What Nigeria's Foreign Exchange Reforms Mean for Foreign Investors and Profit Repatriation

A Legal Analysis of the CBN's Fourth Edition Foreign Exchange Manual 2026 and the Repatriation Regime for Foreign Direct Investment

Introduction

Foreign direct investment is only as attractive as an investor's ability to realise and repatriate the returns on that investment. In Nigeria, foreign exchange instability, liquidity constraints, multiple exchange-rate windows and opaque administrative practices have long made the certainty and ease of profit repatriation critical considerations in investment decisions. For foreign investors, the ability to convert returns into foreign currency and transfer them offshore is therefore a fundamental investment-risk consideration.

Effective 1 June 2026, the CBN's Fourth Edition of the Foreign Exchange Manual (the "2026 Manual") replaced the 2018 Manual, consolidating nearly a decade of regulatory directives and market practices into a unified framework. It also advances Nigeria's foreign exchange liberalisation agenda which began in 2023 and continued through 2024-2026 with the clearing of FX backlogs, the reintroduction of Bureau de Change operators into the official market, and the removal of the oil and gas "cash-pooling" cap in March 2026. This article examines what these reforms mean for foreign investors considering or already operating in Nigeria, with particular focus on the legal protections for repatriation of investment proceeds, the Electronic Certificate of Capital Importation ("eCCI") compliance framework, the liberalisation of oil and gas proceeds, and the enforcement risks arising from non-compliance.

The New Regulatory Architecture: The CBN's Fourth Edition Foreign Exchange Manual 2026

The 2026 Manual is the first comprehensive overhaul of Nigeria's foreign exchange rules since the Third Edition was issued in 2018, and only the second such review in nearly two decades. It is intended to modernize FX administration, align Nigerian practice with international standards, and provide a single reference framework for authorised dealer banks, corporates, exporters, importers and investors.

Structurally, the Manual does two things simultaneously. On one hand, it liberalizes several operational thresholds that previously constrained trade and investment activity, advance import payments, tuition remittances, travel allowances and documentation requirements have all been eased. On the other hand, one of the most consequential changes is the introduction of a clearly defined sanctions regime with fixed monetary penalties that did not exist in comparable form under the 2018 Manual. it substantially raises the cost of non-compliance. For foreign investors, the practical message is that access to foreign exchange is improving, but the tolerance for administrative or documentary shortcuts is narrowing sharply.

The 2026 Manual builds on the CBN's earlier unification of Nigeria's formerly fragmented exchange rate windows into a single Nigerian Foreign Exchange Market ("NFEM"), operating on a willing buyer, willing seller basis in which the Naira's value is determined by market forces rather than administrative fiat. Mandatory electronic execution of interbank spot transactions has been layered onto this unified market to curb opacity and parallel market leakage, while licensed Bureau de Change operators previously excluded from the official market have been re-admitted to source foreign exchange from authorised dealers at prevailing market rates.

The combined effect has been a marked deepening of market liquidity. Average daily FX turnover, which industry commentary places at roughly US$100 million prior to the reforms, has been reported to range between US$400 million and US$600 million, with occasional peaks close to US$1 billion. For a multinational investor, this matters less as a macroeconomic statistic than as an operational fact: sourcing the physical dollars needed to fund a dividend or capital repatriation should, in principle, now be faster and less dependent on informal channels than in the queue-based system of previous years.

Capital Importation and the eCCI: The Gateway to Lawful Repatriation

The single most important compliance step for any foreign investor entering Nigeria remains the registration of inbound capital to obtain a Certificate of Capital Importation ("CCI"). Under section 15 of the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act 1995 ("FEMMPA"), an authorised dealer through which foreign currency or capital is imported is required to issue a certificate evidencing that importation and to render returns to the CBN. The 2026 Manual codifies and digitizes this process through the mandatory Electronic Certificate of Capital Importation, requiring inbound capital to be registered with an authorised dealer bank within a strict 24-to-48-hour window of entry into the country.

The CCI (now the eCCI) is not a mere administrative formality. It is the primary documentary evidence that investment capital entered Nigeria through approved channels, and it is this evidence rather than the underlying commercial transaction that authorised dealer banks rely on when processing an investor's request to repatriate dividends, loan repayments, or the proceeds of a sale or liquidation. Under the 2026 Manual, failure to register capital accurately and within the prescribed window can compromise an investor's ability to convert and repatriate future profits or exit proceeds. Foreign investors and their Nigerian counsel should therefore treat eCCI registration as a time critical condition precedent to every subsequent stage of the investment lifecycle, not as a back-office task to be completed at leisure.

