

DEFINING LEGAL MILESTONES OF 2021

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The Year 2021 was a very interesting year for Nigeria. The country grappled with many issues in the year, ranging from the “End SARS” protests resulting in the wanton destruction of lives and property to the decline in the value of the Naira, and the management of inflation among several other issues. It is also important to note the Federal and State Governments’ continuous strive to stabilize the economy and stem the tide of insecurity across the whole country, particularly in the Northern part of the country. These issues will no doubt continue to dominate legal, economic and political discussions in 2022 being the year preceding an “election year”.

The long list of issues that shaped discussions across the country during the year under review includes the report issued by the Lagos State Judicial Panel on Victims of EndSars; the withholding of assent by the President, to the Electoral Bill as passed by the National Assembly. Other issues are the 2022 budgets of Federal and State Governments; the judgment of the Federal High Court, restraining the Ministry of Interior from contracting and registering marriages under the Marriage Act, within certain areas. The list continues with issues like the President assenting to the Climate Change Act; the

appointment of Dr. Doyin Salami as the new Chief Economic Adviser to the President; the fight against corruption; Central Bank of Nigeria’s intervention to strengthen the Naira; Nigeria’s debt profile; in addition to several other issues and events.

At Jackson, Etti & Edu, we have, as usual, taken time out this year, to conduct an in-depth review of the events which dominated discourse in the past year, with particular focus on legal matters which have social, commercial and economic characteristics that would certainly have impact

in the new year and beyond. We present the events below, and they are arranged in no particular order.

FCCPC Online Merger Notification Portal Launched

Further to the powers and functions of the Federal Competition and Consumer Protection Commission (the **Commission** or **FCCPC**) as enshrined in the Federal Competition and Consumer Protection Act, the Commission, on October 14, 2021 launched its online merger notification portal (the **Portal**). All applications for the FCCPC's approval for transactions are now to be made online through the Portal and all supporting documents are to be uploaded on the Portal.

This is a huge achievement and a welcome development which would go a long way to ease the process of submission of applications and supporting documents required to obtain the Commission's approval for notifiable transactions, as physical submission of documents is now totally eradicated. Our experience in filing for approval on the Portal shows that the process is seamless.

FCCPC Processing Fees for Notifiable Transactions Reduced

On 6th August 2021, FCCPC released the Merger Review (Amended) Regulations 2021 (the **2021 Regulations**), which, among other provisions, amends Schedule 1 of the Merger Review Regulations 2020 (the **2020 Regulations**) and effectively brings about significant changes to the Notification Fees payable to the Commission in respect of transactions notified to the

Commission for its review and approval. The 2021 Regulations became effective immediately.

The effect of the changes brought about by the 2021 Regulations is that the Notification Fee now payable to the Commission is reduced significantly for transactions for which consideration and/or parties' combined annual turnover is well over ₦1,000,000,000 (One Billion Naira). For example, where the transaction consideration or parties' combined turnover is ₦10,000,000,000, the Notification Fees that were payable to the Commission under the 2020 Regulations would have been ₦70,125,000 but this has been reduced to ₦37,750,000 under the 2021 Regulations, a whopping 49% reduction!

“According to the Amended Rules, the following scenarios do not require prior approval: i) an acquisition by a public company, of a business or assets, which does not involve issuance of shares of the said public company as consideration for the acquisition; ii) divestments by public companies of assets which constitute less than 15% of the total assets of the public company, or which do not constitute a business line of the public company.”

The Commission's decision to amend the provisions, with a view to reduce the quantum of the Notification Fees appears to be in response to the views of stakeholders that the previous applicable Notification Fees were too high.

Developments in the Mining Sector

Consolidating on the rise in the mineral production in the country in 2020, as reported by the National Bureau of Statistics, the year 2021 also recorded several positive developments in the mining sector in Nigeria. For example, Federal Government in September 2021, acquired 2 aircraft equipped to undertake airborne geophysical survey of the country, thereby producing mining data that could be relied upon by investors in the sector.

