

RESEARCH ARTICLE

Free Float, Investment Liquidity and Flexibility of Listed Equities in Nigeria

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Abstract

Financial markets are vital to the global economy, and stock liquidity and flexibility are increasingly important in capital markets. Free float is a key measure of a stock's and a stock exchange's liquidity and depth, and all exchanges set rules for it. This study examined the Nigerian Exchange's (NGX) free float rules, listed companies' compliance, ownership concentration in highly capitalized firms, and comparable rules across eleven other stock exchanges.

The study used a sample of the 30 most capitalized NGX companies, representing 93% of the population. It analyzed financial statements of 31 December 2025 and free float listing rules from other exchanges for comparison. The study found that full disclosure compliance on free float was only fair, as most sampled firms did not fully disclose the required percentages. As a result, it was difficult to determine float deficiency in 43% of the sample. NGX's 20% float rule compares well with other exchanges, although India requires the highest level at 25%. The NGX rule requiring disclosure in half-year financial statements creates a gap as some companies disclosed in half-year reports but not in full-year statements.

The study recommends stronger regulatory measures to improve free float and liquidity in emerging and frontier markets, including Nigeria. It also calls for incentives to attract listings beyond the banking and insurance sectors, stricter public free float requirements to minimum of 30% without market value-based exemptions, penalties for incomplete disclosure, and clearer wording of its rule to require disclosure in both half-year and full-year financial statements.

Keywords: Capital Markets, Free Float, Financial Statements, Liquidity, Stock Exchange.

1. Introduction

Financial markets play a critical role in the global economy (Goldstein, 2023). Liquidity refers to the ease and efficiency with which an asset can be bought or sold without materially affecting its price (Geromichalos & Lee, 2023). In recent years, stock liquidity has become an increasingly important issue in global capital markets (Jawed, Kotha, and Gupta, 2022).

According to the Nigerian Exchange (NGX) report for 2025, the All-Share Index rose by 51.19 percent to 155,613 points from 102,926 at the start of the

year. Total equity market capitalisation increased by more than ₦36.6 trillion to ₦99.38 trillion, one of the largest absolute gains recorded across global equity markets during the year. Nigeria's performance compared favourably with major developed and emerging markets, where equity index returns generally remained below 25 percent. Despite this strong headline performance, concerns remain about whether the market has the liquidity and flexibility expected of a mature, world-class capital market. One major determinant of stock market liquidity is free float, and listed companies are required to maintain a minimum free float to remain listed. Free float refers

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to the shares of an issuer that are outstanding and available for public trading. It includes shares held by the investing public but excludes shares held directly or indirectly by promoters, directors, their immediate family members, and employee share schemes.

Liquidity can be supported through a balance between free float percentages and absolute market value. Nigeria's framework reflects this dual approach: companies may comply either through a volume requirement, expressed as a percentage of total listed shares, or through a monetary threshold based on the market value of free float shares. In portfolio construction, liquidity should be the first screening criterion before dividends are considered (Coronation Assets Research Team, 2026). In emerging and frontier markets such as Nigeria, exit risk is especially important. Illiquid dividend-paying stocks may appear attractive initially, but their hidden cost lies in the difficulty of reallocating capital efficiently in both rising and falling markets.

Another defining feature of many NGX-listed companies is concentrated ownership, with founding shareholders or core investors retaining substantial controlling stakes after initial public offerings or listings by introduction. While such structures may support long-term strategic alignment, they also reduce the volume of shares available for active trading. Stocks with dominant controlling shareholders often display thinner two-way quotes and wider bid-ask spreads, even when market capitalisation is large and earnings visibility is strong. This suggests that ownership structure, rather than investor interest or company fundamentals, is often a major determinant of effective liquidity on the NGX (Coronation Assets Research Team, 2026). Foreign ownership limits (FOLs) also vary significantly across countries and sectors. As of April 2026, several major stock exchanges had maintained or recently updated these restrictions to balance market liquidity with national control.

Free float is a primary measure of a stock's, and by extension a stock exchange's, liquidity and depth. It represents the portion of a company's shares that is readily available for public trading, excluding restricted holdings by insiders, founders, governments, or strategic investors. Beneath the strong headline growth in NGX in 2025 lies an increasingly concentrated market structure that raises important questions about liquidity, price discovery, and systemic risk. According to Proshare (2026),

the market shows extreme concentration: the top 10 companies account for 62.4% of total NGX market capitalisation, significantly above the S&P 500 concentration range of 38% to 40%. In addition, three individuals control companies worth

₦32.7 trillion, representing 32.9% of the entire NGX equity market, while the average free float across the top 20 companies is only 8.2%. Together, these factors materially constrain price discovery and institutional participation.

