

Navigating the Regulatory Framework for Digital Assets and Cryptocurrency in Nigeria

This Q&A guide is designed to assist investors, fintech operators, and market participants in understanding the evolving legal and regulatory framework governing digital assets and cryptocurrency in Nigeria. It provides practical insight into how the regulatory positions of the Securities and Exchange Commission and the Central Bank of Nigeria interact, as well as the compliance obligations applicable to participants within the ecosystem.

As regulatory oversight continues to develop, successful participation in Nigeria's digital asset market increasingly depends on a clear understanding of classification rules, licensing requirements, and financial system restrictions.

1. What is the current regulatory position on cryptocurrency in Nigeria?

Cryptocurrency is legal and formally regulated. Under the Investments and Securities Act 2025, digital assets are officially recognized as securities. Furthermore, the Central Bank of Nigeria (CBN) has lifted the 2021 banking ban, meaning licensed crypto businesses (VASPs) can now open bank accounts and access the formal financial system, provided they meet strict SEC and CBN compliance standards.

2. How does the Securities and Exchange Commission classify digital assets?

The Securities and Exchange Commission classifies digital assets as securities where they qualify as "investment contracts." This means that tokens offered to the public particularly those involving expectation of profit may be regulated under securities laws, requiring registration and compliance with applicable disclosure obligations.

3. What is the legal effect of the Central Bank of Nigeria's restrictions?

The Central Bank of Nigeria restricts banks and other financial institutions from dealing in or facilitating cryptocurrency transactions. This effectively excludes cryptocurrency businesses from accessing traditional banking services, requiring operators to rely on alternative structures such as peer-to-peer platforms.

4. Can cryptocurrency exchanges operate legally in Nigeria?

Yes, but subject to regulatory compliance. Digital asset exchanges must register with the Securities and Exchange Commission as Virtual Asset Service Providers (VASPs) or Digital Asset Exchanges, depending on the nature of their operations.

5. What licensing requirements apply to digital asset operators?

Digital asset operators must now obtain a specific license from the SEC, such as a Digital Asset Exchange (DAX) or VASP permit, under the Investments and Securities Act 2025. As of January 2026, these licenses require significantly higher minimum capital ranging from 300 million to 2 billion depending on the service. Beyond these financial hurdles, operators must also maintain strict KYC/AML compliance and provide regular regulatory reporting to remain in good standing.

6. How are Initial Coin Offerings (ICOs) regulated in Nigeria?

Initial Coin Offerings are subject to regulatory review by the Securities and Exchange Commission. Issuers must demonstrate that their tokens comply with securities laws or obtain a "no-objection" determination where the token does not qualify as a security

7. Are there anti-money laundering obligations for crypto businesses?

Yes. Digital asset operators are subject to anti-money laundering and counter-terrorism financing obligations. This includes customer due diligence (KYC), transaction monitoring, and reporting suspicious transactions to relevant authorities

8. What is the role of the Nigerian Data Protection framework in crypto operations?

Crypto businesses that process personal data must comply with the Nigeria Data Protection Act 2023. This includes ensuring lawful data processing, implementing security safeguards, and managing cross-border data transfers in accordance with regulatory requirements.

9. How are cross-border cryptocurrency transactions treated?

Cross-border cryptocurrency transactions are not expressly prohibited, but they exist in a regulatory grey area due to banking restrictions. Operators engaging in such transactions must carefully consider foreign exchange regulations and compliance risks.

10. What compliance risks do digital asset operators face?

Operators face regulatory risks arising from non-compliance with securities laws, anti-money laundering requirements, and data protection obligations.

Additionally, the absence of full regulatory harmonisation between the Central Bank and the Securities and Exchange Commission creates uncertainty that must be carefully managed.

11. Are there regulatory developments expected in the near future?

Yes. Nigerian regulators are actively reviewing the digital asset landscape, with ongoing efforts to refine licensing frameworks and clarify institutional roles. Future reforms are expected to promote innovation while strengthening investor protection and financial system stability.

12. Can foreign companies participate in Nigeria's digital asset market?

Foreign entities may participate, subject to compliance with Nigerian regulatory requirements. This typically includes local incorporation, registration with the Securities and Exchange Commission, and adherence to applicable operational guidelines.

13. How does regulatory uncertainty affect investment decisions?

Regulatory uncertainty increases risk exposure for investors and operators. As a result, investors tend to favour projects that demonstrate strong compliance structures, regulatory engagement, and adaptability to policy changes

14. What is the outlook for cryptocurrency regulation in Nigeria?

The regulatory outlook is evolving toward a more structured and coordinated framework. While current restrictions remain in place, there is a clear trajectory toward balancing innovation with oversight, positioning Nigeria as a significant player in Africa's digital asset ecosystem.

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