Berkeley Legal

REGULATORY UPDATE

CBN REGULATES NON-SECURITY VIRTUAL ASSETS: WHAT BUSINESSES NEED TO KNOW

Regulations for the Operations of Non-Security Virtual Assets in Nigeria

12th November, 2026

KEY TAKEAWAYS

- **Who:** anyone issuing, exchanging, holding in custody, transferring or settling stablecoins or other non-security virtual assets in or from Nigeria, or targeting Nigerians.
- **Licences:** Class 1 (naira) and Class 2 (foreign currency) issuers need ₦10bn and ₦15bn paid-up capital; other service providers need ₦1bn.
- **Foreign stablecoins:** may be offered only through a Nigerian-incorporated, CBN-licensed Class 2 issuer.
- **Deadlines for existing operators:** register by 5 December 2026, start reporting by 4 January 2027, apply by 4 May 2027.
- **Red lines:** no algorithmic or crypto- backed stablecoins, no yield to holders, no unlicensed promotion.

THE NEW REGULATION

On 5 November 2026, the Central Bank of Nigeria (CBN) issued the Regulations for the Operations of Non-Security Virtual Assets in Nigeria (the "Regulations"), with effect from 5 November 2026. The Regulations create Nigeria's first licensing and supervisory regime for stablecoins, Deposit Money Tokens (DMTs) and related payment, exchange, custody and settlement services.

Before 2025, no statute recognised virtual assets. Regulation came through CBN circulars, including the 2021 restriction on banks dealing with crypto exchanges (relaxed in December 2023), and SEC rules of uncertain statutory footing. The Investments and Securities Act 2025 (ISA 2025) brought virtual assets that are securities under the SEC, but left a gap for tokens used for payment and settlement. The Regulations fill that gap: the CBN now regulates non-security virtual assets, while the SEC keeps security virtual assets. Businesses active in both areas need both regulators' approvals.

THE NEW REGULATION

The Regulations cover Class 1 Stablecoins (naira-referenced), Class 2 Stablecoins (foreign-currency-referenced), DMTs and any other token the CBN designates. The CBN looks at economic substance, not labels or technology. Algorithmic stablecoins, fiat-referenced tokens backed mainly by other crypto-assets, tokens linked to sanctioned persons, and "stablecoins" without a right to redeem at par are prohibited. Promoting an unlicensed activity or a prohibited token is itself a breach.

LICENCES, CAPITAL AND FEES

Licence or approval	For	Minimum paid-up capital
Naira-Referenced Issuer Licence (Class 1)	Issuers of naira stablecoins	₦10bn
Foreign Currency Issuer Licence (Class 2)	Issuers of foreign-currency stablecoins	₦15bn
Other Services Licence	Non-issuance services by firms without an SEC licence	₦1bn
Other Services Authorisation	SEC-licensed firms adding these services	₦1bn, on top of SEC capital
Approval to Extend Permitted Activities	CBN-licensed institutions	Principal-licence capital plus an additional amount of ₦1bn

Issuer licence applications cost ₦10m (non-refundable), with a ₦5m annual renewal fee; fees for other licences are to be prescribed. Peer-to-peer platforms need no separate licence but must hold one of the services licences and obtain the CBN's express approval for P2P services.



KEY REQUIREMENTS FOR STABLECOIN ISSUERS

A real Nigerian operation. Issuers must be incorporated in Nigeria, with a staffed local office, a resident Chief Compliance Officer, records accessible in Nigeria, and authority to follow CBN directions without offshore-parent approval. There is no offshore exemption. No Nigerian ownership is required, however, there is no fixed domestic share for Class 2 reserves, although operational liquidity for Nigerian redemptions must be held with Nigerian banks.

Full reserve backing. Class 1 issuers must keep at least 20% of reserves in a CBN account and spread the rest across at least three banks, with no bank holding more than 30%. Reserves are held on trust for holders and must be bankruptcy remote. Issuers must also fund a reserve buffer of at least 2% of tokens in circulation from their own resources.

Redemption at par. Holders can redeem at par by the end of the business day after a valid request (CBN may allow up to five business days in a stress event), with no standard redemption fee. Suspension is allowed only on narrow grounds.

No yield, no deposit claims. Issuers may not pay interest or other returns to holders, and stable coins may not be presented as bank deposits or as NDIC-insured.

Approvals before launch. Issuance needs both a final licence and a Token Approval, plus a CBN-approved Whitepaper.

DMTs may be issued only by CBN-licensed deposit money banks with prior approval. They remain deposit claims on the bank, which is also responsible for their custody.

CUSTODY AND CUSTOMER PROTECTION

Custodians and wallet providers must segregate customer assets, reconcile holdings, secure private keys, and never lend, pledge stake or rehypothecate customer assets. Every provider needs a written Customer Agreement that cannot waive redemption, safeguarding or complaints rights. Complaints must be acknowledged within two business days and final response provided within twenty business day.

TRANSITION FOR EXISTING OPERATORS

Step	Deadline
Comply with AML/CFT/CPF requirements	From 5 November 2026
Register with the CBN	By 5 December 2026 (30 days)
Begin supervisory reporting	By 4 January 2027 (60 days)
Submit a complete licence application	By 4 May 2027 (180 days)

Until licensed, operators may continue only at their existing scale. Missing the 180-day deadline means stopping until a licence is granted.

SANCTIONS

Operating without a licence attracts a fine of at least ₦100,000,000 (One Hundred Million Naira), plus ₦1,000,000 (One Million Naira) for each day the breach continues. Reserve capital and liquidity breaches attract ₦50,000,000 (Fifty Million Naira)–₦250,000,000 (Two Hundred and Fifty Million Naira) per breach. AML/CFT/CPF attract at least ₦50,000,000 (Fifty Million Naira) per breach and paying yield to holders attracts a fine of twice the amount paid. Fraudulent misrepresentation attracts at least ₦500,000,000 (Five Hundred Million Naira) and referral for prosecution. Penalties can extend to directors and senior management.

HOW BERKELEY LEGAL CAN HELP

We advise on token and activity classification, CBN registration and licence applications within the transition period, Nigerian issuer structuring and capital arrangements, and compliant whitepapers, customer agreements and policies. For further information, please contact info@berkeleylp.com.

This alert is for general information only and does not constitute legal advice.