This study has three main objectives: first, to review the compliance of listed NGX equities with free float rules; second, to compare NGX free float rules with those of other stock exchanges; and third, to assess the level of foreign shareholdings in selected stocks. Nigeria has recently been reclassified from "unclassified" to "frontier market," effective September 2026, after NGX received a "pass" rating across several core criteria. As a result, the Securities and Exchange Commission (SEC) and NGX are increasingly focused on improving the depth and liquidity of Nigeria's capital market. For example, NGX introduced extended trading hours with effect from 27 April 2026. This study provides empirical evidence on free float status, compliance, and foreign ownership, and suggests ways to improve liquidity and flexibility not only in Nigeria but also in other emerging stock markets. It also offers useful insights for investors on position sizing and portfolio construction, while providing regulators and NGX with a practical barometer of market liquidity and a basis for policy action.

The rest of this paper is organised as follows. Section 2 presents the conceptual and literature review, Section 3 explains the methodology, Section 4 reports and analyses the findings, and Section 5 concludes with implications and recommendations.

2. Conceptual and Literature Review

2.1 Capital Market

The capital market is a platform for trading medium- to long-term securities such as ordinary shares, preference shares, bonds, and debentures. It provides funding for companies, governments, and other institutions, while also creating investment opportunities for market participants.

2.2 Free Float

According to Black's Law Dictionary, free float refers to the portion of a company's outstanding shares that is available for public trading in daily stock market

transactions. For context, selected stock exchanges define free float as follows:

2.2.1 The NGX: the number of shares an issuer has outstanding and available for trading on the Exchange. It includes shares held by the investing public and excludes shares held directly or indirectly by promoters, directors and their close relatives, strategic investors holding 5% or more of issued share capital, and government.

2.2.2 The Nairobi Stock Exchange: shares held by the public, excluding shares held directly or indirectly by parent or subsidiary companies, directors, or any single shareholder with a significant stake of 5% or more.

2.2.3 The New York Stock Exchange: free float excludes restricted shares held by insiders, officers, or affiliated entities.

2.2.4 The NASDAQ Stock Exchange: the number of outstanding shares less shares restricted from trading, including those held by parent companies, governments, or through cross-shareholdings.

2.2.5 MSCI: the proportion of shares outstanding that is considered available for purchase in public equity markets by international investors.

2.3 Liquidity

Liquidity in stock trading refers to the ease with which an asset can be sold without causing a significant movement in price [1]. For investors, stock liquidity can be inferred from trading volume: the higher the volume, the easier and faster it is to convert shares into cash (Wijayanto & Wiyani (2005). According to Coronation Assets Research Team (2026), liquidity is not merely a trading convenience; it is the mechanism that turns theoretical returns into actionable capital. In that sense, liquidity concerns not only ease of entry, but also ease of exit, real-time responsiveness, and the flexibility to adjust positions when market conditions change.

2.4 NGX Regulations on Free Float

The current NGX regulations on free float are outlined below. The draft amendments began in 2020 and were finalised when the SEC approved the rule amendments on 6 May 2024.

1.1 The Exchange requires issuers to list, and thereafter remain in compliance with, the minimum free float requirements applicable to the board on which listing is sought.

1.1.1 *For issuers seeking listing on the Premium Board, free float must be either:*

(a) 20% of the issuer's issued share capital made available to the public and held by at least 300 shareholders; or (b) a free float valued at ₦40 billion or more, or such other amount as the Exchange may prescribe from time to time.

1.1.2 *For issuers seeking listing on the Main Board, free float must be either:*

(a) 20% of the issuer's issued share capital made available to the public and held by at least 300 shareholders; or (b) a free float valued at ₦20 billion or more, or such other amount as the Exchange may prescribe from time to time.

1.1.3 *For issuers seeking listing on the Alternative Securities Market (ASeM) Board, free float must be either:*

(a) 15% of issued share capital made available to the public and held by at least 51 shareholders; or (b) a free float valued at ₦50 million or more, or such other value as the Exchange considers appropriate in the circumstances.

