SEPTEMBER 2026 EDITION

DCSL DIGEST

BOARDROOM INTELLIGENCE | GOVERNANCE | REGULATION | STRATEGY

Theme: Navigating Transformation: Strengthening Governance Amid AI, Regulatory Reform, and Market Renewal

IN THIS ISSUE

FEATURED INSIGHT

NEW RULES, HIGHER STAKES

What CBN's Proposed Financial Holding Company Guidelines Mean for Your Company

BACKGROUND

Nigeria's financial holding company (FHC) framework has been governed by the Central Bank of Nigeria (CBN) guidelines dating back to 2014. After more than a decade of implementation, the CBN has proposed a revised framework to address concerns around high group overheads, weak governance, inconsistent group structures, and inadequate oversight of shared services. Released on 10 June 2026, the Exposure Draft of the Revised Guidelines for Licensing and Regulating Financial Holding Companies in Nigeria, introduces significant changes aimed at strengthening governance, transparency, and regulatory oversight of financial groups. Stakeholders have until 9 July 2026 to submit comments before the Guidelines are finalised.

To contextualize these proposed reforms, the key features of the current FHC framework and the changes introduced in the draft revised Guidelines, are outlined below.

A. INTRODUCTION

The Guidelines define an FHC as a non-operating holding company (HoldCo) established primarily to own and manage equity investments in at least two financial service subsidiaries, including at least one bank. It must own at least 51% of each business, but it does not manage their daily operations. To promote financial stability and effective oversight, HoldCos must be licensed by the CBN, obtain approval for major structural changes, and maintain their approved structure for at least five years.

The draft revised Guidelines reinforce the non-operating nature of HoldCos while introducing stricter group structure requirements. HoldCos will generally be limited to a parent company and, where approved, a single intermediate HoldCo for foreign subsidiaries. In addition, offshore investments must be held through the parent HoldCo rather than Nigerian banks, a change aimed at improving governance, reducing costs, and strengthening regulatory oversight.

WHO IS AFFECTED?

The proposed changes are expected to affect a broad range of stakeholders across the financial services sector.
These include financial holding companies and banks converting to a holding company structure, which will need to reassess their structures and governance under stricter eligibility and capital requirements. Non-bank investors, individuals and foreign investors face higher entry thresholds and regulatory conditions while subsidiaries within the financial holding company groups are likely to face increased scrutiny of ownership and board composition.
The reforms will also have important governance implications for boards of directors and company secretaries, who will be responsible for ensuring compliance with the revised regulatory and corporate governance requirements.
The draft revised Guidelines are divided into 13 Sections, and 4 Appendices. This newsletter discusses key changes under the following segments:

B. ELIGIBILITY CRITERIA FOR PROMOTING A HOLDING COMPANY

The Guidelines clearly define who can promote a Financial Holding Company (HoldCo). Eligible promoters include individuals, non-bank corporate investors, a combination of individuals and corporate investors, as well as banks that meet the CBN's requirements for financial strength and sound corporate governance.

Where a bank is the promoter, it must demonstrate a strong regulatory standing, including not having received an "Above Average" or "High" composite risk rating in recent CBN/Nigeria Deposit Insurance Corporation (NDIC) examination. It must also show evidence of sound corporate governance practices and overall financial stability.

In assessing financial soundness, CBN considers key indicators such as liquidity ratio, capital adequacy ratio, loan-to-deposit ratio, non-performing loan levels, stable funding ratio, and any other prudential metrics the regulator may prescribe from time to time.

C. PERMISSIBLE AND NON-PERMISSIBLE ACTIVITIES

The Guidelines reinforce the non-operating nature of an FHC by clearly defining what it can and cannot do.

A HoldCo is permitted to hold equity in financial services subsidiaries and earn income from dividend, approved shared services, and returns on idle funds invested

in government securities or bank placements. It may also realise profits from approved divestments. It may provide broad policy direction on governance areas such as human resources, risk management, internal controls, and compliance, and may raise certain forms of funding subject to prior approval from the Central Bank of Nigeria (CBN).

Conversely, HoldCos are prohibited from investing in non-financial entities, pledging subsidiary shares as collateral, creating or disposing of subsidiaries without CBN approval, earning unauthorised income and dealing directly or indirectly with subsidiary customers. The Guidelines also prohibit cross-subsidisation, meaning neither the HoldCo nor its subsidiaries may bear each other's expenses.

