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SEC Revises Minimum Capital Requirements For Capital Market Operators: Key Changes and Compliance Timeline

Introduction

The Securities and Exchange Commission (“SEC”) pursuant to the powers granted to it under the Investment and Securities Act, 2025, has issued Circular No. 26-1 dated January 16, 2026 (“the Circular”), introducing a comprehensive revision of the Minimum Capital Requirements applicable to regulated capital market entities in Nigeria. This revision marks the first major overhaul of minimum capital thresholds since 2015.

According to the Circular, the revised minimum share capital framework is designed to improve the financial soundness and operational resilience of market operators, align capital requirements with the risk profile and scale of regulated activities, promote market stability and systemic risk mitigation, and support innovation in emerging segments such as digital assets, fintech, and commodities markets.

Highlights of the SEC Circular

The revised Minimum Capital Requirements apply broadly across the Nigerian capital markets ecosystem, including core and non-core capital market operators, market infrastructure institutions, capital market consultants, fintech operators, virtual asset service providers, and commodity market intermediaries.

Notable Increases Across Key Categories

1. Broker-Dealer

In the broker/dealer category, the requirements have been increased. Brokers managing client execution only must now maintain ₦600 Million, up from prior ₦200 Million, while Broker-Dealers must now maintain a minimum share capital of ₦2 Billion from ₦300 Million. Inter-dealer brokers have the most significant proportional increase, rising from ₦50 Million to ₦2 Billion.

2. Fund and Portfolio Management

The fund and portfolio management sector of the capital market has witnessed equally transformative changes. The Circular now introduces two tiers of the fund/portfolio managers. Tier 1 portfolio managers now require N5 Billion in capital, a substantial increase from the previous N150 Million, while Tier 2 portfolio managers must maintain N2 Billion share capital from the previous. Private equity fund managers are subject to a N500 Million requirement, and venture capital fund managers must have a minimum share capital of N200 Million.

3. Issuing Houses and Other Non-Core Operators

For issuing houses and other non-core operators, the Circular establishes a N2 Billion minimum share capital requirement for issuing houses without underwriting capacity and N7 Billion for issuing houses with underwriting capacity. Trustees must maintain a minimum share capital of N2 Billion, while Underwriters must increase their current share capital to N5 Billion.

4. Market Infrastructure

Central counterparties and composite securities exchanges must each maintain N10 Billion, while clearing and settlement companies are required to hold N5 Billion.

5. FinTechs and Digital Asset Operators

The Circular formally introduces capital thresholds for the digital asset sector, with digital asset exchanges and custodians each required to maintain N2 Billion as minimum their share capital. Whilst platforms that offer digital asset services or asset tokenization face are required under the Circular to have a minimum capital of N1 Billion each.

6. Commodity Market Intermediaries

Finally, commodity market intermediaries face varied requirements based on their functions. Collateral management companies and warehousing operators must maintain a share capital of N500 Million, while commodity brokers and dealers are subject to minimum share capital requirements ranging from N20 Million to N50 Million depending on their scope of operations.

Timeline for Compliance

The Circular sets an 18-month deadline for all affected entities to comply with the revised Minimum Capital Requirements on or before June 30, 2027. The Circular further states

that failure to meet the new thresholds by the time the deadline comes around may result in regulatory sanctions, including suspension or withdrawal of registration.

The SEC has indicated that transitional arrangements may be considered on a case-by-case basis, with further guidance on compliance modalities and capital verification to be issued separately.

Implications for Capital Market Operators

Just like the CBN recapitalization exercise, the revised capital requirements by SEC will have far-reaching implications across Nigeria's capital markets, fundamentally reshaping the competitive landscape and operational strategies of market participants. The significant increase in minimum share capital thresholds is likely to trigger a wave of consolidation within the industry. Smaller operators may find it economically unviable to raise the required capital independently and may seek mergers or strategic partnerships with larger, better-capitalized entities.

While the new share capital requirements create higher barriers to entry for new market participants, they also level the playing field by ensuring that all operators in the Nigerian capital market compete from a position of financial strength. The clarity provided for digital asset operators and fintech firms is particularly significant, as it establishes a defined regulatory pathway for innovation while maintaining prudential standards.

Finally, capital market operators will need to explore various channels for raising the required capital.

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