Statutory Guarantees Underpinning Repatriation: The NIPC Act and FEMMPA

The CBN's operational rules sit on top of, and must be read together with, two foundational statutes that give foreign investors their underlying legal right to repatriate capital and returns.

A. The Nigerian Investment Promotion Commission Act 1995

Section 24 of the NIPC Act guarantees a foreign investor in an enterprise to which the Act applies the unconditional transferability of funds, through an authorised dealer, and in freely convertible currency, in respect of: dividends or profits (net of taxes) attributable to the investment; payments in respect of loan servicing where a foreign loan has been obtained; and the remittance of proceeds (net of taxes) arising from the sale or liquidation of the enterprise or any interest attributable to the investment. The investor must still satisfy the relevant requirements, including demonstrating the legitimacy and source of the investment capital and providing the supporting documentation required by the authorised dealer bank. This guarantee is the statutory bedrock of profit repatriation in Nigeria, and it is unconditional in the sense that it does not depend on discretionary regulatory approval although, as discussed below, it is very much conditional on documentary compliance.

B. The Foreign Exchange (Monitoring and Miscellaneous Provisions) Act 1995

FEMMPA is the operative statute governing the inflow, use, and outflow of foreign currency in Nigeria and remains the legal foundation for the CCI/eCCI regime. It confirms that a person may invest in a Nigerian enterprise or securities using foreign currency or capital imported through an

authorised dealer, and that foreign currency so imported and invested is guaranteed unconditional transferability of funds relating to dividends and profits, loan servicing payments, and proceeds of sale or liquidation. Read together, the NIPC Act and FEMMPA give a foreign investor a statutory right to repatriate but that right is exercised through the CBN's operational rules, which is precisely where the 2026 Manual now imposes tighter documentary and timing discipline.

Oil and Gas; the End of the Cash-Pooling Rule

Few reforms have been as consequential for a single sector as the CBN's removal of the oil and gas "cash-pooling" restriction. In February 2024, amid acute dollar shortages, the CBN restricted International Oil Companies ("IOCs") to the immediate repatriation of only 50% of their export proceeds, with the remaining 50% required to be retained in the domestic banking system for 90 days to fund local obligations such as petroleum profit tax, cash calls and royalties.

By a circular dated 25 March 2026, the CBN reversed this policy, granting IOCs unfettered access to their repatriated export proceeds and permitting the immediate repatriation of 100% of export proceeds through authorised dealer banks, subject to adequate documentation and monthly reporting to the CBN's Trade and Exchange Department. The circular expressly supersedes all prior cash-pooling directives. For major energy investors, this materially reduces currency exposure, restores treasury flexibility, and removes what had become one of the more significant deterrents to sustained capital commitment in the upstream sector

Outside the oil and gas cash-pooling context, the 2026 Manual retains and now attaches sharper consequences to the existing repatriation timelines for export proceeds generally. Exporters are required to ensure that export proceeds are repatriated and credited to their export domiciliary account, held at the bank where the underlying Form NXP was established, within 180 days of the Bill of Lading date for non-oil exports and 90 days for oil and gas exports. Failure to meet these timelines now attracts a penalty of 1% of the amount involved, a codified consequence that did not previously exist in comparable form.

The Manual also addresses inbound remittances more broadly: foreign currency transfers into Nigeria are to be paid to beneficiaries in Naira, or such other currency as the CBN may from time to time determine, and cash withdrawals relating to inbound transfers are capped at the Naira equivalent of US$200, with anything above that threshold required to be paid through a bank account rather than in physical cash.

Compliance and Enforcement: Raising the Stakes for Banks and Corporates

From a risk management perspective, the most structurally significant feature of the 2026 Manual is its codified sanctions regime. Authorised dealer banks that process foreign exchange transactions, including repatriation requests without adequate supporting documentation are now liable to a flat fine of ₦100 million, plus a further ₦10 million for each individual faulty transaction. Because banks typically process very large volumes of FX transactions daily, this per-transaction penalty structure creates a materially different risk calculus for compliance departments than existed under the more discretionary sanctions of the 2018 Manual.

The Manual also expands ongoing reporting obligations for authorised dealers, requiring periodic returns on forward and swap transactions, electronic reporting of foreign currency exposure positions, and compliance with Net Open Position limits, alongside new reporting duties for specialised participants such as hotels licensed as Authorised Buyers. For foreign investors, the practical implication is indirect but real: banks now have a strong institutional incentive to demand complete, unambiguous documentation before processing a repatriation request, which places a premium on the investor's own record keeping from the moment capital first enters the country.