Furthermore, on the November 27, 2021, the Federal Government launched a state-of-the-art Fire Assay Laboratory and Earthquake Monitoring Centre constructed and equipped by

the Nigerian Geological Survey Agency in Kaduna State. The Fire Assay Laboratory, which is considered to be the first of its kind in West Africa, will assist potential investors to accurately determine the content of gold, silver and platinum-group metals, in ores or concentrates. The Earthquake Monitoring Center will assist to monitor, measure and analyze tremors around the country. These sets of equipment will help to domesticate analysis hitherto conducted abroad.

Lastly, year 2021 also saw Nigeria's first commercial gold mining operation with the Segilola Gold Mine in Osun State commencing full production in October 2021. The first shipment from the mines took place in November 2021. Segilola Gold Mine is owned by Thor Explorations, an Africa focused mining company listed on the Toronto Stock Exchange. These developments which occurred in the Nigerian mining sector in 2021 will no doubt make the sector attractive to investors and we may yet see many more developments in 2022.

Amendments to the SEC Rules on Mergers and Acquisitions

The Securities and Exchange Commission (**SEC**) on 30 August 2021 released the Amendments to the Rules on Mergers, Takeovers and Acquisitions (the **Amended Rules**). The Amended Rules apply to public companies in relation to the following: mergers, acquisitions, combinations, conversion of a public company to a private company, carve-out, spin-off, split-off, and other affected transactions involving the shares, assets, business or subsidiaries of a public company (**Affected Transactions**). The Amended Rules provide that SEC's approval is required, prior to undertaking the Affected Transactions and the obligation to obtain the approval lies with the public company/companies involved in the relevant Affected Transaction. The Approval will be granted in respect of Affected Transactions upon SEC's satisfaction that all shareholders are fairly, equitably and similarly treated and given

sufficient information regarding the relevant Affected Transaction.

According to the Amended Rules, the following scenarios do not require prior approval: i) an acquisition by a public company, of a business or assets, which does not involve issuance of shares of the said public company as consideration for the acquisition; ii) divestments by public companies of assets which constitute less than 15% of the total assets of the public company, or which do not constitute a business line of the public company.



The Amended Rules seems to have closed the gap resulting from the enactment of the Federal Competition and Consumer Protection Act which established the Federal Competition and Consumer Protection Commission (**FCCPC**) as the competition and antitrust regulator, and at the same time, repealed the provisions of section 118 to 128 of the Investment and Securities Act 2007 (hitherto governing mergers and acquisitions and enabling SEC to review Affected Transactions) thereby technically leaving Affected Transactions without any regulator to review for fairness. By the provisions of the Amended Rules, SEC can review Affected Transactions for fairness, whilst FCCPC can review for competition and antitrust issues.

Guidance on the Implementation of Sections 60 – 63 of the Investments and Securities Act (ISA) 2007



In March 2021, the Securities and Exchange Commission (**SEC**) issued a Guidance on the implementation of Sections 60-63 of the Investment and Securities Act (ISA) 2007 (the **Guide**). Sections 60 to 63 of the ISA require public companies (subject to the reporting requirements of the Act) to include in their annual reports, a management report on the company's internal control system. Accordingly, the Guide provides a framework for the implementation of the ISA provisions. On August 11, 2021, SEC approved a two-years extension for the implementation of the framework established in the Guide, from December 31, 2021 to December 31, 2023.

One of the key provisions of the ISA emphasized by the Guide is the requirement that all public accounting firms that prepare or issue any audit report with respect to a public company or play a substantial role in the preparation or furnishing of an audit report with respect to a public company, must be registered with SEC.

The external auditors of a public company are required to attest to management's assessment of Internal Control over Financial Reporting (**ICFR**) and the company is required to file, as part of the company's annual report, the attestation report of the external auditor. The Guide also provides for the role of the management of a public company in evaluating the company's internal control.