D. LICENSING REQUIREMENTS

The licensing process remains broadly unchanged, retaining the existing two-stage process of Approval-in-Principle (AIP) followed by the grant of a Final Licence, while formally introducing a pre-application engagement with the CBN before an AIP application is made, alongside enhanced documentation and more stringent capital deposit requirements.

However, the Draft Guidelines impose significantly stricter capital deposit requirements, requiring new non-bank promoters to deposit 100% of the prescribed capital, including a 20% buffer above the aggregate minimum capital of their subsidiaries, before AIP, with existing bank-led HoldCos also required to meet the revised threshold.

E. CORPORATE GOVERNANCE

The Guidelines strengthen corporate governance by emphasising independence, accountability, and effective oversight at the holding company level. FHCs are required to maintain a competent and independent board capable of supervising risk management and internal control systems, in line with applicable governance codes.

Ownership and control rules are tightened to prevent conflicts of interest. Subsidiaries are prohibited from holding shares in the HoldCo or other group entities, while nominee arrangements must disclose beneficial ownership information to the CBN on a periodic basis.

The Guidelines also restrict interlocking directorships, limiting directors of a HoldCo to serving on only one subsidiary board and capping HoldCo representation on subsidiary boards at 20%. Staff of the HoldCo are also barred from serving as non-executive directors within the group.

Finally, strong enforcement provisions empower the CBN to require divestment or revoke a HoldCo's licence where governance failures threaten financial stability or the interests of depositors.

Collectively, these measures are expected to promote clear governance structures, reduce conflicts of interest, and align the regulation of FHCs with international best practices.

F. INTRA-GROUP RELATIONSHIP AND TRANSACTIONS

The Guidelines impose strict safeguards on intra-group relationships to ensure the independence of subsidiaries and limit risks of problems spreading within financial groups. An FHC is prohibited from participating in the day-to-day management of its subsidiaries, exercising their board or management powers, or engaging in their credit approval processes.

All intra-group transactions must be conducted at an arm's length basis, ensuring transparency and fairness. Transactions based on subsidiary guarantees are generally restricted, except where supported by dividend flows or formal service arrangements. Shared services are also tightly regulated, requiring board approval, arm's length pricing, periodic value-for-money audits, and quarterly reporting to the CBN.

Furthermore, the Guidelines enforce clear separation of personnel, limiting dual roles between HoldCos and subsidiaries (except for approved shared services), and require that asset transfers and service arrangements within the group remain transparent and properly documented.

In addition, HoldCos are restricted from joint advertising with subsidiaries (except for share offers), while non-CBN regulated subsidiaries must clearly disclose their affiliation with the HoldCo group in all advertising. This is to ensure transparency for customers and counterparties.

G. PRUDENTIAL REGULATION OF FINANCIAL HOLDING COMPANIES

The Guidelines introduce a strengthened prudential framework for FHCs, aimed at promoting financial stability, safeguarding depositors, and ensuring the soundness of banking groups on a consolidated basis.

A key feature of the framework is the imposition of enhanced capital requirements. FHCs are required to maintain minimum regulatory capital that exceeds the aggregate minimum capital of their subsidiaries by at least 20%, with only paid-in capital recognised for this purpose. This ensures that holding companies maintain a strong capital buffer at the group level. Importantly, the Guidelines prohibit the use of excess capital in one subsidiary to offset capital deficiencies in another, thereby reinforcing capital integrity across the group.

These enhanced capital requirements are separate from the CBN's banking recapitalization exercise which concluded on 31 March 2026 and was directed at strengthening the capital base of individual banks. Rather, the proposed framework introduces an additional group-level capital buffer for FHCs. While this may increase capital planning and funding obligations for banking groups, it also reinforces the CBN's broader objective of enhancing the resilience and stability of the financial sector.

The Guidelines also establish clear rules on dividend payments, restricting FHCs from declaring dividend unless all capitalised expenses and losses have been fully written off, adequate provisions have been made for losses, and regulatory capital requirements are met.

FHCs are required to comply with regulatory capital threshold set by their respective sector regulators, while also meeting the capital requirement of their most significant subsidiary at both entity and group level. This ensures that the individual entities and the wider group remain adequately capitalized under applicable rules.

To curb risk concentration and conflicts of interest, the framework also prohibits insider-related borrowings within the HoldCo structure and limits contingent liabilities to 20% of shareholders' funds. These measures are designed to prevent abusive practices and excessive off-balance-sheet exposures.

