BANWO & IGHODALO

The Grey Matter Forum

On

Future of Digital & Virtual Assets Post-Investments and Securities Act, 2025 and the Nigeria Tax Administration Act, 2025

Insights and Policy Recommendations

May 2026

SPEAKERS:

- **Welcome Address**
  Ayotunde Owoigbe, Partner, Banwo & Ighodalo.

- **Keynote Speaker**

Mr. Joseph Tegbe, Minister of Power Designate & Chairman, National Tax Policy Implementation Committee (NTPIC)

- **Keynote Speaker (Supporting)**

Mr. Ajibola Olomola, Chair of the NTPIC's Technical Committee & Partner, KPMG Nigeria.

- **Panel Moderator**

Seyi Bella, Partner, Banwo & Ighodalo.

- **Panelists-:**

⇒ AbdulRasheed Dan-Abu – Head, FinTech & Innovation, Securities and Exchange Commission (SEC).

⇒ Kenneth Erikume, Partner, Tax Reporting & Strategy, PwC.

⇒ Obi Emetarom, Chief Executive Officer, Zone.

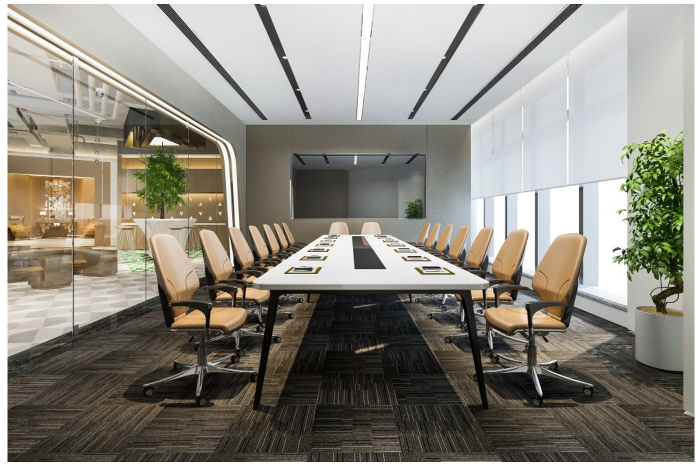
⇒ Somto Nnajim, Country Manager, Nigeria, Yellow Card.

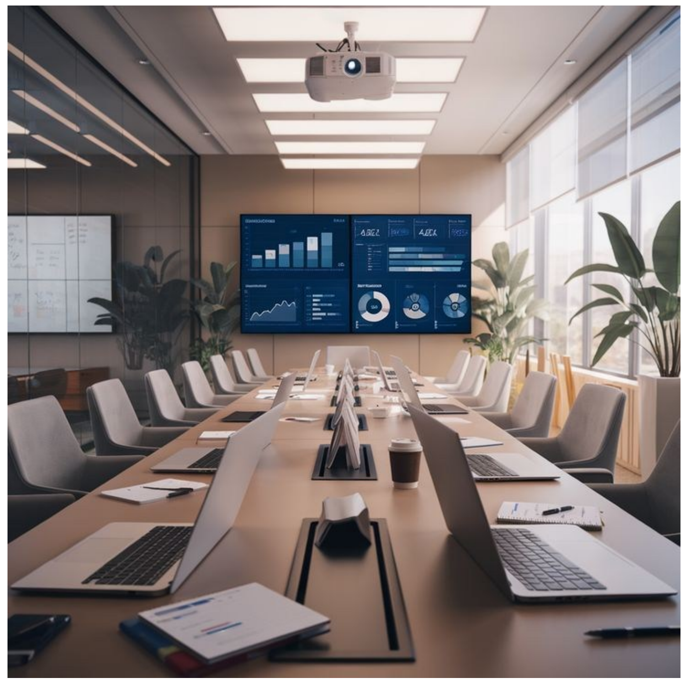
⇒ Kelechi Nkwocha, Lead Product Manager, Corporate Online Banking, Fidelity Bank.

