

Strengthening Africa's Capital Markets through Enhanced Institutional Integrity

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Abstract

Capital markets are essential engines for economic growth, yet across Africa, these markets often remain shallow and illiquid, limited by small investor bases and structural constraints. While significant progress has been made in enacting modern securities legislation, a persistent "enforcement gap" remains between formal rules and their practical application. This article argues that institutional integrity—defined by clear rules, reliable information, and consistent regulation—is not a peripheral concern but a foundational requirement for market development. In the thin markets characteristic of many African countries, the consequences of integrity failures are amplified, where isolated scandals can trigger prolonged capital flight.

The analysis begins by establishing a theoretical framework for market integrity and its essential attributes. It then explores the practical landscape of market misconduct across the continent, reviewing administrative sanctions and emerging case law to address existing enforcement deficiencies. Shifting toward proactive solutions, the article moves beyond formal compliance to propose enforcement strategies and an ethical market culture necessary to bridge the gap between comprehensive legal and regulatory standards and actual enforcement outcomes. By strengthening structural reliability and closing the divide between rules and practice, the article concludes with strategic insights to build durable trust and broaden participation, ultimately unlocking the full potential of African capital markets as engines of sustainable development.

1. Introduction

Capital markets are organized, highly interconnected, and regulated financial markets in which long-term debts—such as bonds, preference shares, equity shares, mutual funds, and derivatives—are traded.² The primary role of these markets is to channel surplus funds or the savings of companies and households into long-term productive use, facilitating capital growth and acting as a vital stimulant for economic expansion.³

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² Njenga, G., Machagua, J., & Gachanja, S., Accelerating capital markets development in sub-Saharan Africa. In R. Ngugi & K. Sen (Eds.), *The Domestic Savings Shortfall in Sub-Saharan Africa: What Can Be Done About It?* Oxford University Press, 2024, <https://doi.org/10.1093/oso/9780198888123.003.0016> (Accessed on 8 December 2025).

³ Ibid.

A well-developed domestic capital market empowers governments and companies to access long-term financing in local currency, which drives investment in innovation and fosters sustainable growth. By creating more employment opportunities for a growing middle class, these markets play a critical role in facilitating the mobilization of private capital into essential sectors, including, infrastructure, housing, small and medium enterprises (SMEs) and climate action financing.⁴

Yet across Africa, capital markets in many countries remain shallow, limiting the ability of financial institutions to support SMEs and drive sustainable growth. Compared to other emerging economies, these markets are often characterized by small investor bases and low liquidity—factors that collectively constrain local firms' access to financing.⁵ While market size is important, the effectiveness of these markets fundamentally depends on institutional integrity: the degree to which rules are clear, information is reliable, and conduct is consistently regulated. In thin markets, where asset prices are easily distorted by small trades, building structural integrity is critical to ensuring the stability required for large-scale institutional participation.⁶

Substantial progress has been made over the past two decades in establishing formal legal and regulatory frameworks in Africa. Most jurisdictions have enacted modern securities legislation and established specialized regulatory authorities.⁷ However, experience demonstrates that formal compliance alone is insufficient. A persistent gap remains between rules on paper and their application in practice. This gap—stemming from enforcement constraints and the reality that many participants are deterred by market manipulation—has been a central impediment to the development of trusted capital markets on the continent.⁸

Strengthening institutional integrity is therefore not a peripheral concern, but a foundational condition for market development. The relationship is straightforward: integrity creates trust, trust encourages participation, and participation builds the liquidity

⁴ World Bank, Capital Markets Development. A Primer for Policymakers, 2020, <https://documents1.worldbank.org/curated/en/228291627375113518/pdf/Capital-Markets-Development-A-Primer-for-Policymakers.pdf> (Accessed on 11 December 2025).

⁵ OECD (2025). Africa Capital Market Report 2025, pp. 17-18. https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/11/africa-capital-markets-report-2025_a973e07d/7d26e1d3-en.pdf (Accessed on 11 December 2025).

⁶ On the overall importance of fostering capital market integrity, see Austin, J, Protecting Market Integrity in an Era of Fragmentation and Cross-Border Trading, *Ottawa Law Review*, 2014-2015, Vol. 46, No. 1, <https://www.canlii.org/en/commentary/doc/2015CanLIIDocs201#:~:text=the%20IOSCO%20technical%20committee%20defined,whitehouse.archives.gov%3E>. (Accessed on 11 December 2025).

⁷ OECD, Africa Capital Markets Report 2025, PP. 23-24

⁸ OECD, Africa Capital Markets Report 2025, p. 43

and resilience these markets need to thrive.⁹ To ensure the effective functioning of market-based financing, its integrity must be guaranteed. Investors will only entrust their savings to financial markets if they deem them safe. But what exactly determines the safety or integrity of financial markets, and how can it be secured?¹⁰

These questions are especially critical in shallow markets, where the consequences of integrity failures are amplified. In such environments, isolated scandals can trigger prolonged capital withdrawals and impose lasting reputational costs, undermining the very foundation of the financial system.¹¹

Against this backdrop, this article examines the vital role of institutional integrity in building trust within Africa's capital markets. Following this introduction, Section 2 establishes the theoretical foundation by defining market integrity and delineating its essential attributes. Building on this framework, Section 3 explores the practical landscape of market misconduct and legal responses across the continent, first by providing an overview of common integrity failures and then by reviewing selected administrative sanctions and case law to address the existing enforcement gap. Section 4 then shifts toward proactive solutions, considering the policies, enforcement mechanisms, and best practices necessary to strengthen structural reliability. Finally, Section 5 concludes the analysis with actionable recommendations for fostering resilient and transparent market-based financing in Africa.

2. Market Integrity: Definition and Essential Attributes

Market integrity denotes the degree to which capital markets operate in a transparent, fair, and reliable manner, ensuring that all participants maintain confidence in the rules, information, and processes governing trading and investment.¹² As the bedrock of investor trust, efficient price discovery, and optimal capital allocation, integrity depends fundamentally on the predictable application of regulations, impartial enforcement, and systemic consistency in disclosure practices. When these conditions are met, markets

⁹ OECD, Capital Markets, <https://www.oecd.org/en/topics/capital-markets.html#:~:text=Well%2Dfunctioning%20capital%20markets%20support,at%20a%20relatively%20low%20cost>. (Accessed on 13 December 2025).

¹⁰ Haatjens, M., Securing the integrity of financial markets in times of crisis, The Hazelhoff Centre for Financial Law, <https://www.universiteitleiden.nl/en/research/research-projects/law/securing-the-integrity-of-financial-markets-in-times-of-crisis> (Accessed on 13 December 2025).

¹¹ Ibid.

¹² International Organization of Securities Commissions (IOSCO), Objectives and Principles of Securities Regulation, May 2017, <https://www.iosco.org/library/pubdocs/pdf/ioscopd561.pdf> (Accessed on 13 December 2025).

function as efficient engines for economic growth, participants are treated equitably, and the systemic risks of fraud or manipulation are minimized.¹³

The essential attributes of market integrity are multidimensional, beginning with transparency and disclosure. This requires that all market participants have timely, accurate, and comprehensive access to the financial and operational data of listed entities. In the context of developing markets, this necessitates rigorous adherence to international benchmarks, such as the International Financial Reporting Standards (IFRS), alongside the mandatory disclosure of material events that could influence security prices.¹⁴

Beyond information symmetry, integrity requires fairness and equal treatment. This ensures that all participants, regardless of size or sophistication, are subject to a uniform regulatory standard. Practices such as insider trading or selective disclosure do not only disadvantage individual investors, but also inherently undermine the market's ability to price assets accurately and erode the collective trust necessary for market depth.¹⁵

Furthermore, enforcement and accountability are indispensable. An effective supervisory framework must exist to detect, sanction, and remedy violations—ranging from reporting inaccuracies to sophisticated market manipulation—with speed and certainty.¹⁶ These accountability mechanisms are not the sole responsibility of regulators; they extend to a broader network of gatekeepers, including corporate boards, independent auditors, and financial intermediaries.

Supporting these pillars is the operational integrity of market infrastructure. Reliable clearing, settlement, and trading systems are vital to prevent technical errors and mitigate the risk of systemic abuse.¹⁷ Finally, ethical conduct and governance reinforce these formal rules. An entrenched culture of compliance, supported by governance

¹³ OECD, Supporting Emerging Markets and Developing Economies in Developing their Local Capital Markets, Policy Brief, 30 June 2025, https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/06/supporting-emerging-markets-and-developing-economies-in-developing-their-local-capital-markets_fdf900e/4456de62-en.pdf (Accessed on 13 December 2025).

¹⁴ See IFRS Foundation, The jurisdictional Journey towards globally comparable information for capital markets, February 2024, <https://www.ifrs.org/content/dam/ifrs/meetings/2024/april/scc/preview-jurisdictional-adoption-guide.pdf> (Accessed on 13 December 2025).

¹⁵ CFA Institute, Code of Ethics and Standards of Professional Conduct, <https://www.cfainstitute.org/standards/professionals/code-ethics-standards> (Accessed on 13 December 2025).

¹⁶ Securities Exchange Commission (US), The SEC's Role in Market Integrity: How Does it Safeguard Against Fraud and Manipulation?, <https://millershah.com/blog/the-secs-role-in-market-integrity-how-does-it-safeguard-against-fraud-and-manipulation/> (Accessed on 13 December 2025).

¹⁷ IOSCO, Principles for financial market infrastructures, April 2012, <https://www.iosco.org/library/pubdocs/pdf/ioscopd377-pfmi.pdf> (Accessed on 13 December 2025).

mechanisms such as independent boards and audit committees, serves as the final, critical safeguard in maintaining long-term market confidence and institutional stability.¹⁸

While the theoretical framework of market integrity is well-established, its practical application remains a challenge across the continent; this challenge is illustrated in the following section 3, which examines the typology of market failures and the corresponding regulatory and judicial responses.

3. Market Integrity Failures and Regulatory and Judicial Responses in Africa's Capital Markets

This section examines the practical challenges facing African capital markets by identifying common forms of integrity failure and the evolving legal responses to them. It begins with an overview of systemic risks, including financial misreporting, insider trading, and intermediary misconduct, which often stem from weak oversight or entrenched relationships between firms and their auditors. The analysis then explores how national legal systems have responded through both legislative reform—such as mandatory auditor rotation—and key judicial decisions. By reviewing selected enforcement actions across the continent, this section illustrates the shift toward more punitive measures and the growing role of the courts in transforming formal regulations into credible market deterrence.

3.1. Overview of Market Integrity Failures in Africa

Trust in capital markets rests fundamentally on institutional integrity—that is, the predictable, transparent, and impartial application of rules governing disclosure, trading, and market conduct. Across African capital markets, breaches of integrity have periodically undermined this trust, not because of an absence of formal regulations, but due to weaknesses in enforcement, oversight, and governance practices.¹⁹ High-profile cases illustrate how integrity failures translate into loss of investor confidence, market instability, and long-lasting reputational damage.²⁰

¹⁸ Okayode A. & Beauden, J., Ensuring Ethical Conduct and Legal Compliance within Corporate Boards: Legal Standards, Best Practices, and Accountability, January 2025, https://www.researchgate.net/publication/388659835_Ensuring_Ethical_Conduct_and_Legal_Compliance_within_Corporate_Boards_Legal_Standards_Best_Practices_and_Accountability (Accessed on 13 December 2025).

¹⁹ See FSD Africa, A Deep Dive in the Impact of Regulatory Interventions, *Learning Brief*, January 2024, p. 4, <https://fsdafrica.org/wp-content/uploads/2024/02/Impact-of-Regulatory-Interventions-19.02.24-1>. (Accessed on 15 December 2025).