1.1.4 *For issuers seeking listing on the Growth Board, free float must be one of the following:*

(a) Entry Segment: 10% of issued share capital made available to the public and held by at least 25 shareholders; (b) Standard Segment: 15% of issued share capital made available to the public and held by at least 51 shareholders; or (c) a free float valued at ₦50 million or more, or such other value as the Exchange considers appropriate in the circumstances.

1.2 The Exchange may grant an issuer an extension of time to comply with the minimum free float requirements.

2.4.1 Self-Assessment and Self-Regulation

1.1 Each issuer must independently review its free float position every half-year, or at any other reasonable interval. Where a breach occurs, the issuer must disclose its non-compliance to the Exchange, initiate corrective steps, and demonstrate operational commitment to restoring compliance.

1.2 Each issuer must include in its half-year financial statement filed with the Exchange its shareholding structure and a clear indication of whether its free float complies with the Exchange's requirements for the board on which it is listed.

2.5 Theoretical Framework

Listed companies can be understood through several economic and corporate governance theories that explain their structure, behaviour, and relationship with shareholders. These include corporate governance theories, capital structure and investment theories, and market and disclosure theories. This study, however, is anchored on Shareholder Primacy Theory. Shareholder primacy refers to the legal fiduciary duty of managers and directors to make decisions that advance the interests of shareholders. A seminal case in corporate law, *Dodge v. Ford Motor Co.*, established the principle that corporations should serve the interests of shareholders rather than those of employees, customers, or the wider community. Closely related to this idea are ownership rights, under which shareholders are regarded as the owners of the company and therefore hold key control rights, such as electing directors and voting on major corporate matters, while minority shareholder rights must also be protected. Shareholder primacy is strengthened by widely dispersed ownership.

2.6 Literature Review

This section reviews selected studies that examined the relationship between free float, market liquidity, and market performance.

Viratama, Hasnawati, and Hendrawaty (2022) examined free float and liquidity on the Indonesia Stock Exchange, using stock return, firm size, and stock price as control variables. Their study focused on companies in the property and construction sector over the 2016–2020 period, with a sample of 45 companies and 215 observations. They found that free float and volatility had a positive effect on stock liquidity, with or without control variables, and concluded that both free float and volatility are important considerations in capital market investment decisions.

El-Nader (2018) investigated the relationship between free float and stock liquidity in the UK stock market from 2002 to 2016 using cross-sectional regression analysis.

The sample consisted of 15,650 firm-level observations. The study concluded that stocks with higher levels of free float were associated with higher liquidity, regardless of the liquidity measure used, and that this relationship remained significant even after controlling for firm characteristics.

Reliadewi and Putra (2025) adopted a comparative approach, examining Indonesia's regulatory

framework against practices in jurisdictions such as the United Kingdom, Malaysia, Hong Kong, Japan, and India. Their findings showed that Indonesia's free float requirement remained below those of these markets, making it more vulnerable to volatility and potential price intervention. They recommended increasing the free float requirement to 30 percent to broaden public ownership, improve liquidity, and strengthen corporate governance.

Kazeem and Moradi (2021) investigated the relationship between free float percentage, liquidity, and stock returns on the Iraq Stock Exchange. Using a sample of 35 companies from 2013 to 2018 and panel-data multiple regression, they found a significant relationship between free float percentage and several liquidity indicators, including the ratio of shares traded to total shares outstanding, the ratio of trading days to total market days, and bid-offer prices. However, they found no correlation between free float percentage and stock returns.

Jadoon, Shah, Iqbal, Raza, and Mubeen (2021) examined the relationship between free float and stock market liquidity using measures such as the Amihud ratio, Amivest ratio, and turnover. Their sample comprised the top 100 listed companies on the Pakistan Stock Exchange from 2013 to 2022. The authors found an inverse relationship between free float and liquidity using the Amihud ratio, whereas the turnover ratio supported the view that increased free float improves liquidity. Overall, the study confirmed the significant influence of firm size and free float on stock liquidity.

Rezaei and Tahernia (2012) analysed the relationship between free float shares and market liquidity on the Tehran Stock Exchange. Using 63 companies over the period 2005 to 2009, they found a direct relationship between free float shares and the number of buyers, number of transactions, and turnover ratio, indicating a positive relationship between free float and liquidity.