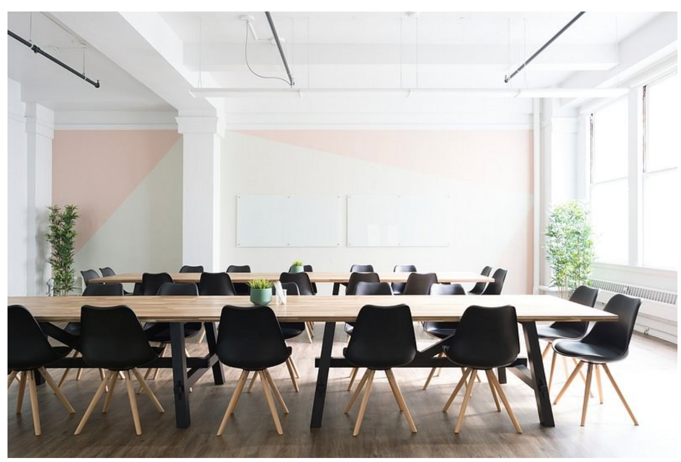
⇒ Ayodele Adeyemi-Faboya, Partner, Banwo & Ighodalo.

Rapporteurs-:

Oluwatoba Oguntuase and Osaheni Ezomo
Banwo & Ighodalo







Executive Summary

The Grey Matter Forum brought together regulators, policymakers, tax experts, financial institutions, fintech operators, legal practitioners and industry stakeholders to examine the future of Nigeria's digital and virtual assets ecosystem following the enactment of the **Investments and Securities Act, 2025 (ISA 2025)** and the **Nigeria Tax Administration Act, 2025 (NTAA).**

A central consensus emerged from the discussions: Nigeria now possesses a historic opportunity to become Africa's leading regulated digital-assets jurisdiction.

The enactment of ISA 2025 marks a decisive shift from regulatory ambiguity to statutory recognition of digital and virtual assets. For the first time, these assets are expressly recognized within Nigeria's legal framework, creating a foundation for licensing, supervision, investor protection and market development.

However, statutory recognition alone is insufficient. Participants agreed that Nigeria's success will depend on whether regulators can provide clarity, consistency and coordinated implementation while preserving room for responsible innovation.

1. Key Themes and Strategic Insights

The panelists examined the digital and virtual assets market in the post-ISA 2025 and NTAA. Participants at *The Grey Matter Forum* largely agreed that Nigeria possesses a unique opportunity to emerge as Africa's leading regulated digital-asset jurisdiction, provided that the market is shaped by collaboration, proportional regulation, regulatory clarity, and sustained stakeholder engagement.

1.1 Regulatory intent and framing (SEC)

The Securities and Exchange Commission (SEC) explained that, prior to 2025, no single framework simultaneously protected investors, preserved market integrity and allowed room for responsible innovation. The ISA 2025 brought most digital-asset activities under regulatory oversight and gave the Commission the mandate to deliver on the three highlighted objectives

1.2 Gaps in the ISA 2025 and structuring responses (Practitioners)

The ISA is a major step forward and sets the foundation for a structured market, but gaps remain. The first and most fundamental gap is that recognizing digital and virtual assets as "securities" within capital markets legislation cannot, by itself, amount to comprehensive digital-asset regulation. A detailed rulebook is still needed. Decentralised Finance (DeFi) was cited as a key example. Here, the Financial Conduct Authority (FCA)

in the United Kingdom and the European Union's Markets in Crypto-Assets (MiCA) regime offer a workable model: fully decentralized arrangements fall outside protection, but any semblance of control (for example, an entity holding an upgrade token) brings the arrangement within scope. This approach narrows the grey area. The second gap is classification. Digital assets are not a single asset class, so category-specific rules are required.

