

President Tinubu Signs the Investment and Securities Act 2025 Into Law

Introduction

In a significant move to bolster Nigeria's capital market, President Bola Ahmed Tinubu signed the Investment and Securities Act (ISA) 2025 (the "Act") into law on March 29, 2025. The Act replaces the ISA 2007 and introduces far reaching reforms aimed at modernizing Nigeria's investment framework.

This landmark legislation aimed at bringing the Nigerian capital market at par with its global competitors introduces a more robust legal framework to enhance market transparency, improve regulatory oversight, strengthen investor protection and promote economic growth by attracting both local and foreign investments, thus, ensuring that Nigeria's capital market remains resilient and competitive in the global financial ecosystem.

¹EXPLAINER: What to know about Investments and Securities Act 2025 Just Signed by Tinubu - Business Metrics

Key Highlights of the Act

Some of the key provisions of the new legislation include:¹

1. Enhanced Regulatory Powers for the Securities and Exchange Commission (SEC):

The Act amplifies the SEC's authority, aligning it with international standards set by the International Organization of Securities Commissions (IOSCO). This ensures Nigeria retains its "Signatory A" status under IOSCO's Enhanced Multilateral Memorandum of Understanding (EMMoU).

2. Classification of Securities Exchanges: The Act introduces a dual classification system for securities exchanges:

- Composite Exchanges: Platforms where all categories of securities and products can be listed and traded.
- Non-composite Exchanges: Exchanges focusing on a singular type of security or product.²

3. Recognition of Virtual Assets:

For the first time, virtual assets such as cryptocurrencies, blockchain and investment contracts are explicitly recognized as securities, bringing Virtual Asset Service Providers (VASPs), Digital Asset Operators (DAOPs), and Digital Asset Exchanges under the SEC's regulatory purview.

4. Regulation of Financial Market Infrastructures:

The Act establishes a comprehensive framework for entities such as Central Counter Parties, Clearing Houses, and Trade Depositories, ensuring robust oversight and systemic risk management within the financial market..

5. Enhanced Fundraising Options for Sub-National Governments and Their Agencies:

The Act grants state governments and their agencies greater flexibility in raising funds through the capital market, opening new financing avenues for infrastructure development and other projects.

6. Mandatory Use of Legal Entity Identifiers (LEIs):

The Act mandates the use of Legal Entity Identifiers (LEIs) for all capital market participants, providing unique global identifiers for legal entities involved in financial transactions to improve market transparency and regulatory oversight.

7. Exemption of Financial Market Infrastructure Transactions from General Insolvency Laws:

The Act introduces provisions that exempt transactions facilitated through or involving Financial Market Infrastructures such as Central Counter Parties, Clearing Houses, and Trade Depositories from the application of general insolvency laws. This measure ensures the continuity and stability of critical market infrastructures even during insolvency proceedings affecting participating entities.

²<https://www.thisdaylive.com/index.php/2025/03/30/in-major-boost-to-capital-market-tinubu-signs-investments-and-securities-bill-2025/>. Accessed 2nd April 2025.

8. Support for Commodities and Derivatives Trading:

Provisions are made for the regulation of Commodities Exchanges and Warehouse Receipts, aiming to develop the entire commodities ecosystem and facilitate structured financing in sectors like agriculture and mining.

It introduces a comprehensive legal framework for derivatives trading, allowing investors to hedge against risks in foreign exchange, interest rates, and commodity price fluctuations.

9. Strengthening the Investments and Securities Tribunal (IST):

The ISA 2025 introduces key amendments to enhance the effectiveness of the Investments and Securities Tribunal (IST). The Act modifies provisions from the repealed ISA 2007 relating to Composition

of the Tribunal, Constitution of the Tribunal, Qualification and appointment of the Chief Registrar and Jurisdiction of the Tribunal. These amendments aim to strengthen the Tribunal's ability to efficiently discharge its mandate, ensuring quicker resolution of capital market disputes and increasing investor confidence in the legal framework governing securities transactions.

10. Stricter Penalties for Unlawful Investment Schemes:

The Act imposes stringent penalties, including significant fine of N5,000,000 (Five Million Naira) or imprisonment for a term of ten (10) years, on operators of Ponzi or Pyramid schemes or market manipulation, insider trading, securities fraud, and other prohibited investment activities, reinforcing the government's commitment to safeguarding investors.

Conclusion

The Act marks a turning point in Nigeria's capital market by introducing robust reforms designed to strengthen regulatory oversight, boost investor protection, and ensure market integrity. By embracing global best practices, it modernizes financial market infrastructure, enhances transparency, and streamlines dispute resolution through the Investments and Securities Tribunal (IST).

With key initiatives such as recognizing virtual assets as securities and mandating Legal Entity Identifiers (LEIs) for improved transparency and risk management, Nigeria is set to attract both institutional and retail investors. Ultimately, the successful implementation of these measures will be

crucial for driving market efficiency, spurring economic growth, and maintaining long-term stability in the capital market.

In view of the above, the SEC is set to develop comprehensive guidelines to provide further clarification for capital market participants while initiating awareness programs to educate stakeholders and facilitate smooth adaptation to the updated regulatory framework.

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Stren & Blan Partners is a full-service commercial Law Firm that provides legal services to diverse local and multinational corporations. We have developed a clear vision for anticipating our clients' business needs and surpassing their expectations, and we do this with an uncompromising commitment to Client service and legal excellence.

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Our pride in ensuring the satisfaction of our clients leads to the continuous reassessment of our objectives in order to align with our client's needs. This continuous need for growth has led to our firm being nominated by the MANAGING IP Awards 2025 as FIRM OF THE YEAR, The Patent Lawyer Magazine Law Firm Rankings

2025 as AWARD WINNING LAW FIRM 2025 and 2025 Chambers Global Guide for excellence in Intellectual Property and TMT (Technology, Media & Telecommunications). This and other nominations and awards remain a testament of our excellent service to all.



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