Some studies, however, report either a negative or an insignificant relationship between free float and liquidity. Verawati, Mustika, and Mustaruddin (2025), using panel data from 29 companies on the Indonesia Stock Exchange over the 2019–2023 period, found that free float and firm size had a significant negative effect on market liquidity, while stock returns had no significant impact.

Farooqi and Siddiqui (2021) investigated the relationship between free float and stock liquidity for

listed companies on the Pakistan Stock Exchange over the 2015–2019 period, using 25 firm-level observations. Their results indicated that the relationship between free float and stock liquidity was statistically insignificant, even after including other control variables.

3. Methodology

The research adopted an ex-post facto design. It used content analysis of corporate annual reports based on a sample of publicly listed companies on the Nigerian Exchange (NGX). Content analysis is widely regarded as a primary tool for examining published information (Jose & Lee, 2007). The qualitative approach involved analysing audited annual reports published by companies for 2025 as they relate to free float status. The study applied a two-tier data analysis process.

For the sample, the study selected the NGX 30 as of 31 December 2025 because these companies represent the core of the market and account for the largest capitalised stocks, covering 92.7% of total equities value, across both the Premium and Main Boards.

Table 1. Descriptive Statistics of the Sample

	Number of Companies	%
Premium Board	8	27
Main Board	22	73
TOTAL	30	100
NGX Sectors		
Banking	10	33
Consumer	6	20
Industrial	3	10
Telecom	2	7
Oil & Energy	5	16
Agriculture	2	6
Conglomerate	1	3
Services	1	3
TOTAL	30	30

Source: Researcher Analysis (2026)

Table 1 shows that Main Board companies and banking stocks dominated the NGX 30 as of 31 December 2025. Together, the top 30 companies accounted for 92.7% of total NGX equity market capitalisation, leaving only about 8% of market value spread across more than 130 other listed companies. This concentration highlights the narrow breadth of the market despite its strong aggregate size.

Free float data were extracted from their published financial statements for the year ended 31 December 2025. Where such data were unavailable, the study substituted information from the half-year statements ended 30 June 2025. Data on major shareholdings, both local and foreign, were also extracted.

To compare listing rules on free float, the study examined the relevant provisions of 11 stock exchanges spanning leading African exchanges, exchanges in emerging economies, and developed-market exchanges. These are grouped below:

1. Top African Stock Exchanges: Nairobi, Egypt, Casablanca, Johannesburg
2. Emerging Economies Stock Exchanges: Hong Kong, Tehran, India, Shanghai
3. Developed Economies Stock Exchanges: New York, London, NASDAQ, Tokyo

4. Results and Discussions

This section presents the results of the analysis of the sample.

4.1 Compliance with Free Float Disclosure Requirements

Table 2 presents companies that fully complied with the disclosure rule requiring issuers to state units of free float, value of free float, and percentage of free float, together with an indication of compliance status.

Table 2. Free Float Disclosure- Compliant Companies in NGX 30

SN	Name	Sector	NGX Board	Market Capitalization	FLOAT			Compliant Criteria:
					N'm	Units	Value	
						N		Premium: 20% or N40bn Main: 20% or
1	AccessCorp	Banking	Premium	1,119,674.61	41,704,354,774	961,285,377,541	78.22%	YES
2	FirstHoldCo	Banking	Premium	2,005,948.61	25,935,932,957	1,242,331,188,640	58.34%	YES
3	Stanbic	Banking	Main	1,590,176.92	4,770,065,851	477,006,585,100	29.99%	YES
4	UBA	Banking	Premium	1,709,287.08		1,365,820,435,957	79.33%	YES
5	Wema	Banking	Main	818,425.10	14,958,329,763		37.29%	YES
6	BUA Cement	Industrial	Main	6,044,787.20	784,090,781	139,960,204,409	2.32%	YES
7	Dangote Cement	Industrial	Premium	10,275,997.58	80,869,993	352,822,796,920	4.79%	YES
8	BUA Foods	Consumer	Main	14,380,200.00	850,834,511	679,731,690	4.73%	YES
9	Dangote Sugar	Consumer	Main	728,812.69	3,361,435,146	201,686,108,760	27.67%	YES
10	Nig Breweries Plc	Consumer	Main	2,333,021.93	8,308,642,886	625,640,809,316	26.82%	YES
11	International Breweries	Consumer	Main	2,356,082.28	4,292,508,148	23,823,420,221	2.55%	YES
12	Geregu Power	Oil & Energy	Main	2,853,750.00	453,574,677	520,239,900,055	18.14%	YES
13	Oando	Oil & Energy	Main	499,742.78	3,606,978,849	27,052,341,367	29.02%	YES
14	Transcorp Power	Oil & Energy	Main	2,302,500.00	809,237,760	248,435,992,320	10.79%	YES
15	Presco	Agriculture	Main	1,450,000.00	392,315,921	568,858,085,450	33.63%	YES
16	Transnationalcorp	Conglomerate	Main	461,354.69	5,531,296,877	267,161,639,159	54.43%	YES
17	Transcorp Hotel	Services	Main	1,750,448.11	1,309,646,364	177,260,635,367	12.79%	YES
				52,680,20G.58				
		Half year 30 June 2025 Financials used.						