On structuring, practitioners described patterns used to de-risk these gaps, rather than "workarounds" as such. The first is functional or jurisdictional perimeter structuring: the issuer, exchange and custodian sit offshore, while the market-facing or customer-support entity is onshore and a bank handles fiat. The second involves familiar legal wrappers, for example, issuing debt via private placement with a token as a digital representation of the right, rather than issuing a "debt token" directly. Sandbox participation (such as the Accelerated Regulatory Incubation Programme, ARIP) is another recognized route.

1.3 Operators' perspectives

Operators welcomed the recognition and direction the framework provides, but flagged implementation as the principal challenge. Banking relationships remain critical: Stable Coin infrastructure still depends on banks, yet onboarding is slow and uneven. Institutions interpret the same framework differently, with some comfortable engaging Virtual Asset Service Providers (VASPs) and others cautious. Operators also noted the absence of standardized operational expectations for transaction monitoring, settlement structures and the treatment of certain transaction flows. Product classification remains uncertain too, for instance, stablecoins sit between "security" and "payment." The constructive framing was that the conversation has moved from "should we regulate" to "how do we create consistency, operational clarity and confidence," best achieved through sustained engagement with regulators.

1.4 CBN's posture and banking onboarding

The era of outright prohibition (effectively 2017-2023) was characterized as ineffective, as it pushed activity outside the reach of the Central Bank of Nigeria (CBN) rather than stopping it. The CBN's 2023 shift to conditional, risk-based regulation gave SEC-registered VASPs tightly controlled access to banking. Even so, the CBN remains cautious and does not regulate banks specifically in relation to digital assets. From the banking side, opening a VASP account is not a "set-and-forget" relationship. Banks must continuously monitor the source of funds, transaction types, suspicious activity and the VASP's regulatory compliance, given the operational and reputational risks of CBN sanction. Comfort levels have improved relative to prior years but remain below where they need to be. The consistent ask was for clearer, "cast-in-stone" regulatory guidance, constantly communicated, to support a consistent approach across institutions.

1.5 Stablecoins, blockchain and embedded compliance

From a payment infrastructure perspective, CBN's concerns about stablecoins centre on their fiat-like use, counterparty / reserve backing, AML and monetary policy implications. One emerging approach is to use the blockchain itself to deliver regulatory enforcement, programmatically embedding compliance into the protocol to provide visibility and enforced compliance while preserving innovation. This is early stage and not a "silver bullet": adoption hinges on consumer concerns about surveillance and how institutions balance regulatory visibility against user trust.

On who regulates stablecoins, the SEC observed that these assets exhibit functional characteristics that can place them on both the securities and the payments sides. Where a stable coin is purely a payment instrument, it should sit with the payments' regulator. But where it is yield-bearing, securities considerations arise. Sandboxes are the mechanism for resolving such cases, allowing regulators to understand the use case before deciding on classification, with inter-regulatory cooperation and coordination essential. The SEC also emphasized that, because digital assets run on continuously evolving technology, regulation will be iterative: a decision today may need revisiting as new products and use cases emerge.

1.6 Tax classification and VASP obligations

On tax, the alignment between the ISA 2025 and the NTAA definitions is crucial. While the ISA defines digital and virtual assets broadly as securities, the NTAA is more practical, treating virtual assets as anything usable for payment, but excluding items tied to national or foreign currency and those representing an underlying service (for example, certain utility tokens). The category into which a particular asset falls under these statutes, for example, a security (such as Bitcoin), a payment-type virtual asset (such as a utility or electricity token), or an item excluded from the definition altogether, determines how it is taxed. Under NTAA's Value Added Tax (VAT) provisions, money and securities are exempt, so trading in Bitcoin (treated as a security) is not VAT-able, whereas selling, say, an electricity token would be. Stamp duties apply on the issuance of securities (or contracts for securities) but not on transfers of digital assets, and contrary to what tax authorities might prefer, the sale of digital assets is not a conveyance of real property attracting stamp duty under the NTAA.