Finally, the Guidelines introduce stringent rules on intra-group lending, including restrictions on lending arrangements between FHCs and their subsidiaries. Loans backed by subsidiary guarantees are tightly controlled, and certain intra-group exposures are treated as capital deductions when computing capital adequacy ratios. This ensures that intra-group transactions do not undermine the financial strength of regulated entities, particularly banking subsidiaries.
Overall, the prudential provisions reflect a comprehensive, risk-based approach to supervising FHCs, ensuring that risks are effectively managed at both the entity and group levels while aligning with international best practices in consolidated supervision.

H. COMPLIANCE WITH AML/CFT/CPF REGULATIONS

The Guidelines reinforce the obligation of FHCs to implement robust Anti-Money Laundering, Counter-Financing of Terrorism, and Counter-Proliferation Financing (AML/CFT/CPF) frameworks across their companies, while also introducing clearer and more structured compliance expectations.
The Guidelines require HoldCos to adopt a group-wide approach to AML/CFT/CPF compliance, including enterprise-wide risk assessments, consolidated monitoring, information sharing, and uniform compliance policies across subsidiaries.
Notably, HoldCos are required to appoint a designated senior-level Compliance Officer responsible for overseeing AML/CFT/CPF compliance and submitting regulatory returns to the CBN and other relevant authorities.

Furthermore, HoldCos must demonstrate a clear understanding of, and full adherence to, existing CBN AML/CFT/CPF guidelines applicable to banks and other financial institutions, including measures relating to combating the financing of terrorism and the proliferation of weapons of mass destruction.
Overall, these provisions reflect increasing global regulatory expectations, particularly those promoted by bodies such as the Financial Action Task Force (FATF), by ensuring that financial crime risks are managed on a consolidated, group-wide basis with strong oversight, accountability, and regulatory consequences for failure to comply.

I. SUPERVISION AND RENDITION OF RETURNS

The Guidelines significantly strengthen the CBN's supervisory authority over FHCs and their subsidiaries. They also require FHCs to undergo consolidated supervision, which assesses the overall financial soundness of the entire holding company group to which a bank belongs. This approach considers all risks that may affect the bank, including those arising from related entities, regardless of whether such risks are recorded on the bank's own balance sheet. This is in line with the Guidelines for the Implementation of Consolidated Supervision issued by the Financial Services Regulation Coordinating Committee.

To facilitate effective supervision, FHCs are required to submit a range of periodic returns covering their financial condition, capital adequacy, intra-group exposures, governance arrangements, and risk management activities. Asides from these, they are also required to report on corporate governance and whistleblowing practices, insider credit, and beneficial ownership information relating to clients' investments in the Nigerian banking industry, including those held through nominee entities within the group.

In addition, periodic returns, including particulars of directors, significant shareholders, details of directors and senior management of subsidiaries, and comprehensive information on subsidiaries and associates, including corporate profiles shall be submitted to the Director of the Banking Supervision Department, on a quarterly basis, within five (5) working days after the end of each reporting period.
These reporting obligations are designed to give the CBN a comprehensive, group-wide view of each FHC's risk profile and to facilitate timely regulatory intervention where necessary.

J. SANCTIONS

To ensure compliance with the revised framework, the Guidelines empower the CBN to impose a range of regulatory and administrative sanctions including monetary penalties, restriction on business activities, suspension of approvals, removal of directors and officers, and, in severe cases, revocation of licences. This is not a new provision as we have seen CBN exercise this power by revocation of the licenses of Heritage Bank in 2024 and the removal of directors and officers of Union Bank of Nigeria Bank Limited and Keystone Bank Limited in 2024.

By expanding its enforcement powers, the CBN aims to deter regulatory breaches and promote a stronger culture of compliance within financial groups.

CONCLUSION

The proposed Guidelines for Licensing and Regulating Financial Holding Companies represent one of the most significant reforms of Nigeria's financial group regulatory framework since the introduction of the HoldCo model in 2014. The Guidelines go beyond traditional licensing requirements and focus on strengthening governance, enhancing prudential oversight, regulating intra-group transactions and promoting effective consolidated supervision.
If implemented in their current form, the revised framework is expected to strengthen the resilience of Financial Holding Companies, improve risk management across financial groups and enhance the overall stability of Nigeria's financial system. Existing HoldCos and prospective applicants should therefore begin reviewing their governance structures, capital plans, intra-group arrangements and compliance frameworks in anticipation of the eventual issuance of the final Guidelines.

