

SEC NIGERIA ISSUES GUIDELINES ON REVISED MINIMUM CAPITAL FOR REGULATED ENTITIES

March 2026

SYNTEGRAL LEGAL PRACTICE

1. Background and Regulatory Context

On 18 March 2026, the Securities and Exchange Commission issued the Guidelines on Revised Minimum Capital for Regulated Entities. These Guidelines were made under the Investments and Securities Act 2025 and other enabling legislations, with the aim of updating and strengthening the capital requirements applicable to operators in the Nigerian capital market.

The document is far more than a routine administrative adjustment. Its stated objectives include improving investor protection, strengthening the resilience and integrity of the Nigerian capital market, establishing a more risk sensitive and proportionate capital framework, supporting effective supervision and early regulatory intervention, and bolstering both domestic and international confidence in the prudential soundness of the market. These aims are consistent with global standards, including IOSCO principles.

In practical terms, the Guidelines introduce a significant recalibration of the prudential baseline for a broad range of operators. The reforms affect not only firms seeking new registration, but also existing operators whose current capital structure, licence mix, group arrangements or funding model may no longer meet the revised thresholds.

2. Scope and Binding Effect

The Guidelines apply to all entities licensed, registered, or otherwise regulated by the SEC to perform capital market activities. This includes existing capital market operators as well as applicants seeking new registration.

A notable feature for multiservice firms is the SEC's adoption of a functionbyfunction approach. Where an operator carries out more than one regulated activity, it must meet the capital requirement applicable to each function performed. For diversified businesses, the impact therefore depends not only on the primary licence held, but on the full range of regulated services actually being provided.

The Guidelines are expressly binding. Noncompliance may attract regulatory sanctions as prescribed under the Investments and Securities Act 2025 and relevant SEC rules.

3. Transitional Arrangements and Compliance Timetable

The transition framework is commercially significant and requires board-level attention immediately. Existing CMOs must comply with the revised minimum capital requirements on or before 30 June 2027. Every existing CMO must also submit a board-approved capitalization plan, or alternatively a downgrade or scale-back plan, to capitalbase@sec.gov.ng on or before 30 April 2026.

For new applicants, compliance with the revised minimum capital requirements is stated to be a precondition for registration from 16 January 2026. The Guidelines further provide that CMOs with pending applications as of 16 January 2026 must submit written board-approved plans to comply by 30 June 2027. Applicants whose applications had been pending for at least 12 months as of that date are required to file fresh applications and comply with the revised regime.

There is an apparent drafting or timing issue worth noting. The Guidelines are dated 18 March 2026, but the transitional provisions refer back to 16 January 2026 for new registrations and pending applications. Regulated entities with pending applications may therefore wish to seek clarification from the SEC on how those provisions will be applied in practice.

Date of Guideline	18 Mar 2026
Immediate Filing Deadline	30 April 2026 - board-approved capitalization plan or downgrade/scale-back plan
Final Compliance Deadline	30 June 2027 - revised minimum capital compliance for existing CMOs

4. What Counts as Qualifying Capital

The Guidelines define 'Capital Base' as the shareholders' funds of a regulated entity, comprising qualifying capital components net of accumulated losses. 'Qualifying Capital' must be fully paid-up, freely available, unencumbered, and capable of absorbing losses on a going-concern basis.

The SEC recognises the following as qualifying components of capital base:

- Fully paid-up ordinary share capital.
- Fully paid-up irredeemable preference shares, provided they are non-redeemable, subordinated to all creditors, and do not impose mandatory dividend obligations.
- Share premium arising from fully paid-up capital issued for cash or other eligible consideration.

- Retained earnings arising from audited profits, less any unrealised gains.

The restrictive formulation is important. The SEC is signalling that only real, loss-absorbing and immediately available capital will count for prudential purposes.

5. Non-Qualifying Capital and Regulatory Exclusions

The Guidelines expressly exclude several balance sheet items that some operators may previously have regarded as part of their capital support. The following do not qualify as capital for the purposes of the new regime:

- Revaluation reserves and gains from asset revaluation.
- Unrealised or fair value gains not crystallised in cash.
- Borrowed funds, shareholder loans, and other debt instruments, whether secured or unsecured.
- Client monies, client assets, or securities held in custody or trust.
- Contingent assets and deferred tax assets.
- Any capital subject to lien, charge, pledge, or other encumbrance.