²⁰ See Garba, M., Resilience in Capital Markets: Governance Reforms for Investor, 1 October 2025, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5566938 (Accessed on 15 December 2025).

One of the most damaging sources of integrity erosion has been the publication of false or misleading financial statements. The 2017 collapse of Steinhoff International remains the most striking example of a market integrity failure in African history. The revelation of massive accounting fraud—characterized by inflated revenues, fictitious transactions, and improper consolidation practices—destroyed over USD 10 billion in market value and severely compromised confidence in multinational corporations listed on the Johannesburg Stock Exchange (JSE).²¹ As the largest corporate fraud in the continent's history, the Steinhoff scandal exposed profound failures in internal controls, board oversight, and external auditing, with global spillovers affecting pension funds and retail investors alike.²² The collapse did not merely affect institutional speculators; it had a devastating social impact, notably through the Public Investment Corporation (PIC) of South Africa, which lost approximately R21 billion in pensioners' savings.²³ Furthermore, the spillover effect extended to European markets, as Steinhoff's primary listing in Frankfurt led to significant losses for international creditors and index-tracking funds, highlighting the systemic danger of integrity failures in interconnected capital markets.²⁴

Central to this failure was the role of the external auditor, Deloitte, which had issued unqualified or clean audit opinions for years despite Steinhoff falsifying its financial records to inflate profits and assets by approximately R250 billion (\$15 billion).²⁵ When the scandal broke, Steinhoff's share price crashed by over 90% within days, wiping out more than R200 billion in market capitalization and triggering massive swings in the JSE Top 40 index. This collapse caused a significant trust deficit among foreign investors, resulting in capital outflows and lower trading volumes due to a heightened skepticism of South African financial reporting.²⁶

²¹ Wharton University of Pennsylvania Forensic Analytics Lab, *Steinhoff International Case Study*, 2023, https://ai-analytics.wharton.upenn.edu/wp-content/uploads/2023/07/Forensic_Analytics_Lab_Steinhoff_Case (Accessed on 15 December 2025).

²² Van der Linde K.E., The Steinhoff Corporate Scandal and the Protection of Investors Who Purchased Shares on the Secondary Market, *PER/PELJ* 2022 (25), <https://doi.org/10.17159/1727-3781/2022/v25i0a14876> (Accessed on 15 December 2025).

²³ Mahlaka, R., State worker pension fund could take a R12bn hit from Steinhoff share collapse, *Daily Maverick*, 15 August 2019, <https://www.dailymaverick.co.za/article/2019-08-15-state-worker-pension-fund-could-take-a-r12bn-hit-from-steinhoff-share-collapse/> (Accessed on 15 December 2025).

²⁴ Van der Linde K.E., The Steinhoff Corporate Scandal and the Protection of Investors Who Purchased Shares on the Secondary Market, *PER/PELJ* 2022 (25), <https://doi.org/10.17159/1727-3781/2022/v25i0a14876> (Accessed on 15 December 2025).

²⁵ Corruption Watch, Overview of Forensic Investigation, 15 March 2019, <https://www.corruptionwatch.org.za/wp-content/uploads/2020/08/overview-of-forensic-investigation.pdf> (Accessed on 15 December 2025).

²⁶ Van der Linde K.E., The Steinhoff Corporate Scandal and the Protection of Investors Who Purchased Shares on the Secondary Market, *PER/PELJ* 2022 (25), <https://doi.org/10.17159/1727-3781/2022/v25i0a14876> (Accessed on 15 December 2025).

In response to these systemic vulnerabilities, the JSE and South African regulators introduced rigorous structural reforms. The JSE tightened its Listing Requirements to require CEOs and Financial Directors to sign substantive responsibility statements personally attesting to the accuracy of their financial statements.²⁷ The Exchange also increased the severity of its penalties for misstated financials, as evidenced by the R7.5 million fine recently levied against Delta Property Fund for misleading investors.²⁸

To address the risks associated with entrenched, long-term relationships between firms and auditors that often blinded the latter to fraud, South Africa formally implemented Mandatory Audit Firm Rotation (MAFR) for financial years beginning on or after 1 April 2023.²⁹

Other integrity failures have occurred elsewhere. The collapse of African Bank Investments Limited (ABIL) in 2014 revealed systematic misstatements of loan quality and delayed recognition of impairments, pointing to weak risk disclosure practices and supervisory shortcomings in the banking and capital-market interface.³⁰ In Nigeria, Cadbury Nigeria Plc overstated profits over several years, leading to enforcement action by the Securities and Exchange Commission (SEC), mandatory restatement of accounts, and sanctions against senior executives.³¹

Market manipulation and price abuse—manifesting through tactics like price ramping, circular trading, and broker-dealer collusion—pose significant threats to market integrity by distorting the natural forces of supply and demand and eroding investor confidence.³²

²⁷ South African Institute of Chartered Accountants, JSE Listings Requirements: Section 3.84(K0 – The auditor’s perspective, December 2020, <https://saicawebprstorage.blob.core.windows.net/uploads/resources/JSE-Listings-Requirements-Comms.pdf> (Accessed on 15 December 2025).

²⁸ Naidoo, S., JSE fines and censures Delta, *Money Web*, 16 February 2024, <https://www.moneyweb.co.za/news/companies-and-deals/jse-fines-and-censures-delta/#> (Accessed on 15 December 2025).

²⁹ See Mandatory Audit Firm Rotation in South Africa, <https://www.nuecf.co.za/news/mandatory-audit-firm-rotation-in-south-africa/> (Accessed on 15 December 2025).

³⁰ South African Reserve Bank (SARB), *Release of Myburgh Report on African Bank Limited*, 12 March 2016, <https://www.resbank.co.za/en/home/publications/publication-detail-pages/media-releases/2016/7288> (Accessed on 15 December 2025).

³¹ See Chukwuneda, Okaro Sunday and Okafor, Gloria Ogochukwu, Creative Accounting, Corporate Governance Watch Dogs Institutions and Systems – The Case of Cadbury (Nig) Plc, 19 October 2011, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1946441

³² Nyaga, P. N., The effect of stock split announcements on share prices of companies listed at the Nairobi Securities Exchange. University of Nairobi. <http://41.89.49.13:8080/xmlui/bitstream/handle/123456789/1294/Nyaga-The%20Effect%20Of%20Stock%20Split%20Announcements%20On%20Share%20Prices%20Of%20Companies%20Listed%20At%20The%20Nairobi%20Securities%20Exchange.pdf> (Accessed on 15 December 2025).

In **Kenya**, the Capital Markets Authority (CMA) and the Nairobi Securities Exchange (NSE) have historically intervened to curb such practices, most notably in the cases of Mumias Sugar and CMC Holdings. In the Mumias Sugar scandal, the CMA commissioned forensic audits to uncover fraudulent accounting and "creative" financial reporting that masked deep-seated insolvency, ultimately leading to the suspension of its shares to protect the public from further losses.³³ Similarly, the CMC Holdings case highlighted severe corporate governance failures and the use of offshore accounts; the CMA responded by handing down unprecedented lifetime bans to several directors, suspending trading to halt predatory price movements, and seeking stiffer penalties against external auditors for abetting the mismanagement.³⁴

In **Egypt**, cases of insider trading and price manipulation—particularly around takeover announcements—have been repeatedly identified in regulatory enforcement actions and international financial sector assessments. Although enforcement intensified following post-2011 market reforms, legacy cases continue to be cited as evidence of structural integrity risks.³⁵

Abuse of privileged information remains another recurrent integrity concern. In **Nigeria**, trading by directors or politically connected shareholders ahead of earnings announcements or regulatory decisions has periodically attracted regulatory scrutiny, yet successful criminal convictions remain rare, reducing deterrence.³⁶ In **Morocco**, while the legal and regulatory framework governing disclosure and market abuse is comparatively strong, selective disclosure practices have allowed controlling shareholders or institutional insiders preferential access to material information, undermining the principle of equal treatment of minority investors.³⁷

³³ Kamau, C. G. (2016). *Effect of management practices on creative accounting among corporations listed at the Nairobi Securities Exchange*. Jomo Kenyatta University of Agriculture and Technology. <http://ir.jkuat.ac.ke/bitstream/handle/123456789/2084/Kamau%2C%20C.G.%20PhD%20B.A.%202016.pdf> (Accessed on 16 December 2025).

³⁴ Muasya, O. N. (2017). *Personal liability of directors and the collapse of private companies in Kenya*. University of Nairobi. https://erepository.uonbi.ac.ke/bitstream/handle/11295/107414/Muasya_Personal%20Liability%20Of%20Directors%20And%20The%20Collapse%20Of%20Private%20Companies%20In%20Kenya.pdf (Accessed on 16 December 2025).

³⁵ See Egypt's FRA and the Battle Against Valuation Manipulation, 2 March 2025, <https://eg.andersen.com/egypt-valuation-manipulations/> (Accessed on 16 December 2025).

³⁶ Ebeku, S.C., Insider Trading Within the Corporate System: Issues and Challenges in the Nigeria Securities Markets, *African Journal of Law and Human Rights* (AJLHR) 8(1) 2024, <https://journals.ezenwaohaetorc.org> (Accessed on 16 December 2025).

³⁷ Mohamed Ben Abdellah et al., The governance of Moroccan listed companies: Understanding challenges and integrating behavioral aspects, *Journal of Applied Management Studies*, August 2024, 5,

Beyond trading misconduct, governance failures and opaque ownership structures have further weakened institutional integrity. In **Zambia**, state influence over listed or quasi-listed firms has at times resulted in undisclosed related-party transactions and political interference in commercial decision-making, blurring the boundary between public policy objectives and market discipline.³⁸ In **Zimbabwe**, repeated exchange suspensions and regulatory interventions—often linked to currency reforms and macroeconomic instability—have created opportunities for arbitrage and opaque trading practices, eroding confidence in the price discovery function of the market.³⁹

Integrity risks are not confined to issuers and insiders; intermediaries also play a critical role. In **Kenya**, the collapse of several stockbrokers between 2007 and 2015 revealed widespread misappropriation of client funds and weak segregation of accounts, underscoring deficiencies in intermediary supervision and enforcement under the Capital Markets Act.⁴⁰ Similar patterns of market instability emerged in **Ghana**, where systemic failures among fund managers and brokers—driven by the misreporting of asset values and the misuse of client funds—exposed critical weaknesses in early-warning systems and supervisory capacity. In a decisive effort to clean up the financial sector, the Securities and Exchange Commission (SEC), acting under Section 122 (2) (b) of the Securities Industry Act 2016 (Act 929), revoked the licenses of fifty-three (53) Fund Management Companies on November 8, 2019. This enforcement action was necessitated by the firms' inability to return GHC 8 billion in client funds and significant regulatory breaches that posed a direct threat to national financial stability.⁴¹

Taken together, these cases point to a set of cross-cutting, systemic integrity weaknesses rather than isolated incidents. Thin and illiquid markets make price manipulation easier; concentrated ownership structures amplify insider dominance; weak enforcement reduces the probability of sanctions; regulatory forbearance delays corrective action; and

³⁸ See Zambezi Capital Management Ltd, *New Path for Zambia's State-Owned Enterprises (SOEs): A Review of the 2024 SOE Policy and Future Outlook*, 3 February 2025, <https://www.linkedin.com/pulse/new-path-zambias-state-owned-enterprises-soes-review-2024-pgc1f/> (Accessed on 16 December 2025).

³⁹ This happened in 2020 when the Zimbabwe Stock Exchange suspended trading. See <https://newswire.live/we-dont-know-what-to-tell-investors-brokers-in-the-dark-after-stock-exchange-is-suspended/#> (Accessed on 16 December 2025).