For VASPs holding crypto in inventory, changing valuations are accounting entries until the asset is realized; there is no tax point on mere revaluation. Gains on sale are taxable, and commissions, subscription or other fees are subject to income tax. The income-versus-chargeable-gains question remains highly relevant for foreign players, who are taxable only on assets deemed located in Nigeria. VASPs also face significant disclosure obligations, reporting the names, email addresses, tax IDs and telephone numbers of buyers and sellers as part of annual returns.

1.7 Cross-border issues

Three cross-border issues recur in advisory practice: tax nexus, passporting, and structural tensions. On nexus, clients ask what level of economic activity brings them within the Nigerian tax net despite zero physical presence, and how to attribute profit from a global order book. Enforcement risk is real even without a presence: the Nigeria Revenue Service (NRS) can access asset freezing through correspondent banking relationships and is a signatory to Organisation for Economic Co-operation and Development (OECD) crypto-asset information-exchange arrangements, increasing visibility. On passporting, an EU MiCA, Virtual Assets Regulatory Authority (VARA) or FCA licence offers credibility but no automatic recognition in Nigeria, so entrants must start afresh and meet high entry thresholds, leading some to seek alternative structures. Structural tensions arise because digital-asset businesses are borderless by nature (single wallet, single custody), yet operate within a firmly domestic, entity-focused regulatory model that

asks who the issuer, custodian and liable party are.

On taxable digital presence, a foreign platform targeting Nigerian customers, for example via a '.ng domain' or internet infrastructure used to transact with Nigerians, falls within the "significant economic presence" (SEP) concept (in force since 2020), triggering income-tax filing obligations and, since end-2022, VAT collection and remittance obligations. This creates potential double taxation tension, mitigated by credit mechanisms – the Nigeria Tax Act (NTA), which governs income tax and foreign tax credits, grants Nigerian companies an automatic credit for foreign taxes to encourage outbound expansion. A continuing debate concerns profit attribution to an SEP. Tax authorities have historically deemed profits at not less than 20% taxed at 30% (an effective 6% of Nigerian revenue), although the law refers to profits genuinely attributable to Nigeria – arguably no more than would be attributed to a limited-risk distributor.

1.8 The e-Naira

The e-Naira (Nigeria's central bank digital currency) was conceived as an innovation to drive financial inclusion, but its uptake was limited by two factors – a lack of clear communication on its value proposition (the problem it was meant to solve) and a lack of a compelling, differentiated use case relative to existing mobile-banking and fintech apps. The suggested path forward is to embed the e-Naira in everyday economic activity (daily services and payments) and to communicate its use case clearly.

2.0 Opportunities, Challenges and Risks

2.1 Opportunities

- Statutory clarity unlocks institutional capital – asset managers and sovereign wealth funds previously reluctant to engage can now do so within a defined legal framework.
- Recognition of digital assets incentivizes Nigeria's youth population (around 70% of citizens) to engage with formal capital markets, broadening the investor base and deepening liquidity.
- Nigeria is uniquely positioned to become the continental hub for regulated digital asset activity – the largest economy in Africa with one of the highest crypto-adoption rates (a US$92 billion annual transaction base, and now a clearer statutory framework).
- Tokenisation can unlock capital for real-world assets (refineries, power and infrastructure) and broaden public participation in financing.

2.2 Challenges and Risks

- Institutional capacity: both the SEC and the NRS require substantial investment in technical expertise, digital infrastructure and qualified personnel to regulate a sophisticated, fast-moving digital assets market.
- Valuation uncertainty: the NTAA provides a basic market-price rule, but there is no detailed guidance on cost basis for frequent trades, thinly traded tokens, cross-platform transactions or unrealized gains – likely sources of dispute with the NRS.
- DeFi enforcement: enforcing licensing against protocols with no identifiable operator, domicile or legal personality remains an open question the legislation does not yet provide an answer to.
- Consumer awareness: most retail users are unaware of their new obligation to declare gains – the exposure could be sudden and severe once enforcement begins in earnest.