For operators currently relying on a balance sheet inflated by non-cash or non-permanent components, the compliance gap may be considerably wider than it first appears. A purely headline comparison of shareholders' funds against the revised thresholds may therefore be misleading unless the balance sheet is rebuilt using only qualifying components.

6. Recognition Rules and Financial Statement Evidence

Only qualifying capital components reflected in audited financial statements not older than nine months will be recognised for compliance purposes, unless the SEC approves another period. The SEC also reserves the right to require interim audited or revised financial statements where necessary for supervisory purposes.

This means the exercise is evidential as well as financial. Operators will need to ensure that the form, timing, and audit support for their capital position align with the Guidelines. Firms approaching the threshold through late-stage capital injection or internal restructuring should plan carefully for documentation timing, audit treatment, and regulatory verification.

7. Permitted Modes of Capitalisation

The Guidelines recognise three principal routes to compliance.

7.1 Capital Injection

Capital may be injected by cash deposits or by certain eligible non-cash instruments, subject to valuation and verification. These include quoted equity securities, units of collective investment schemes, bonds issued by federal, state, or local governments, supranational institutions, or investment-grade corporate issuers, and unquoted securities actively traded on SEC-recognised OTC platforms.

Annex I provides the valuation rules for non-cash capital instruments. Valuation is generally based on close of business on the date of transfer, using official closing price for quoted securities, latest published NAV for CIS units, and market price for bonds.

7.2 Mergers, Acquisitions and Business Combinations

CMOs may achieve compliance through mergers, acquisitions, or business combinations, subject to prior notification to the SEC, compliance with applicable SEC rules on mergers and acquisitions, and issuance of a formal 'No Objection' by the SEC.

7.3 Downgrade or Scale-Back of Registration

The Guidelines also allow regulated entities, following self-assessment, to submit proposals to downgrade or scale back their registered functions and apply for SEC approval. This is a notable feature of the framework. It recognises that some firms may reasonably elect to reduce their regulatory footprint rather than recapitalise to a level that does not fit their business model or revenue profile.

8. Documentation, Filing and Verification

All filings must be supported by the core corporate documents, including the Memorandum and Articles of Association, CACcertified board and shareholder resolutions authorising the relevant capital action, merger, acquisition or change in registered functions, the CAC certificate of increase in share capital, and the current CAC status report.

Annex II sets out the additional documents required depending on the chosen method of capitalisation. For example, where a firm is increasing its paidup share capital, it must provide offer and acceptance documentation, allotment records, and either audited financial statements or management accounts endorsed by an external auditor. Where capitalisation is by cash injection, the SEC expects to see proof of transfer, supporting bank statements, receipts, and corroborating financial records. Transfers of quoted securities or units in collective investment schemes must be supported by evidence of ownership, relevant corporate approvals, confirmation that the assets are free of encumbrances, transfer instructions, and proof that the transfer has been duly perfected in favour of the regulated entity.

Once the applicable capital threshold has been achieved, capital market operators must submit a compliance filing through the SEC's designated electronic portal, accompanied by verifiable supporting evidence. The SEC may carry out capital verification before granting approval and may also conduct routine, riskbased or forcause verification at any time.

The Guidelines also impose a continuing obligation to maintain the required capital base at all times. Any impairment or breach must be reported to the SEC immediately, together with a credible remedial plan. This makes clear that the revised capital framework is not a oneoff admission requirement but an ongoing prudential obligation.

9. Capitalization Plan Requirement

Every existing capital market operator must submit a boardapproved capitalisation plan—or, where applicable, a downgrade or scaleback plan by 30 April 2026. Annex IV specifies the minimum content of such a plan. At the very least, the submission must address the firm's current capital position, the applicable minimum capital requirement, the proposed method or combination of methods for achieving compliance, funding sources, implementation milestones and timelines, key risks and mitigants, and the governance and accountability arrangements approved by the board.

This deadline is immediate and should be treated as a priority governance matter. The SEC is not merely seeking an assurance of future compliance, but a credible, boardendorsed pathway supported by a clear funding rationale, realistic execution milestones and demonstrable internal accountability.

10. Practical Legal and Commercial Implications

The revised framework will affect operators differently depending on their licence mix, balance sheet quality, ownership structure, and access to new capital. In our view, the most immediate implications are as follows.