⁴⁰ Anyanzwa, J., *Boon for victims of rogue stock brokers*, *The East African*, 12 February 2018, [https://www.theeastafrican.co.ke/tea/business-tech/boon-for-victims-of-rogue-stock-brokers-1383844#](https://www.theeastafrican.co.ke/tea/business-tech/boon-for-victims-of-rogue-stock-brokers-1383844#;); *What happens to your investment when your stockbroker collapses*, <https://moolah.co.ke/what-happens-to-your-investment-when-your-stockbroker-collapses/#> (Accessed on 16 December 2025).

⁴¹ Securities and Exchanges Commission Ghana, *Update on SEC Revocation and Bailout*, 20 August 2020, <https://sec.gov.gh/press-releaseupdate-on-sec-revocations-and-bailot>

limited whistle-blower protection constrains early detection.⁴² As a result, a gap often persists between the formal regulatory framework of many African capital markets and its practical implementation.

International policy assessments consistently interpret these experiences as evidence that the central challenge is not the absence of laws or regulations, but the lack of credible, consistent enforcement.⁴³ Because markets are shallow, integrity breaches tend to have disproportionate effects, with even isolated scandals capable of freezing market participation for extended periods. Strengthening institutional integrity—through effective supervision, enforcement, governance, and regional cooperation—is therefore not merely a compliance objective, but a foundational requirement for building durable trust and deepening African capital markets.⁴⁴

The market failures previously outlined underscore that robust regulations are ineffective without active enforcement mechanisms to ensure compliance. The following subsection reviews selected administrative sanctions and case law to address this problem.

3.2. Bridging the Enforcement Gap: A Review of Selected Administrative Sanctions and Case Law

The primary challenge facing many African capital markets is not a lack of comprehensive legislation, but the persistence of an enforcement gap—the disconnect between the high standards set by modern statutes and the actual frequency of their application in cases of misconduct.⁴⁵ As noted by both international bodies and regional experts, the issue is rarely the quality of the written law, but rather the practical challenges of ensuring its consistent implementation.⁴⁶ While current legal frameworks often provide the necessary regulatory enforcement authority, these powers remain purely symbolic unless they are consistently activated through administrative and judicial channels.

In many emerging markets, this gap is widened by resource constraints, the complexity of proving financial crimes, and the potential for political interference. When market abuses—such as insider trading, market manipulation, or fraudulent disclosure—go unpunished, the cost of non-compliance remains lower than the cost of compliance. This

⁴² OECD, *Africa Capital Markets Report 2025: Developing Capital Markets for Growth in Africa*, https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/11/africa-capital-markets-report-2025_a973e07d/7d26e1d3-en.pdf (Accessed on 16 December 2025).

⁴³ International Organization of Securities Commissions (IOSCO), *Objectives and Principles of Securities Regulation: Implementation in Emerging and Frontier Markets* (2020).

⁴⁴ African Development Bank (AfDB), *African Capital Markets Development Strategy 2014-2023: Final Evaluation and Post-2024 Outlook*.

⁴⁵ OECD, *Africa Capital Markets Report 2025: Public Equity Markets and Corporate Governance*.

⁴⁶ See Njuguna, M., *Why African capital markets need an unshakable foundation*, 4 June 2024, <https://fsdafrica.org/why-african-capital-markets-need-an-unshakeable-foundation>

erodes investor trust and reinforces the perception that the market is a "skewed playing field" reserved for insiders.⁴⁷

Bridging this gap requires a transition from passive supervision to active enforcement. The strength of a regulatory regime is measured not by the length of its rulebook, but by its record of holding offenders accountable. The following administrative sanctions and judicial precedents underscore a clear shift: African regulators and courts are actively leveraging their statutory mandates to compel compliance with proper market conduct and enforce a rigorous standard against malpractice.

A. Selected Administrative Sanctions against Market Malpractices

The following three cases of administrative sanctions and penalties demonstrate the use of fines, bans, and public censures to address market manipulation, reporting failures, and governance breaches.

South Africa: Financial Sector Conduct Authority (FSCA) Fine for Market Abuse

Regulatory interventions in the South African capital market have set significant precedents for addressing corporate fraud and protecting market integrity. Central to these efforts was the enforcement action taken by the Financial Sector Conduct Authority (FSCA) against Steinhoff International. In September 2019, the regulator imposed a record R1.5 billion administrative penalty on the group for making "false, misleading, or deceptive statements" to the market.⁴⁸ This substantial figure underscored the significant extent of the accounting irregularities, which resulted in a loss of over R200 billion in shareholder value. However, to avoid further penalizing bona fide shareholders and in recognition of the group's cooperation under new management, the FSCA remitted the fine to R53 million.⁴⁹

⁴⁷ See Fines, O. & Chan, Ph., Capital Formation in Africa: A Case for Private Markets, CFA Institute Research Foundation, 29 May 2025, <https://rpc.cfainstitute.org/research/reports/2025/capital-formation-africa> (Accessed on 13 January 2026).

⁴⁸ Financial Sector Conduct Authority (FSCA), *Order in terms of Section 167 of the Financial Sector Regulation Act No. 9 of 2017: Financial Sector Conduct Authority and Steinhoff International Holdings N.V.*, 12 September 2019, <https://www2.fsc.co.za/Enforcement-Matters/Documents/Order%20> (Accessed on 13 January 2026).

⁴⁹ Herbert Smith Freehills, 20 September 2019, *FSCA levies record R1.5 billion fine against Steinhoff International Holdings N.V. for false, misleading and deceptive statements to the market.* <https://www.hsfkramer.com/notes/fsrandcorprcrime/2019-09/fsc-levies-record-r1-5-billion-fine-against->

The focus subsequently shifted to individual accountability. In March 2024, the FSCA issued a R475 million penalty to a former top executive for his role in publishing deceptive financial reports between 2014 and 2017. The enforcement action followed a rigorous investigation which determined that two high-ranking executives violated the Financial Markets Act (FMA) by publishing false, misleading, and deceptive financial statements between 2014 and 2017. These misstatements included the omission of material facts, directly impacting investors on both the Johannesburg and Frankfurt Stock Exchanges.⁵⁰ While this executive faced the full weight of the sanction—including a R10 million contribution to investigation costs and punitive interest—a second high-ranking official was granted leniency with no administrative fine, citing his extensive cooperation with the authority during the probe.⁵¹ This case underscores the regulator's strategy of deploying heavy financial sanctions to deter market abuse, while simultaneously utilizing leniency agreements to dismantle complex corporate schemes. The broader significance of these proceedings, however, lies in the regulator's rigorous application of the Financial Markets Act 2012 to hold high-ranking executives personally accountable for market misconduct.⁵²

Nigeria: SEC's Intervention in Oando PLC (2019–2021)

In a similarly decisive action, the Securities and Exchange Commission (SEC) of Nigeria intervened in the management of Oando PLC following an extensive investigation into chronic corporate governance lapses.⁵³ This enforcement effort addressed a range of

steinhoff-international-holdings-n-v-for-false-misleading-and-deceptive-statements-to-the-market (Accessed on 13 January 2026).

⁵⁰ Financial Sector Conduct Authority, Update on Steinhoff International Holdings Limited and Steinhoff International Holdings NV, 20 March 2024, [https://www.google.com/search?q=https://www.fsca.co.za/_api/cr3ad_news\(340c603c-badb-f011-8544-7ced8d771bb0\)/cr3ad_document/\\$value](https://www.google.com/search?q=https://www.fsca.co.za/_api/cr3ad_news(340c603c-badb-f011-8544-7ced8d771bb0)/cr3ad_document/$value) (Accessed on 13 January 2026).

⁵¹ Peyper, L., Markus Jooste slapped with a R475m fine for Steinhoff misconduct, *Moneyweb*, 20 March 2024, <https://www.moneyweb.co.za/news/companies-and-deals/markus-jooste-slapped-with-a-r475m-penalty-for-steinhoff-misconduct/> (Accessed on 13 January 2026).

⁵² See Financial Markets Act No. 19 of 2012, Sections 78 (Insider Trading) and 81 (False or Misleading Statements).

⁵³ Securities and Exchange Commission Nigeria, Investigation of Oando Plc, 7 June 2019, <https://sec.gov.ng/for-investors/keep-track-of-circulars/investigation-of-oando-plc/> (Accessed on 13 January 2026).

severe infractions, including false disclosures, market manipulation through related-party transactions, and systemic breaches of the Investment and Securities Act (ISA) 2007.⁵⁴

As a primary sanction, the SEC ordered the immediate resignation of the company's Group Chief Executive Officer and Deputy Group Chief Executive Officer, further imposing a five-year ban on both individuals from serving as directors of any public company.⁵⁵ These measures were accompanied by multiple monetary penalties and the appointment of an interim management team to oversee the firm's transition.

The significance of this intervention lies in the SEC's assertive use of its regulatory powers to protect minority shareholders and restore the integrity of the Nigerian Exchange (NGX). Although the case sparked prolonged litigation, it was ultimately resolved through a settlement in July 2021. Under the terms of this agreement, the company committed to extensive corporate governance improvements and regular compliance reporting.⁵⁶

Kenya: CMA Sanctions for the Imperial Bank Bond Scandal (2021)

In Kenya, the Capital Markets Authority (CMA) has increasingly exercised its enforcement mandate to address disclosure failures, most notably in the aftermath of the Imperial Bank and Chase Bank collapses. In the Imperial Bank matter, the regulator initiated enforcement proceedings against former board members for negligence in the preparation and approval of a 2015 Information Memorandum for a KSh 2 billion corporate bond.⁵⁷ The CMA asserted that the directors failed to perform their oversight duties or disclose a long-running fraudulent disbursement scheme that was uncovered only days before the bond was due to be listed. This led to the landmark case of *Alnashir Popat & 7 Others v Capital Markets Authority* [2020] KESC 34 (KLR), in which the

⁵⁴ Section 12 (Regulatory Powers of the Commission) of the Investments and Securities Act (ISA) No. 29 of 2007, which was in force at that time, provided the statutory basis for the SEC's intervention in the interest of market stability. (Accessed on 13 January 2026).

⁵⁵ SEC Announces Far Reaching Decisions on the Investigation of Oando PIC, 4 June 2019, <https://ictrd.org/ng/sec-announces-far-reaching-decisions-on-the-investigation-of-oando-plc/> (Accessed on 13 January 2026).

⁵⁶ Securities and Exchange Commission Nigeria, Oando PIC Enters into a Settlement with the Securities and Exchange Commission, 19 July 2021, <https://sec.gov.ng/for-investors/keep-track-of-circulars/oando-plc-enters-into-a-settlement-with-the-securities-and-exchange-commission> (Accessed on 13 January 2026).

⁵⁷ Wangui, M., Imperial Bank Board Members Face Enforcement Proceedings Over Oversight Failure, *The Kenyan Wall Street*, 15 April 2021, <https://kenyanwallstreet.com/imperial-bank-board-members-face-enforcement-proceedings-over-oversight-failure> (Accessed on 14 January 2026).