3.0 Implications for Stakeholders

- **For investors:** digital and virtual assets now have clearer recognition within Nigeria's legal, regulatory and tax frameworks, but recognition brings obligations. Investors and platforms must keep proper records of reportable transactions, declare taxable gains and income, and use properly registered or authorized platforms. Transacting through unregistered or non-compliant platforms may now carry real legal, tax and financial risks.

- **For fintech operators and VASPs:** build compliance into the product before scaling it. The framework expects platforms to know their customers, classify their tokens, monitor transactions, keep records, report to regulators and support tax compliance from the outset. Speed without compliance is no longer innovation, it is regulatory exposure.

- **For foreign investors and international operators:** Nigeria is building a framework international capital can understand, but participation requires careful tax and regulatory analysis. Certain non-resident disposals connected to Nigerian companies or assets are taxable, and offshore operators must assess whether their Nigeria-facing activities require SEC approval, recognition or local registration.

- **For regulators:** statutory recognition is only the starting point as the market now needs clarity, consistency and coordinated implementation. The SEC should move promptly to a detailed, category-specific rulebook, while the SEC and CBN resolve the classification and supervisory boundaries around stablecoins and issue clearer, consistently applied guidance to support a uniform approach to VASP account-opening across banks. Inter-regulatory cooperation (SEC, CBN and NRS), continued use of the sandbox to understand novel use cases before classifying them, and investment in technical expertise, digital infrastructure and supervisory technology (suptech) will be essential to regulate a fast-moving market credibly and to position Nigeria as Africa's leading regulated digital-assets jurisdiction.

4.0 Recommendations and Action Points

4.1 Short-Term (Immediate)

- Operators should engage the SEC sandbox / ARIP framework proactively and "co-ideate" common-sense rules with regulators and submit comments during the SEC's forthcoming rule-exposure window.
- VASPs should build a single, integrated compliance framework spanning SEC, tax (NRS), Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) and payment-system requirements, unified Know Your Customer (KYC) onboarding, transaction monitoring, valuation, reporting and seven-year record keeping and obtain Special Control Unit against Money Laundering (SCUML) certification – fragmented compliance is itself a regulatory risk.
- The SEC and CBN should accelerate the work of their joint digital-asset committee and issue clearer and consistently applied guidance to support a uniform approach to the VASP account-opening framework across banks.

4.2 Medium-Term (6–18 months)

- The SEC should issue a detailed digital asset rulebook that classifies assets into specific categories (security tokens, utility tokens, stablecoins, non-fungible tokens (NFTs)) and addresses DeFi along the lines of the EU MiCA / UK FCA approach – fully decentralized protocols should be excluded but any protocol with a controlling entity or upgrade token should be brought within scope.
- Regulators should clarify the treatment of stablecoins (payment versus security, including yield-bearing variants), confirm the division of supervisory responsibility between the SEC and CBN, and deploy supervisory technology ("suptech") to support tax administration.
- Government and industry should pursue the "banking handshake" – expanding bank connectivity for compliant VASPs and encouraging Nigerian institutions to issue regulated stablecoins (to bring the estimated US$92 billion on-chain market in from the cold) and grow Gross Domestic Product (GDP).

4.3 Long-Term (18 months – 4 years)

- Develop an industry self-regulatory framework, with VASP associations agreeing common standards alongside regulators, recognizing that the private sector will always lead the public sector in innovation.
- Build the institutional infrastructure for a mature market in which start-ups can issue equity (and other tokens), list them on licensed exchanges, and have tier-one banks act as custodians – supporting tokenisation of real-world assets such as power, refineries, infrastructure, agriculture and real estate.
- Consider Nigeria maintaining sovereign digital asset reserves / digital wallets as a stabilizing signal of endorsement and a basis for taxing crypto in its currency of transaction, while positioning the country for OECD Crypto-Asset Reporting Framework (CARF) cross-border information exchange and as the continental hub for regulated digital assets.

SOME NOTABLE QUOTATIONS

* “This is not a niche conversation for technologists … it is a conversation about fiscal sovereignty, about whether the Nigerian state will capture its fair share of value … and about whether Nigeria will be a rule-maker or a rule-taker in the emerging global digital order.”