It is expected that the implementation of the framework will combat fraud, boost investors' confidence, and improve the reliability of financial reporting.

SEC Crowd funding Rules 2021

The Nigerian Securities and Exchange Commission (**SEC**) on 12 January 2021, published its Rules on Crowdfunding (the **Rules**). The Rules were published to regulate investment-based crowdfunding in Nigeria, pursuant to section 13 (a) of the Investment and Securities Act 2007, and a deadline of June 30th 2021 was set for the implementation of the Rules.

Investment-based crowdfunding is the process of raising funds from the public through an online portal in exchange for shares, debt securities or other investment instruments approved by the SEC. The Rules apply to all entities and platforms facilitating investment-based crowdfunding activities. The Rules would apply to such entities irrespective of whether the entities term their activities as crowdfunding or not, because the structure and product offerings are the determining factors.

Pursuant to the Rules, SEC has mandated all existing entities, portals/platforms that facilitate investment-based crowdfunding to comply with the requirements of the Rules and register with SEC as crowdfunding intermediaries or cease operations by the 30th of June 2021. Failure to comply would render any such crowdfunding operations illegal and subject to regulatory sanctions.

SEC Releases New Rules on Social Bonds

The Securities and Exchange Commission (**SEC**) on the 29th of October 2021, released the New Rule on Social Bonds (the **Rules**) to provide for rules governing the issuance of Social Bonds. "Social Bonds" according to the Rules, means a type of debt instrument where the proceeds

would be exclusively applied to finance or re-finance new and/or existing eligible projects with clear and identifiable social objectives and which are dedicated to a target population. Accordingly, for a bond issuance to qualify as a social bond, its goal must be to fund certain projects which include basic infrastructure, access to basic services such as health care, education, vocational training, affordable housing, food security and other socially conscious projects.

To ensure that the funds raised from the issuance of the bond are applied towards their intended projects, the Rules provide that the prospectus of the issue must contain certain elements, including a clearly stated purpose, clearly prescribed timeframe for project execution, multiple signatories to project accounts etc.

One of the other requirements for issuance of Social Bond is a periodical reporting referred to in the Rules as Social Bond Report which must include a description of the project invested in, and the amount disbursed; expected impact of the project; performance indicators among others.

The Social Bond Rules are a welcome development as they create alternative funding sources for social project as defined by the Rules.

Commencement of Registration of Limited Liability Partnerships (LLPs) and Limited Partnerships (LPs) by the Corporate Affairs Commission (CAC).

Although the Companies and Allied Matters Act 2020 (**CAMA**) made provisions for Limited

Liability Partnerships (**LLPs**) and Limited Partnerships (**LPs**), the Corporate Affairs Commission (**CAC**) did not immediately implement the provisions of CAMA as it did not commence the process of registration of those entities. It was not until August 31, 2021, that the registration of LLPs and LPs commenced on the CAC's Company Registration Portal. This innovation of CAMA which is now being implemented by the CAC will promote the ease of doing business in Nigeria because promoters now have the choice to register an LLP or an LP to suit their business plans, as opposed to the where they were previously restricted to registering either a limited liability company or a business enterprise.

“ ...the CBN reminded all Deposit Money Banks (DMBs) to set up teller points at their designated branches across the country to fulfil legitimate FX requests for Personal Travel Allowance (PTA), Business Travel Allowance (BTA), tuition fees, medical payments, SMEs transactions, amongst others... ”

National Assembly Passed the Finance Bill 2021

On the 31st December 2021, President Buhari assented to the Finance Act 2021 (the **Act**) and it became effective immediately. The Act amended 13 existing legislations including the Capital Gains Tax Act (**CGTA**), Companies Income Tax Act (**CITA**), Personal Income Tax Act, Nigeria Police Trust Fund (Establishment) Act (**NPTFA**) and Fiscal Responsibility

Act.

