Plan	Nigerian Content Monitoring Board	Annually
45.	Research and Development Report	Nigerian Content Monitoring Board	Quarterly
46.	Submission of Legal, insurance, and Financial Services Report	Nigerian Content Monitoring Board	Every six months
47.	Technology Transfer Plan and Report	Nigerian Content Monitoring Board	Annually
48.	Annual Nigerian Content Performance Report	Nigerian Content Monitoring Board	2 <sup>nd</sup> March 2024
49.	Renewal of Oil and Gas Industry Service Permit (OGISP)	Nigerian Upstream Petroleum Regulatory Commission	One year from the date of issue of last renewal

\* This is further to the circular issued by the Corporate Affairs Commission on the 5<sup>th</sup> of December 2023 requesting companies with foreign participation to increase their share capital to N100 million. However, the circular is subject to amendment and clarification from the Corporate Affairs Commission.

\*\*The above industry-specific compliance requirements are not exhaustive and may vary depending on the subsector or specific license held.

The compliance requirements for each organization varies based on industry requirements, business strategy, and operational plans for 2024. Also, laws and regulations are bound to evolve with the changing trends in each industry and sector. In 2024, we anticipate a heightened focus on the regulation of emerging sectors such as finance and technology considering the continuous advancement of financial services and the global shift towards a more digitalized environment. To minimize compliance risks and liabilities, we should pay attention to the trends and changes in applicable laws and regulations that may occur in 2024.

For more guidance on your company's compliance obligations in 2024, kindly contact us at [cosec@topeadebayolp.com](mailto:cosec@topeadebayolp.com).

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*Wishing you a happy  
New Year!*