Source: Researcher analysis from the Annual Reports of the Companies for 31 Dec 2025.

Table 2 shows that 17 of the 27 companies sampled (63%) were fully compliant with the disclosure requirements. Of these, 3 were listed on the Premium Board and 14 on the Main Board. By sector, the compliant firms were concentrated in Banking (5), Consumer Goods (4), Industrial Goods (2), and Oil and Energy (2), while Agriculture, Conglomerates, and Services recorded one compliant company each. Wema Bank and Access Holdings had the highest disclosed free float percentages at 79.33% and 78.22% respectively, while International Breweries Plc had the lowest at 2.55%. Based on NGX Rule 2.2 (as amended in 2024), only BUA Foods Plc appeared to have a deficient free float position, at 4.73% and ₦680 million, compared with the requirement of 20% or

₦20 billion. More broadly, seven companies had free float levels below 20%, indicating highly concentrated ownership structures and limited scope for effective price discovery. For four companies—Dangote Cement Plc, Oando Plc, Transnational Corporation Plc, and Transcorp Hotels Plc—the analysis relied on half-year financial statements ended 30 June 2025 because the corresponding full-year statements did not provide equivalent disclosure.

4.2 Companies with Incomplete Free Float Disclosure

Table 3 identifies companies that did not fully disclose all three core variables required for free float assessment: units, value, and percentage.

Table 3. Free Float Disclosure -Not Fully Compliant Companies in NGX 30

SN	Name	Sector	NGX Board	Market Capitalization	FLOAT			Remarks
					Units	Value	%	
				N'm				
1	Ecobank Transnational	Banking	Main	994,337.59				No computation nor declaration
2	FCMB	Banking	Main	515,399.06				
3	Fidelity	Banking	Main	954,032.02				Just a note to say that no shareholder hold more than 5% of issued share capital
4	GTCO	Banking	Main	3,303,768.32				Nothing shown for free float for half yr ended and full year ended Dec 2025. No declaration made.
5	Zenith	Banking	Premium	2,538,115.49				No computation. No Declaration
6	Airtel Africa	Telecom	Main	8,531,003.91				Nothing shown for free float for half year and full year ended 31 March 2026
7	MTN	Telecom	Premium	10,728,731.21		1,923,396,455,596		There is declaration, No Computation, No reference to Float Units
8	Lafarge	Industrial	Premium	2,166,498.49				No Computation, No declaration, No reference to Free Float
9	Guinness	Consumer	Main	766,414.95				No Computation, No declaration, No reference to Free Float
10	Nestle	Consumer	Main	1,552,020.94				Just a declaration of compliance with no computation/data
11	Aradel	Oil & Energy	Main	2,911,045.72				
12	Seplat	Oil & Energy	Premium	3,485,077.95			33.8%	Declared a free float of 33.8% and compliant but computation not shown.
13	Okomu Oil	Agriculture	Main	1,044,531.45				No computation nor declaration. Just a statement that apart from Socfinaf S.A, no other shareholder holds more than
				3G,4G0,G77.10				
								Half year 30 June 2025 financials used.

Source: Researcher analysis from the Annual Reports of the Companies for 31 Dec 2025.