One of the key provisions of the Act is the amendment to section 30 of the CGTA. The implication of the amendment is that Capital Gains Tax (**CGT**) of 10% is now applicable to gains accruing on the disposal of shares of a Nigerian company. The CGT will not apply: where the proceeds from such disposal are utilized in acquisition of shares in the same company or other Nigerian companies; where the disposal proceeds within any 12 consecutive months, is not up to the sum of ₦100,000,000 (One Hundred Million Naira); and where the shares are transferred between an approved Borrower and

Lender in a regulated Securities Lending Transaction as defined in the CITA.

The Act also provides for the amendment of the NPTFA to allow for the Federal Inland Revenue Service (**FIRS**) to assess, collect, account and enforce payment of the Nigerian Police Trust Fund Levy established under the NPTFA. No agent was appointed for collection of the levy under the NPTFA prior to the amendment in this respect, and this is why the payment and collection of the levy had not been implemented since the enactment of the NPTFA in 2019. This amendment has addressed the gap that existed, and the FIRS is now the collection agent for the levy.

There are several other provisions of the Act, some of which impose additional obligations and responsibilities on businesses in the country. It is therefore important that businesses seek relevant professional advice on the provisions of the Act and how this would impact them.

Discontinuance of the Sale of Forex to Bureau De Change (BDCs) and Cessation of License Issuance to BDCs.



At the Monetary Policy Committee (**MPC**) briefing of July 27 2021, the CBN announced the discontinuance of the sale of foreign currencies (FX) to BDC operators in Nigeria. The decision to stop the sale of FX to BDCs seems to have been necessitated by the CBN's observations of sharp practices within the industry and non-

compliance with CBN regulations. In its circular dated July 28, 2021, the CBN announced the commencement of the immediate refund of capital deposits and licensing fees (where applicable) to promoters who had pending BDC license applications with the CBN. The CBN also directed Deposit Money Banks to stop accepting instructions from customers to transfer capital deposit of ₦35,000,000.00 to the designated CBN account for the purpose of applying for BDC licenses.

In a letter to all banks in Nigeria, the CBN reminded all Deposit Money Banks (DMBs) to set up teller points at their designated branches across the country to fulfill legitimate FX requests for Personal Travel Allowance (PTA), Business Travel Allowance (BTA), tuition fees, medical payments, SME transactions, amongst others. DMBs were also required to adequately publicize the locations of their designated branches where the FX will be sold to customers, and to ensure that no customer is denied FX upon meeting all the requirements for the grant of the same. The DMB's are also required to establish electronic application and alert systems in order to update customers on the status of their FX request.

This is not the first time the CBN would take necessary measures to address the irregularities in the FX market, as a similar measure was taken in January 2016.

Demutualization of the Nigerian Stock Exchange

The year 2021, saw the Nigerian Exchange Group Plc (**NGX Group**) complete its demutualization process which now bestows on it, the status of a public limited liability company.- The NGX Group has three subsidiaries- Nigerian Exchange Limited (which will undertake the trading business of the Exchange); NGX Regulation Limited (to undertake the regulatory functions of the Exchange), and NGX Real Estate Limited (to be responsible for managing the real estate assets within the NGX Group).

The NGX Group formerly known as the Nigerian Stock Exchange (**NSE**) was incorporated in September 1960 as the Lagos Stock Exchange and was changed to The Nigerian Stock Exchange in December 1977. The demutualization of the NSE commenced with an approval given by Members of the NSE at an Extraordinary General Meeting (EGM) in March 2017. This approval was followed by the signing into law, of the Demutualization of The Nigerian Stock Exchange Act in August 2018 by President Muhammadu Buhari. In December 2019, the Securities and Exchange Commission (**SEC**), in a no objection letter, gave its consent to the NSE, which was followed by a Court Ordered Meeting in March 2020, where members unanimously resolved that the NSE be converted from a “not-for-profit entity limited by guarantee”, to a “limited liability public company” by way of a Scheme of Arrangement. In May 2020, The Federal High Court granted an order sanctioning the scheme of arrangement for the demutualization process. The process was completed in March 2021, and the SEC and CAC subsequently gave approval.

