VIRTUAL ASSET SERVICE PROVIDERS ASSOCIATION

• CAC IT: 7906997

31 August 2026

The Director
Payments System Management Department
Central Bank of Nigeria
Plot 33, Abubakar Tafawa Balewa Way
Central Business District, Abuja FCT
Nigeria

Dear Sir

RE: REQUEST FOR AN EXTENSION OF THE APPLICATION WINDOW FOR THE CBN REGULATORY SANDBOX (VASP PATHWAY), AND RECOMMENDATIONS TO STRENGTHEN APPLICANT PARTICIPATION

Submitted to	Payments System Management Department, Central Bank of Nigeria
Submission date	31 August 2026
Reference	CBN Launches Cohort 2 of the Regulatory Sandbox Programme | Press Release | 11 August 2026
Submitted by	Virtual Asset Service Providers Association (VASPA) | Policy & Regulatory Affairs Unit
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1. Introduction

The Virtual Asset Service Providers Association of Nigeria (VASPA), a pan-African association that builds trust in the virtual asset sector through the promotion of safe adoption, collaboration, and global best practices across Africa, writes on behalf of its members and the wider community of prospective applicants.

First, we commend the Central Bank of Nigeria on the launch of the Regulatory Sandbox VASP Pathway, and respectfully request a reasonable extension of the current application window, together with a number of recommendations we believe will strengthen the quality and reach of the inaugural cohort.

The Sandbox is a landmark step. It places Nigeria among the earliest African jurisdictions to offer virtual asset service providers (VASPs) a structured, supervised pathway toward regulated operation, and it signals a maturing, forward-looking posture toward the digital economy. VASPA and its members are aligned with the Bank's objective of a safe, well-regulated, and innovation-friendly digital asset market, and we are invested in the Sandbox succeeding on its own terms—as a rigorous, high-quality program that yields genuine supervisory insight and a credible pipeline of licensable operators.

It is precisely because we share that objective that we bring the following to the Bank's attention, a critical challenge for intending applicants to the sandbox.

2. **Request for Extension of the Application Window**

The application window opened on 12 August 2026 and closes on 31 August 2026—a period of nineteen days. The application form itself comprises 33 sections and 236 questions, and, more significantly, calls for a body of supporting evidence whose preparation lead times materially exceed the window. Among the mandatory attachments are the last three years' audited financial statements (or two years' management accounts); fit-and-proper declarations and curricula vitae for every director, senior manager, and compliance officer; a penetration test conducted by a CREST-certified or equivalent firm, with report; an enterprise-wide AML/CFT/CPF risk assessment and a separate proliferation-financing risk assessment; a Data Protection Impact Assessment; a board-approved Business Continuity and Disaster Recovery (BC/DR) plan; and a policy library running to up to twenty-eight distinct, board-approved policies and procedures. Stablecoin and token issuers must additionally furnish an independent attestation of reserves obtained within the preceding three months and a legal opinion on the token's status under the Investments and Securities Act 2025.

Several of these deliverables cannot, as a matter of practice, be produced within nineteen days regardless of an applicant's diligence or good faith. A CREST-standard penetration test must be scoped, scheduled, executed, and reported—ordinarily a matter of weeks. An independent reserve attestation and an ISA 2025 legal opinion each require the engagement of external professionals with their own lead times. A board-approved policy library and BC/DR plan presuppose convened board meetings and formal approval cycles, which most boards conduct quarterly. These are not matters that resourcefulness can compress into the available window.

The practical effect of the above is that the applicants best placed to meet the deadline are not necessarily those best suited to the Sandbox, but those with the deepest pre-existing compliance infrastructure. While this is a group in which well-capitalized foreign entrants may be over-represented relative to the indigenous, early-stage innovators, this deadline is most challenging across all applicants, foreign or local; established or emerging. Because the form provides that incomplete applications may not be considered, the present timeline risks producing a thin and unrepresentative inaugural cohort, and with it a narrower base of supervisory learning than this initiative deserves. A short, well-judged extension would protect both the depth of participation and the Bank's own supervisory objectives.

Accordingly, VASPA respectfully requests that the CBN extend the application window by a minimum of sixty to ninety days—that is, to on or about 30 November 2026—or, in the alternative, adopt a rolling or cohort-based intake in place of a single fixed cutoff. Given the imminence of the current deadline, we would be most grateful if the Bank would consider holding the window open pending its determination of this request, so that applications now in preparation are not foreclosed.