- Capital adequacy must be recalculated using the SEC's narrower definition of qualifying capital, not merely book shareholders' funds.
- Multi-function operators should map every regulated activity against the revised thresholds because the SEC requires compliance for each function performed.
- Boards should decide early whether the preferred route is fresh equity, intra-group restructuring, third-party investment, merger activity, or licence downgrade.
- Operators using non-cash assets must ensure those assets are eligible, properly valued, unencumbered, and capable of transfer and verification.
- The filing timetable is front-loaded. The 30 April 2026 board-approved plan deadline arrives long before the 30 June 2027 final compliance deadline.
- Firms with pending applications, especially those caught by the January 2026 transitional references, should engage the SEC promptly to confirm procedural expectations.

From a legal and execution perspective, the recapitalisation exercise will likely raise company law, securities law, transaction structuring, shareholder approval, valuation, governance, and disclosure issues. Operators should therefore avoid treating the exercise as a purely accounting exercise.

11. Selected Revised Minimum Capital Thresholds

Below is a category-based summary of the revised minimum capital thresholds stated in Annex V. The tables are intended to provide a working reference for boards and management teams. They should be read alongside the full Guidelines, especially where a category description includes operational scope, NAV or AuM thresholds, or cross-reference to another regulator such as the Central Bank of Nigeria.

Brokerage Services

Regulated Entity	2015 MC	Revised MC
Broker (client execution only)	N200m	N600m
Dealer (proprietary trading only)	N100m	N1bn
Broker-Dealer	N300m	N2bn
Sub-Broker (Digital)	N10m	N100m
Sub-Broker (Corporate)	N10m	N50m
Sub-Broker (Individual)	N2m	N10m
Inter-Dealer Broker	N50m	N2bn

Fund and Portfolio Management

Regulated Entity	2015 MC	Revised MC
Tier 1 Fund/Portfolio Manager (Full Scope) - Level 1	N150m	N5bn
Tier 1 Fund/Portfolio Manager (Full Scope) - Level 2	N150m	N10bn
Tier 2 Fund/Portfolio Manager (Limited Scope)	N150m	N2bn
Private Equity Fund Manager	N150m	N500m
Venture Capital Fund Manager	N20m	N200m

Issuing House, Advisory and Related Functions

Regulated Entity	2015 MC	Revised MC
Tier 1 Issuing House with underwriting	N200m	N7bn
Tier 2 Issuing House	N200m	N2bn
Rating Agency	N150m	N500m
Registrar	N150m	N2.5bn
Trustees	N300m	N2bn
Underwriters	N200m	N5bn
Investment Adviser (Corporate)	N5m	N50m
Investment Adviser (Individual)	N2m	N10m
Capital Market Consultant (Corporate)	N5m	N25m
Capital Market Consultant (Individual)	N0.5m	N2m
Capital Market Consultant (Partnership)	N2m	N10m

Market Infrastructure

Regulated Entity	2015 MC	Revised MC
Central Counterparty (CCP)	N5bn	N10bn
Clearing and Settlement Company (CSC)	N200m	N5bn
Composite Securities Exchange	N500m	N10bn
Non-Composite Securities Exchange	N500m	N5bn
Trade Repository	N100m	N150m

Digital Assets and Technology-Enabled Operators

Regulated Entity	2015 MC	Revised MC
Robo Adviser	N10m	N100m
Crowd Funding Intermediary	N100m	N200m
Ancillary Virtual Assets Service Providers (AVASPs)	N/A	N300m
Digital Assets Offering Platform (DAOP)	N500m	N1bn
Digital Assets Intermediary (DAI)	N/A	N500m
Digital Assets Platform Operator (DAPO)	N/A	N500m
Real-world Assets Tokenization and Offering	N/A	N1bn
Digital Assets Exchange (DAX)	N500m	N2bn
Digital Assets Custodian	N500m	N2bn

Collateral Management, Commodities and Warehousing

Regulated Entity	2015 MC	Revised MC
Collateral Management Company Tier 1	N50m	N500m
Collateral Management Company Tier 2	N50m	N200m
Commodities Broker/Dealer	N10m	N50m
Commodities Broker	N7m	N30m
Commodities Dealer	N3m	N20m
Warehousing Operators	N50m	N500m

Custody, Banking Interfaces and Related Operators

Regulated Entity	2015 MC	Revised MC
Custodian of Securities (Bank)	N200m	As prescribed by CBN
Non-Bank Custodian	-	N50bn + 0.1% of AUC
Dealing Member Banks	N200m	As prescribed by CBN
Nominee Company	N0.001m	N5m
Receiving Banker (Banker to an Issue)	N200m	N/A

12. Issues Requiring Careful Review

A number of points in the Guidelines should be approached carefully.