The demutualization will create an avenue for the Exchange to access more capital to meet its strategic goals and continuously upgrade its facilities and service delivery. It will also promote good corporate governance practices, while placing the NGX Group in the league of international exchanges and at the same time, boost investors’ confidence.

Launching of E-Naira



The Central Bank of Nigeria (**CBN**) launched its digital currency on the 25th of October 2021 in

line with Section 19 of the CBN Act. The Central Bank Digital Currency (**CBDC**) also known as the e-Naira, is a digital form of the fiat currency (Naira) and was launched via an app, which went live and became available for citizens to download. The e-Naira app offers a digital wallet which connects to a user’s bank account. Transactions on the e-Naira are primarily completed by sharing and scanning QR codes or a short payment code that is unique to each transfer.

By launching the e-Naira, Nigeria became the first African Country to launch the digital currency and one of the first five countries in the world to develop an official digital currency. Since its launch in October 2021, Nigeria has launched two versions of the mobile applications: the “*e-Naira speed wallet*” and the “*e-Naira merchant wallet*” on Google and Apple play store for usage of digital currency. The e-Naira speed wallet is available for end-users to transact on the e-Naira platform, while the e-Naira Merchant wallet is used solely for e-Naira payments for goods and services. The CBN also released a regulatory guideline on the e-Naira.

The CBN intends for the e-Naira to complement the traditional Naira as a less costly and more efficient means of payment. It also aims to improve monetary policy effectiveness, enhance the Federal Government’s capacity to deploy targeted social interventions and boost remittances through formal channels.

Enactment of Climate Change Act.

Climate Change due to its importance, is increasingly a popular topic in the world. It is therefore a welcome development that the Nigerian government has enacted the Climate Change Act in 2021. On the 18th of November 2021, the President of Nigeria signed into law the Climate Change Act, making Nigeria one of the few countries to have enacted legislation which aims to eliminate carbon emissions. The main objective of the Climate Change Act is to provide an all-inclusive legal framework for achieving

Nigeria's long-term climate goals including a net-zero carbon emission target, national climate resilience, an adequate volume of climate finance, and the mainstreaming of climate change actions into national development priorities.

Some notable provisions of the Climate Change Act include the establishment of the National Climate Change Council; setting the period between 2050-2070 as the target time to achieve a net zero carbon emission in Nigeria; establishment of the Climate Change Fund; provisions for the development of natural capital accounts by the National Bureau of Statistics and the use of data from the accounts in making National Development Plans among several other provisions.

This Act is very commendable for Nigeria, given the importance and reality of global warming and its effect on the health and well-being of the population and ecosystem.

Enactment of the Petroleum Industry Act 2021.

The Nigerian Petroleum Industry Act (**PIA**) was signed into law by the Nigerian President on the 16th of August 2021 to repeal the extant Petroleum Act. The PIA was enacted to provide a legal, governance, regulatory, and fiscal framework for the Nigerian Petroleum Industry. It also provides for the development of host communities and other related matters in the upstream, midstream, and downstream sectors of the petroleum industry.

The PIA is divided into five (5) chapters, 319 Sections and contains 8 Schedules. The Act specifically provides that the ownership of petroleum in Nigeria is vested in the Federal

Government in Nigeria and establishes the Nigerian Upstream Petroleum Regulatory Commission whose objects and functions are within the confines of the upstream petroleum operations including exploring, drilling and extracting petroleum products (the **Commission**). In the same vein, the Act establishes the Midstream and Downstream Petroleum Regulatory Authority which is responsible for the technical and commercial regulation of midstream and downstream petroleum operations (the **Authority**).

