Regulatory Update: NCC and CAC Introduce Prior Approval Requirement for Changes in Shareholding of Communications Companies

Introduction

If you are planning to buy, sell or shift shares in a Nigerian communication company, there is a new box to tick and it comes before the registrar, not after. The Nigerian Communications Commission (NCC) and the Corporate Affairs Commission (CAC) have introduced a new regulatory approval framework for changes in the ownership of communications companies operating in Nigeria. Under a joint directive, qualifying changes in the shareholding of companies licensed by the NCC must receive the NCC's prior approval before they can be registered by the CAC.

It's a small procedural change with big strategic weight. The directive reflects a broader policy shift toward greater regulatory oversight of ownership and control in strategically important sectors. It also highlights the increasing coordination between sector regulators and corporate registries in supervising transactions that may affect competition, investment, and market integrity.

Key Highlights

- **Prior regulatory approval is now required:**

Any acquisition, transfer, or change involving 10% or more of the shares of an NCC-licensed company

requires a Letter of No Objection from the NCC before the CAC will register the transaction. No letter, no registration.

- **Related transactions are aggregated:**

The requirement also applies where multiple transactions, whether related or otherwise, cumulatively result in the transfer of 10% or more of a company's shareholding.

- **The framework is grounded in existing regulatory powers:**

The directive is issued pursuant to the Nigerian Communications Act 2003, the NCC's Competition Practices Regulations, and the Licensing Regulations, reinforcing the NCC's oversight of ownership changes that may affect control, competition, or regulatory compliance.

- **Greater regulatory coordination:**

By making CAC registration conditional on prior NCC clearance, the directive strengthens coordination between the NCC and the CAC and stitches sector oversight and corporate filing into a single sequential process.

What This Means for Stakeholders

- **For communications companies:**

Shareholding changes, restructurings, and investment transactions should now be assessed early to determine whether NCC approval will be required before implementation.

- **For investors and transaction advisers:**

Regulatory approvals should be factored into transaction planning, due diligence, and completion timelines. Conditions precedent and long-stop dates may need to accommodate the additional approval process.

- **For regulators and policymakers:**

The directive reflects an increasing preference for coordinated regulatory oversight of strategic sectors, particularly where ownership changes may affect competition, national infrastructure, or market stability.

- **For the wider business community:**

The framework reinforces a broader regulatory trend in Nigeria towards closer supervision of ownership and control in regulated industries. Similar approaches may emerge across other strategic sectors.

The Road Forward

The NCC-CAC directive represents more than a procedural approval requirement. It reflects a broader policy approach in which sector regulators are taking a more active role in supervising ownership changes capable of affecting competition, investment, and the long-term stability of regulated markets.

For businesses and investors, the priority is early regulatory planning. Understanding approval requirements at the outset of a transaction will be essential to managing execution risk, avoiding delays, and maintaining regulatory compliance.

For guidance on communications-sector regulation, foreign investment considerations, regulatory approvals, and policy engagement in Nigeria's regulated sectors, contact info@scp-law.com or visit www.scp-law.com.