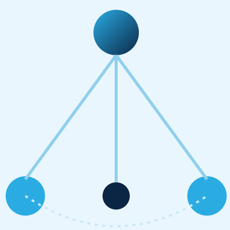
Beyond the Trust Deed

What Nigeria's Legal Arrangements Framework Means for Trust Transparency

Trusts have been in use for decades in Nigeria as business and investment tools, vehicles for the execution of philanthropic projects for estate and succession planning, family wealth preservation and other legitimate purposes. Trusts had operated within a framework of applicable trust laws, sector-specific regulation and the obligations applicable to financial institutions and professional service providers.

The Legal Arrangements (Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing of Weapons of Mass Destruction (AML/CFT/CPF), Regulations 2024 (the "Regulations" or "LAR") represent a very important change to this landscape, introducing a dedicated and centralised framework for the registration and beneficial ownership transparency of express trusts and other legal arrangements, bringing Nigeria's framework in line with international legal trends, regulations and best practice. With the LAR, Nigeria has joined a growing number of jurisdictions that have introduced statutory mechanisms for the registration and/or disclosure of information concerning trusts and other legal arrangements. These include the United Kingdom, which operates the Trust Registration Service, as well as various EU Member States that maintain beneficial-ownership registers for trusts and similar legal arrangements. Within Africa, jurisdictions including Botswana, Kenya and South Africa have also established mechanisms for the registration and disclosure of information relating to trusts and their beneficial ownership.



The Regulations apply to:

a. *express trusts and other legal arrangements:*
   - *made and administered in Nigeria;*
   - *made under the law of another country but administered in Nigeria; or*
   - *for which the trustee resides in Nigeria*
b. *foreign express trusts and other legal arrangements with sufficient links to Nigeria; and*
c. *agents and other service providers to trusts.*[1]

The LAR establishes requirements relating to the registration of relevant trusts and legal arrangements, beneficial ownership information, record-keeping, disclosure, verification and sanctions, and provides for a centralised Trust Registry domiciled with the Nigerian Financial Intelligence Unit (NFIU). This is significant not simply because trusts will now have a registration requirement. More fundamentally, it brings trusts more clearly within Nigeria's wider financial transparency and AML/CFT/CPF architecture.

[1] Regulation 2 of the LAR.

Why Now?

The introduction of the LAR is best understood as part of Nigeria's broader effort to strengthen beneficial ownership transparency across both legal persons and legal arrangements. On the legal personality side, Nigeria has developed a beneficial ownership framework through the Corporate Affairs Commission (CAC), which the CAC operationalises through the Persons with Significant Control Regulations, 2022 and the beneficial ownership registry. This reflects the requirements of the Financial Action Task Force's (FATF) Recommendation 24, which focuses on transparency and beneficial ownership of legal persons.

The corresponding FATF standard for trusts and similar structures is **Recommendation 25**, which addresses the transparency and beneficial ownership of legal arrangements. The distinction is important because, while the ownership and control of a company can generally be mapped through corporate records identifying shareholders, directors and other relevant persons, a trust deliberately separates the settlor, trustee, beneficiaries and, in some cases, persons exercising control. It therefore requires a different transparency mechanism.

This gap was also identified through Nigeria's mutual evaluation process. In its November 2024 Follow-Up Report, the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) noted that Nigeria had issued the LAR to address deficiencies identified under Recommendation 25, including the need for more effective access to beneficial ownership information on legal arrangements and clearer obligations for trustees. Following these reforms, Nigeria was re-rated largely compliant under Recommendation 25. The significance of these reforms extends beyond the technical FATF rating. In October 2025, FATF removed Nigeria from its list of jurisdictions under increased monitoring, recognising the significant progress made in strengthening the country's AML/CFT/CPF regime.

The LAR is therefore a part of the broader evolution in Nigeria's financial transparency framework – from identifying who ultimately owns or controls companies and other legal persons, to developing greater visibility into trusts and other legal arrangements. What naturally comes next is operationalisation. The next question is how that framework will operate in practice.

[2] The FATF is an intergovernmental policy-making body established to combat money laundering, terrorist financing, and other threats to the global financial system.

