SEC Revises the Minimum Capital Requirements for Regulated Capital Market Entities

Introduction

On 16 January 2026, the Nigerian *Securities and Exchange Commission* ("**SEC**") issued a circular to the market, increasing the capital thresholds for entities licensed in the Nigerian capital markets (the "**Circular**").

The increased capital requirements apply to capital market operators, market infrastructure institutions, capital market consultants, financial technology operators, virtual asset service providers, and commodity market intermediaries ("**Capital Market Entities**"). The final date for compliance with the new capital requirements is 30 June 2027.

The new capital requirements are summarised in the table below:[1]

S/N	Entities	Previous Minimum Capital (₦)	Revised Minimum Capital (₦)	% Increase
1	Inter-Dealer Brokers	50,000,000	2,000,000,000	3900%
2	Issuing Houses (Tier 2)	200,000,000	7,000,000,000	3400%
3	Fund/portfolio Managers (Full Scope)	150,000,000	5,000,000,000	3233%
4	Underwriters	200,000,000	5,000,000,000	2400%
5	Clearing and Settlement Company	200,000,000	5,000,000,000	2400%

[1] Please note that this is not an exhaustive list of the relevant entities and increments.

S/N	Entities	Previous Minimum Capital (₦)	Revised Minimum Capital (₦)	% Increase
6	Composite Securities Exchange (i.e. exchanges permitted to trade and list all types of securities)	500,000,000	10,000,000,000	1900%
7	Registrars	150,000,000	2,500,000,000	1566.67%
8	Fund/portfolio Managers (Limited Scope)	150,000,000	2,000,000,000	1233%
9	Issuing Houses (Tier 1)	200,000,000	2,000,000,000	900%
10	Venture Capital Fund Managers (Tier 3)	20,000,000	200,000,000	900%
11	Dealers (proprietary trading only)	100,000,000	1,000,000,000	900%
12	Digital Sub-Brokers	10,000,000	100,000,000	900%
13	Corporate Investment Advisers	5,000,000	50,000,000	900%
14	Robo Advisers	10,000,000	100,000,000	900%
15	Non-composite Securities Exchanges (i.e. exchanges where trading is focused on a specific security, commodity, or product)	500,000,000	5,000,000,000	900%
16	Broker-Dealers (client execution, proprietary trading, margin/securities lending and advisory services)	300,000,000	2,000,000,000	566.67%
17	Trustees	300,000,000	2,000,000,000	566.67%
18	Commodities Broker/Dealers	10,000,000	50,000,000	400%
19	Individual Investment Advisers	2,000,000	10,000,000	400%
20	Digital Assets Exchange (DAX)	500,000,000	2,000,000,000	300%
21	Digital Assets Custodian (DACs)	500,000,000	2,000,000,000	300%
22	Private Equity Fund managers (Tier 3)	150,000,000	500,000,000	233%
23	Brokers (client execution only)	200,000,000	600,000,000	200%
24	Central Counterparties (CCPs)	5,000,000,000	10,000,000,000	100%
25	Digital Assets Offering Platforms (DAOPs)	500,000,000	1,000,000,000	100%
26	Crowd Funding Intermediaries	100,000,000	200,000,000	100%
27	Ancillary Virtual Assets Service Providers	N/A	300,000,000	N/A

S/N	Entities	Previous Minimum Capital (₦)	Revised Minimum Capital (₦)	% Increase
28	Digital Assets Intermediaries (DAIs)	N/A	500,000,000	N/A
29	Digital Assets Platform Operators	N/A	500,000,000	N/A
30	Real World Asset Tokenisation Platforms (RATOPs)	N/A	1,000,000,000	N/A

The SEC has indicated that it may consider transitional arrangements upon application and on a case-by-case basis. Detailed guidance on compliance modalities and capital verification processes are also expected. According to the SEC, the revised capital requirements are intended to strengthen market resilience, enhance investor protection, and ensure that the capital adequacy appropriately reflects the accompanying scale, complexity, and evolving risk profile of capital market activities.

From the SEC's perspective, the sharp increase in capital requirements for certain operators reflects both the effects of Naira devaluation and the growing significance of these entities in the Nigerian capital market. The move is also intended to consolidate the market and phase out inactive licensees. Nevertheless, several points arise from the Circular, which we have highlighted below.

Impact on Virtual Assets Service Providers

Under the SEC's Accelerated Regulatory Incubation Programme (ARIP), Virtual Assets Service Providers (VASPs) applying for licenses are required to demonstrate evidence of the requisite shareholder funds, which have now been increased under the Circular. However, during the incubation programme, applicants operate in a controlled environment with operational restrictions—for example, they cannot grow their customer base by more than 10% from the point of entry into ARIP.[2]

Accordingly, tying up capital pending a go/no-go decision from the SEC at the end of the incubation programme may not be ideal. Given the increased capital requirements, it may be more practical to demonstrate the intending VASP's financial capacity to meet the required capital for its product/service while operating in a limited environment. Such measures could include undertakings from promoters or a periodic reporting mechanism to the SEC showing certified bank balances or securities statements of the promoters during the incubation period.

