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NCC AND CAC REQUIRE PRIOR APPROVAL FOR CHANGES IN OWNERSHIP OF TELECOMMUNICATIONS COMPANIES

In a Joint Press Statement dated 21 June 2026, the Nigerian Communications Commission (NCC) and the Corporate Affairs Commission (CAC) announced a new regulatory requirement mandating prior approval for significant changes in the shareholding or ownership structure of licensed telecommunications companies in Nigeria. The requirement is issued pursuant to Section 90 of the Nigerian Communications Act, 2003, Regulation 28(2) of the Competition Practices Regulations, 2007, and Regulation 42 of the Licensing Regulations, 2019.

Effective immediately, any proposed transfer of ownership or control amounting to ten per cent (10%) or more of the total share capital in a licensed telecommunications company, whether through a single transaction or a series of transactions which in aggregate exceed ten per cent (10%), shall require the issuance of a Letter of No Objection by the NCC before such transfer can be effected and subsequently registered by the CAC. Consequently, the CAC will only process and register changes in shareholding structures involving ten per cent (10%) or more of the issued share capital of licensed telecommunications companies upon evidence of the NCC's prior consent and approval.

To the regulators, the measure is intended to preserve a fair and competitive market structure, prevent direct or indirect anti-competitive practices, and strengthen oversight over significant ownership and control transactions within the telecommunications industry. Thus, investors, promoters, company secretaries, and licensed telecommunications operators are therefore advised to incorporate this regulatory requirement into transaction planning, due diligence exercises, and corporate restructuring initiatives involving telecommunications entities.

EMPLOYERS AND REDUNDANCY UNDER THE LABOUR ACT: KEY OBLIGATIONS EVERY COMPANY SHOULD KNOW

Redundancy remains one of the most sensitive aspects of employment relations, particularly in periods of business restructuring, operational realignment, technological advancement, economic downturns, or workforce optimization initiatives. Section 20(3) of the Labour Act defines redundancy as the involuntary and permanent loss of employment caused by an excess of manpower.

To safeguard employees from arbitrary disengagement, Section 20(1)(a) of the Labour Act requires employers contemplating redundancy to inform the relevant trade union or workers' representatives of the reasons for, and extent of, the proposed redundancy. This provision promotes transparency, consultation, and fairness in the redundancy process. Furthermore, Section 20(1)(b) of the Act requires employers, in the selection of employees to be declared redundant, to adopt the principle of "last-in, first-out" (LIFO), subject to considerations relating to relative merit, skill, ability, and reliability. This provision seeks to prevent arbitrary or discriminatory selection practices and to promote fairness in the redundancy process.

In addition, Section 20(1)(c) of the Act mandates employers to use their best efforts to negotiate redundancy payments for affected employees who are not otherwise entitled to such benefits under any applicable regulations or collective agreements. This obligation underscores the importance of engaging employees in good faith and ensuring that redundancy exercises are carried out in a manner that minimises hardship on affected workers.

Failure to comply with the statutory requirements governing redundancy may expose employers to labour disputes, industrial actions, reputational damage, and potential judicial intervention. Consequently, organisations contemplating workforce reductions are advised to undertake careful planning, maintain adequate documentation, and seek appropriate legal guidance to ensure compliance with applicable labour laws and minimise the risk of future claims.

CBN ISSUES NEW MARKET STRUCTURE REQUIREMENTS FOR PAYMENT SERVICE PROVIDERS: DATA LOCALISATION, BENEFICIAL OWNERSHIP DISCLOSURE, AND SYSTEMIC OVERSIGHT

On 15 June 2026, the Central Bank of Nigeria (CBN) issued Circular No. PSS/DIR/PUB/CIR/001/004, titled "Introduction of Market Structure Requirements, Data Localisation, Ultimate Beneficial Ownership Disclosure and Systemic Oversight Measures in the Nigeria Payments System." The Circular introduces a comprehensive regulatory framework aimed at strengthening transparency, promoting fair competition, safeguarding critical payment infrastructure, and enhancing the resilience of Nigeria's rapidly evolving payments ecosystem.

The Circular applies to all licensed Payment Service Providers (PSPs) and other participants in the Nigerian payments ecosystem regulated by the Central Bank of Nigeria, including Payment Solution Service Providers (PSSPs), Payment Terminal Service Providers (PTSPs), Super-Agents, Mobile Money Operators (MMOs), Payment Service Banks (PSBs), among others.

Key Features and Relevant Provisions

The circular is structured around four major pillars:

a. Market Structure Requirements: The CBN introduced measures to prevent excessive concentration within the payments ecosystem by imposing cross-market ownership restrictions. For instance, a Payment Service Provider (PSP) holding more than 25% market share in a regulated payment activity (e.g., card issuing or merchant acquiring) cannot hold more than 15% market share in another regulated payment activity.

b. Data Localisation: The circular requires all licensed participants facilitating payment transactions in Nigeria to ensure that payment transaction data generated within Nigeria must be stored and managed within Nigeria and that institutions relying on offshore infrastructure must establish local data storage arrangements before the prescribed implementation date.

c. Ultimate Beneficial Ownership (UBO) Disclosure: The circular mandates all licensed operators to disclose their Ultimate Beneficial Owners (UBOs) to the CBN and notify the CBN of any subsequent changes in ownership or control.

d. Systemic Oversight Measures: The CBN introduced enhanced supervisory measures to designed to address concentration risks, reduce operational vulnerabilities, and ensure the continued stability of the payments ecosystem.

The Circular provides that market structure requirements are to be complied with on or before 31 December 2026, while the data localisation requirements will take effect from 1 January 2027. Collectively, these requirements reflect the regulator's commitment to fostering a secure, competitive, and resilient digital payments environment capable of supporting Nigeria's growing digital economy.