[3] https://www.fatf-gafi.org/content/dam/fatf-gafi/fsrb-fur/Nigeria-FUR-GIABA-November-2024.pdf

[4] GIABA is one of the FATF's regional bodies that helps countries in West Africa comply with international AML/CFT/CPF standards.

Looking Beyond the Trustee

Where a legal arrangement is used to hold or manage assets, who are the people behind it? The answer is not always straightforward. A trust deliberately separates the person who establishes it from the person who holds and administers its assets and the persons who may ultimately benefit from or exercise control over those assets.

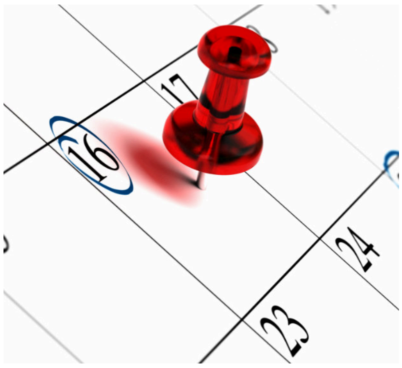
The Regulations therefore adopt a broad approach to beneficial ownership. The information to be captured includes the settlor, trustee, protector (where applicable), beneficiaries or relevant classes of beneficiaries and any other natural person exercising ultimate effective control. Where a legal person or another legal arrangement is involved, trustees must also look through that structure to identify the relevant beneficial owners. This is an important conceptual shift. The regulatory focus is no longer simply on who holds the assets, but on understanding the relationships, interests and control mechanisms that sit behind the arrangement, hence the use of the looser term 'legal arrangements'.

The breadth of the applicability provisions is particularly relevant to cross-border wealth structures. A foreign governing law or offshore structure does not, by itself, determine whether an arrangement falls outside the Nigerian framework. The relevant question is whether the arrangement falls within one of the Nigerian connections identified by the LAR.

What Will Change in Practice?

The practical effect of the LAR will be felt across the trust ecosystem. Trustees will need to determine whether arrangements within their administration fall within the scope of the Regulations, understand the information required to be maintained and disclosed, and establish appropriate processes for keeping that information accurate and up to date. The framework also contemplates registration of existing arrangements, rather than limiting its application to trusts established after the introduction of the LAR.

The obligation does not however end with registration. Trustees will need processes for identifying changes to information previously provided and ensuring that relevant information is updated. Records must also be maintained beyond the period of the trustee's involvement with the trust. Trust compliance is therefore increasingly becoming an ongoing governance exercise, rather than a one-off filing.



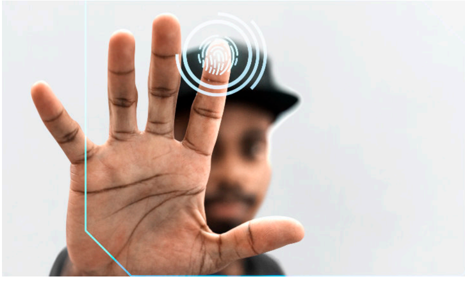
Professional advisers will also need to understand the implications for their work. Lawyers, accountants and other relevant professionals involved in creating, operating or managing trusts form part of the wider AML/CFT/CPF gatekeeping architecture and remain subject to applicable customer due diligence and record-keeping requirements. For families and businesses, the immediate implication is not that trusts have become less useful, rather, existing and proposed structures will need to be considered with greater attention to transparency, documentation and ongoing information management.

This will be particularly relevant to families and businesses with international wealth structures. A foreign governing law or offshore trustee should not, by itself, be assumed to take an arrangement outside the Nigerian transparency framework where there are sufficient Nigerian connections.

Transparency Without Losing Confidentiality

There is also an important question around privacy. For many high-net-worth individuals and families, the prospect of providing detailed information about family structures, assets and beneficiaries to a public authority may naturally raise concerns. There is often a broader perception that once personal or financial information is provided to a public institution, privacy is inevitably compromised.

The LAR should not, however, be understood as creating public disclosure of private wealth. There is an important distinction between transparency to competent authorities and public disclosure. The objective of the framework is to ensure that relevant information is available to appropriate authorities for legitimate regulatory, intelligence and enforcement purposes. As the NFIU operationalises the Trust Registry, investment in secure data infrastructure and compliance with data protection standards in line with the recent presidential directives and the Nigeria Data Protection Commission's (NDPC) circular to Ministries, Departments and Agencies regarding public sector data governance will be essential to provide the assurance that families and businesses need when disclosing beneficial ownership information.