“ The Frontier Exploration Fund was created in a bid to further encourage activities within the frontier basins. The fund shall consist of 30% of the share of profit from oil and gas of the NNPC for the development of frontier acreages... ”

The Act also makes provision for the establishment of the Nigerian National Petroleum Company Limited to be incorporated under the Companies and Allied Matters Act as a limited liability company within 6 months of the commencement of the Act.

Furthermore, the PIA provides for the creation of the Frontier Exploration Fund and the Midstream Gas Infrastructure Fund. The Frontier Exploration Fund was created in a bid to encourage activities within the frontier basins. The Frontier Exploration Fund shall

consist of a 30% share of the profit from oil and gas of the NNPC to be used for the development of frontier acreages. One of the objectives of the Midstream Gas Infrastructure Fund is to encourage private sector participation in the industry. The source of this fund shall be a 0.5% levy on the wholesale price of petroleum products and natural gas produced and sold in Nigeria.

The PIA also makes provisions for host communities development with primary objectives target at fostering sustainable prosperity within host communities; provision of direct social and economic benefits from petroleum operations to host communities; enhancement of peaceful co-existence between host communities and entities carrying out

petroleum operations within the communities; and creation of framework to support the development of host communities. The PIA also provides for the incorporation of host communities development trusts for the benefit of the host communities. The trust is to be set up by the settlor in conjunction with the relevant host communities.

The foregoing is to mention a few of the notable provisions of the PIA. The PIA is quite commendable, and it is a welcome legislation in the Nigerian petroleum industry. The country now awaits full implementation of the legislation and envisaged changes and transformation arising therefrom.

Approval of the First Draft of the Nigerian Start-up Bill

In 2021, Nigeria took a step further in its quest to implement the Nigeria Start-up Bill (**NSB**). The aim of the NSB is to further deepen the country's technology ecosystem and enable exponential growth within the Nigerian technology sector. The Executive and notable giants in the Nigerian technology industry worked on the NSB which has now been approved by the Federal Executive Council. On the 15th of December 2021, the first draft of the NSB was sent to the National Assembly for deliberation.

The NSB defines start-ups as innovative companies that have been incorporated in Nigeria and have been in existence for not more than 10 years and have at least 51% of their shares held by Nigerians. The NSB will create an enabling environment for Nigerian start-ups to thrive, and the proposed legislation addresses challenges such as disruptive regulation, weak infrastructure and difficulties accessing capital particularly for non-fintech businesses.

The "Big Tent Approach" was adopted in drafting the NSB; it looks at close collaboration between the Presidency, the Federal Ministry of Communications and Digital Economy, the Nigerian Export and Promotion Council and

wider government bodies with many volunteers and private sector players.

In the event that the National Assembly passes the NSB, Nigeria will join Tunisia and Senegal on the list of African countries which have passed deliberate legislation geared towards enabling start-ups.

Value Added Tax Tussle Between the Federal Government and State Governments



In August 2021, the Federal High Court sitting in Rivers State held that the Rivers State Government is the rightful authority to receive Value Added Tax (**VAT**) within Rivers State and not the Federal Inland Revenue Service. The Court held that the Exclusive Legislative List in the Constitution of the Federal Republic of Nigeria, 1999 (as amended) does not contemplate the collection of VAT by the Federal Government and any of its agencies. On the strength of this decision, the Rivers State Government enacted a Valued Added Tax Law No. 4 of 2021. The Lagos State Government followed suit with its legislation on the same subject.

The Federal Government however challenged the decision of the Federal High Court at the Court of Appeal, which issued an order of a stay of execution directing all parties to maintain *status quo* until the issue is dealt with by the Appellate Court. Rivers State has appealed

against the Court of Appeal's order of stay of execution to the Supreme Court.

As the New Year progresses, Nigerians are expectant of a final resolution of this issue due to its impact on businesses as well as the Nigerian economic environment.

