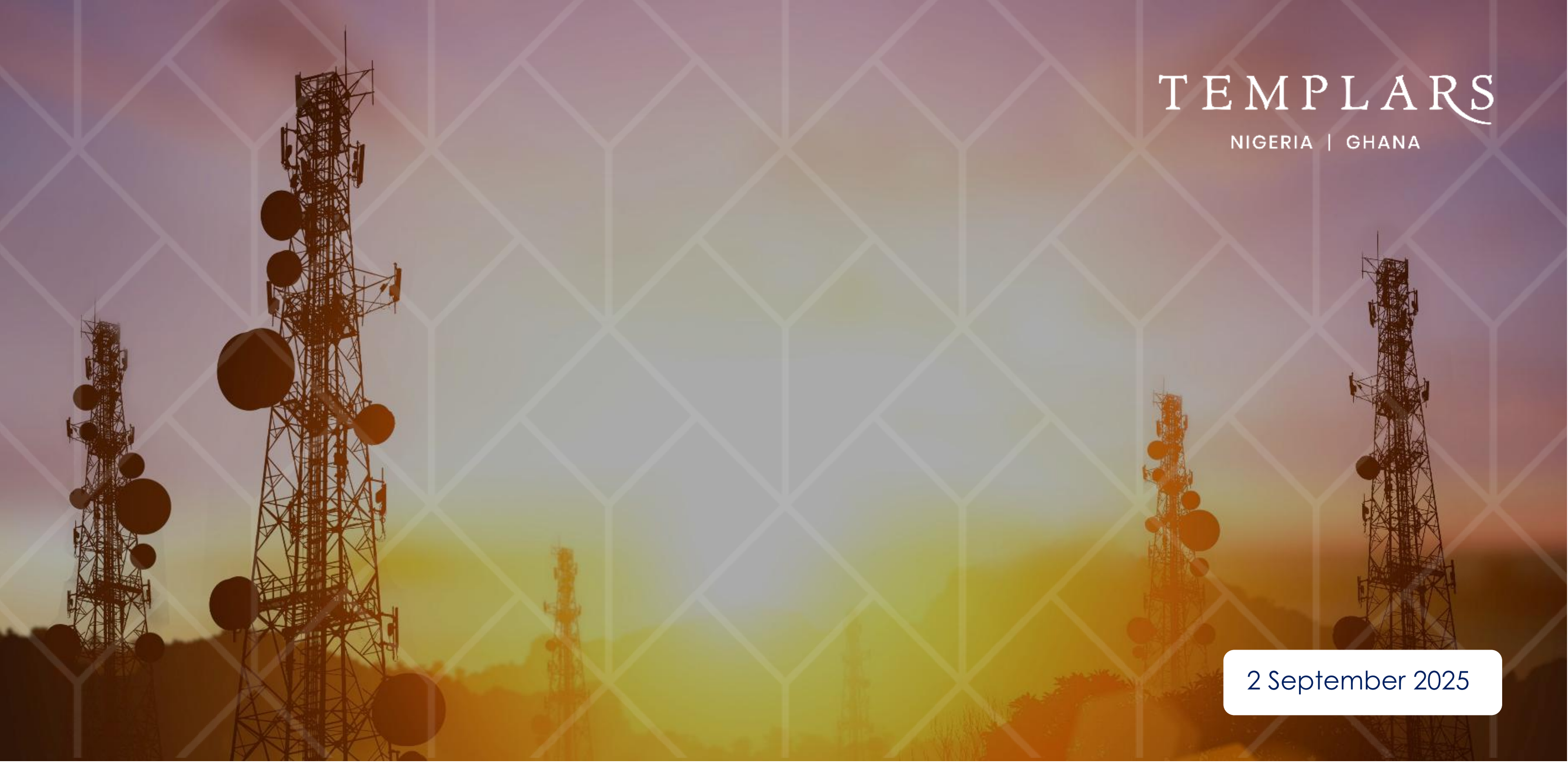

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Reshaping Governance in Nigeria's Telecoms Sector: *Key Takeaways from the NCC Guidelines*

Introduction

On 1st March, 2025, the Nigerian Communications Commission **("NCC or the Commission")** approved Guidelines on Corporate Governance for the Communications Industry 2024 (the "**Guidelines**"), repealing the Code of Corporate Governance for the Telecommunications Industry 2016 (the "**Old Code**") and introducing a more robust and inclusive governance framework. These Guidelines align sector-specific requirements with the Nigerian Code of Corporate Governance 2018 and the Companies and Allied Matters Act 2020 (**CAMA**).

