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Re-admission into the SEC Accelerated Regulatory Incubation Programme:

A Review of Regulatory Implications

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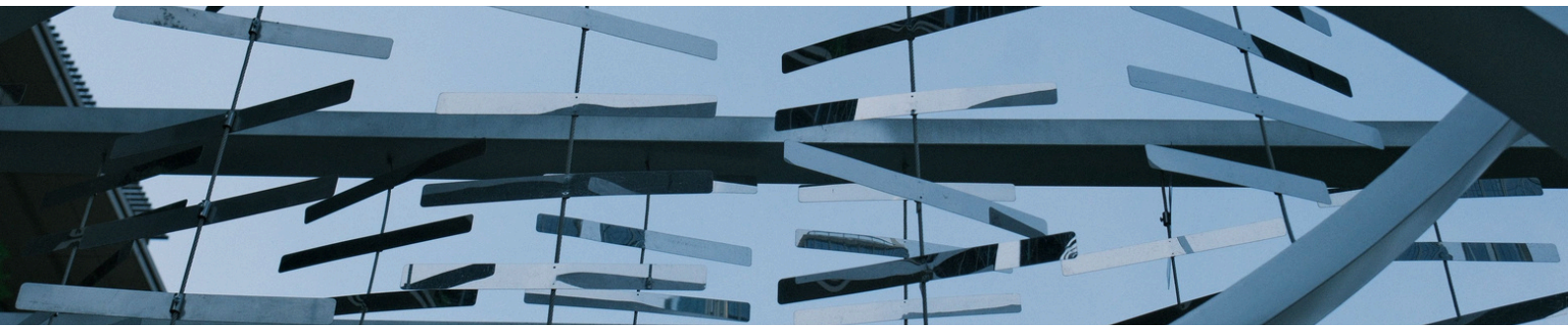
1. Introduction

On the 2nd of July 2026, the Securities and Exchange Commission (SEC) published a press release clearing seven (7) Virtual Asset Service Providers into the Accelerated Regulatory Incubation Program. This was followed by the admission of two other entrants into the Program two days after.

The latest cohort which includes admission of new participants and re-admission of previous participants alike, come as Nigeria continues to refine its regulatory approach to digital assets following the enactment of the Investments and Securities Act (ISA) 2025, which formally recognises digital assets as securities and expands SEC's oversight of the sector.

This marks another step in the country's effort to formalize a regulated digital asset ecosystem, and is expected to strengthen investor confidence, promote compliance, and encourage further innovation in Nigeria's expanding virtual assets market. Inversely, the re-admission of select entities into the Program with its potential regulatory implications has raised important questions requiring SEC's clarification. This article seeks to expound the potential regulatory implications of these re-admissions.



2. The Scope of the ARIP

The ARIP is a prominent feature within the Nigerian virtual/digital assets ecosystem which is presently regulated through the Framework on Accelerated Regulatory Incubation Program for the Onboarding of Virtual Assets Service Providers and other Digital Investments Service Providers 2024 **("ARIP Framework")**, the Investment and Securities Act 2025, the recently issued Amendment to the Commission's Rules on Issuance, Offering Platforms and Custody of Digital Assets 2026, and the CBN's Guidelines on Operations of Bank Accounts for Virtual Assets Service Providers **("VASP Guidelines")**.

The ARIP is a regulatory sandbox that applies to VASPs and Digital Asset Service Providers ("DASPs") seeking registration from the Commission to participate under the Commission's supervision in a controlled environment. The Commission onboards VASPs and DASPs including Digital Assets Offering Platforms, Digital Assets Exchange and Digital Assets Custodians among others into the sandbox to evaluate their technologies and business prior to launch of their products and services to the investing public.

During the ARIP period, the Commission provides guidance to the entities on the regulatory demands before they become fully operational in the capital market, and enable the Commission to further understand the digital assets business models for effective regulation.

Entities participating in the sandbox receive an Approval-in-Principle from the Commission upon onboarding, serving as a pathway to full licensing by the Commission. As a result, the participants have a conditional regulatory authorization and can conduct specified securities/investment activities during the ARIP period in accordance with the scope approved by SEC and the ARIP Framework.

Upon satisfaction of the regulatory obligations under the ARIP Framework, the successful entities are to transition to obtention of full license.[1]



1 Paragraph 37, ARIP Framework

3. Restrictions on the ARIP

The ARIP provides interim approval for entities seeking to enter the Nigerian capital market, pending the fulfilment of the applicable requirements for obtaining the requisite operating license. Accordingly, an ARIP participant is not fully registered/licensed to provide the relevant securities business at scale and operate as a full capital market operator.

