



UDO UDOMA &
BELO-OSAGIE

**OIL AND GAS
UPDATE 2026**

A STRATEGIC RESET FOR NIGERIA'S UPSTREAM SECTOR:

IMPLICATIONS OF THE CBN'S 2026 CASH POOLING REFORMS



**Folake
Elias-Adebowale**
Partner



**Similoluwa
Ogunlela**
Associate



uubolaw



uubo_law



uubo_law

www.uubo.org



Introduction

On 25 March 2026, the Central Bank of Nigeria (“CBN”) issued a circular granting International Oil Companies (“IOCs”) unfettered access to 100% of their export proceeds, effectively removing the cash pooling restrictions introduced in 2024.

This development is best understood within the continuum of reforms initiated by the CBN over the past two years. The 2024 framework prioritised foreign exchange liquidity retention within Nigeria, reflecting macroeconomic stabilisation objectives. The 2026 position, by contrast, reflects an increased emphasis on market efficiency, investment competitiveness and alignment with prevailing global treasury practices.

Taken together, these developments illustrate an evolving regulatory approach—one that continues to balance liquidity management with the need to sustain upstream investment and operational efficiency within Nigeria’s oil and gas sector.

Background

In 2024, the Central Bank of Nigeria (“CBN”) issued a series of circulars on “the requirements for foreign currency cash pooling on behalf of International Oil Companies in Nigeria” as part of a broader package of foreign exchange market reforms aimed at enhancing liquidity and restoring stability in the Nigerian FX market.

Those circulars introduced a cash pooling arrangement under which Authorised Dealer Banks (“ADB”) were permitted to pool 50% of repatriated export proceeds on behalf of International Oil Companies (“IOCs”), with the remaining 50% to be retained for a period of 90 days before repatriation was allowed.

These measures formed part of a broader regulatory effort to support FX liquidity while accommodating the operational realities of Nigeria’s upstream petroleum sector, particularly given the sector’s central role in foreign exchange generation.

The 2024 framework represented an intermediate regulatory position that balanced IOCs’ treasury flexibility with macroeconomic objectives, including the introduction of prior approval requirements and structured retention timelines.



IOCs and market participants continued to engage constructively with regulators on operational considerations, particularly in the context of Nigeria's efforts to attract and retain international oil investment.

As highlighted in our earlier Oil & Gas update, “Balancing FX Liquidity with Sustainability”, the 2024 framework reflected a deliberate policy balance between enhancing FX liquidity and maintaining sector competitiveness.

The New Directive

By circular reference TED/FEM/FPC/PUB/001/003 dated 25 March 2026 and signed by Dr. Musa Nakorji, Director of the CBN's Trade & Exchange Department, the CBN has now granted IOCs unfettered access to their repatriated export proceeds.

This development represents a further refinement of the CBN's FX reform framework, reflecting current market conditions and continued efforts to enhance efficiency within the foreign exchange market.

The key provisions of the new directive are as follows:

- ➔ IOCs are now permitted to repatriate 100% of their export proceeds through ADBs, without any retention or cash pooling requirement.
- ➔ ADBs are required to ensure adequate documentation of all such transactions and to submit a monthly report to the Director, Trade & Exchange Department.
- ➔ The circular takes immediate effect.
- ➔ This directive supersedes all other CBN circulars on cash pooling, effectively displacing the 2024 framework in its entirety.

In practical terms, the directive restores full treasury flexibility for IOCs while maintaining a structured compliance and reporting framework through ADBs.

Legal and regulatory implications

The removal of the cash pooling requirement is a significant liberalisation measure with several important legal and commercial consequences, particularly within the upstream petroleum sector where export proceeds underpin project economics and financing structures.



→ Immediate Operational Effect

The directive takes effect immediately, meaning that IOCs and their banking partners should align their treasury and FX management arrangements with the new framework without delay. Existing cash pooling arrangements established under the 2024 circulars should be reviewed in light of this supersession. ADBs should update their internal policies and procedures accordingly.

From an upstream oil and gas perspective, this restores alignment between Nigerian operations and global treasury structures, enhancing operational efficiency and simplifying intercompany funding arrangements.

→ Compliance Obligations for ADBs

While the commercial burden on IOCs has been lifted, the compliance obligations on ADBs have been retained. Banks are required to maintain adequate documentation for each transaction and submit monthly reports to the CBN's Trade & Exchange Department. Banks that fail to comply with these reporting and documentation requirements risk regulatory sanction under the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act and the CBN Act. ADBs should ensure that their operational frameworks are robust enough to meet the CBN's reporting expectations.

This reflects a calibrated transition from transaction-level approvals to enhanced post-transaction monitoring, supporting transparency while enabling more efficient transaction execution.

→ Implications for IOC Operating and Investment Agreements

IOCs that have incorporated the previous cash pooling framework into their intercompany treasury arrangements, joint operating agreements, or financing documents should review whether any consequential amendments are required. In particular, where FX repatriation timelines and retentions were expressly contemplated in loan covenants, offtake arrangements, or cash waterfall provisions, legal counsel should assess the impact of this change.

Project finance structures, reserve-based lending arrangements and upstream development financing models may also require recalibration to reflect restored cash flow flexibility and revised assumptions around fund mobility.



→ Interaction with the Petroleum Industry Act (PIA) Framework

The PIA introduced significant changes to the fiscal and operational framework governing upstream petroleum operations in Nigeria, including provisions relating to cost recovery and profit repatriation. IOCs operating under the PIA regime, or in transition to it under Section 92, should consider how this new circular interacts with their existing concession agreements and the broader PIA fiscal framework, particularly as it relates to the management of export revenues and intercompany funding flows.

Importantly, the removal of cash pooling restrictions operates alongside existing statutory obligations, including domiciliary account requirements and local content considerations, reinforcing an integrated and commercially responsive regulatory environment.

CONCLUSION

The 2026 Circular takes immediate effect and supersedes all prior circulars on cash pooling. More broadly, it reflects a continued progression in Nigeria's foreign exchange reform programme and signals a regulatory environment that is increasingly aligned with the operational realities of the upstream petroleum sector.

For the Nigerian economy, the development reinforces ongoing efforts to deepen the FX market, strengthen investor confidence and position Nigeria as a competitive destination for upstream oil and gas investment.

For IOCs and investors, the restoration of full access to export proceeds enhances liquidity management, improves cash flow predictability and supports more efficient capital allocation decisions within global portfolios.

Taken together, the 2024 to 2026 trajectory illustrates a responsive and evolving regulatory framework - one that continues to balance liquidity management with the need to sustain long-term investment and growth within Nigeria's most critical export sector.

Disclaimer: This update is authored by Folake Elias-Adebowale and Similoluwa Ogunlela. It is intended for information purposes only and shall not be construed as legal advice on any subject matter in any circumstances. It does not and shall not be construed as creating any relationship, including a client/attorney relationship, between readers and our firm or any author or serve as legal advice. The opinions expressed in this publication are the opinions of the individual authors and may not reflect the opinions of the firm or of any individual attorney. You should contact your attorney to obtain advice with respect to any particular issue or problem. For more information about our oil and gas and other practice group offerings, please visit our website at www.uubo.org or email us at OGTeam@uubo.org and at uubo@uubo.org.