Separately, for VASP applicants already in the SEC's incubation programmes at the time the Circular was issued, it remains unclear whether evidence of the new capital requirements will be required immediately or only upon full registration.

Introduction of a Tiered-System for Several Operators

In addition to the recapitalisation requirements, the Circular introduces a tiered capital framework for certain capital market operators, including issuing houses, collateral management companies, and fund/portfolio managers.

Issuing Houses

a. Tier 1 issuing houses

Tier 1 issuing houses are entities that provide non-interest finance services, as well as advisory and arrangement services, but do not provide underwriting services.

b. Tier 2 issuing houses

Tier 2 issuing houses are defined as entities that operate as a "one-stop shop" for issuers, providing underwriting services, advisory services, and product development.

Tier 1 issuing houses are subject to a lower minimum capital requirement of ₦2,000,000,000, while Tier 2 issuing houses are required to maintain a higher minimum capital of ₦7,000,000,000.

Collateral Management Companies

The Circular also classifies collateral management companies into two tiers:

a. Tier 1 collateral management companies – entities with local or regional operations; and

b. Tier 2 collateral management companies – entities with national or international reach.

Collateral management companies are operators that provide facilities for managing commodities as collateral, including arrangements for collateralised commodity financing and warehousing services involving the storage and preservation of commodities.

Tier 1 collateral management companies are subject to a minimum capital requirement of ₦200,000,000, while Tier 2 collateral management companies must maintain a minimum capital of ₦500,000,000.

Fund/Portfolio Managers

Tier 1 (Full Scope) fund/portfolio managers are those that manage collective investment schemes (CIS) and alternative investment funds with a net asset value exceeding ₦20,000,000,000. This category also covers managers providing discretionary and non-discretionary private portfolio management services where assets under management exceed ₦20,000,000,000.

Tier 2 (Limited Scope) fund/portfolio managers include managers of collective investment schemes with limited a pool of funds not exceeding ₦20,000,000,000. This tier also covers managers providing discretionary and non-discretionary private portfolio management services with assets under management of not more than ₦20,000,000,000.

Tier 3 fund/portfolio managers comprise private equity fund managers and venture capital fund managers.

Interestingly, unlike the framework applicable to issuing houses and collateral management companies, **Tier 1 fund/portfolio managers are subject to higher capital requirements than lower tiers**. This appears inconsistent with the tiering logic applied elsewhere under the Circular and may reflect a drafting error or unintended outcome.

Fixed Percentage of AUM as Capital Requirement

The Circular further provides that any fund or portfolio manager with oversight of assets under management exceeding ₦100,000,000,000 is required to maintain capital equivalent to 10% of its AUM. Based on publicly available SEC data, at least seven fund managers currently manage funds with net asset values in excess of ₦100,000,000,000. This is without prejudice to managers of non-public discretionary and non-discretionary portfolios.

We note, however, that since the issuance of the Circular, there have been reports suggesting that the fixed capital requirement of 10% of AUM has been revised to 0.1%. As at the date of this note, the SEC has not issued a formal clarification or confirmation of this reported modification.

Compliance Options Available to Capital Market Entities

The Circular does not prescribe specific methods for meeting the revised recapitalisation requirements, although the SEC has indicated that further guidance on compliance modalities will be issued separately. Subject to the issuance of such guidance, capital market entities may consider several practical options, including:

a. injection of fresh equity capital through rights issues, private placements, or the issuance and sale of shares;

b. combining with other operators through mergers or similar consolidation arrangements; and

c. adjusting their licence category or grade to align with the capital requirements applicable to their service offerings.

Conversely, for entities that are already adequately capitalised, the recapitalisation exercise may present opportunities to acquire undercapitalised but strategically attractive operators as a means of expanding their market position. Similarly, new investors may take advantage of the regulatory changes to acquire equity stakes in affected entities and implement turnaround strategies.

In pursuing any of these options, careful consideration must be given to the regulatory approvals that may be required. Depending on the structure of the transaction, approvals from the SEC, the Federal Competition and Consumer Protection Commission, and other relevant regulators may be necessary. In addition, where acquisitions are contemplated, due diligence on target entities and a well-managed transition of clients should be prioritised.

Next Steps

While further guidance from the SEC is expected, capital market operators and their promoters should begin assessing their current capital positions, determine whether additional capital will be required, and secure the necessary internal approvals to implement capital-raising or restructuring measures. In parallel, investment advisers and relationship officers should also be prepared to address and manage any concerns that clients may have. Given the mid-2027 compliance deadline, early execution of selected compliance strategies will be critical to avoid last-minute regulatory or operational pressure.

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