The ARIP Framework also expatiates on the restriction of the Approval-in-Principle,[2] as participating entities are prohibited from conducting business outside the scope approved during the ARIP period. Also, participants do not have the unrestricted right to grow their customers, and are limited to a maximum of 10% customer growth from the point of entry. Further, there is a restriction against conducting any promotional activities.

4. Benefits for Participants

The ARIP not only allows the regulator assess how companies perform under supervision including but not limited to handling of customer funds, risk management, and compliance with Anti-money laundering rules, before granting full license; the Program also enables eligible entities demonstrate their capability to operate within Nigeria's regulatory framework. The recent admissions therefore further legitimize VASPs as a legitimate asset class within the Nigerian capital market and further lay to rest any notion of regulatory suspicion about the asset class.

5. Significance of the Admission

The admission of a new cohort into the ARIP also has notable Implications for the Nigerian capital market beyond the direct participants

Following the introduction of the ISA, which formally recognizes digital assets as securities, the admission of new cohorts is another step in SEC's efforts to reduce regulatory uncertainty and fortify the regulation of the digital assets ecosystem. This clarity is expected to engender transparency, accountability and reduce fraudulent activities by unscrupulous persons who could parade as legitimate operators and whose regulatory status can now be verified by the investing public.

2 Paragraph 29, ARIP Framework

The Program's entrenchment of transparency, and accountability, as well as its institutionalization of the applicable regulations is certain to strengthen investors' confidence in Nigeria's rapidly expanding virtual assets market.

As is widely known, a weak regulatory ecosystem poses wide risks to investors while a rigid regulation repels innovation. The Program enables the Commission to reconcile the polar principles. Accordingly, SEC's monitoring of innovative products through the Program allows for flexibility without preventing SEC from fulfilling its regulatory mandate. This in turn will engender more innovations, since the Program will have allayed the fears of future innovators of potential regulatory rigidity. In the same vein, there is a guarantee that the SEC will collaborate with new product developers in the course of their market entry.

6. Concerns on the ARIP Pathway

While the admission of new entrants into the Program had been heralded for its impact on the capital market, the admission of the latest cohorts has not been without its concerns. A cross-section of industry practitioners has highlighted the re-admission of participants from the previous cohort, raising questions about the basis for the re-admission and calling for clarifications on the pathway of entities onboarded into the Program. Nonetheless there appear to be some merits and demerits in the Commission's actions. Some of the merits include:

I. Regulatory Continuity

The re-admission signals the Commission's intent to collaborate with prospective licencees in their entry to market. A major challenge that has hitherto faced the Nigerian digital asset ecosystem is regulatory uncertainty. As such, the re-admission demonstrates the Commission's willingness to work with previous participants to ensure implementation of their operational plan and business continuity rather than excluding them on grounds of unsatisfactory assessment in a previous cohort.

II. Reinforces Innovation and Investment into Nigeria

The awareness of participants that their entry into the ARIP is not just met with regulatory scrutiny but will receive the Commission's support even when they do not achieve the requisite regulatory milestone to acquire a license, encourages VASPs to seek operation in Nigeria rather than operating outside the regulatory framework.

III. Provides Opportunity to Address Previous Shortcomings

The re-admission portends a mutual benefit for the Commission and participants as the Commission will be afforded the opportunity to evaluate how previous participants responded to any regulatory feedback while participants will also be able to address gaps identified during prior participation.

The major demerit in the said re-admission is the possibility of indefinite incubation. The prevailing assumption within the industry is that successful participants will be on track for a substantive license, and as such, if participants in an incubation cohort can subsequently enter another without clearly defined justification or conditions for re-admission, there is a risk that this could create the impression that participation will be in continuum. Further to this, investors will be unconvinced that there is a defined graduation pathway following the ARIP.

In view of the foregoing, it is no gainsaying that there is a heightened curiosity among industry practitioners on the transition of the cohorts from approval-in-principle to full license. As such, it is imperative for SEC to demonstrate that participation in the ARIP will progress into substantive licensing and provide clarity on the conditions for re-admission into the ARIP.

7. **Conclusion**

The ARIP is a mechanism that affords digital assets businesses to operate within a controlled environment. Notwithstanding the concerns raised by industry practitioners on the pathway of cohorts, a remarkable posture of SEC is its unceasing effort to adapt and consolidate the legal framework of the Nigerian digital assets subsector in response to technological developments and investor concerns. As such, it is expected that SEC will in the not-too-distant future provide more clarity on the fate of entities currently admitted and further reinforce the long-term viability and integrity of the Nigerian digital assets market.



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