

Finance Regulatory And Market Updates

July 2025

This month, we examine recent regulatory and market updates issued by key regulators in the financial services sector.

We take a cursory look at the key insights from these updates and their impact on relevant stakeholders.

REGULATORY UPDATES

Guidance Note to Capital Market Operators and Public Companies on Board Appointments and Director Tenure

By a circular dated 19 June 2025 (the “Circular”), the Securities and Exchange Commission (the “SEC”), issued **mandatory directives** relating to the governance structure, and tenure of directors serving on the boards of capital market entities.

To provide clarity on the intent and scope of the Circular, the SEC subsequently released a guidance note explaining key terms and outlining its expectations. Below are the key highlights:

(a) Ban on the Transmutation of Independent Non-Executive Directors (INEDs): restriction on transmutation of INEDs to other executive roles applies to specifically to public companies and Financial Market Infrastructure (FMI)¹ companies classified as public interest entities (PIEs).²

(b) Board Tenure Limits: This restriction is mandatory for FMIs classified as PIEs. Public companies on the other hand, are mandated to adhere to the provisions of the Nigerian Code of Corporate Governance (NCCG) 2018, which stipulates a maximum of three (3) tenures of three (3) years each.

(c) Cool-Off Period prior to Chairman Appointment: A mandatory cool-off period is required for FMIs classified as PIEs before appointing a former executive as Chairman. Public companies are expected to follow the provisions of the NCCG in this regard. The NCCG stipulates a three-year cool-off period, consistent with the duration specified in the Circular.

¹ Entities that facilitate clearing, settlement, trading, or data functions in the capital market

² Capital Market Operators whose operations are of systemic importance, have significant investor exposure, or serve a critical infrastructure function within the capital market, as determined by the SEC.

(d) Applicability of the Circular to Other Capital Market Operators: Except as stated, the provisions of the Circular are not mandatory for private companies and other FMIs. However, these entities are encouraged to adopt the Circular as a benchmark for best corporate governance practices.

MARKET UPDATES

Central Bank of Nigeria Releases Decisions of the 301st Monetary Policy Committee Meeting

On 22 July, 2025, the Central Bank of Nigeria (the “CBN”) released its Monetary Policy Communique following the 301st meeting of the Monetary Policy Committee (the “MPC”).

The MPC reviewed recent economic and financial developments, noting positive trends (including a third consecutive month of declining inflation), driven by moderating energy prices and a stable foreign exchange market.

To sustain disinflation and manage price pressure, the MPC has maintained the current monetary policy stance, keeping all key parameters unchanged. As such:

- (1) Monetary Policy Rate (MPR): retained at 27.5%
- (2) Asymmetric Corridor: maintained at +500/-100 basis points around the MPR.
- (3) Cash Reserve Ratio: unchanged at 50.0% for Deposit Money Banks and 16.0% for Merchant Banks.
- (4) Liquidity Ratio: held steady at 30.0%.

The MPC has stated that the current policy stance will continue to address the existing and emerging inflationary pressure.

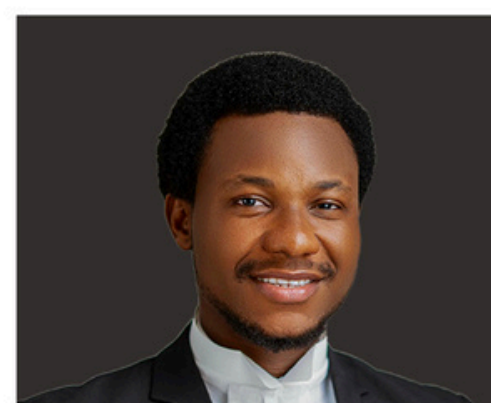
For additional information in respect of any of the updates provided above, please contact temitope.sowunmi@famsvillelaw.com

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