* “In this market, speed without compliance is no longer innovation – it is regulatory exposure.” **— Joseph Tegbe, Minister of Power & Chairman, NTPIC (National Technology Policy and Innovation Council)**

---

* “The opportunity here was not created by government; it is a market created by participants themselves, almost in spite of no regulation … Nigeria is no longer approaching the digital-asset era – we are right in the middle of it.”

* *The ISA 2025 and the NTAA have brought crypto from the cold”.

* “Controls on monetary and fiscal policies remain a key concern to regulators and the government”. **— Ajibola Olomola, Chair of the NTPIC’s Technical Committee & Partner, KPMG Nigeria.**

---

* “The ISA is a good starting point, but there are gaps. The first is recognizing digital and virtual assets as "securities only" does not completely deregulate them. They are not just a single asset class.”

* “Tokenisation is the future because it is smart and time saving. Tokenisation ensures liquidity: you can trade for 24 hours. Immutability is also guaranteed: smart contracts are immutable; you cannot manipulate them. However, ownership and enforceability pose challenges to smart contracts.”

* “My view of the future is a start-up that can issue equity tokens, list those tokens on a licensed exchange, and have a tier-one bank act as custodian of the underlying asset – and I think we are halfway there.” **— Ayodele Adeyemi-Faboya, Partner, Banwo & Ighodalo**

---

* “As long as digital assets run on blockchain, they will continue to evolve, necessitating continuous regulation as long as there are egg heads in the sector developing new products.”

* “We just got out of the grey list. We are still working with the sandbox model not because we are happy slowing down moving to the actual Rules, but because we are mindful that doing the two simultaneously and steadily is safer.”

* “Our rules will soon be exposed – please make comments, no matter how short. You are the ones who will play in this field, and if the laws are not good, it is you who will suffer. **— Abdulrasheed Dan-Abu, Head, FinTech & Innovation, Securities and Exchange Commission.**

---

* “Regulatory gaps remain. We still need the banks to operate even when tokens have been issued already. No standardized operations yet”.

* “Product classification is an issue. We need constant interactions with the regulators.”

* “There is appetite for tokenisation already in Nigeria. But infrastructure gap remains an issue.” **— Somto Nnajim, Country Manager, Nigeria, Yellow Card.**

---

* “The e-Naira suffers from objective clarity and value proposition due to poor or unclear communication on the part of the regulators.”

* “The banks are big on KYC due diligence based on guidelines by the CBN. We are not where we ought to be but there are improvements, as the onboarding of more VASPs continues. Regulatory clarity is necessary.” **— Kelechi Nkwocha, Lead Product Manager, Corporate Online Banking, Fidelity Bank.**

---

* “Nigeria is not yet fully a competitive market because of the ambivalence of the CBN standpoint and the SEC position.”

* “Stablecoins are still viewed only as a medium of exchange while crypto is seen as a security. This gap in product classification remains a challenge.”**— Obi Emetarom, Chief Executive Officer, Zone.**

---

* “Some digital and virtual assets are not securities strictly under the ISA 2025. Taxation of assets (Stamp Duty, etc.) depends on whether they are income or profit/gain generating. Disclosure of the identity of the trader is necessary for tax purposes.”

* “If you have a platform outside Nigeria targeting Nigerians or developed for Nigerians, it falls within the SEP category and comes under the tax net in Nigeria. There could be the fear of double taxation.” **— Kenneth Erikume, Partner, Tax Reporting & Strategy, PwC.**

48, Awolowo Road, South-West Ikoyi, Lagos, Nigeria
14, Negro Crescent, Maitama, Abuja, Federal Capital Territory, Nigeria
3, Wokekoro Street, Old GRA, Port-Harcourt, Rivers, Nigeria
+234 2013302934; 2092912127
banwigho@banwo-ighodalo.com
www.banwo-ighodalo.com