Among other key changes, the Guidelines expand the scope of applicability to cover a broader class of licensees and establish sanctions for non-compliance, including licence suspension or revocation.

In this Article, we examine some of the key provisions, considerations and implications introduced by the Guidelines and how they may impact operators within the communications sector.

Key Provisions of the Guidelines

Scope and Applicability

In a marked departure from the Old Code, which applied only to telecommunications operators meeting certain thresholds (including turnover, geographic spread, number of employees and subscribers)[1], the Guidelines adopt a significantly broader scope and applies to all communications companies in Nigeria licensed by the NCC, as well as individual licensees who pay Annual Operating Levies (AOL) to the NCC.

[1] Paragraph 1.3 of the Old Code.

Notably, the Guidelines retain a flexible approach to scope, noting that its applicability may be further amended[2], a clear signal of the Commission's intent to evolve the framework in line with market developments.

To ensure orderly implementation, the Commission will adopt a phased compliance monitoring and enforcement plan[3], beginning with licensees under the following categories:

- Unified Access Service Licenses
- International Data Access Licences
- Private Network Links Licences and
- Internet Service Provision Licences.

Although not in the Guidelines, subsequent directive from the Commission provides for a 24-month transition period from March 1, 2025 before the NCC would enforce the tenure limit set for directors.

Board Size, Composition and Structure

The Guidelines introduce specific requirements regarding the constitution, expertise, and structure of Boards of Directors (the "**Board**") of Licensee companies. Notable provisions include:

- **Board Composition**
  Boards must include a Chairman, a Managing Director / Chief Executive Officer (MD / CEO), Executive Directors (EDs), Non-Executive Directors (NEDs), and Independent Non-Executive Directors (INEDs).[4] The number of the NEDs is required to be more than EDs and its Committees.

- **Minimum Number of Directors**
  The Board must have no fewer than 5 (five) directors, with a minimum of 2 (two) executive directors, one of whom shall be the MD or CEO, and the number of NEDs being equal to the number of EDs. Additionally, no less than one-third of the Board must be comprised of INEDs, a notable enhancement over the Old Code, which merely recommended the inclusion of at least one Independent Director, subject to a shareholding cap of 0.1%, held directly or indirectly in the Licensee.[5]

- **Expertise Requirement**
  A novel requirement is that at least two NEDs, including at least one INED, possess demonstrable expertise in ICT and/or cybersecurity[6], a provision that aligns governance capacity with sector-specific risks and strategic imperatives.

- **Separation of Roles**
  To enhance independence and prevent concentration of power, the Guidelines stipulate that the Chairman of the Board must be a NED and that the positions of Chairman or Vice-Chairman and MD / CEO must be held by separate individuals. Furthermore, any individual who has served as Chairman or NED is prohibited from taking up an executive position within the same Licensee or any of its affiliates for a period of five years after leaving office.[7]

- **Board Committees**
  To promote oversight and operational efficiency, Boards are required to constitute the following committees: Audit, Governance, Remuneration and Nomination, and Risk management[8], comprised of at least 3 (three) directors and no member of the Board may sit on more than 2 (two) committees[9]. Additionally, neither the Chairman nor the CEO may chair

[2] Paragraph 4(1), (2) of the Guidelines.
[3] Paragraph 4 (3) of the Guidelines.
[4] Paragraph 7(1) of the Guidelines.
[5] Paragraph 3(c) of the Guidelines.
[6] Paragraph 7(4) of the Guidelines.
[7] Paragraph 7(5) and (6) of the Guidelines.
[8] Paragraph 8 (3) of the Guidelines.
[9] Paragraph 8 (5) of the Guidelines.

any committee and committees are required to meet at least twice annually, or as often as necessary to discharge their duties[10].

- **Audit Committee**
  The Guidelines establish elevated expectations for audit committees. Specifically, the committee must comprise primarily NEDs, including at least one INED, all members must be financially literate and capable of analysing financial statements, at least one member must have relevant professional qualifications and experience in financial and accounting matters[11] and one director must serve on both the Risk Management and Audit committees. These requirements signal a more proactive approach to financial oversight.