3. Recommendations for the Improvement of the Sandbox

Beyond the question of timing, and in the same constructive spirit, we offer the following recommendations, which we believe would improve the accessibility, proportionality, and ultimately the outcomes of the Sandbox:

A. **Adopt rolling or cohort-based intake:** In place of a single window, the Bank could operate quarterly intake cohorts, allowing applicants to enter when they are genuinely ready and enabling the CBN to manage its supervisory bandwidth in structured batches. This preserves rigour while removing the artificial pressure of a one-shot deadline, and it mirrors the batched-admission model already operated domestically under the SEC's Accelerated Regulatory Incubation Programme (ARIP).

B. **Introduce a two-stage application process:** A short eligibility and expression-of-interest stage—covering identity, activity category, business model, and readiness—would allow the Bank to pre-screen and shortlist, with the full 236-question documentary submission required only of applicants invited to proceed. This concentrates effort where it is most warranted, reduces wasted preparation across the market, and again tracks the SEC's ARIP structure, under which an initial assessment precedes the detailed application. Besides, it will also save the Bank a lot of administrative time.

C. **Apply proportionality across VASP categories and firm maturity:** The evidentiary burden appropriate to a stablecoin issuer or third-party custodian is not appropriate to, for example, a crypto-analytics or RegTech tool, a broker/dealer, or a non-custodial wallet provider. A tiered documentary matrix, calibrated to the risk of the activity and the maturity of the firm, would keep the Sandbox open to lower-risk innovators without diluting oversight of higher-risk activities.

D. **Distinguish pre-admission requirements from in-sandbox milestones:** A sandbox being a controlled testing environment by design, there is a need for the Bank to apply a structure that effectively distinguishes pre-admission requirements from in-sandbox milestones. Certain deliverables—a full penetration test, the complete board-approved policy library, and, for issuers, reserve attestation—could reasonably be accepted at admission as time-bound commitments to be satisfied by the applicant before customer onboarding, rather than as strict pre-conditions to applying. Conditional admission of this kind is a well-established sandbox feature internationally and would materially widen access without lowering the eventual standard.

E. **Provide guidance for pre-launch and pre-revenue applicants:** A number of questions presuppose an operating history—for example, the number of STRs filed in the preceding twelve months, hot/warm/cold wallet allocations, and historic transaction volumes. Clear guidance on how pre-launch applicants should address these items would prevent well-intentioned early-stage firms from being disadvantaged or inadvertently disqualified.

F. **Publish templates, completion-guidance note, and data-confidentiality and retention safeguards:** The form already references a CBN template for the monthly KPI report. Publishing that template alongside standard formats for the fit-and-proper declaration, sponsorship letter, and ownership/UBO chart, together with a concise completion-guidance note or FAQ, would improve consistency and reduce avoidable back-and-forth between the Bank and applicants. Regarding data collection and processing, the application requires an exceptional volume of sensitive personal and corporate data—BVNs, UBO identity documents, source-of-wealth records, and full financial statements. A published statement of how this data will be secured, retained, and, where applicable, shared would strengthen applicant confidence and model the very data-protection standards the Sandbox itself assesses.

G. **Streamline Innovations that Fall Under the Bank's Remit to Prevent Jurisdictional Overlap Between the CBN and SEC Sandboxes.** The Sandbox form itself contemplates activities falling within both the CBN and SEC perimeters, and asks whether applicants have engaged the SEC's ARIP. Where activities straddle both mandates, a coordinated or mutually-recognized intake—sparing applicants duplicative filings of substantially the same information—would reduce burden and reinforce a coherent, whole-of-government posture toward the sector.

   More explicitly, to prevent regulatory overlap and eliminate needless duplication with the SEC ARIP, the CBN should *explicitly* exclude VASPs whose operations fall strictly within the domain of securities and investments from its Regulatory Sandbox. While innovations centered on monetary transmission and payments—such as stablecoins, digital wallets, virtual asset payment solutions, and fiat on/off-ramp services—properly align with the CBN's mandate, offerings like tokenized products, exchange services, and broad digital asset custody services inherently involve trading and investment functions that fall squarely under the SEC's purview. By refining the VASP track eligibility to exclude these investment-focused activities, the CBN can establish clear jurisdictional boundaries, reduce the compliance burden on founders navigating dual sandboxes, and foster a more efficient regulatory ecosystem in Nigeria.

4. Closing

VASPA offers these observations in a spirit of genuine partnership and shared ambition for a thriving, well-supervised digital asset market in Nigeria. We are confident that a modest adjustment to the timeline, together with the measures recommended above, will materially widen and deepen participation in the inaugural cohort—to the benefit of the market, the consumer, and the Bank's own supervisory objectives.

We thank the Bank for its considerations.

Yours faithfully

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Franklin Peters	Favour Uche	Hissan Siita Sofo
Executive Chair	*Lead, Policy and Regulatory Affairs*	*Secretary-General*

cc: The Governor, Central Bank of Nigeria
The Director-General, Securities and Exchange Commission