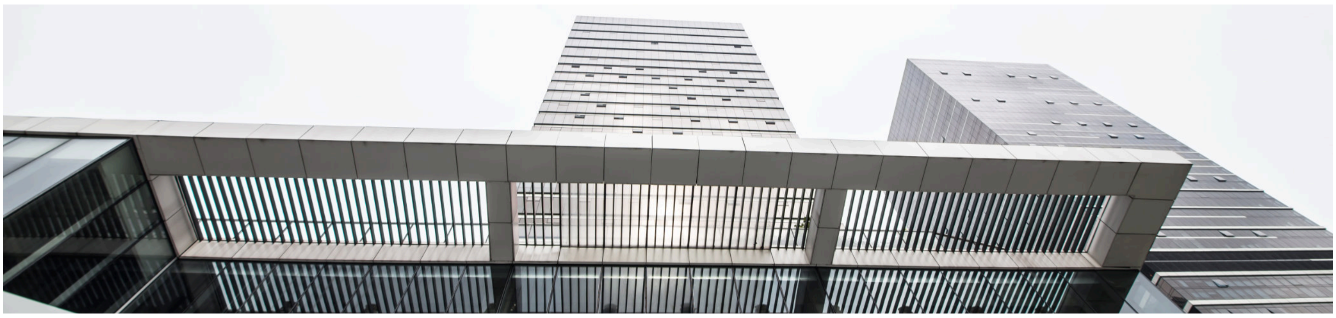
For the trust ecosystem, maintaining confidence in that distinction is important. Transparency and confidentiality are not necessarily competing principles. The challenge is to ensure that information is available where it legitimately needs to be, while preserving the legitimate confidentiality that families and businesses expect when using trusts for succession planning, wealth preservation and other lawful purposes.

The Next Phase – Operationalisation

Although the LAR was issued in 2024 and has been recognised as an important component of Nigeria's response to the deficiencies identified under FATF Recommendation 25, the focus now is increasingly on putting the framework into practical operation. The LAR contemplates a centralised Trust Registry domiciled with the NFIU, together with processes for registration, disclosure, maintenance and verification of information. It also provides for access to relevant information by competent authorities and cooperation in relation to cross-border arrangements.

The effectiveness of the framework will ultimately depend not only on the existence of these requirements, but on their practical implementation, awareness among trustees and advisers, and the quality and completeness of the information maintained. For trustees and advisers, preparation is therefore important. A good place to start will be to:

- identify existing trusts and other legal arrangements within the relevant portfolio;
- determine which arrangements fall within the scope of the LAR;
- review trust deeds and related documents against the information required for registration;
- identify settlors, trustees, protectors, beneficiaries and persons exercising ultimate effective control;
- trace any companies or other legal arrangements within the structure to their beneficial owners;
- establish processes for keeping information current; and
- consider how existing CDD, record-keeping and governance processes will interface with the new requirements.



This is likely to be particularly important for established trust structures, where arrangements may have evolved over several years and the individuals exercising influence or benefiting from the structure may have changed.

Conclusion – From Compliance to Confidence

The LAR marks an important development in Nigeria's legal framework for trusts and its financial transparency framework. Its importance, however, will not be measured simply by the number of trusts registered. Its longer-term value lies in creating a reliable body of information that can help legitimate trustees, financial institutions and professional advisers establish greater certainty and transparency about the structures with which they deal with, while giving competent authorities appropriate visibility where required.

Nigeria's progress through the FATF process has demonstrated the importance of building the right regulatory architecture. The operationalisation of the Regulations represents the next step, which is making that architecture work in practice. For trustees, financial institutions, professional advisers, individuals and families using trust structures, the message is straightforward – understand the new framework, review existing structures and prepare for a regulatory environment in which transparency is becoming an integral part of effective trust administration.

This evolution in the legal ecosystem regarding trusts in Nigeria is therefore not simply about registering trusts, rather, it is about creating appropriate visibility into the structures, people and relationships behind them, while preserving the critical and legitimate rights to confidentiality and privacy that makes trusts useful tools for high-net-worth individuals, families, and businesses.

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