Supreme Court of Kenya affirmed the CMA's dual inquisitorial and enforcement mandate, allowing the regulator to proceed with administrative actions against the directors.⁵⁸

Similarly, in late 2025, the Capital Markets Authority (CMA) successfully concluded enforcement actions against former executives of Chase Bank Kenya for their roles in misleading bond disclosures and the publication of false 2014 financial statements. The regulator established that the executives facilitated the overstatement of assets and the concealment of related-party lending—including a KSh 1.052 billion bonus payment—within the Information Memorandum for the bank's 2015 KSh 10 billion Medium Term Note. Consequently, the CMA imposed significant administrative penalties, including a KSh 5 million fine and a 10-year ban on the former Group Managing Director from serving as a director of any regulated entity.⁵⁹

These actions were reinforced by the Capital Markets Tribunal in the landmark ruling *Kabui v Capital Markets Authority* [2024] KECMT 133 (KLR). In its ruling, the Tribunal affirmed the CMA's power to sanction senior management for fiduciary failures, specifically regarding the concealment of related-party transactions and the publication of misleading financial statements used to entice bond investors. The ruling upheld the CMA's enforcement measures and clarified that directors cannot delegate away their accountability for material misstatements. Collectively, these proceedings, underpinned by Sections 25A and 34 of the Capital Markets Act (Cap 485A), underscore that the "duty of care" is a rigorous legal obligation in East Africa, signaling that individuals will be held personally accountable for the accuracy of information provided to the market.⁶⁰ By holding individuals personally accountable for the accuracy of information provided to the market, the CMA has signaled that signing off on a prospectus entails a rigorous legal obligation to verify the underlying financial health of the issuer.

Beyond the direct administrative sanctions imposed by the regulator, growing judicial oversight provides authoritative legal precedents that strengthen market accountability and protect the integrity of the capital market in particular and the entire financial system in general.

⁵⁸ See *Alnashir Popat & 7 others v Capital Markets Authority* [2020] eKLR, <http://kenyalaw.org/caselaw/cases/view/204824> (Accessed on 14 January 2026).

⁵⁹ Muiruri, K., CMA dishes Ksh. 60 million fines to Chase Bank Directors, 3 August 2022, <https://www.citizen.digital/article/cma-dishes-ksh60-million-fines-to-former-chase-bank-directors-n303371> (Accessed on 14 January 2026).

⁶⁰ See Capital Markets Act (Cap 485A), ss 25A, 34; Njuguna, H., Chase Bank's Ex-Managers Hit with Fines Over False Bond Disclosures, *The Kenyan Wall Street*, 20 November 2025, <https://kenyanwallstreet.com/chase-banks-ex-managers-hit-with-fines-over-false-bond-disclosures>; *Kabui v Capital Markets Authority* (Tribunal Appeal 9A of 2022) [2024] KECMT 133 (KLR) (2 February 2024), <http://kenyalaw.org/caselaw/cases/view/281253> (Accessed on 14 January 2026).

B. Selected Case Law on Market-Related Offences

While administrative penalties offer speed, judicial decisions provide the legal weight and precedent necessary to deter sophisticated financial crimes. The following cases illustrate how African courts are clarifying the criminal and civil character of market misconduct.

Market Manipulation and Price Abuse

In the South African matter of *Fourie v Directorate of Market Abuse* [2018] ZAGPPHC 712, the High Court addressed the boundaries of market manipulation and the proportionality of administrative sanctions. Robert Fourie, a senior securities dealer, appealed a decision by the Enforcement Committee of the Financial Services Board (FSB) which had found him guilty of violating Section 80 of the Financial Markets Act (FMA). The misconduct involved 113 "wash trades" in Sunflower Seeds Futures over a seven-day period—transactions where Fourie acted as both buyer and seller to create a deceptive appearance of liquidity and attract new clients.⁶¹

The Court dismissed the appeal against the finding of guilt, ruling that Fourie's admitted intention to manufacture a false impression of market activity fell squarely under the prohibited practices of Section 80(1)(a). However, the Court upheld the appeal regarding the R2 million administrative penalty, characterizing it as arbitrary and excessive. The judges noted that the regulator failed to provide a clear methodology for the fine, especially given the lack of evidence regarding actual profit derived by Fourie or financial loss suffered by third parties. Consequently, the Court set aside the original fine and substituted it with a penalty of R150,000, ensuring the sanction was commensurate with the violation while still maintaining a deterrent effect within the capital markets.⁶²

A similar shift toward criminalizing market abuse is mirrored in Egypt, where through the high-profile "Stock Exchange Manipulation" Case (*Public Prosecutor v. Alaa Mubarak, Gamal Mubarak & Others*). Under Law No. 95 of 1992, the state prosecutor sought to establish that the coordinated acquisition of shares in the National Bank of Egypt (Al Watany) without proper disclosure constituted a serious criminal offense. While the Cairo Criminal Court eventually acquitted the defendants in 2020—citing a lack of evidence that the bank's activities were harmed—the decade-long proceedings signaled a strategic

⁶¹ See *Fourie v Directorate of Market Abuse and Another* (A354/2017) [2018] ZAGPPHC 712, <https://www.saflii.org/za/cases/ZAGPPHC/2018/712.html> (Accessed on 19 January 2026).

⁶² *Ibid.*

regulatory shift toward using imprisonment and substantial financial penalties as primary deterrents for market abuse.⁶³

Insider Trading

Courts are increasingly treating the abuse of privileged information as a serious economic crime as demonstrated by the following two cases from South Africa and Nigeria.

South Africa : *Zietsman v Directorate of Market Abuse and Another*

The judicial clarification of insider trading definitions is exemplified in the South African matter of *Zietsman v Directorate of Market Abuse and Another*, where the High Court addressed the technical thresholds for "inside information" under the Securities Services Act. The case originated from the conviction of Gavin Zietsman and Harrison & White Investments, who had acquired a substantial volume of shares in Africa Cellular Towers (ACT) while aware of a non-public R99 million loan facility approved by the Industrial Development Corporation (IDC). The appellants unsuccessfully contended that the information was neither "specific" nor "precise" because a final written agreement had not been signed, asserting that an "in principle" approval was too vague to constitute a regulatory breach.⁶⁴

Rejecting this defense, the Court ruled that information need not be codified in a formal contract to meet the legal standard of precision; the approval of a specific sum from a defined lender described a set of circumstances that would realistically materialize. The Court further emphasized the materiality of the information, noting that the subsequent 54.5% spike in ACT's share price upon public disclosure confirmed that a "reasonable investor" would view such a lifeline as price-sensitive. Ultimately, the court found the appellants acted with *dolus* (intent) by ignoring explicit warnings from financial advisors, thereby upholding the R1 million administrative penalty as a necessary measure to safeguard market integrity and deter future misconduct.⁶⁵

Similarly, in *Fourie v Directorate of Market Abuse and Another*⁶⁶ analyzed above, the High Court underscored that the market abuse regime seeks to deter conduct that creates a false or deceptive appearance of trading activity or artificially influences the price of

⁶³ El-Sayed Gamal El-Din, Egypt's Court Acquits Alan and Gamal Mubarak of the 'Stock Market Manipulation', 20 February 2020, <https://english.ahram.org.eg/News/363935.aspx> (Accessed on 19 January 2026).

⁶⁴ See *Zietsman and Another v Directorate of Market Abuse and Another* (A679/14) [2015] ZAGPPHC 603; 2016 (1) SA 218 (GP), <https://www.saflii.org/za/cases/ZAGPPHC/2015/651.html> (Accessed on 19 January 2026).

⁶⁵ *Ibid.*

⁶⁶ See *supra* note 61.

securities. The offence lies in undermining the informational equality of market participants, not merely in the generation of illicit profit.

Nigeria: Ikpe v. Federal Republic of Nigeria & Anor

In Nigeria, insider trading and market manipulation are increasingly prosecuted as serious economic crimes rather than mere regulatory breaches. A definitive moment in this shift was the case of *Ikpe v. Federal Republic of Nigeria & Anor (2018)* LPELR-44330(CA), involving Sir Kingsley Ikpe, the former Managing Director of Thomas Kingsley Securities Ltd. Charged with a complex array of financial crimes—including insider trading, forgery, and the misappropriation of investor funds—Ikpe was initially convicted by the Lagos High Court and handed an unprecedented aggregate sentence of over 150 years. On appeal, the Court of Appeal upheld the conviction, reinforcing the jurisdiction of the Economic and Financial Crimes Commission (EFCC) to prosecute market-related offences. Widely regarded as Nigeria’s first major criminal enforcement of insider trading laws, this judgment signals that breaches of disclosure and fiduciary duty threaten market integrity and are punishable under the full force of the state’s criminal justice system.⁶⁷

Intermediary Misconduct and Fiduciary Duty

The judiciary across African countries has increasingly turned its scrutiny toward participants in capital markets—specifically brokers, fund managers, and investment advisors—holding them to rigorous standards of professional conduct and fiduciary responsibility. By moving beyond mere regulatory fines and toward high-stakes judicial precedents, these jurisdictions are reinforcing the principle that market intermediaries hold a sacred fiduciary trust that cannot be breached without severe legal consequences.

In Kenya, the foundational case of *Republic v. Francis Thuo & Others* served as a decisive moment for the Nairobi Securities Exchange. Following the high-profile collapse of several stockbroking firms due to the systemic misappropriation of client funds, the High Court moved to solidify the legal standing of investor protection. The court confirmed that the unauthorized use of client deposits for firm operations was not merely a regulatory infraction but a criminal offense. This ruling effectively elevated the fiduciary obligations of brokers, establishing that they are legally bound to ring-fence investor assets from their

⁶⁷ *Ikpe v. Federal Republic of Nigeria & Anor (2018) LPELR-44330(CA)*, <https://lawcarenigeria.com/sir-kingsley-ikpe-v-federal-republic-of-nigeria-anor-2018/>; Ekundayo, V., Adeyemi, O., Ubani, M. O., & Adeyemi, O. B. . An overview of insider trading in Nigeria: A legal perspective. *International Journal of Law and Clinical Legal Education*, 5, 2024, <https://www.nigerianjournalsonline.com/index.php/IJOLACLE/article/view/5285> (Accessed on 22 January 2026).

own corporate liabilities, thereby emphasizing that the misappropriation of investor funds carries direct criminal liability.⁶⁸

Building upon the deterrence established by these regulatory and judicial interventions, the focus must now shift toward a proactive framework of institutional integrity that integrates robust policy reforms, standardized enforcement, and global best practices to bolster investor confidence in Africa's capital markets

4. Strengthening Institutional Integrity: Policies, Enforcement, and Best Practices

While understanding market integrity and documenting integrity failures are critical, sustaining trust in African capital markets ultimately depends on proactive measures. Evidence from both international standards and regional experience shows that durable market confidence is built through three mutually reinforcing pillars: robust legal frameworks, effective regulatory enforcement, and governance and operational best practices.⁶⁹ Beyond these, regional coordination, infrastructure integration, and capacity-building initiatives reinforce market integrity.

4.1. Robust Legal and Regulatory Frameworks

A clear, comprehensive, and consistently applied set of laws is the cornerstone of market integrity. Such frameworks define market conduct standards, prescribe disclosure obligations, and empower regulators to act when misconduct occurs. Efficient and robust securities markets are dependent on institutional building blocks and the mainstream institution is the legal architecture.⁷⁰ However, the legal framework is only one half of the equation; the existence of an effective and robust institutional governance mechanism to offer services, enforce these rules, and uphold investors' rights is equally crucial for capital market development.

In Africa, this oversight is provided by a network of regulators, including local central banks, capital market authorities, and securities and exchange commissions. These institutions do more than just draft rules; they conduct the daily supervisory oversight that

⁶⁸ *Republic v. Francis Thuo & Others*, High Court of Kenya, Criminal Case No. 22 of 2008

⁶⁹ World Economic Forum, *Accelerating Capital Market Development in Emerging Economies. Country Case Studies, White Paper*, May 2016, https://www3.weforum.org/docs/WEF_accelerating-capital-markets-development-in-emerging-economies.pdf (Accessed on 22 January 2026).

