



Regulatory Progress in Nigeria's Gaming Industry: Implications of the Federation of State Gaming Regulators of Nigeria (FSGRN)'s Subnational Licensing Framework

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Introduction

The decades-old debate and tussle between the federal and state governments on the extent of regulatory powers over gaming and lottery in Nigeria was recently settled in ***Attorney-General of Lagos State v Attorney-General of the Federation***.¹ The Supreme Court clarified that gaming and lottery activities do not fall within the Exclusive or Concurrent Legislative Lists of the 1999 Constitution and hence remains under the legislative competence of the states pursuant to Section 4(7) of the Constitution of the Federal Republic of Nigeria (1999) (as amended).²

In response to this clarification and the consequent invalidation of the National Lottery Regulatory Commission's (NLRC) authority outside the Federal Capital Territory (FCT), the Federation of State Gaming Regulators of Nigeria (FSGRN) established the Universal Reciprocity Licensing Framework (URL Framework). Following discussions among representatives of its member states, the FSGRN adopted the Framework on 7th May 2025.

¹ SC/1/2008

² Constitution of the Federal Republic of Nigeria, 1999 (as amended), Section 4(7); Supreme Court decision in AG Lagos State & 21 Ors v AG Federation & 15 Ors – SC/1/2008.

Background: The Shift from Federal to State Regulation

Before the Supreme Court's ruling, the NLRC, established under the National Lottery Act 2005 (NLA), operated under the wrong assumption of having nationwide regulatory jurisdiction. This led to regulatory uncertainty and an unnecessary duplication of compliance requirements at both the federal and state levels. The Court rightly restricted the NLRC's reach to the FCT, which effectively mandated solely state-level licensing for operators and invalidated NLRC licenses issued for operations outside Abuja. While the decision reflects a correct interpretation of constitutional provisions, it has introduced additional challenges, particularly for online gaming and lottery operators whose activities span multiple states. In the

absence of a uniform, reciprocal regulatory framework, operators would need to obtain separate licenses and comply with various state regulations, which are not only burdensome, but also risk discouraging investment in the industry.

In reaction to the legal and operational challenges created, the FSGRN, comprising a coalition of state-level lottery and gaming regulators from Lagos, Ogun, Rivers, Delta, Enugu, Anambra, Edo, Nasarawa, Plateau, Osun, and Kwara States, among others,³ moved to establish a harmonised structure for obtaining licenses through mutual recognition among member states for the operation of Online Sports Betting, Online Casino, Public Online Lottery, and Promotional Competitions.

³ There are currently about 24 member states as stated in the official website of the FSGRN, retrieved from <https://fsgrn.org/post-3/>, accessed on 26th June 2025.

The Universal Reciprocity Licensing (URL) Framework

The URL Framework is a collective licensing system designed to streamline regulatory compliance across participating states. It enables a license issued in one FSGRN member state to be recognised in all other member states, subject to standard disclosure, operational alignment, and compliance with ethical standards.⁴

The key objectives of the framework are to reduce the burden of duplicative licensing across multiple states, enhance legal certainty for both operators and regulators, promote collaboration among subnational regulators while respecting state autonomy, and ensure continuity for operators transitioning

from federal to state-level compliance.

This initiative is anchored on co-operative federalism and modelled, in part, on cross-border licensing standards seen in federations such as the United States and Canada, where reciprocal recognition of regulatory approvals fosters scale and operational uniformity across states.⁵

Henceforth, all operators seeking to operate within any of the member states, whether with existing NLRC or state-issued licenses, must obtain a Universal Reciprocity Certificate (URC) through the FSGRN Secretariat.

⁴ FSGRN Signs Landmark Universal Licensing Agreement; Grants Fee Waiver to NLRC Licensees; <https://igamingafrika.com/fsgrn-signs-landmark-universal-reciprocity-licensing-agreement-2025-license-fee-waiver-announced-for-nlrc-licensees/> accessed on 26th June 2025

⁵ Comparative models: US Multi-State Lottery Association; Canadian Interprovincial Lottery Corporation.