Table 3 indicates that 13 sampled companies (43%) were not fully compliant with the disclosure requirements. This makes it difficult to determine, with certainty, whether these companies satisfy the applicable free float listing rules. The non-fully compliant group comprised 5 banking stocks, 2 telecom companies, 2 consumer goods companies, 2 oil and energy firms, and 1 agriculture company. In some cases, banks disclosed that no shareholder held more than 5% of issued share capital, but this

statement alone does not satisfy the NGX requirement for explicit free float disclosure.

4.3 Ownership Concentration and Foreign Participation

Stock liquidity is also shaped by ownership concentration. Tables 4 and 5 summarise dominant local ownership and significant foreign ownership across the sampled companies.

Table 4. NGX 30 With Significant Local Ownership

SN	Name	Sector	NGX Board	Market Capitalization	FLOAT			Major Shareholders
					Units	Value	%	
				N'm			%	
1	BUA Cement	Industrial	Main	6,044,787.20	784,090,781	139,960,204,409	2.32%	Abdul Samad 56.03%, BUA Ind. Ltd 39.75%
2	Dangote Cement	Industrial	Premium	10,275,997.58	80,869,993	352,822,796,920	4.79%	Dangote Ind. Ltd 86.65%, Stanbic IBTC 5.47%
3	BUA Foods	Consumer	Main	14,380,200.00	850,834,511	679,731,690	4.73%	Abdu Samad 89.55%, BUA Ind. Ltd 2.78%
4	Dangote Sugar	Consumer	Main	728,812.69	3,361,435,146	201,686,108,760	27.67%	Dangote Ind. Ltd 66.87%, Aliko Dangote 5.38%
5	Guinness	Consumer	Main	766,414.95				N-SEVEN Nig Ltd 70.86%, Stanbic IBTC 6.36%
6	Geregu Power	Oil & Energy	Main	2,853,750.00	453,574,677	520,239,900,055	18.14%	Amperion Power 76.86%, Libreville Power 5.00%
7	Oando	Oil & Energy	Main	499,742.78	3,606,978,849	27,052,341,367	29.02%	BSI/SA Ocean 54.48%, Equity Leaf 15.83%
8	Transcorp Hotel	Services	Main	1,750,448.11	1,309,646,364	177,260,635,367	12.79%	Transnational Corp 76.16%, MOF Incorporated 11.04%
				37,300,153.31				
Half year 30 June 2025 data used.								

Source: Researcher analysis from the Annual Reports of the Companies for 31 Dec 2025.

The results show that 8 companies had dominant local ownership ranging from 54.48% to 89.55%. One of these companies was listed on the Premium Board, while the remaining seven were on the Main Board. Collectively, they accounted for approximately ₦37.3 trillion, or 38% of total equity market capitalisation.

In addition, 10 companies had significant foreign ownership ranging from 61.2% to 96.01%, representing about 53% of total equity market capitalisation. These findings reinforce the importance of ownership structure in understanding the effective tradability of large NGX-listed stocks.

Table 5. NGX 30 With Significant Foreign Ownership

SN	Name	Sector	NGX Board	Market Cap. 31 Dec 2025	Significant Foreign Ownership	Major Shareholders
				N'm		
1	Ecobank Transnational	Banking	Main	994,337.59		
2	Stanbic	Banking	Main	1,590,176.92	68.46%	Stanbic Africa Holdings Ltd 68.46%
3	Airtel Africa	Telecom	Main	8,531,003.91		
4	MTN	Telecom	Premium	10,728,731.21	83.81%	MTN Int. (Mauritius) 83.81%
5	Lafarge	Industrial	Premium	21,664,498.49	83.81%	Huaxim Building Materials 83.81%
6	Nestle	Consumer	Main	1,552,020.94	70.81%	Societe Des Produits Nestle 70.81%
7	Nig Breweries Plc	Consumer	Main	2,333,021.93	72.90%	Heineken N.V Group 72.90%, Stanbic Nominees 14.03%
8	International Breweries	Consumer	Main	2,356,082.28	96.01%	AB Inbrv Nig Holdings BV 96.01%
9	Oando	Oil & Energy	Main	499,742.78	54.48%	BSI/SA Ocean 54.48%, Equity Leaf 15.83%
10	Okomu Oil	Agriculture	Main	1,044,531.45	62.94%	Socfinaf S.A. 62.94%
11	Presco	Agriculture	Main	1,450,000.00	61.20%	SIAT NV 61.20%, SIPROL RSA Fund 5.12%
				52,744,147.50		
Source: Researcher analysis from the Annual Reports of the Companies for 31 Dec 2025.						
Transborder listed companies. Details of shareholding structure not disclosed.						