- **Remuneration**
  The Chairman of the Governance, Remuneration and Nomination Committee is now responsible for preparing a detailed remuneration report to be presented at each Annual General Meeting (AGMs). This report must disclose individual director compensation, highlight any material changes in remuneration, and explain the rationale behind such changes.[12]

- **Annual Board Evaluation / Appraisal**
  The Guidelines make annual board evaluation/appraisal mandatory. Licensees must engage an independent external consultant to conduct the evaluation which must precede board elections and guide re-election decisions[13]. The evaluation must assess critical areas such as the Board's composition, objectivity, and competence; the attendance record of its members, the effectiveness of corporate governance practices implemented during the review period, and any other indicators relevant to board performance[14]. The external consultant's report must be submitted by Licensees to the Commission as part of their annual report, along with details on the actions taken or outcomes resulting from the evaluation.[15]

- **Tenure of Directors**
  The Guidelines introduce firm limits on board tenure. Directors may serve a maximum of two terms of five years each (total of ten years), subject to outstanding performance and re-election[16]. INEDs may serve a maximum of two terms of four years each, making a total of eight years.[17] This represents a significant change from the provisions of the Old Code, which permitted up to 15 years of service across three five-year terms. The Guidelines also impose a mandatory three-year 'cooling-off period' following the completion of a director's full term, including the MD/CEO and the Chairman. During this period, such individuals may not be reappointed to the Licensee or any of its subsidiaries.

- **Multiple Directorships**
  While the Old Code limited directors to three concurrent board positions within the communications sector[18], the Guidelines prohibit simultaneous service on the Boards of competing licensees but permit dual service on the Boards of up to two related licensees, provided they operate under different license categories.[19]

- **Protection of Shareholders' Interest**
  The Guidelines introduces new provisions to protect shareholders' interest. It requires licensees to provide shareholders with sufficient and intelligible information on the business, governance and performance, including biographical information on directors of the licensee[20].

[10] Paragraph 8 (8) of the Guidelines.
[11] Paragraph 8(9)(d) of the Guidelines.
[12] Paragraph 11(5) of the Guidelines.
[13] Paragraph 12 (1) of the Guidelines.
[14] Paragraph 12 (1) of the Guidelines.
[15] Paragraph 12(1-3) of the Guidelines.
[16] Paragraph 22 (2) of the Guidelines.
[17] Paragraph 22(2-3) of the Guidelines.
[18] Paragraph 7.9 of the Old Code.
[19] Paragraph 21(1-2) of the Guidelines.
[20] Paragraph 25 (1) and (2) of the Guidelines

Additionally, licensees are required to ensure that no shareholder holds a controlling interest in more than one licensee in the same license category[21].

- **Stakeholder Engagement**
  The Guidelines introduce progressive obligations for managing stakeholder relationships and requires the Board to establish and implement a stakeholder management and communication policy, as well as provide material information to stakeholders in clear and concise language, including via the licensee's website. Each licensee is also required to appoint a regulatory officer, to oversee regulatory filings and reporting, and handling inquiries or audits from the Commission.

- **Compliance Reporting**
  Licensees are required to submit 2 (two) forms of reports to the NCC; a mid year report which is to be submitted to the NCC not later than July 31 of every year[22] and an annual compliance report due to the NCC no later than 31 January of the following year[23]. The NCC reserves the right to request clarifications, conduct compliance audits, and take enforcement action based on the reports submitted.

- **Whistleblowing Policy and Mechanisms**
  Unlike the Old Code, the new Guidelines mandate the implementation of a whistleblowing policy to facilitate easy reporting of unethical or illegal practices and require that the whistleblowing mechanism be reviewed at least once every twelve months.[24]

- **Sanctions for Non-Compliance**
  The Guidelines introduce a clear enforcement regime. Following formal notification by the NCC of non-compliance with the Guidelines, licensees that fail to comply within four months may have their licenses suspended; and continued non-compliance may result in the revocation of the licence entirely. In addition, the NCC, in appropriate circumstances, may direct a Licensee to implement management or structural changes within a specified timeframe, particularly where there is evidence of persistent or wilful non-compliance. The Commission may also, at its discretion, conduct periodic on-site supervision of licensees to monitor the level of compliance.

Conclusion

The Guidelines mark a significant regulatory milestone for Nigeria's communications sector. By repealing the 2016 Code and aligning industry-specific governance requirements with national frameworks under the Nigerian Code of Corporate Governance 2018 and CAMA, the NCC has introduced a more structured governance regime. Through its broadened applicability, the Guidelines establish a clear standard for ethical, accountable, and performance-driven leadership across the industry.

Licensees are therefore advised to proactively assess their current governance structures, policies, and reporting frameworks, and to initiate necessary adjustments to ensure timely and full compliance.

The transition period presents a critical window for operators to align their governance practices with the NCC's expectations and mitigate regulatory risk.

If you require any further clarification, do not hesitate to contact us.

[21] Paragraph 25 (4) of the Guidelines.
[22] Paragraph 37 (2) of the Guidelines.
[23] Paragraph 37 (3) of the Guidelines.