- The repeated reference to 16 January 2026 in the transitional provisions, despite the Guideline being dated 18 March 2026, may require clarification for new and pending applicants.

- The Tier 2 limited-scope fund/portfolio manager description appears to refer to NAV + AuM 'of not more than N40.00'. That phrasing may be incomplete or may contain a typographical omission, and firms in that category should avoid relying on an assumed interpretation without regulatory confirmation.

- Several category descriptions incorporate qualitative features, such as underwriting capability, foreign instrument exposure limits, or national versus local reach. Operators should confirm that their actual business model still fits the specific licence category relied on.

- Non-bank custodians face a particularly significant threshold of N50bn plus 0.1 percent of assets under custody, which may have profound implications for existing structures and market participation.

13. Immediate Actions for Boards and Management

In our view, regulated entities should consider taking the following steps without delay:

- Undertake a licence-by-licence mapping of all regulated activities currently performed.
- Recompute capital base using only qualifying capital under the SEC methodology and strip out excluded items.
- Quantify the capital gap for each regulated function and identify the most efficient route to compliance.
- Prepare a board paper addressing recapitalisation, merger, investment, restructuring, or downgrade options.
- Begin collection of CAC, shareholder, banking, valuation, and audit documentation needed to support the preferred route.
- Prepare the board-approved capitalization plan or downgrade/scale-back plan for submission by 30 April 2026.
- Consider whether engagement with the SEC is needed on timing issues, category interpretation, or pending applications.

14. In Summary

- The Guidelines, issued by the SEC under the Investments and Securities Act 2025, are binding on all regulated capital market operators, including existing operators and applicants seeking new registration.

- Existing CMOs must meet the revised minimum capital thresholds by 30 June 2027, and every CMO is required to submit a boardapproved capitalisation plan—or a downgrade/scaleback plan by 30 April 2026.

- The Guidelines apply on a functionbyfunction basis. An operator carrying out multiple regulated activities must satisfy the capital requirement applicable to each activity performed.

- Qualifying capital is limited to fully paidup ordinary share capital, certain irredeemable preference shares, share premium, and retained earnings derived from audited profits, net of unrealised gains.

- The SEC expressly excludes revaluation reserves, unrealised gains, borrowed funds, shareholder loans, client assets, contingent assets, deferred tax assets and any encumbered capital from recognised capital.

- Recognised capital must be reflected in audited financial statements not more than nine months old, unless the SEC grants approval for an exception.

- Permitted recapitalisation routes include fresh capital injection, eligible noncash instruments, mergers and acquisitions, and the option to downgrade or scale back registered functions.

- The revised thresholds represent a significant uplift across brokerage, fund and portfolio management, issuing house operations, trusteeship, market infrastructure, digital assets, commodities, warehousing and custody services

15. Conclusion

The revised minimum capital framework represents one of the most significant prudential reforms for Nigerian capital market operators in recent years. The key development is not only the increase in capital thresholds, but also the SEC's decision to narrow what qualifies as capital, impose an immediate board level planning obligation, and emphasise continuous capital maintenance supported by supervisory verification.

For many operators, the path forward will require a blend of legal analysis, balance sheet assessment, corporate approvals, transactional planning and regulatory engagement. Firms that begin this process early will be far better positioned to determine whether recapitalisation, restructuring, strategic combinations or a streamlined license portfolio offers the most viable route to compliance.

This client alert is prepared for general information purposes and is not a substitute for tailored legal advice on any particular operator, licence category, recapitalisation structure, or filing strategy.

Contact Us:
Lagos Office: No 13, Mustapha Street, Off Olanrewaju Street, Billingsway, Oregun, Ikeja, Lagos.
Abuja Office: No. 16, Nkwere Street, Area 11, Garki, Abuja, FCT.

www.syntegrallp.com *info@syntegrallp.com* *+234 8025754547*

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