4.4 Comparison of Free Float Rules Across Stock Exchanges

Table 6 compares free float rules across selected stock exchanges, including peer markets to NGX, emerging exchanges, and developed markets. Most exchanges

rely primarily on percentage-based free float thresholds, although some combine this with market value requirements and minimum shareholder counts. Across the exchanges reviewed, free float thresholds generally range from 10% to 25%.

Table 6. *Float Rules in Selected Stock Exchanges*

Stock Exchange	% Allowed	Value Allowed	Value (as of 1 May 2026)	No. of Minimum Shareholders
NGX- Premium	20%	N40bn		300
-Main	20%	N20bn		300
Johannesburg-Main	10%			
Egyptian S. E	10%			300
Casablanca S. E	20%			
Nairobi S. E-Main Market	15%			250
Tehran S. E-Main	20%			1000
-Secondary	15%			750
India S.E	25%			
London S. E	10%			
New York S. E	Min. of 1.1m shares		Min. \$200m	2000
NASDAQ S. E	Min. of 1m shares		Min. \$15m	300
Tokyo S. E	Min. 35%			
Shanghai S. E	Min. 25% 10% for companies with market capitalisation over RMB 4bn			

Notes:

- i. Rules apply to Premium and Main Board of Each Stock Exchange
- ii. For India S.E, the new rule started in March 2026 now gives mega-corporation to start with 2.5% and a time frame of 10 years to reach the benchmark.

Source: Researcher's compilation from the listing rules of the selected stock exchanges.

5. Conclusion

This study leads to four main conclusions. First, full compliance with NGX free float disclosure requirements was only moderate, as many companies did not disclose the percentage, value, and computation of free float or make an explicit declaration of compliance. Second, because disclosure was incomplete in 43% of the sample, it was difficult to determine whether several companies were free-float deficient. Third, the NGX benchmark of 20% compares reasonably well with the standards of many other stock exchanges, although India applies a higher benchmark of 25%. Fourth, the current wording of the NGX rule, which emphasizes disclosure in half-year financial statements, creates a reporting gap because some issuers disclosed in half-year reports but omitted equivalent information from their full-year statements.

5.1 Implications for Market Development and Investment

The extreme concentration observed in the Nigerian equity market creates a self-reinforcing cycle. Low free float reduces liquidity; weaker liquidity widens bid-ask spreads and raises transaction costs; and those higher costs weaken investor demand. In turn, companies face less market pressure to broaden ownership, allowing concentration to persist. This cycle limits both market depth and the efficient allocation of capital.

Stocks with dominant controlling shareholders frequently exhibit thinner two-way quotes and wider bid-ask spreads, even when they are large and fundamentally strong. This suggests that ownership structure, rather than investor interest or firm performance alone, is often a primary determinant of effective liquidity on the NGX.

5.2 Recommendations

Improving liquidity in the Nigerian equities market requires targeted action on the structural constraints identified in this study. Liquidity is not simply a function of trading frequency; it reflects the extent to which investors can enter and exit positions efficiently and on a scale. The following recommendations are therefore proposed.

5.2.1 Regulatory and Governance Measures

1. Regulators should introduce incentives to encourage more companies to list outside the banking and insurance sectors, which currently dominate the market. Such incentives may include lower listing fees, streamlined documentation requirements, and targeted tax benefits for both issuers and investors.
2. The NGX should consider a revised framework that requires higher share-based public free float levels without overreliance on market value-based exemptions. A minimum of 30% is suggested. While the current framework permits compliance through either dispersion of shares or a market value threshold, stronger share-based free float standards would expand tradable supply and reduce ownership concentration more effectively.
3. Companies that fail to provide full and explicit disclosure of their free float status, including a clear statement of whether they are compliant, should be subject to regulatory sanctions.
4. Section 2.2 of the amended NGX rule should be revised to state explicitly that free float disclosure must appear in both half-year and full-year financial statements. This would remove the current ambiguity and close the reporting gap identified in the study.
5. Corporate governance reforms should continue to strengthen minority shareholder protection. Although CAMA 2020 improves minority shareholder rights, practical enforcement remains uneven, and additional measures are needed to ensure that these protections are effective in practice.

Supplementary Note:

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