Release of the VAT Modification Order 2021

On the 21st of August 2021, the Honourable Minister of Finance, Budget and National Planning, Mrs Zainab Shamsuna Ahmed, by virtue of the powers granted upon her office under Section 38 of the Value Added Tax Act (**VAT Act**) announced that a VAT Modification Order, 2021 (the **Order**) has been published in the Federal Government of Nigeria Official Gazette. The Order replaced the VAT Modification Order 2020 and became effective on July 30th, 2021.

The Order makes two important amendments to the previous version. First, it expands the list of goods and services exempted from the imposition of VAT to include items such as petroleum products, renewable energy equipment, shared passenger road transport service, locally produced animal feed etc. It also provides extensive definitions for certain terms used under the VAT Act. These new additions would invariably affect the administration of the VAT Act, going forward.

Enactment of Plant Varieties Protection Act, 2021

The resolve of the current administration to improve the agricultural sector of the economy has been a constant feature of the Government's policy in the last few years. In a bid to continue in

that direction, President Muhammadu Buhari in May 2021 assented to the Plant Variety Protection Act 2021 (**PVP Act**). The PVP Act was passed to promote increased staple crop productivity for smallholder farmers in Nigeria and to encourage investment in plant breeding and crop variety as well as to protect new varieties of plants.

It is therefore expected that with the enactment of this legislation, many private sector research institutions will participate more in the agricultural sector for the benefit of the larger economy.

“ The PVP Act was passed to promote increased staple crop productivity for smallholder farmers in Nigeria and encourage investment in plant breeding and crop variety as well as protect new varieties of plants ”

Restructuring of Banks into Holding Companies

In July 2021, Guaranty Trust Bank Plc announced its re-organisation into a non-operating financial holding company structure through a Scheme of Arrangement. Under the terms of the re-organization, a new company – Guaranty Trust Holding Company Plc was established to serve as the holding company and listed parent entity for all the subsidiaries under the group. Pursuant to this, the bank's status was changed from a public company to a limited liability company. Similarly, Access Bank Plc announced in December 2021, the restructuring of the bank into a non-operating financial holding company, to be known as Access Holding Plc. The restructuring is proposed to be implemented through a Scheme of Arrangement. Following the restructure, the shareholders of Access Bank Plc will continue to hold the shares in the holding company in the same proportion as their current holdings in the bank and the bank's shares will be held wholly by the holding company.

Following the grant of the CBN's final licences, the holding companies will now be regulated by the CBN as Other Financial Institutions.

Access Bank and Guaranty Trust Bank have now joined like groups of First Bank and First City Monument Bank which had earlier undertaken the Holding Company restructuring. These restructurings and reorganisations by financial institutions were aimed at strengthening the long-term competitiveness and growth prospects of the financial institutions.

Launch of the National Development Plan 2021 - 2025

On the 22nd of December 2021 President Buhari launched the National Development Plan 2021 - 2025 (**NDP**). The NDP, which is a medium-term economic blueprint, was launched to succeed the 'Vision 20:2020 Economic Transformation' plan introduced in 2009 and the 'Economic Recovery and Growth Plan' (**ERGP**) introduced in 2017, both of which expired in December 2020. The NDP was designed to unlock the country's potential in all sectors of the economy for a sustainable, holistic and inclusive national development. The NDP was developed by the different facets of the Private Sector, Sub-national Governments and Civil Society Organizations. The Plan is said to build on the achievements and lessons learnt during the implementation of the ERGP.

The vision of the plan as stated in the NDP is "to make Nigeria a country that has unlocked its potential in all sectors of the economy for sustainable, holistic, and inclusive national development", and the mission is to effectively guide the implementation of programmes and policies that promote rapid multi-sectoral growth and development of Nigeria's economy.

The Plan is structured around 7 cluster areas namely: Economic Growth and Development; Infrastructure; Public Administration; Human

Capital Development; Social Development; Regional Development; and Plan Implementation, Communication, Financing, Monitoring and Evaluation.

