



Services

Nigeria's Capital Markets on the *Fast Track*



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Nigeria's capital markets are in a period of rapid transformation, marked by a continuous drive for reform. From shortening settlement cycles to extending trading hours, the market's momentum is palpable. In this latest edition of our "Where Can We Take You" series, Marcello Topa, Head of Global Advocacy for Investor Services at Citi, speaks to Masha Maharaj, Sub-Saharan Africa Custody Head, to unpack these upcoming changes.

Q Topa: Nigeria recently moved from a T+3 to a T+2 settlement cycle. How did that transition unfold, and what were the key takeaways?

A Maharaj: It has indeed been a significant step. The Central Securities Clearing System Plc. (CSCS), Nigeria's Central Securities Depository (CSD), initially had an ambitious goal to leapfrog directly from T+3 to T+1. However, after consultation with Citi and other local market participants, the industry consensus was to take a more phased approach. The Nigerian regulator, the Securities and Exchange Commission (SEC), and the CSCS onboarded this advice. As a result, the market adopted a T+2 settlement cycle on November 28, 2025.

The rollout of T+2 in Nigeria was remarkably smooth, largely because the industry was well-prepared. In the lead-up, Citi collaborated closely with the CSCS, the SEC, and the Nigerian Exchange Group (NGX) to carry out extensive industry-wide testing, ensuring that investors were ready for the transition. This move not only enhanced operational efficiency and market liquidity but also aligned Nigeria more closely with the global trend toward shorter settlement cycles.¹

Q Topa: Following the successful T+2 implementation, the market is already planning a move to T+1 this year. What is driving this rapid timeline, and what are the potential challenges?

A Maharaj: That is correct – the CSCS has confirmed Nigeria will go live with T+1 on June 1, 2026, just 6 months after launching T+2. While Citi fully supports the global move to T+1, it is crucial that markets are operationally ready for such a transition. Nigeria may encounter some challenges with the accelerated timeline. Firstly, the local market relies heavily on manual processing with emails and file transfers still the norm, whilst broker contract notes remain non-standardized, which will make it harder for the industry to deliver automated pre-matching.

The time-window for complying with T+1 in Nigeria is also very narrow, at least relative to what other major markets went through. The US SEC, for instance, *formally* announced the deadline for T+1's implementation a full 15 months before the go-live date, whereas the timeline in Nigeria is a lot more compact.

However, Nigeria's relatively modest trading volumes should help cushion the market's transition to T+1, mitigating some of the operational pressures that may arise during the adjustment period.

Q Topa: Given these hurdles, what practical steps are being taken to ensure a successful T+1 implementation, and how is Citi supporting its clients through this change?

A Maharaj: We are seeing good progress. As part of our advocacy efforts, Citi is working closely with industry associations, including the Association of Global Custodians and the Association of Asset Custodians of Nigeria.

A key development has been the agreement by the SEC and CSCS to move the market settlement cutoff time from 08:00 HRS to 17:00 HRS. This comes not long after Citi submitted a white paper to the SEC highlighting that the original 08:00HRS settlement cut off time, while workable in a T+2 environment, would not be practical in a condensed T+1 settlement window.

To support this accelerated timeline, the Exchange has collaborated with brokers to standardize broker contract notes and has mandated that these notes be transmitted to custodians and clients within one hour of the close of the trading window. This would significantly augment pre-matching capabilities. Longer-term, CSD connectivity and automation need to be improved, possibly through the introduction of Application Programming Interfaces (API), a shift that would help the industry enhance its pre-matching.

While timelines may prove challenging, we are committed to supporting our clients regardless of the timeline. We are ramping up our client communications through webinars, written updates, and bilateral meetings.

Q Topa: Looking beyond settlement cycles, what other significant reforms are shaping the Nigerian market?

A Maharaj: Settlement reform is just one piece of the puzzle. On April 27, 2026, the NGX extended its equities trading hours, which could usher in greater liquidity. This came shortly after FTSE Russell announced it would be upgrading Nigeria's equity market from "unclassified" to "frontier" status.² However, the later market close also risks causing friction for global investors when T+1 takes effect, as it will give them less time to carry out their post-trade processing and FX funding.

Elsewhere, the CSCS is hoping to launch a single account structure and has also outlined new insolvency procedures for custodian banks, both of which are pending SEC approval.

The Central Bank of Nigeria (CBN) has provided Citi with a temporary Bank Verification Number waiver for selected foreign portfolio investors, the provision of which is normally mandatory when investors open up cash accounts in Nigeria.

There is ongoing engagement with the CBN and the Nigeria Revenue Service (NRS) on the modalities for the collection of withholding tax for Nigeria Treasury bills (NTB) at source during the issuance process or at the trading point. And finally, FMDQ Group is planning to unveil a new equities market segment, complementing NGX, although this is still a work in progress.

¹ CSCS – November 28, 2025 – [CSCS announces go live of T+2 settlement cycle in capital market](#)

² Bloomberg – April 18, 2026 – [Nigeria expands stock trading hours after frontier index return](#)