⁷⁰ Gakeri, K.J., *Enhancing Securities Markets in Sub-Saharan Africa: An Overview of the Legal and Institutional Arrangements in Kenya*, *International Journal of Humanities and Social Science*, Vol. 1, No. 9 (Special issue, July 2011), pp. 135-136, https://ijhss.thebrpi.org/journals/Vol._1_No._9_Special_Issue_July_2011/18.pdf (Accessed on 22 January 2026).

ensures contracts are settled on time and that market players operate seamlessly. By protecting the interests of both investors and issuers, these regulators enhance the overall institutional governance and legal standards of the entire economy.⁷¹

The strengthening of capital market legal frameworks across Africa reflects a continental shift toward institutionalizing market integrity to cultivate investor trust—as demonstrated by the statutory regimes of Nigeria, Kenya, South Africa, and Rwanda.

Nigeria:

The Investment and Securities Act, 2025 (“ISA 2025”) codifies a robust framework prohibiting market misconduct, with the objective of safeguarding market integrity, investor confidence, and fair price formation in Nigeria’s capital markets.⁷² In particular, the Act expressly addresses insider trading and market manipulation through a combination of substantive prohibitions, disclosure obligations, and enforcement mechanisms set out principally in Sections 135 to 139.⁷³

With respect to insider trading, Sections 137 to 139 establish a comprehensive statutory regime governing insider dealings and related disclosure requirements.⁷⁴ Section 137(1) expressly prohibits any person who qualifies as an insider from buying, selling, or otherwise dealing in securities while in possession of material, non-public information relating to those securities.⁷⁵ This prohibition is broadened by Section 137(2), which extends liability to persons who, by virtue of their relationship with an issuer, knowingly inform, recommend, or induce another person to trade in securities on the basis of undisclosed material facts.⁷⁶ To enhance transparency and accountability, Section 137(3) imposes mandatory disclosure obligations on insiders, including directors and other

⁷¹ Njenga, G., Machagua, J., & Gachanja, S. (2022). *Capital markets in sub-Saharan Africa*. UNU-WIDER Working Paper 2022/112, pp. 44-45, <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2022-112-capital-markets-sub-Saharan-Africa.pdf> (Accessed 22 January 2026).

⁷² Investment and Securities Act, 2025 (Nigeria), Long Title and Preamble.

⁷³ Investment and Securities Act, 2025, ss 135–139.

⁷⁴ Investment and Securities Act, 2025, s 137(1).

⁷⁵ Investment and Securities Act, 2025, s 137(2).

⁷⁶ Investment and Securities Act, 2025, s 139(1).

persons with access to confidential information, requiring timely reporting of direct or indirect beneficial ownership or control of securities.⁷⁷

Enforcement authority is reinforced under Section 139(1), which empowers the Securities and Exchange Commission (SEC) to initiate civil or criminal proceedings against persons who contravene insider dealing provisions or fail to comply with disclosure requirements.⁷⁸ Section 139(2) prescribes sanctions, including fines and imprisonment, for individuals and other persons who commit, facilitate, or benefit from insider trading offences.⁷⁹ Collectively, these provisions create a clear and enforceable statutory basis for criminalizing insider trading, mandating beneficial ownership disclosure, and extending liability beyond primary offenders to those who enable or profit from the misuse of insider information.⁸⁰

Taken together, these provisions under ISA 2025 establish a broad and integrated legal framework addressing market abuse, encompassing insider trading, market manipulation, misleading disclosures, and artificial trading practices, while equipping the SEC with clear authority to detect, investigate, and sanction conduct that undermines the integrity, transparency, and fairness of Nigeria's capital markets.⁸¹

South Africa

The Financial Markets Act, No. 19 of 2012 ("FMA") establishes a comprehensive legal framework prohibiting market abuse and false trading practices in South Africa, while empowering the Financial Sector Conduct Authority (FSCA) as the competent authority to investigate and enforce compliance with these provisions. Market abuse is addressed principally in Chapter X of the Act, which covers insider trading, prohibited trading practices (market manipulation), and false or misleading statements relating to securities traded on regulated markets.⁸²

Insider trading is criminalized under section 78 of the FMA, which prohibits an insider who possesses "inside information" from dealing, directly or indirectly, in listed securities or

⁷⁷ Investment and Securities Act, 2025, ss 137-139.

⁷⁸ Investment and Securities Act 2025, ss 135-139.

⁷⁹ Investments and Securities Act (ISA) 2025, Part IX, Section 139–140.

⁸⁰ See Section 137(3) of the ISA 2025 regarding the mandatory filing of reports by insiders disclosing direct or indirect beneficial ownership within 14 days of a transaction.

⁸¹ Investment and Securities Act 2025, Section 3(3), which delineates the expanded powers of the Commission to "register, regulate and report on digital assets" and "intervene in the management and control of capital market operators.

⁸² Financial Markets Act 19 of 2012, Chapter X (Market Abuse).

related derivative instruments.⁸³ Section 78 further extends liability to persons who deal on behalf of insiders with knowledge of that status, who disclose inside information unlawfully, or who encourage or discourage trading based on inside information.⁸⁴ These provisions are designed to prevent unfair informational advantages and to preserve confidence in the integrity of the price-formation process.

The Act also prohibits market manipulation through section 80, which outlaws the use of any trading practice or scheme that creates, or is likely to create, a false or deceptive appearance of demand, supply, trading activity, or an artificial price for a security.⁸⁵ The provision captures abusive conduct such as wash trades, matched orders, and other transactions entered into for the purpose of improperly influencing market prices rather than reflecting genuine supply and demand.

In addition, section 81 of the FMA addresses false, misleading, or deceptive statements, making it an offence to publish or disseminate statements, promises, or forecasts in respect of listed securities that are materially false or misleading, or that omit material facts in a manner that renders them deceptive.⁸⁶ Together, sections 78, 80, and 81 form an integrated statutory regime targeting the principal forms of market abuse recognised under international best practice.

The FSCA, as successor to the Financial Services Board, is responsible for enforcing these market abuse provisions.⁸⁷ It is empowered to investigate suspected contraventions, refer matters to its Enforcement Committee for administrative sanctions, seek civil remedies, and refer serious cases to the National Prosecuting Authority for criminal prosecution.⁸⁸ Sanctions under the FMA may include administrative penalties—particularly in insider trading cases, where penalties may be linked to the profit made or loss avoided—as well as criminal fines and imprisonment.⁸⁹

Kenya

The Capital Markets Act (Cap 485A) of Kenya, enacted in 1989,⁹⁰ establishes the Capital Markets Authority (CMA) as the regulator responsible for licensing market intermediaries,

⁸³ Financial Markets Act 19 of 2012, s 78(1)

⁸⁴ Financial Markets Act 19 of 2012, s 78 (2) -(4)

⁸⁵ Financial Markets Act 19 of 2012, s 80

⁸⁶ Financial Markets Act 19 of 2012, s 81.

⁸⁷ Financial Sector Regulation Act of 2017, ss 56-58 (establishes FSCA and transferring market-conduct functions)

⁸⁸ Financial Markets Act 19 of 2012, ss 82-84.

⁸⁹ Financial Markets Act 19 of 2012, ss 82-84 (civil and criminal sanctions for market abuse).

⁹⁰ Capital Markets Act (Cap 485 A), originally enacted in 1989 and maintained in consolidated versions to 4 November 2025.

supervising securities exchanges, and prohibiting market abuse, including insider trading and market manipulation.⁹¹

Under the Act, insider trading is prohibited. Section 32B makes it an offence for a person who possesses unpublished price-sensitive information by virtue of being connected with an issuer to deal in its securities or related instruments, to communicate such information improperly, or to counsel another to trade on that basis.⁹² Penalties for contravention under section 32E include fines, imprisonment, and an order to disgorge gains or losses avoided, with amounts increasing on subsequent offences.⁹³

Market manipulation and other abusive trading practices are prohibited under section 32F, which makes it an offence for any person to enter into or carry out transactions in securities that, by themselves or in conjunction with others, are likely to alter prices with the intention of inducing others to trade (e.g., artificially increasing or decreasing prices).⁹⁴ Additional offences under the Act include front-running by intermediaries (section 32JA) and obtaining gain by fraud (section 32KA), both of which target conduct that undermines market fairness.⁹⁵ False or misleading statements that affect market transactions are also criminalized under the Act.⁹⁶

The CMA is endowed with broad enforcement and supervisory powers to address breaches and ensure orderly conduct in the markets. Under section 50 and related provisions, the Authority may levy financial penalties, require remediation, publish findings of misconduct, suspend or cancel listings or trading of securities or contracts, restrict the use of licences, and revoke licences of licensed persons, employees, or directors for contraventions or breaches of obligations.⁹⁷ These powers extend to market intermediaries such as brokers, dealers, investment advisers, fund managers, and exchanges.⁹⁸

The Act also enables the CMA to trace and caveat assets of persons found to have engaged in fraudulent dealings or insider trading, and to take measures for investor protection, including ordering restitution and compensation.⁹⁹ Through these provisions, the Capital Markets Act establishes a comprehensive regime to deter and sanction insider trading, market manipulation and other abuse, while imposing specific duties and

⁹¹ Capital Markets Act (Cap 485 A), s2 (objectives) CMA mandate.

⁹² Capital Markets Act (Cap 485 A), s 32 B CMA mandate (insider trading prohibitions).

⁹³ Capital Markets Act (Cap 485 A), s 32 E (penalties for insider trading and abuse).

⁹⁴ Capital Markets Act (Cap 485 A), s 32 F (market manipulation offence).

⁹⁵ Capital Markets Act (Cap 485 A), ss 32 JA (front running) and 32KA (obtaining gain by fraud).

⁹⁶ Capital Markets Act (Cap 485 A), offence provisions, false and misleading statements

⁹⁷ Capital Markets Act (Cap 485 A), s 50 (sanctions, penalties, suspension revocation).

⁹⁸ Capital Markets Act (Cap 485 A), s 50 and related provisions; s 25 duties/licences.

⁹⁹ Capital Markets Act (Cap 485 A), s 24 (authority powers to trace asset, caveat).

accountability mechanisms on brokers and intermediaries, backed by tools for fines, suspensions and licence revocations.

Rwanda

In Rwanda, the regulation of insider trading, market manipulation, and other forms of market abuse is governed by the Law regulating Capital Market Business Law (Law No. 01/2011 of 10/02/2011), as amended, alongside the Law establishing the Capital Market Authority (Law No. 057/2021 Bis of 18/09/2021), which creates a dedicated regulator to oversee market conduct and enforce standards.¹⁰⁰

Under the Capital Market Business Law, insider dealing is specifically defined and prohibited. Article 42 provides that an individual who uses insider information — information not generally available but which could influence market prices — to deal in capital market instruments commits insider dealing; this includes encouraging others to trade based on such information or disclosing employment-related information that is price-sensitive.¹⁰¹ The law also sets out defences to insider dealing in Article 43, such as demonstrating that the information was not price-sensitive or that no profit was expected from its use.¹⁰²

Market abuse — broader conduct that undermines market integrity — is defined in Article 46 to include behaviour by one or more persons that gives a false or misleading impression as to supply, demand, or price of capital market instruments, or that distorts market conditions or prices.¹⁰³ These provisions reflect a general prohibition on abusive practices, although they rely on authority-issued regulations to flesh out specific misconduct rules.¹⁰⁴

¹⁰⁰ Law No. 02/2011 of 10/02/2011 regulating Capital Market in Rwanda, https://www.cma.rw/fileadmin/user_upload/law_regulating_capital_market_business_in_rwanda.pdf ; Law No. 45/2018 of 13/08/2018 modifying Law No. 01/2011 of 10/02/2011 regulating capital market in Rwanda as modified to date, official Gazette No. Special of 20/09/2018, https://www.cma.rw/fileadmin/user_upload/Law_modifying_Law_governing_CMA.pdf and Law No. 057/2021 Bis of 18/09/2021 establishing the Capital Market Authority (CMA), https://www.cma.rw/fileadmin/user_upload/Law_establishing_the_Capital_Market_Authority_of_Rwanda.pdf. (Accessed on 4 February 2026).