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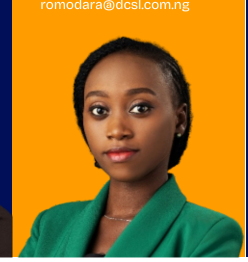

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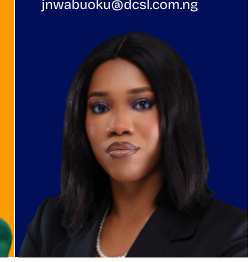


AUGUST 2026 AT A GLANCE

30TH JULY Seplat Energy's Board appoints Engr. Effiong Okon as CEO (effective 1 Aug) and elects Tony Elumelu as incoming Chairman (effective Jan 2027); Beta Glass Plc appoints 'Boye Olusanya as Board Chairman, effective the same day.

1ST AUG CAC's letterhead disclosure enforcement takes effect.

2ND AUG NMRC holds its 12th Annual General Meeting.

13TH AUG FRC hosts its 2026 Audit and Assurance Leadership Summit in Lagos, themed “Audit Integrity in the AI Era.”

15TH AUG Osun State holds gubernatorial election, contributing to a cautious mood in the equities market mid-month.

2TH AUG SEC publishes proposed prudential rules for Nigeria's digital asset/crypto industry, open for comments until 3 September.

22ND AUG CBN's June data-localisation circular for payment transaction data draws renewed industry scrutiny ahead of its January 2027 compliance deadline.

27TH AUG FTSE Russell confirms Nigeria's reclassification from “Unclassified” to “Frontier Market” status, effective 21 September 2026.

REGULATORY WATCH

CBN's Data Localisation Mandate Draws Scrutiny

A CBN circular (PSS/DIR/PUB/CIR/001/004) issued on 15 June 2026 requiring that all payment transaction data generated in Nigeria be stored and managed within the country by 1 January 2027 continued to draw industry commentary through August. The directive signals a shift towards treating the largest fintechs as critical financial infrastructure, with data localisation — by far its most operationally demanding requirement — expected to require significant investment from payment service providers ahead of the compliance deadline.

CBN's Proposed FHC Guidelines (see Featured Insight)

As featured in this edition's Insight, the CBN's Exposure Draft of the Revised Guidelines for Licensing and Regulating Financial Holding Companies remains a key development for boards and company secretaries in the banking and financial services space, following the end of the stakeholder comment period on 9 July 2026.

SEC Proposes Prudential Framework for Digital Assets

On 20 August 2026, the SEC published draft rules for cryptocurrency and other digital asset businesses operating in Nigeria, proposing a N30 million registration fee and minimum capital requirement of up to N2 billion for operators, alongside a requirement that exchanges maintain a Nigeria-resident chief executive. The proposal is the latest step in a framework assembled since President Bola Tinubu's Executive Order on Virtual Assets Coordination of 17 July 2026, and comments close on 3 September 2026.

SEC Strengthens Sanctions Compliance

On 13 August 2026, the SEC directed all Capital Market Regulated Entities to identify and freeze, without prior notice, the assets of persons and entities designated under a Nigeria Sanctions Committee notice, underscoring regulators' continued focus on AML/CFT compliance across the capital market.

FRC Convenes Audit and Assurance Leadership Summit

The Financial Reporting Council of Nigeria (FRC) held its 2026 Audit and Assurance Leadership Summit on 13 August 2026 in Lagos, themed “Audit Integrity in the AI Era: Independence, Accountability and Reliable Financial Reporting.” FRC Executive Secretary/CEO Dr Rabiu Olowo warned that AI tools such as machine learning, predictive analytics and continuous auditing must complement, not compromise, professional judgement and auditor independence, cautioning against arrangements that blur the line between preparing and auditing financial statements.

Nigeria Confirmed for Return to FTSE Frontier Market Index

FTSE Russell confirmed on 27 August 2026 that Nigeria will be reclassified from “Unclassified” to “Frontier Market” status, effective 21 September 2026 — a milestone expected to increase the visibility of Nigerian equities among international investors and deepen participation by global institutional investors, following an earlier two-month hold on the transition.

DCSL PERSPECTIVE

August's regulatory activity reinforces a consistent theme: technology, data and independence now sit at the centre of governance and compliance. Boards in financial services should begin gap assessments against the proposed FHC Guidelines and the CBN's data localisation deadline, while Audit Committees should use the FRC's AI guidance to review how emerging tools are being deployed by external auditors.