The NDP is divided into three volumes. Volume One is the main plan, which will be accessible to the public. Volume Two is a prioritised and sequential list of programmes and projects that will be fed into the annual budgets; and Volume Three comprises the legislative imperatives.

One of the broad objectives of the NDP is to promote development opportunities across States to minimize regional economic and social disparities, accordingly, most Nigerians have started the New Year with the hope that the NDP will be a foundation for national economic policies that will foster macro-economic stability, promote growth, create jobs, and eradicate poverty.

"...for a bond issuance to qualify as a social bond, its goal must be to fund certain project which includes basic infrastructure, access to basic service such as health care, education, vocational training etc, affordable housing, food security and other socially conscious projects."

Increase in Minimum Share Capital for Licenced Pension Fund Administrators

The National Pension Commission (**PENCOM**) on the 29th of April 2021, issued a circular titled Revised Minimum Share Capital Requirement for Licenced Pension Fund Administrators (the **Circular**). By virtue of the Circular, the regulatory minimum share capital for Pension Fund

Administrators (PFAs) in the pension industry was increased from ₦1 Billion to ₦5 Billion. PENCOM is of the opinion that the increase in the regulatory minimum share capital became necessary to ensure improvement in the operational efficiency and service delivery of the PFAs.

According to the Circular, PENCOM allows for a 12-months transition period commencing from 27th April 2021 within which all PFAs are expected

to comply with the increase in minimum share capital.

The PFAs' regulatory minimum share capital was increased from ₦150 Million to ₦1 Billion in 2011 and took effect from 30th June 2012, almost 10 years before the current increment. Stakeholders in the pension industry are of the view that the new increase is a welcome development which will promote mergers and acquisitions, leading to more stability in the industry.

CBN Framework for Regulatory Sandbox Operations

The Central Bank of Nigeria (**CBN**) in January 2021, published the Framework for Regulatory Sandbox Operations (the **Framework**), to guide the launching of new FinTech products/services in Nigeria. The purpose of the Framework is to allow FinTech start-ups and innovators to conduct live experiments in a controlled environment under CBN's supervision.

A Regulatory Sandbox is a formal process through which live tests of new innovative products, services, delivery channels or business models can be conducted in a controlled environment with regulatory oversight. Regulatory sandboxes enable participants to test their technology without obtaining formal licences for a certain period of time (subject to conditions imposed by the regulator). With the Regulatory Sandbox, regulators are able to better understand the product, service or solution, decide whether it should be introduced into the market and develop suitable regulations in respect thereof. The Framework and the Regulatory Sandbox it provides for were necessitated by a need for CBN to encourage FinTech innovations in Nigeria and not stifle them with unsuitable archaic financial services regulations.

The categories of participants permitted to operate under the Framework are existing CBN licensees with innovative payment products or

services; and other companies that may include financial services companies as well as technology and telecom companies intending to test innovative payment solution/products. FinTech companies proposing non-regulated financial products and services using emerging technologies are also eligible to apply. Applicants must however meet eligibility criteria specified in the Framework. The Sandbox will thus benefit stakeholders in the FinTech space, commercial banks proposing new financial products, as well as telecom companies seeking entry into the financial sector through innovative offerings and other companies seeking to provide innovative financial products using emerging technologies.

The scope of the Framework is the promotion of innovation in the design and delivery of payment products, services or solutions that are either not contemplated under the prevailing laws and regulations or do not precisely align with existing CBN regulations. Innovative products or services previously rejected will also be considered for Sandbox trials on a case-by-case basis. Products and services that are outrightly unlawful under the laws of the Federal Republic of Nigeria will not qualify for Sandbox trials.



The Framework as well as other CBN regulations in relation to FinTech are certainly a significant development in Nigeria's FinTech industry, as they enable the CBN to stay abreast of innovations, whilst ensuring financial inclusion and a level playing ground for innovators.

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