¹⁰¹ Law regulating Capital Market in Rwanda, Article 42 (Insider dealing definition)

¹⁰² Law regulating Capital Market in Rwanda, Article 43 (Defences to insider dealing)

¹⁰³ Law regulating Capital Market in Rwanda, Article 46 (Market abuse definition).

¹⁰⁴ Law regulating Capital Market in Rwanda, Article 46 (Authority to issue regulations to prevent market abuses).

The Capital Market Authority, established by Law No. 057/2021 bis, is mandated to regulate and supervise the capital markets, enforce compliance with insider dealing and market abuse prohibitions, and issue codes of conduct and principles governing market participants to ensure fair dealing and investor protection.¹⁰⁵ In exercise of this mandate, the Authority issues regulatory instruments — such as statements of principles, codes of conduct, and market conduct regulations — which set behavioural standards for brokers, dealers, investment advisers, and other intermediaries operating in the market.¹⁰⁶

Although the CMA law itself does not contain detailed substantive offences, it authorises the Authority to enforce explicit prohibitions against insider trading and market abuse as provided in the Capital Market Business Law and empowers the regulator with disciplinary and intervention powers.¹⁰⁷ These powers include the ability to impose financial penalties, publish public sanctions, suspend or withdraw licences or approvals of market intermediaries, and seek court injunctions to stop or remedy contraventions.¹⁰⁸ Together, the statutory regime established by the capital markets laws and the CMA provides a legal framework to deter and address insider trading, market manipulation, and other abuse, while holding brokers and intermediaries to standards of integrity and subjecting them to fines, suspensions, and licence revocations where appropriate.¹⁰⁹

Ultimately, capital markets play a significant role in elevating a nation's legal standards. However, the existence of these statutory powers remains a latent asset unless supported by active enforcement and a commitment to bridging the gap between law and practice.

4.2. Effective Enforcement and Supervisory Oversight

Even the best-written laws are insufficient without credible enforcement. The stability of capital markets is a fundamental prerequisite for building investor confidence, and this stability hinges on the strict enforcement of enacted laws, regulations, and rules. Supervisory authorities must not only possess investigative powers and sanctions but must also have the institutional will to respond effectively to breaches.¹¹⁰

¹⁰⁵ Law No. 057/2021 Bis establishing CMA and its broad mandate to regulate and supervise capital markets.

¹⁰⁶ Law regulating Capital Market in Rwanda, Article 19 (Authority to issue statements of principles and codes of conduct governing market participants and disciplinary actions such as fines, warnings, licence withdrawal/suspension, disqualification).

¹⁰⁷ Law No. 057/2021 bis establishing the Capital Market Authority, empowering CMA to enforce compliance and issue regulations; supported by Capital market Business Law's definition of offences.

¹⁰⁸ Capital Market Business Law, Articles 19, 26, 27 and 46 (disciplinary powers including licence actions, court injunctions, financial penalties).

¹⁰⁹ Integration of CMA enforcement powers with substantive offences in the Capital Market Business Law governing insider dealing and market abuse.

¹¹⁰ Rojas-Suarez, L., Towards Strong and Stable Capital Markets in Emerging Market Economies, 2014, pp. 16-17, <https://www.bis.org/publ/bppdf/bispap75c.pdf>

Professionalism as a Regulatory Catalyst

A critical, often overlooked component of this oversight is the human element. Enhancing the professionalism of public officers—through merit-based recruitment, continuous technical training, and adherence to strict codes of ethics—is essential to bridge the gap between policy and implementation. Professionalized regulators are better equipped to navigate complex financial crimes and provide the reliable stewardship necessary for fiscal credibility and market resilience.¹¹¹

Mechanisms of Market Discipline

Consistent enforcement serves as a critical deterrent. When regulators consistently impose administrative sanctions and license revocations, and coordinate with prosecutorial authorities to address criminal misconduct, they reinforce a rule-of-law environment that protects market participants. African securities regulators are increasingly adopting a multi-layered approach to detect and mitigate market misconduct, combining advanced technology, stakeholder engagement, and investor protection mechanisms. One key element is real-time surveillance, whereby regulators deploy automated monitoring systems capable of detecting suspicious trading patterns and potential market manipulation as they occur. Such systems allow for early intervention and the prevention of large-scale abuses that could destabilize financial markets.¹¹²

Complementing technological tools, many African regulators have established whistleblower channels that protect and incentivize insiders to report unethical behavior, including insider trading, fraud, or other forms of market abuse. These channels enhance the regulator's ability to uncover misconduct that may not be immediately visible through trading data alone.¹¹³

Finally, regulators increasingly rely on investor protection funds to provide a financial safety net that can compensate harmed market participants, particularly during periods of market stress or following enforcement actions. By ensuring that investors are partially

¹¹¹ See International Organization of Securities Commissions (IOSCO), *Objectives and Principles of Securities Regulation* (2017, updated 2023) - Principle 2 requires that regulators be operationally independent and accountable, with adequate powers and resources; Principle 3 stresses adequate resources, capacity, and professional standards to perform complex supervisory functions, <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD561.pdf> (Accessed on 10 February 2026).

¹¹² For an overview of this matter, see International Organization of Securities Commissions, *Credible Deterrence in the Enforcement of the Securities Regulation*, June 2015, Revised in October 2023, <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD758.pdf>

¹¹³ See Whistleblowing: A Panacea for Fraudulent Practices in the Capital Market, *Business Daily*, 27 July 2017, https://businessday.ng/investor/article/whistleblowing-panacea-fraudulent-practices-capital-market/?utm_source=chatgpt.com (Accessed on 10 February 2026).

shielded from losses caused by misconduct, such mechanisms help maintain trust in capital markets and support market stability.¹¹⁴

Complementing these national efforts, the African Development Bank (AfDB) and FSD Africa work in tandem to strengthen regulatory capacity and deepen capital markets across the continent. Through its Capital Markets Development Trust Fund (CMDTF), the AfDB provides technical assistance and capacity building aimed at improving regulatory frameworks, upgrading market infrastructure, diversifying financial products and broadening investor participation in African capital markets — essential elements for deeper, more resilient market systems.¹¹⁵

Within this broader AfDB framework, FSD Africa focuses on enhancing the capability of securities regulators, ministries of finance and central banks, thereby helping to modernize supervisory practices and strengthen transparency and cross-border market monitoring. For example, under its Africa Regulatory Support Programme, FSD Africa provides technical assistance for institutional assessments, masterplan development and strategic regulatory reforms that support capital market growth and investor confidence.¹¹⁶

While top-down enforcement by professionalized regulators is vital for market discipline, it must be matched by bottom-up integrity through the internal governance and operational standards of market participants themselves.

4.3. Governance and Operational Best Practices

Market integrity is reinforced when issuers, intermediaries, and regulators adhere to sound governance and operational practices. Beyond national mandates, a culture of integrity is built through independent boards overseeing financial reporting, the segregation of client funds, and ethics programs that move compliance from a "tick-box" exercise to a core business value. Regional initiatives, such as the aforementioned Capital Markets Development Trust Fund (CMDTF), complement these efforts by

¹¹⁴ For example, there are the Johannesburg Stock Exchange (JSE) Guarantee Fund in South Africa (Financial Markets Act, No. 19 of 2012, s 8(1)(h) and s 17(2)(w)), the Investor Compensation Fund in Kenya, managed by the Capital Markets Authority Board (Kenya) (Capital Market Act Cap 485 A, s 25) and the Compensation Scheme in Rwanda, managed by the Capital Market Authority (Rwanda) (Law No. 057/2021 Bis, Article 19) (Accessed on 10 February 2026).

¹¹⁵ African Development Bank's Capital Markets Development Trust Fund delivers major wins in first five years, 5 June 2025, <https://www.afdb.org/en/news-and-events/press-releases/african-development-banks-capital-markets-development-trust-fund-delivers-major-wins-first-five-years-763-professionals-trained-13-transformative-projects-launched-84414> (Accessed on 10 February 2026).

¹¹⁶ FSD Africa, Africa Regulatory Support Programme, <https://fsdafrica.org/projects/africa-regulatory-support-programme/> (Accessed on 10 February 2026).

providing technical assistance to regulators and exchanges, focusing on upgrading legal environments and strengthening compliance monitoring across the continent.¹¹⁷

As individual firms and national markets strengthen their internal cultures, the focus is shifting toward harmonizing these standards across borders to prevent the exploitation of regulatory differences in an increasingly interconnected continent. Against this backdrop, the following overview of the experiences of Rwanda, South Africa, and Nigeria provides instructive illustrations of how strengthened governance frameworks and practical regulatory best practices contribute to the development and resilience of capital markets in Africa.

Rwanda

In September 2024, the Capital Market Authority (CMA) of Rwanda, in partnership with the International Finance Corporation (IFC), launched a new Capital Market Corporate Governance Code. This framework establishes mandatory Environmental, Social, and Governance (ESG) standards, ensuring that public issuers operate with enhanced accountability. By setting clear governance expectations, the Code aims to foster investor confidence, recognizing that confidence and integrity are crucial pillars for the growth of any capital market.¹¹⁸

The Rwandan corporate governance model for capital market issuers is structured around four strategic pillars designed to enhance board accountability, market transparency, and sustainable business practices.¹¹⁹ First, ethical leadership and board effectiveness are emphasized, mandating that boards operate with integrity and accountability toward all stakeholders, including creditors and employees.¹²⁰ The framework requires a clear separation of the roles of Board Chairman and Chief Executive Officer, and the establishment of specialized committees—such as audit and risk committees—to oversee financial reporting and compliance functions.¹²¹

Second, environmental, social, and governance (ESG) integration is embedded within the governance code, which is benchmarked against international standards including the United Nations Sustainable Development Goals (SDGs) and the Task Force on Climate-

¹¹⁷ See supra note 114.

¹¹⁸ Capital Market Authority Launches a New Corporate Governance Code incorporating ESG matters, 9 December 2024, https://www.cma.rw/index.php?id=49&tx_news_pi1%5Bnews%5D=368&tx_news_pi1%5Bday%5D=12&tx_news_pi1%5Bmonth%5D=9&tx_news_pi1%5Byear%5D=2024&cHash=bb02fa6ba18e42f72fa0ae7e944a4983 (Accessed on 10 February 2026).

¹¹⁹ Capital Market Corporate Governance Code, Article 1.

¹²⁰ Capital Market Corporate Governance Code, Article 4.

¹²¹ Capital Market Corporate Governance Code, Articles 7 and 11

related Financial Disclosures (TCFD). Companies are encouraged to go beyond legislative minimums to embed ESG principles in strategy and operations, thereby promoting long-term sustainability and resilience.¹²²

Third, risk management and IT governance place direct responsibility on boards to implement a robust risk management framework, including the identification and prioritization of material risks, continuous monitoring, and the effective oversight of IT systems to safeguard data and operational continuity.¹²³

Finally, mandatory disclosure under an “apply and explain” regime requires issuers to report annually on their compliance with the governance code. Non-compliance must be accompanied by a publicly disclosed roadmap and timeframe for remediation, ensuring transparency and allowing investors and other stakeholders to assess governance practices and corporate accountability.¹²⁴

South Africa

South Africa has undertaken significant reforms in corporate governance and audit regulation, particularly through the work of the Independent Regulatory Board for Auditors (IRBA). In response to high-profile corporate failures and concerns about audit quality, IRBA introduced the Mandatory Audit Firm Rotation (MAFR) rule in 2017, requiring public interest entities, including JSE-listed companies, to rotate their audit firms after a maximum tenure of ten years. The reform was designed to reinforce auditor independence, mitigate familiarity threats, and strengthen investor confidence in financial reporting within South Africa’s capital markets.¹²⁵

Although the Supreme Court of Appeal set aside the MAFR rule in 2023 on jurisdictional grounds, the reform had already generated significant behavioural change in the market. Prior to the ruling, approximately 95% of companies listed on the Johannesburg Stock Exchange (JSE) had either complied with or taken steps toward compliance with the rotation requirement, reflecting a broad recognition of the importance of audit independence to market integrity.¹²⁶ The episode underscored the evolving interplay

¹²² Capital Market Corporate Governance Code, Introductory Statement and Article 1.