CORPORATE GOVERNANCE WATCH

Board Refreshes & Leadership Transitions

Company	Appointment	Resignation / Retirement
Seplat Energy Plc	Engr. Effiong Okon appointed CEO; Mr Tony O. Elumelu, CFR elected incoming Chairman.	Mr Roger Brown retired as CEO after 13 years; Senator Udoma Udo Udoma to retire as Chairman on 31 Dec 2026.
Beta Glass Plc	Mr 'Boye Olusanya appointed Board Chairman.	Appointment followed the departure of Dr Vitus Ezinwa; Olusanya was already a Non-Executive Director.
United Bank for Africa Plc	Mr Emmanuel N. Nnorom elected Group Chairman.	Mr Tony O. Elumelu, CFR retired as Group Chairman upon completion of the 12-year tenure.
Cadbury Nigeria Plc	Dr Rasaq Adedoyin Salami appointed Chairman; Mrs Uwa Osa-Oboh appointed Independent Non-Executive Director.	Mr Adedotun Sulaiman resigned as Chairman, prompting board leadership renewal.
Fortis Global Insurance Plc	Dr Umar Faruk Umar appointed Independent Non-Executive Director; Mr Ufuoma Ibru appointed Non-Executive Director.	Appointments followed NAICOM approval and support board strengthening of governance, risk, finance and regulatory oversight.

BOARDROOM TAKEAWAY

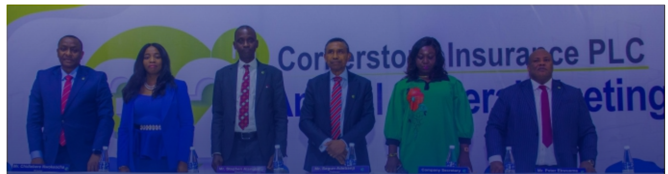
The August transitions point to active board-renewal cycles across major listed companies, with succession planning, tenure-limit compliance and the injection of independent expertise emerging as common themes. For boards, the message is clear: leadership transitions are most effective when they are anticipated and communicated early.

“Leadership transitions are most effective when they are anticipated and communicated early.”

DCSL UPDATES

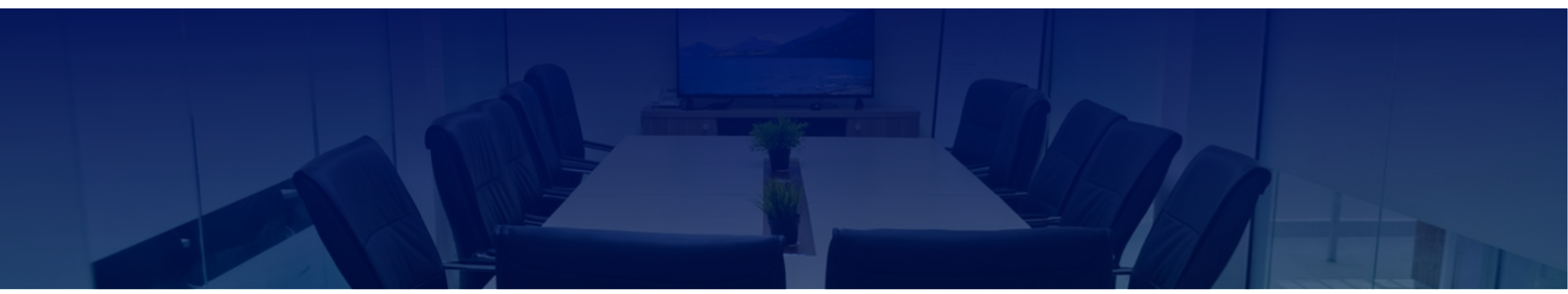
Nike Taiwo Confirmed as Chief Operating Officer

DCSL Corporate Services Limited is pleased to announce the confirmation of Nike Taiwo as Chief Operating Officer, a well-deserved recognition of her contributions to the firm's growth and service delivery.



Celebrating Cornerstone Insurance Plc's Landmark AGM

On Tuesday, 21 July 2026, Cornerstone Insurance Plc held its Annual General Meeting — a celebration of resilient financial growth, strategic transformation and strong corporate leadership. FY2025 highlights included total assets increasing 16% to ₦141.03 billion, with shareholders' equity reaching ₦72.86 billion, and the Board recommending a total dividend of ₦5.09 billion (28 kobo per 50 kobo share).