Domestic transactions remain subject to the Naira denomination requirement, meaning that goods and services exchanged between Nigerian entities must generally be priced and settled in Naira. Exemptions are limited to specific sectors and zones, including oil and gas, maritime, aviation, and Free Trade Zone activities.

Secondary Reforms of Relevance to Investors

Several further changes under the 2026 Manual, while not directly concerned with profit repatriation, affect the operating environment for foreign invested businesses and their expatriate personnel:

a. Advance import payments: the permissible advance payment for physical imports has been raised from 15% to 30% of the Free on Board (FOB) value, easing procurement negotiations with foreign suppliers.
b. Form NXP processing: processing of the Form NXP for exporters is now free of charge, reducing a recurring administrative cost for frequent exporters.
c. Domiciliary accounts: the Form A requirement has been removed for outward remittances by holders of self funded domiciliary accounts, and such account holders may now initiate direct transfers of up to US$10,000 per day without triggering full trade documentation.
d. Travel allowances: 25% of Personal and Business Travel Allowances may now be disbursed in physical foreign cash, with the remaining 75% disbursed electronically, a change from the stricter cashless position of the CBN's 2024 directive.
e. Tuition remittances: the ceiling for international tuition remittances has been raised from US$15,000 to US$25,000 per semester, capped at two semesters per year.
f. Service exports and PAPSS: the Manual formally recognises foreign exchange receipts from service exports (ICT, professional services, entertainment, etc.) and gives regulatory recognition to the Pan-African Payment and Settlement System, supporting Naira denominated settlement of eligible intra-African transactions.

Practical Implications and Risk-Mitigation Strategies for Foreign Investors

Taken together, the 2026 reforms shift Nigeria's foreign exchange environment from one characterised primarily by scarcity risk toward one characterised primarily by documentation and timing risk. Investors who might previously have worried chiefly about whether dollars would be available at all should now focus at least as much attention on whether their own compliance processes can withstand the tighter documentary standard the CBN now expects of authorised dealer banks.

On that basis, foreign investors and their advisers should consider the following:

a. Treat eCCI registration as time critical. Capital inflows should be registered with an authorised dealer bank within the 24-to-48-hour window from the outset, with clear internal ownership of the process to avoid the compromised repatriation rights that can follow a missed or defective filing.
b. Maintain a complete documentary trail. Because banks now bear direct and substantial financial exposure for inadequate documentation, investors should expect and be prepared to satisfy more rigorous evidentiary requests when initiating dividend, loan repayment, or exit proceeds transfers.
c. Discharge tax obligations before seeking repatriation.
d. Reassess treasury structuring in light of the oil and gas reforms. Energy-sector investors should revisit cash management arrangements that were built around the now-defunct 50/50 cash-pooling requirement.

e. Monitor implementation guidance. As with any newly effective framework, further CBN circulars and market practice are likely to refine how the 2026 Manual's provisions are applied in practice; investors should maintain active regulatory monitoring rather than relying solely on the text of the Manual itself.

Conclusion

The CBN's Fourth Edition Foreign Exchange Manual 2026, read alongside the March 2026 removal of the oil and gas cash-pooling cap and the underlying guarantees in the NIPC Act and FEMMPA, represents the most significant recalibration of Nigeria's foreign exchange and repatriation environment in almost a decade. For foreign investors, the reforms are, on balance, liberalising: exchange rates are more market-determined, liquidity is deeper, oil and gas proceeds move more freely, and several operational thresholds have been eased. Investors who adapt their internal compliance architecture to match the CBN's new documentary expectations stand to benefit meaningfully from a more liquid and transparent market. Those who do not risk discovering, at the point of repatriation, that administrative shortcuts taken at the point of entry have consequences that persist for the life of the investment.

Please note that the contents of this article are for general guidance on the Subject Matter. It is NOT legal advice.

For further information or to see our other service offerings, please visit www.goldsmithsllp.com or contact:

Colin Egemonye	**Shola Adekunle**	**Uzoamaka Ugoh**
Partner	**Senior Associate**	**Senior Associate**
(+234) 0201 291 7913	(+234) 0201 291 7913	(+234) 0201 291 7913
colin@goldsmithsllp.com	shola@goldsmithsllp.com	uzoamaka@goldsmithsllp.com