¹²³ Capital Market Corporate Governance Code, Chapter III.

¹²⁴ Capital Market Corporate Governance Code, Chapter Vi.

¹²⁵ See supra note No 28.

¹²⁶ See the Judgment of the Supreme Court of Appeal at <https://www.supremecourtofappeal.org.za/index.php/judgements/send/48-judgment-2023/4037-east-rand-member-district-of-chartered-accountants-and-another-v-independent-regulatory-board-for-auditors-and-others-1132022-2023-zasca-81-31-may-2023>; The Mandatory Audit Firm Rotation (MAFR) set aside by the Supreme Court of Appeal, 02 June 2023, <https://accountingacademy.co.za/news/read/the-mandatory-audit-firm-rotation-mafr-set-aside-by-the-supreme-court-of-appeal> (Accessed on 10 February 2026).

between regulatory authority, judicial oversight, and governance reform in strengthening capital-market accountability.

Beyond audit reform, South Africa's corporate governance framework is anchored in the influential King Reports. The King V Report on Corporate Governance for South Africa, released on 31 October 2025 by the Institute of Directors in South Africa, further consolidated governance standards by streamlining the framework from 17 to 13 principles. King V introduced a more standardized Disclosure Framework aimed at enhancing comparability, transparency, and integrated reporting across listed entities. Consistent with earlier iterations, the Report reinforces outcomes-based governance, ethical leadership, stakeholder inclusivity, and sustainability — all of which are central to the credibility and resilience of South Africa's capital markets.¹²⁷

Nigeria

The Nigerian Code of Corporate Governance (NCCG) 2018 marked a paradigm shift in the capital market by replacing fragmented sectoral codes with a unified "Apply and Explain" framework.¹²⁸ This reform moved beyond "box-ticking" compliance, requiring public interest entities to demonstrate how their governance practices achieve specific ethical outcomes.¹²⁹ Key provisions that have institutionalized integrity include the "Cooling-Off" Mandate, which minimizes conflicts of interest and prevents overbearing influence by requiring a three-year cooling-off period before a Managing Director/CEO can transition to Chairman of the same company.¹³⁰

Additionally, the Code mandates an appropriate balance of power by recommending that a majority of the Board be Non-Executive Directors (NEDs), with a further recommendation that a majority of those NEDs be independent (INEDs) to ensure objective stakeholder protection and mitigate "insider" dominance.¹³¹ Strengthening capital market oversight even further, the Securities and Exchange Commission (SEC) issued a fundamental circular on June 19, 2025, to curb the "worrying trend" of director

¹²⁷ See King V released: A new governance code to navigate an increasingly complex landscape, 3 November 2025, <https://www.iodsa.co.za/news/713677/King-V-released-A-new-governance-Code-to-navigate-an-increasingly-complex-landscape-.htm#:~:text=The%20new%20King%20V%20Code%20released%20on,on%20risk%20and%20social%20and%20ethics%20committees> (Accessed on 13 February 2026).

¹²⁸ Nigerian Code of Corporate Governance 2018, Introduction: Aims and Objectives & Code Philosophy, <https://icsan.org/wp-content/uploads/2024/11/Nigerian-Code-of-Corporate-Governance-2018.pdf> (Accessed on 13 February 2026).

¹²⁹ See Corporate Governance, <https://www.mondaq.com/guides/results/26/1156/all/nigeria-corporate-governance>

¹³⁰ Nigerian Code of Corporate Governance 2018, Principle 3.3

¹³¹ Nigerian Code of Corporate Governance 2018, Principle NCCG 2018, Principles 2.2, 2.3 & 7.1

transmutation.¹³² This directive strictly prevents Independent Non-Executive Directors (INEDs) from being reclassified as Executive Directors or CEOs within the same group, thereby preserving the integrity and neutrality of independent oversight. Such an initiative represents a significant stride toward strengthening governance for public companies and capital market operators, highlighting the necessity of board refreshment and diversity.¹³³

Finally, in a significant move toward global alignment, the Financial Reporting Council (FRC) of Nigeria commenced the formal integration of the IFRS S1 and S2 Sustainability Disclosure Standards into the national governance framework in early 2026. This transition is being finalized through a comprehensive public consultation on two pivotal draft documents: the Roadmap Report for the Adoption of IFRS Sustainability Disclosure Standards (2024, as Amended 2025) and the Sustainability Reporting Guidelines No. 1 (SRG 01).¹³⁴

The amended Roadmap offers updated assessments on national preparedness, while the SRG 01 provides the technical guidance necessary for entities to report in alignment with these new benchmarks. Once finalized, these initiatives will ensure that Nigeria's sustainability reporting is both 'fit-for-purpose' and compliant with international standards,¹³⁵ thereby solidifying the country's role in the broader continental convergence of corporate oversight. Crucially, this framework establishes Environmental, Social, and Governance (ESG) transparency as a mandatory pillar for all public interest entities

¹³² Securities and Exchange Commission (SEC) Nigeria, Circular to All Public Companies and Capital Market Operators on the Transmutation of Independent Non-Executive Directors and Tenure of Directors, 19 June 2025, <https://sec.gov.ng/for-investors/keep-track-of-circulars/circular-to-all-public-companies-and-capital-market-operators-on-the-transmutation-of-independent-non-executive-directors-and-tenure-of-directors/> (Accessed on 13 February 2026).

¹³³ Yeye Nwidaa, Enhancing Sound Corporate Practice: Securities and Exchange Commission's Directives on Independent Non-Executive Directors and Tenure Limits, 1 July 2025, <https://jee.africa/insights/enhancing-sound-corporate-governance-practice-securities-and-exchange-commission-s-directives-on-independent-non-executive-directors-and-tenure-limits> (Accessed on 13 February 2026).

¹³⁴ Financial Reporting Council of Nigeria (FRCN), *Call for Comments on Draft Roadmap Report for the Adoption of IFRS Sustainability Disclosure Standards in Nigeria (2024, as Amended 2025) and Sustainability Reporting Guidelines No. 1 (SRG 01)*, 8 January 2026, <https://frcnigeria.gov.ng/2026/01/08/call-for-comments-on-draft-roadmap-report-for-the-adoption-of-ifsrs-sustainability-disclosure-standards-in-nigeria-2024-amended-2025-and-sustainability-reporting-guidelines-no-1-srg-01/> (Accessed on 13 February 2026).

¹³⁵ Ibid.

(PIEs),¹³⁶ effectively synchronizing Nigeria's capital market with global sustainability benchmarks.¹³⁷

The aforementioned examples of reforms undertaken in Rwanda, South Africa, and Nigeria should be seen in the context of a broader continental convergence in corporate oversight. This alignment is further reinforced by the African Union (AU) Principles and Guidelines on Corporate Governance, launched in February 2025 by the African Peer Review Mechanism (APRM). These guidelines provide a "fit-for-purpose" framework that reflects Africa's unique socio-economic landscape while meeting international standards.¹³⁸

Furthermore, under the AfCFTA Protocol on Investment, specifically Article 39, there is a clear obligation for investors to meet national and internationally accepted standards of corporate governance, providing a legal basis for harmonizing these national codes.¹³⁹ This effort was solidified during the 2025 African Securities Exchanges Association (ASEA) Conference in Kigali, which saw the launch of the first Pan-African ESG Awards, recognizing companies that successfully bridge national regulations with the AU's continental sustainability goals.¹⁴⁰ By aligning national regulations with these common continental standards, Africa is moving toward a single, transparent investment destination that reduces the risk of regulatory arbitrage and amplifies the continent's collective voice in global capital markets.

4.4. Regional and Cross-Market Coordination

Market integrity is strengthened through efficient cooperation among African regulators, regional stock exchanges, and international organizations. A primary vehicle for this integration is the African Securities Exchanges Association (ASEA). Established in 1993

¹³⁶ Financial Reporting Council of Nigeria (FRCN), *Sustainability Reporting Guidelines No. 1 (SRG 01)*, December 2025. Available at: <https://frcnigeria.gov.ng/wp-content/uploads/2026/01/Sustainability-Reporting-Guideline-SRG1-in-Nigeria-2025-UPDATED.pdf> (Accessed on 13 February 2026).

¹³⁷ IFRS Foundation, *Jurisdictional Profile: Nigeria, 2026*. Available at: <https://www.ifrs.org/content/dam/ifrs/publications/sustainability-jurisdictions/pdf-profiles/nigeria-ifrs-profile.pdf> (Accessed on 13 February 2026).

¹³⁸ African Peer Review Mechanism, African Principles and Guidelines on Corporate Governance. A Framework for a Competitive, resilient and Inclusive Private Sector, <https://aprm.au.int/sites/default/files/files/2025-02/guidelines-corporate-governance.pdf> (Accessed on 13 February 2026).

¹³⁹ African Union, *Protocol to the Agreement Establishing the African Continental Free Trade Area on Investment*, Article 39 (Corporate Governance). Available at: <https://au-afcfta.org/protocols/investment/> (Accessed on 13 February 2026).

¹⁴⁰ African Securities Exchange Association (ASEA), Press Release: Launch of the Pan-African ESG Awards at the 2025 Annual Conference, Kigali, Rwanda, <https://african-exchanges.org/sites/default/files/2025-06/Press%20release%20Pan-Africa%20ESG%20Awards%20%28ASEA%29%20%20%28RI%29%20%28003%29.pdf> (Accessed on 13 February 2026).

to foster capital mobilization and financial inclusion, ASEA has increasingly focused on harmonizing market rules and cross-border surveillance programs to support Africa's economic development.¹⁴¹

In 2018, the African Development Bank and ASEA deepened this mission by launching the African Exchanges Linkage Project (AELP). The AELP serves to connect stock exchanges across the continent, increasing liquidity and standardizing trading and surveillance systems to mitigate cross-market integrity risks. By developing unified laws, regulations, and procedures, the project enables seamless operation and trade coordination across Sub-Saharan African (SSA) capital markets.¹⁴²

Complementing these regional efforts, many African exchanges have become signatories to international bodies such as the World Federation of Exchanges (WFE). Alignment with the WFE encourages markets to adhere to internationally accepted best practices, particularly regarding the frameworks for cross-border issuing and trading.¹⁴³

Such alignment constitutes a critical defensive measure for capital market development. As the OECD points out, adhering to international standards strengthens domestic regulatory frameworks, enhances enforcement cooperation, and reinforces investor protections. These elements are vital in regions where capital markets have historically remained underdeveloped and sluggish due to the elevated risks and uncertainties associated with enforcing standard financial market agreements.¹⁴⁴

Ultimately, the adoption of recognized contractual and legal frameworks helps mitigate these uncertainties. By enhancing accountability and the sharing of information, these regional and global coordination efforts foster a transparent environment. When this transparency is paired with targeted capacity building and the digitalization of market infrastructure, it enables markets to remain resilient against emerging technological risks—such as high-speed automated trading—while maintaining long-term investor

¹⁴¹ See <https://african-exchanges.org/who-we-are> (Accessed on 16 February 2026).

