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HISTORIC MILESTONE FOR THE NIGERIAN CAPITAL MARKET: NGX TRANSITIONS TO T+1 SETTLEMENT CYCLE

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The Nigerian capital market has achieved a significant milestone with the successful transition from a T+2 settlement cycle to a T+1 settlement cycle officially on June 1, 2026, becoming one of the first capital markets in Africa to implement this globally recognized settlement standard. The stages of the Nigerian Capital Market's Settlement Cycle transition are as follows: from T+3 Settlement Cycle to T+2 Settlement Cycle, and then to a T+1 Settlement Cycle.

A settlement cycle refers to the period between the execution of a securities transaction and the final exchange of cash and securities between the investors or market operators (i.e., buyer and seller). Under the previous T+2 framework, transactions were settled two-business-days after the trade date. With the introduction of the T+1 settlement cycle, settlement now occurs within 1 (One) business day after the transaction is executed.

This transition represents a major advancement in the efficiency and modernization of Nigeria's capital market infrastructure. By reducing the settlement period, investors gain quicker access to both funds and securities, thereby enhancing liquidity and enabling capital to be redeployed more rapidly. The shorter settlement cycle also minimizes exposure to market fluctuations and operational risks that may arise during the settlement process.

Furthermore, the adoption of T+1 settlement cycle significantly reduces counterparty risk, i.e., the risk that one party to a transaction may fail to fulfill its obligations before settlement is completed. This improvement strengthens market stability, enhances investor protection, and contributes to a more resilient trading environment.

The move also aligns Nigeria's capital market with evolving global standards. Following the successful implementation of T+1 settlement in major jurisdictions such as the United States, Canada, and India, Nigeria's adoption of the framework demonstrates its commitment to embracing international best practices and fostering a more competitive and attractive investment landscape.

Beyond its operational benefits, the transition is expected to boost investor confidence, encourage greater participation from both domestic and foreign investors, and improve the overall attractiveness of the Nigerian capital market. It reflects the collective efforts of regulators and market stakeholders to advance efficiency and innovation.

The successful migration to a T+1 settlement cycle marks a transformative moment in the evolution of the Nigerian capital market. As one of the pioneering markets in Africa to adopt this framework, Nigeria has demonstrated its readiness to align with global market developments and enhance the efficiency of its financial ecosystem. This achievement not only strengthens the integrity and competitiveness of the market but also reinforces Nigeria's position as a leading destination for investment and capital formation on the African continent.