For more enquiries, kindly send an email to dcslacademy@dcsl.com.ng or call: 09112055687 I 08037699347 I 08106352144

Upcoming: ESG Workshop

Registration is open for DCSL Academy's ESG Workshop, themed "ESG: An Imperative for Performance and Business,"

5 October 2026. Virtually. ₦350,000.

The workshop will equip participants with a practical understanding of ESG principles, global trends and regulatory expectations; provide insights into environmental responsibility, social impact, ESG metrics and sustainability reporting; and enable organisations to integrate ESG considerations into business strategy, strengthen governance oversight, and leverage digital tools for effective ESG implementation and performance measurement.

For enquiries, kindly send an email to dcslacademy@dcsl.com.ng or call 09112055687 / 08037699347 / 08106352144.

Reminder: Executive Directors Workshop

Registration remains open for DCSL Academy's Executive Directors Workshop, themed "Elevating Independence, Accountability & Strategic Oversight," holding 16–17 September 2026 in hybrid format at a fee of ₦400,000. For enquiries, contact dcslacademy@dcsl.com.ng or call 09112055687 / 08037699347 / 08106352144.

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CLIENT SPOTLIGHT: NMRC

A 5-Year Partnership, Marked at the 12th Annual General Meeting

NMRC Nigeria Mortgage Refinance Company

Nigeria Mortgage Refinance Company Plc (NMRC) held its 12th Annual General Meeting virtually on 4 August 2026, chaired by Dr Olabanjo Obaleye. DCSL was represented at the meeting by Inioluwa Acquah and Nike Taiwo, marking five rewarding years of partnership working closely with NMRC's Board on its journey of development and strategic effectiveness.

NMRC's FY2025 Highlights

- Dividend Approval: Shareholders approved a dividend of 80 kobo per share.
- Net Interest Income: Reached ₦6.462 billion, representing a 2.45% increase over the previous year.
- Profit Before Tax: ₦3.489 billion amid challenging macroeconomic conditions.
- Governance Enhancements: Shareholders ratified the appointments of Mr. Adeyemi Odubiyi and Mr. Arinze Adigwe as Non-Executive Directors and re-elected Ms. Funke Aboyade, SAN and Dr. Markie Idowu as Directors, strengthening the Board's governance and oversight capabilities.

COMPLIANCE CALENDAR — SEPTEMBER 2026

Indicative statutory deadlines for August 2026. Companies should confirm dates applicable to their specific circumstances, as some obligations vary by entity type and financial year-end.

DATE	COMPLIANCE REQUIREMENT	AGENCY
3 Sep	SEC comment window closes on proposed digital asset regulatory framework	SEC
7–14 Sep	Remit employee and employer pension contributions to PFAs	PenCom
10 Sep	Remit PAYE deductions to FIRS (federal / non-Lagos employees)	FIRS
10 Sep	Remit PAYE deductions to LIRS (Lagos-based employees)	LIRS
21 Sep	File monthly VAT returns for August	FIRS
21 Sep	File monthly Withholding Tax returns for August	FIRS
21 Sep	Remit NSITF employee compensation contributions	NSITF
21–22 Sep	CBN 307th Monetary Policy Committee meeting	CBN
21 Sep	Nigeria's FTSE Frontier Market reclassification takes effect	NGX/FTSE
30 Sep	Pay quarterly Company Income Tax instalment (where applicable)	FIRS

DCSL SERVICE SPOTLIGHT

Company Secretarial & Compliance
Statutory compliance, board and shareholder meeting coordination, regulatory filings.

Corporate Governance Advisory
Board evaluations, policy codification, governance framework reviews.

Business Advisory & Regulatory Compliance
Company set-up, regulatory compliance, M&A advisory and business restructuring.

Immigration Services
Work permits and expatriate quota management.

Training — DCSL Academy
Executive training and capacity building for governance professionals.

Executive Talent Recruitment & HR Outsourcing
Executive Search & Selection, Psychometric Testing & Assessment Centres and HR Outsourcing Solutions

> **"AUDIT INTEGRITY CANNOT EXIST WHERE INDEPENDENCE IS COMPROMISED."**
>
> *Dr Rabiu Olowo, Executive Secretary/CEO, Financial Reporting Council of Nigeria (FRC), at the 2026 Audit and Assurance Leadership Summit, Lagos, August 2026*