¹⁴² African Development Bank, African Development Bank, African Securities Exchange Association launch AELP E-Platform linking seven African capital markets with \$1.5 trillion market capitalization, 8 December 2022, <https://www.afdb.org/en/news-and-events/press-releases/african-development-bank-african-securities-exchange-association-launch-aelp-e-platform-linking-seven-african-capital-markets-15-trillion-market-capitalization-57245> (Accessed on 16 February 2026).

¹⁴³ World Federation of Exchanges, The World Federation of Exchanges and African Securities Exchanges Association sign MOU, 28 November 2018, <https://www.world-exchanges.org/news/articles/wfe-exchanges-african-securities-exchanges-association-sign-mou> (Accessed on 16 February 2026).

¹⁴⁴ Developing Capital Markets for Growth in Africa: Africa Capital Markets Report 2025, 17 November 2025, https://www.oecd.org/en/publications/2025/11/africa-capital-markets-report-2025_a973e07d.html (Accessed on 16 February 2026).

confidence. This proactive stance ensures that technology serves as a tool for financial inclusion rather than a source of systemic instability.¹⁴⁵

Overall, regional alignment and coordination mechanisms depend on more than just the signing of initial agreements; they require a cycle of continuous adaptation to remain effective in a world defined by technological and economic disruption. This leads directly into the final essential pillar of market development: monitoring, evaluation, and continuous improvement. These processes serve as the practical mechanisms for ensuring that cross-market collaborations remain responsive to change and that shared governance standards translate into lasting institutional integrity.

4.5. Monitoring, Evaluation, and Continuous Improvement

Ongoing assessment, learning from past failures, and updating policies in line with emerging risks are crucial for maintaining market stability. Institutional tools such as Financial Sector Assessment Programs (FSAPs), OECD Corporate Governance Peer Reviews, and standardized regulatory reports provide actionable insights for regulators and market participants alike. Continuous monitoring, when integrated with regional coordination and targeted capacity-building, ensures that emerging risks—particularly those stemming from digital platforms and high-speed cross-border transactions—are promptly addressed through "fit-for-purpose" regulatory adjustments.¹⁴⁶

A key pillar of this modern monitoring framework is the deployment of regulatory sandboxes, a space where the Capital Market Authority (CMA) of Rwanda has emerged as a regional leader. By officially embracing a Fintech Regulatory Sandbox, the CMA fosters mutual learning between the regulator and innovators to better understand emerging trends while maintaining core regulatory objectives.¹⁴⁷

Under this framework, the CMA allows innovators to test a diverse array of products in a controlled environment. The sandbox now explicitly covers innovations across the entire capital markets value chain, including debt-based crowdfunding (expanding beyond equity to include credit-based capital raising), securities infrastructure (testing new

¹⁴⁵ See OECD (2025), *Africa Capital Markets Report 2025*, specifically, Chapter 7 on "Harnessing AI in Finance" and Chapter 1 on the strategic importance of digitalizing infrastructure to mitigate risks and enhance financial inclusion, Available at: https://www.oecd.org/en/publications/2025/11/africa-capital-markets-report-2025_a973e07d.html (Accessed on 16 February 2026).

¹⁴⁶ See Avramovic, Pavle and Juneja, Sanya and Suresh, Krishnamurthy and Zhang, Bryan Zheng, *Digital Public Infrastructure and Digital Financial Services: Convergence, Landscape and Regulatory Considerations*, 9 July 2025, <https://ssrn.com/abstract=6147566> or <http://dx.doi.org/10.2139/ssrn.6147566> (Accessed on 17 February 2026).

¹⁴⁷ Capital Market Authority of Rwanda, *Fintech Regulatory Sandboxes/Overview*, <https://www.cma.rw/index.php?id=145> (Accessed on 17 February 2026).

methods for brokerage, securities lending, and automated clearing and settlement), commodity & derivatives markets (innovations in commodity exchanges and Over-The-Counter (OTC) derivatives), credit rating technologies (novel approaches to assessing risk within the local market), wealth management (new digital tools for savings and fund management).¹⁴⁸

While the current framework is governed by the Fintech Regulatory Sandbox Guidelines¹⁴⁹ which offers a testing window of 6 to 12 month, the landscape is undergoing a significant legal evolution. Through the introduction of the Capital Market Business Bill (2024/2025), Rwanda is moving to formally embed the "Regulatory Sandbox" into national law. This transition from a guideline to a statutory power provides the CMA with the necessary legal authority to grant exemptions to innovators while prioritizing high-impact areas such as digital asset tokenization and RegTech/SupTech tools designed to automate compliance.¹⁵⁰

The push for such regulatory flexibility was further solidified during the 28th African Securities Exchanges Association Annual Conference recently hosted in Kigali. Under the theme of "shaping the future of African markets," the Conference produced recommendations aimed at harmonizing the continental approach. Central to these was the call for regulatory harmonization to facilitate "cross-border sandboxes," which would enable a fintech startup in Rwanda to test its product in Kenya or Nigeria without duplicating the licensing process. Furthermore, the conference emphasized that digital infrastructure must move beyond traditional trading, a vision exemplified by the Rwanda Stock Exchange (RSE) launching its Multicurrency Denominated Securities Market Segment. By leveraging sandbox-vetted flexibility, these initiatives aim to lower barriers for SME access and foster ESG and Green Finance through a newly launched Green Exchange Window in Rwanda, which utilizes regulatory experimentation to attract climate-focused capital.¹⁵¹

¹⁴⁸ Ibid.

¹⁴⁹ Guidelines No. 002/CMA_G/2023 of 27/04/2023 governing the fintech regulatory box for capital markets in Rwanda, Official Gazette No. Special of 04/05/2023, https://www.cma.rw/fileadmin/user_upload/Fintech_Regulatory_Sandbox_Guidelines_for_Capital_Market_s_in_Rwanda.pdf (Accessed on 17 February 2026).

¹⁵⁰ For more on the proposed regulatory framework for the virtual asset market, see Rwanda moves closer to regulate virtual assets with new draft law, 9 March 2025, <https://www.mfw4a.org/news/rwanda-moves-regulate-virtual-assets-new-draft-law>. (Accessed on 17 February 2026).

¹⁵¹ See Rwanda Stock Exchange, The ASEA Concludes the 2025 Annual Conference in Kigali with Landmark Market Integration Announcements, 3 December 2025, [https://rse.rw/news-events/the-african-securities-exchanges-announcements-new-market-segments-and-africa-s-first-pan-african-esg-awards#:~:text=The%20African%20Securities%20Exchanges%20Association%20\(ASEA\)%20concluded,the%20potential%20of%20commodities%20and%20derivatives%20markets](https://rse.rw/news-events/the-african-securities-exchanges-announcements-new-market-segments-and-africa-s-first-pan-african-esg-awards#:~:text=The%20African%20Securities%20Exchanges%20Association%20(ASEA)%20concluded,the%20potential%20of%20commodities%20and%20derivatives%20markets) (Accessed on 17 February 2026).

Beyond these experimental frameworks, the deployment of Supervisory Technology (SupTech) remains vital for real-time oversight. By leveraging artificial intelligence and big data analytics, African regulators are moving beyond manual audits toward automated surveillance. In South Africa, the Financial Sector Conduct Authority (FSCA) has implemented an Integrated Regulatory System (IRS) to provide a 360-degree view of market conduct, while the Securities and Exchange Commission (SEC) of Nigeria has adopted automated tools to detect market manipulation on the Nigerian Exchange (NGX).¹⁵² This technology is indispensable for regional coordination, allowing for the seamless exchange of data and the identification of suspicious cross-border transaction patterns that might otherwise evade national oversight.

Ultimately, by aligning robust legal frameworks and credible enforcement with sound corporate and state-owned enterprise (SOE) governance and regional cooperation, African capital markets can transition from fragmented regulatory approaches toward harmonized, high-standard systems.¹⁵³ In these markets, integrity becomes predictable, transparent, and structurally rooted.

This systemic approach, supported by continuous capacity-building, digital infrastructure modernization, and an innovative regulatory culture, effectively mitigates high-impact integrity breaches while fostering a climate of trust that encourages broader investor participation and ensures sustainable market development.¹⁵⁴

5. Conclusion

The analysis presented in this article underscores a central conclusion: trust in Africa's capital markets is inseparable from institutional integrity. Market integrity is not an abstract normative ideal, but a practical condition that shapes investor behavior, market liquidity, and the allocation of capital. Where disclosure is unreliable or enforcement inconsistent, even well-designed legal frameworks fail to deliver the institutional reliability required for long-term investment.¹⁵⁵

¹⁵² Financial Sector Conduct Authority (FSCA), FSCA Regulatory Strategy 2025-2028, <https://www2.fsc.co.za/Documents/FSCA%20Regulatory%20Strategy%202025-2028.pdf>; Securities and Exchange Commission (SEC) Nigeria, The Nigerian Capital Market Master Plan 2021-2025 (Revised Edition), https://sec.gov.ng/documents/91/SEC_NIGERIA_Capital_market_masterplan_2021_2025-Final.pdf (Accessed on 17 February 2026).

¹⁵³ OECD, Africa Capital Markets Report 2025, Section 1.6 on alignment with international standards; Section 1.8 on regional integration and Chapter 6 on State-Owned Enterprises (SOEs) governance frameworks; https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/11/africa-capital-markets-report-2025_a973e07d/7d26e1d3-en.pdf (Accessed on 17 February 2026).

¹⁵⁴ Ibid., Section 1.7 on leveraging digital technologies.

¹⁵⁵ Njuguna, M., Why African Capital Markets Need an Unshakable Foundation, FSD Africa, 4 June 2024, <https://fsdafrica.org/why-african-capital-markets-need-an-unshakeable->

The review of integrity failures and case law across African jurisdictions reveals common and recurring patterns. Market manipulation, insider trading, and financial misreporting are rarely the result of regulatory voids alone; rather, they reflect weaknesses in supervision and structural market vulnerabilities, such as the ease with which prices can be distorted in illiquid, thin markets.¹⁵⁶ . As markets shift toward automated digital assets, manipulation can now occur instantly, leaving traditional rules ill-equipped to catch up with the pace of modern markets. Judicial and quasi-judicial decisions across the continent, as highlighted in this paper, demonstrate that while African legal systems increasingly recognize market abuse as serious economic offenses, the reactive nature of the law often results in uneven enforcement outcomes and limited deterrence.

Despite these structural challenges, a clear trajectory of improvement is emerging. Strengthened securities laws, expanding enforcement powers, and emerging jurisprudence signal a gradual shift toward more credible integrity regimes. Regional initiatives and infrastructure integration further reinforce this trajectory by addressing cross-border risks.

Ultimately, strengthening institutional integrity requires more than legislative reform. It demands a fundamental shift toward proactive, real-time surveillance capabilities and a commitment from infrastructure providers—exchanges, custodians, and asset managers—to self-impose higher standards of conduct. For African capital markets, where depth remains a work in progress, market integrity is paramount to fostering investor confidence. By closing the gap between formal rules and actual practice through modern oversight and an ethical market culture, African countries can build durable trust, broaden participation, and unlock the full potential of their markets as engines of sustainable development.

foundation/#:~:text=Unlike%20developed%20markets%2C%20capital%20market,swiftly%20to%20fraud%20and%20misconduct. (Accessed on 17 February 2026).

¹⁵⁶ See Financial Stability Forum, Addressing Weaknesses in Market Foundations – an International Perspective, https://www.fsb.org/uploads/om_021020b.pdf (Accessed on 17 February 2026).