As a transitional safeguard, the FSGRN put in place a 2025 license fee waiver for affected NLRC licensees with operations outside the FCT but are now deemed unauthorised under the new framework. The waiver applies exclusively to NLRC license holders who regularise their status under the URL regime by 31st December 2025.⁶ This approach seeks to alleviate the

burden on operators who have incurred significant costs for the license under the now-invalid federal regime. Additionally, it allows existing operators to continue operations while transitioning to state-compliant licenses, and signals regulatory stability, which are both crucial for investor confidence during legal transitions.

⁶ African Gambit, 'Nigeria Adopts Single Licence Framework for Gaming Operators Across Member States' (9 May 2025) <https://africangambit.com/nigeria-adopts-single-license-framework-for-gaming-operators-across-member-states/> accessed 28 June 2025.

Implications for Stakeholders

1. Legal Clarity and Harmonisation:

Operators now enjoy relative clarity and predictability in regulatory expectations, especially across multiple jurisdictions.

2. Enhanced Investment Confidence:

With clearer legal footing and cooperative state policies, the gaming sector is becoming more attractive to local and foreign investors. The framework may also facilitate more effective taxation and regulatory

oversight at the state level, improving public revenue and reducing legal friction.

3. Pathway to Digital Regulation:

Though focused on brick-and-mortar operators, the URL framework lays the foundation for harmonising online gaming regulations, a critical sector largely unaddressed by state laws. The model anticipates evolving technologies and sets the stage for further legislative development.

Outstanding Issues and Shortcomings

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Despite its strengths, several legal and practical issues remain:

1. Incomplete State Participation: As of June 2025, about 12 states have yet to join the FSGRN, including key commercial hubs such as Kano and Kaduna. This limits the operational certainty of the framework across the federation.

2. Institutional Capacity Gaps: Regulatory enforcement will depend heavily on the

administrative capacity of each state authority. Not all participating states currently possess the technical or operational infrastructure required for efficient licensing, monitoring, and enforcement.

3. Legal Recognition of URL: While the framework is rooted in constitutional authority, its recognition as a legal instrument may require legislative ratification in some states to ensure enforceability and avoid judicial challenge.

Key Immediate Takeaways for Operators

1. New Regulatory Regime:

A new regulatory framework applies to both new and existing operators. Where operations, such as Online Sports Betting, Online Casino, Public Online Lottery, and Promotional Competitions, are conducted within FSGRN member states, the URL Framework governs regulatory compliance. However, for operations outside the member states or involving other types of gaming and lottery businesses, operators must still comply with the requirements of individual state regulators.

2. License Fee Waiver for Existing NLRC

Licensees: Existing operators licensed by the NLRC must verify their eligibility for the

license fee waiver under the new regime. These operators will instead be required to renew their licenses and pay the applicable fees starting starting 1st January 2026.

3. Operational Planning and Technology

Alignment: Operators should begin aligning their internal compliance systems, technology platforms, and licensing strategies with the requirements of the URL Framework.

4. Seek Professional Regulatory Advice:

Operators are strongly advised to seek professional advice to ensure full compliance with the new framework and avoid potential liabilities or disruptions to their operations.

Conclusion

The introduction of the URL Framework by the FSGRN marks a commendable advancement in Nigeria's gaming regulatory space. These developments reflect the resilience of subnational legal systems in adapting to judicial direction and regulatory necessity.

¹ SC/1/2008

² Constitution of the Federal Republic of Nigeria, 1999 (as amended), Section 4(7); Supreme Court decision in AG Lagos State & 21 Ors v AG Federation & 15 Ors – SC/1/2008.

About Stren & Blan Partners

Stren & Blan Partners is an innovative and dynamic Law Firm with a compelling blend of experienced lawyers and energetic talents. We are focused on providing solutions to our client's business problems and adding value to their businesses and commercial endeavours. This underpins our ethos as everything we do flows from these underlying principles.

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