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# Investments & Securities Act 2025 Regulates Digital Assets

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The Investments and Securities Act (ISA) 2025 has introduced a comprehensive and modern statutory framework for the Nigerian capital market, with its most transformative provision being the formal inclusion of virtual and digital assets within the definition of "securities." This landmark legislative action explicitly grants the Securities and Exchange Commission (SEC) the statutory mandate to regulate and oversee the entire digital asset ecosystem, effectively transitioning the sector from a state of regulatory uncertainty to one of defined governance. By classifying virtual assets, which include cryptocurrencies, tokens, and other blockchain-based instruments, as securities, the ISA 2025 places all market participants, such as Digital Assets Exchanges, Virtual Asset Service Providers (VASPs), issuers, and custodians squarely under the SEC's oversight.

This new legal clarity mandates that all Digital Asset Service Providers (DASPs) must now obtain SEC licenses and adhere to stringent regulatory requirements typically reserved for traditional capital market operators.

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This includes demonstrating robust compliance with Anti-Money Laundering (AML) and Counter-Financing of Terrorism (CFT) standards, implementing rigorous Know-Your-Customer (KYC) procedures, and maintaining transparent governance structures.

The Act also enhances investor protection significantly by explicitly criminalizing Ponzi schemes and other unlawful investment practices, imposing severe penalties on promoters, and mandating disclosures for digital asset offerings. Furthermore, the SEC is now empowered with expanded investigative capabilities, including the authority to request electronic communication data, to effectively enforce compliance and mitigate systemic risk within the broader financial market.

The ISA 2025 thus establishes a unified regulatory foundation that aims to attract both domestic and foreign institutional investment, foster technological innovation, and solidify investor confidence in the rapidly evolving digital economy.

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