



What the CBN's Financial Holding Company Rules Mean for Banking Groups Banking and Finance Practice

INTRODUCTION

On 10 June 2026, the CBN published an Exposure Draft of Revised Guidelines for the Licensing and Regulation of Financial Holding Companies in Nigeria. The Exposure Draft's public consultation window ends on 9 July 2026. Among the most significant changes to the holding company framework in the draft is the move from three-pillar structures to four-pillar structures. If approved, the proposed framework would be the most significant revamp of the holding company framework since the guidelines were issued for Nigerian banking groups during restructuring away from universal banking into holding companies structures in 2014.

The proposed changes must be understood by financial holding companies, their banking and non-banking subsidiaries, shareholders, and their advisers. The comment window is brief, the required structural changes under the final guidelines have long implementation deadlines and several of the proposals including capital requirements and foreign subsidiary ownership, for example, have material implications that require modelling even before the issuance of final rules.

We outline five of the biggest proposals in the CBN exposure draft and what banking groups need to do by the time the consultation deadline passes.



1. HOLDING COMPANIES SHOULD NOT MAKE LENDING DECISIONS.

The draft guidelines limit holding companies to credit functions, restricting the company from playing any role in credit administration and approval of any subsidiary. This responds to a corporate governance issue that the CBN sees consistently across all banking groups: that the break between the holding company and operating bank, and hence between holding company management and the subsidiary bank's lending, is functionally illusory, as holding company management does or can influence lending at the subsidiary. For those banking groups where historically holding company's top management have been part of credit committees,

or have been involved in investment decisions of the banking subsidiary, this prohibition will require that new corporate arrangements are made for the allocation of governance rights and corporate reporting lines.

2. 51% OF EACH SUBSIDIARY IS TO BE A MINIMUM EQUITY STAKE

Every financial holding company must have not less than 51% equity interest in all of its subsidiaries. Re-structure is required where current structures do not meet this test. The draft introduces a requirement to register holding companies as a person with significant control in the appropriate corporate authority which is a practical requirement for disclosure obligations where corporate groups have used complex sub-group structures.

3. CAPITAL MUST BE AT LEAST 20% IN EXCESS OF THE SUM OF MINIMUM CAPITAL OF THE SUBSIDIARIES

There is a new holding company capital adequacy standard included in the draft: regulatory capital must be at least 20% greater than the sum of the minimum regulatory capital requirements of all subsidiaries. The capital implications of the requirement for a group, when that group has, or has significant plans to, have multiple regulated subsidiaries (e.g. a commercial bank, an insurance company, a fund manager, and a payment subsidiary) are potentially material and will need to be modelled against the current group capital position prior to final guidelines being published.



4. FOREIGN SUBSIDIARIES HAVE TO BE LOCATED AT THE PARENT HOLDING COMPANY AND NOT THE BANK LEVEL.

Under the extant 2014 framework, there is an equivalence between what a Nigerian banking subsidiary may be equity-held in a foreign-owned subsidiary.

The draft reverses that: equity-hold in the foreign-owned subsidiary must flow through a holding company itself (or at most, a single-interposition holding company). For banking groups with African subsidiaries (the ownership structure of which will now flow through the Nigerian Bank), this requires that corporate restructure, regulatory approval, and the tax treatment of the transfer of the equity be conducted with immediacy. Also, any shared services have to be at arm's length. It plugs what the CBN refers to as holes in arrangements for shared services between bank groups. Group owners have historically provided technology, compliance and operation back-up to subsidiaries in ways the CBN now considers as giving subsidiaries unfair advantages over rivals elsewhere within

the group. The draft wants any shared services to operate through formal, arm's length agreements.

5. GROUP CUSTOMERS CANNOT BE SHARED WITHOUT CONSENT.

As with other regulatory frameworks, the Draft includes a clear data governance rule in the banking group framework-sharing of customer data across group entities that are closely linked without the express consent of the customer (except as permitted in NDPA 2023) is not allowed. This takes the Banking group framework in line with the NDPA and creates a compliance obligation that some will have to consider for their existing data management and technology architectures.

WHAT THE BANKING GROUPS SHOULD DO

The consultation window closes on 9 July 2026. Banking groups should not view this exercise as purely compliance-focused but as an early opportunity to position their view of the final framework through engagement with the CBN. Preparation internally should occur in parallel:

- Review existing group structure versus the required 51% and identify any possible need for subsidiary restructurings.
- Model 20% surplus required capital gap for all regulated subsidiaries, including today and going forward, versus the overall group level capital.
- Map existing group-wide shared service arrangements and those which will need formal arm's-length agreement terms under the new framework.
- Identify the optimal structure of ownership of a foreign subsidiary and model structural, regulatory and tax outcomes from transfers of ownership from the banking subsidiary to the holding company level.
- Audit the current practices of the group in sharing customer data against the NDPA 2023 .
- Produce and submit a response to the CBN exposure draft. Groups having operational concerns about individual proposals have the opportunity to affect the rules in the consultation period.

Conclusion

The suggested changes to the financial holding company regime from CBN reflect a policy shift to greater transparency and clarity in governance, greater segregation of assets and liabilities between the holding company and its operating subsidiaries, and tighter control of systemic risk in banking groups in Nigeria. Groups that take part in the consultation process now and internally prepare at the same time will benefit from the ability to implement the final framework effectively when it is delivered.

If you have not already had your group run an initial assessment of this set of proposed guidelines against your current structure, that work should begin promptly. The window of consultation is short and the structural implications are substantial.

Please note that the contents of this article are for general guidance on the subject matter only. It does not constitute legal advice. For guidance tailored to your organisation's specific circumstances, please contact info@goldsmithsllp.com.

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