

## SEC REVISES MINIMUM CAPITAL REQUIREMENTS: WHAT IT MEANS FOR CAPITAL MARKET OPERATORS AND THE NIGERIAN CAPITAL MARKET.

The Securities and Exchange Commission (SEC) has introduced a sweeping reform of Nigeria's capital market framework through Circular No. 26-1 dated 16 January 2026 (The "Circular"), revising the Minimum Capital Requirements (MCR) applicable to all regulated capital market entities.

This development constitutes one of the most far-reaching regulatory reforms in recent years and reflects the SEC's broader objective of strengthening market integrity, enhancing investor protection, and ensuring that capital market operators maintain financial capacity commensurate with the scale and complexity of their activities.

## The Rationale

Capital adequacy is a foundational pillar of financial market stability. Since the last major review in 2015 which produced the Investment and Securities Act 2015, Nigeria's capital market has evolved considerably, both in scale and complexity. New products, cross-border exposures, fintech-driven services, digital assets, and commodities trading have introduced new risk dimensions that existing capital thresholds were no longer calibrated to absorb.

Prior to the ISA 2025, the regulatory regime the regulatory regime was largely limited in scope, with SEC oversight primarily focused on traditional capital market operators such as brokers, dealers, issuing houses, fund managers, trustees, and registrars. The ISA 2025, together with the circular, therefore, represents a significant shift towards a more inclusive and risk-based regulatory framework for Nigeria's evolving capital market ecosystem.

Particularly, this new circular has significantly increased the capital threshold across almost all the categories of operators and has introduced capital requirements for all regulated market entities and newly emerging market segments, particularly in digital assets and commodities markets.

## OBJECTIVES OF THE NEW FRAMEWORK

The objectives of the revised minimum capital are as follows;

- 1.To strengthen market resilience and financial soundness.
- 2.To enhance investor protection.
- 3.To align capital requirements with the risk profile and complexity of regulated activities.
- 4.To promote systemic stability.
- 5.To support innovation, including fintech, digital assets and commodities trading.

In practical terms, the SEC is affirming that participation in an increasingly sophisticated capital market must be supported by adequate financial capacity to operate responsibly.



## Who Is Affected?

The Circular applies to all SEC-regulated entities, encompassing:

- Core capital market operators, including brokers, dealers, broker-dealers, and fund and portfolio managers;
- Non-core operators such as issuing houses, registrars, trustees, underwriters, and investment advisers;
- Market infrastructure institutions, including securities exchanges, clearing and settlement companies, central counterparties, and trade repositories;
- Capital market consultants;
- Financial technology (FinTech) operators and robo-advisers;
- Virtual Asset Service Providers (VASPs), including digital asset exchanges, custodians, and token issuance platforms; and
- Commodity market intermediaries and warehousing operators.

## Key Structural Shifts Introduced by the New Framework

1. **Higher Capital Thresholds:** The SEC's revised framework introduces significantly increased minimum capital requirements across most license categories, reflecting inflationary pressures, currency realities, and the need for operators to maintain real, loss-absorbing capital rather than merely nominal compliance.
2. **Risk-Based and Tiered Capital Structure:** The framework adopts a more nuanced, risk-based approach by calibrating capital requirements to the size, scope, and risk profile of regulated activities. This includes tiered requirements based on assets under management and net asset value, distinctions by market reach, and higher capital commitments for higher-risk activities, aligning Nigeria more closely with international best practice.
3. **Formal Regulation of Digital Assets:** For the first time, the SEC has prescribed clear capital requirements for digital asset exchanges, custodians, token issuers, and related service providers. This provides regulatory clarity, reduces uncertainty, and supports the orderly development of Nigeria's digital asset and fintech ecosystem.

Below is the summary table of the revised minimum capital requirements.

Regulated Entity Category	Revised Minimum Capital (₦)
<b>Brokerage Services</b>	
Broker (client execution only)	600 million
Dealer (proprietary trading only)	1 billion
Broker-Dealer (full services)	2 billion
Sub-Broker (Digital)	100 million
Sub-Broker (Corporate)	50 million
Sub-Broker (Individual)	10 million
Inter-Dealer Broker	2 billion
<b>Fund/Portfolio Management Services</b>	
Tier 1 – Full Scope Portfolio Managers	5 billion
Tier 2 – Limited Scope Fund/Portfolio Managers	2 billion
Private Equity Fund Manager	500 million
Venture Capital Fund Manager	200 million

<b>Regulated Entity Category</b>	<b>Revised Minimum Capital (₹)</b>
<b>Issuing Houses</b>	
Tier 1 – Non-underwriting Issuing House	2 billion
Tier 2 – Issuing House with Underwriting	7 billion
<b>Other Non-Core Functions</b>	
Rating Agency	500 million
Registrar	2.5 billion
Trustees	2 billion
Underwriters	5 billion
Investment Adviser (Corporate)	50 million
Investment Adviser (Individual)	10 million
<b>Market Infrastructure</b>	
Central Counter Party (CCP)	10 billion
Clearing and Settlement Company	5 billion
Composite Securities Exchange	10 billion
Non-Composite Securities Exchange	5 billion
Trade Repository	150 million
<b>Consultants</b>	
Corporate Capital Market Consultant	25 million
Individual Capital Market Consultant	2 million
Partnership Capital Market Consultant	10 million
<b>FinTech Operators</b>	
Robo Adviser	100 million
Crowdfunding Intermediary	200 million
<b>Virtual Asset Service Providers (VASPs)</b>	
Ancillary Virtual Asset Service Providers	300 million
Digital Assets Offering Platform	1 billion
Digital Assets Intermediary	500 million
Digital Assets Platform Operator	500 million
Real-world Assets Tokenization Platform	1 billion
Digital Assets Exchange	2 billion
Digital Assets Custodian	2 billion

Regulated Entity Category	Revised Minimum Capital (₦)
<b>Commodity Market Intermediaries</b>	
Collateral Management Company (Local/Regional)	200 million
Collateral Management Company (National/International)	500 million
Commodities Broker/Dealer	50 million
Commodities Broker	30 million
Commodities Dealer	20 million
Warehousing Operators	500 million
<b>Other Entities</b>	
Nominee Company	5 million

## Compliance Timeline

The revised requirement became effective on the 16th January 2026 and all affected entities are required to comply with the revised Minimum Capital Requirements on or before 30 June 2027. Entities that fail to meet the prescribed requirements within the stipulated timeline shall be subject to appropriate regulatory sanctions, including suspension or withdrawal of registration, as may be determined by the SEC.

## What should Capital Market Operators do next?

For Capital Market Operators, the revised MCR framework is a compliance obligation and a call to action. They are advised to;

1. Seek legal advice to learn more about how the framework affects them and ensure that capital structuring activities comply with the Companies and Allied Matters Act (CAMA) 2020 and applicable regulations.
2. Develop a Capital Strategy: Plan for capital enhancement through shareholder injections, rights issues or any other means.
3. Establish systems for regular monitoring and reporting to the SEC on capital adequacy status, ensuring transparency and preparedness for any audits or regulatory reviews

## Conclusion

In our view, this circular signals the SEC's clear regulatory intent to strengthen market integrity, reduce systemic risk, and institutionalize a more resilient capital market framework capable of supporting innovation and emerging asset classes, while ensuring that only well-capitalized and properly governed operators participate in Nigeria's evolving capital market ecosystem.

## About Berkeley Legal

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If you would like to know more about the SEC revised minimum capital (mc) for regulated capital market entities, please contact [info@berkeleylp.com](mailto:info@berkeleylp.com)

The information provided in this article is for general informational purposes only and does not constitute legal advice.

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