

Beyond the *Numbers*

Strategic Navigation of the 2026 SEC Revised Minimum Capital Requirement for Regulated Entities

Banking, Finance and Capital Market Insight

Regulatory Reference

SEC Circular No. 26-1
Issued January 16, 2026

Compliance Deadline

June 30, 2027
18-Month Transition Window

January 2026

An abstract graphic on the right side of the page features a series of vertical bars of varying heights and shades of teal and green. The bars are layered, creating a sense of depth and movement. Some bars have circular highlights or bokeh effects at their bases.

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Introduction

On January 16, 2026, the Securities and Exchange Commission (SEC) issued a circular, titled *Revised Minimum Capital (MC) for Regulated Capital Market Entities* (the Circular), which revised the MC requirement for capital market operators (CMOs) and other regulated entities. This upward review of regulatory capital thresholds does not exist in a regulatory vacuum. It is linked to the Federal Government's aim to grow Nigeria's GDP to USD 1 trillion by 2030¹, with increases ranging from 200% to over 3000%, and a deadline of June 30, 2027, for implementation.

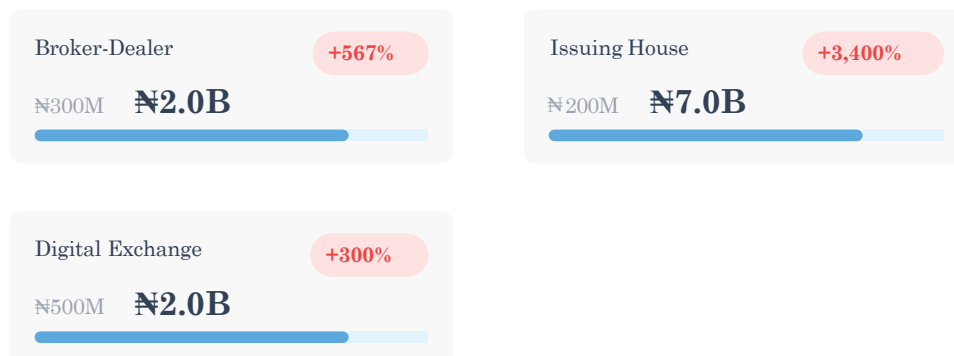
This capital recalibration marks one of the most aggressive of its kind in Nigeria's financial market history. The SEC has also stated that this move is aimed at enhancing market resilience and investor protection by ensuring that CMOs possess sufficient financial capacity to support the sustainable growth of Nigeria's financial ecosystem.²

The SEC has also moved from a flat registration fee to a tier-based approach, in line with its objective of aligning minimum capital requirements (MCR) with the scope, complexity, and risk exposure of regulated activities. Now, MCR values are based on actual activities being performed and, in some cases, like Portfolio Managers, on Net Asset Value (NAV) or Assets under Management/Custody.

This article highlights the changes to the MCR for regulated entities brought about by the Circular and outlines possible strategic compliance pathways that affected entities can consider, alongside steps that can be taken now in anticipation of the SEC's promised Guidelines on compliance and capital verification. The 18-month timeline is already underway, and the market will most definitely favour the proactive. It is pivotal that CMOs begin preparing for compliance now.

MCR Values

now based on actual activities being performed and, in some cases, like Portfolio Managers, on Net Asset Value (NAV) or Assets under Management/Custody.



1 Taiye Olayemi, 'SEC Sets 2026 Recapitalisation Plan' *News Agency of Nigeria* (9 December 2025) <https://www.nannews.ng/2025/12/09/sec-sets-2026-recapitalisation-plan/> accessed 19 January 2026.
 2 Securities and Exchange Commission, 'Revised Minimum Capital (MC) for Regulated Capital Market Entities' (Circular No 26-1, 16 January 2026).

New MCR for Core Regulated Functions

MCR Comparison (Pre-2026 vs 2026)

For core regulated functions, the SEC has significantly increased the MCR and introduced a new tiered architecture, which replaces the flat MCR model for Fund and Portfolio Management. The table below highlights the new MCR for the core regulated functions and the percentage increase.

CATEGORY	OLD MCR (PRE-2026)	NEW MCR (2026)	% INCREASE
Broker-Dealer (Full Scope) ³	₦300 Million	₦2.0 Billion	~567%
Inter-Dealer Broker	₦50 Million	₦2.0 Billion	~3,900%
Dealer (Proprietary Only)	₦100 Million	₦1.0 Billion	900%
Broker (Client Execution)	₦200 Million	₦600 Million	200%
Sub-Broker (Digital)	₦10 Million	₦100 Million	900%
Sub-Broker (Corporate)	₦10 Million	₦50 Million	400%
Sub-Broker (Individual)	₦2 Million	₦10 Million	400%
Tier 1 Fund/PM (AuM > ₦20B) ⁴	₦150 Million	₦5.0 Billion	~3,233%
Tier 2 Fund/PM (Limited Scope) ⁵	₦150 Million	₦2.0 Billion	~1,233%
Private Equity Fund Manager	₦150 Million	₦500 Million	~233%
Venture Capital Fund Manager	₦150 Million	₦200 Million	~33%

Alternative Funds with NAV

> ₦20B are classified as Tier 1

Increase Legend

- ≥ 1000% Increase
- 200% - 999% Increase
- 0% - 199% Increase

Tier 1 & Large-Scale Operators

Fund/Portfolio Managers (PMs) managing Collective Investment Schemes (CIS) or Alternative Funds with NAV > ₦20B are classified as Tier 1. However, any PM with NAV/AuM exceeding ₦100 Billion must maintain 10% of their NAV/AuM as capital, effectively creating a variable regulatory capital requirement.

³ Entities authorised to engage in client execution, proprietary trading, margin/securities lending, and advisory services.

⁴ Tier 1 PM: Managers of Collective Investment Schemes (CIS) and/or Alternative Investment Funds (PE, VC, Infrastructure) with an NAV exceeding 20.0 billion, or Private Portfolio Managers with an AuM above 20.0 billion. They are permitted a higher exposure to foreign instruments, capped at 40% of NAV.

⁵ Tier 2 F/PM: Managers of CIS with a limited pooled fund creation (not more than 10 times the required capital or 20.0 billion NAV) and Private Portfolio Managers with an AuM not exceeding 20.0 billion. Their foreign instrument exposure is capped at 20% of NAV.

New MCR for Non-Core Regulated Functions

MCR Comparison (Pre-2026 vs 2026)

The revision of the MCR for non-core regulated functions follows a similarly aggressive trajectory, with the most notable change being in the Issuing House category. The SEC has done away with the flat MCR of NGN 200 million for Issuing Houses and introduced a tiered structure anchored, largely it seems, on underwriting. The table below highlights the new MCR for the non-core regulated functions and the percentage increase.

CATEGORY	OLD MCR (PRE-2026)	NEW MCR (2026)	% INCREASE
Tier 1 Issuing House (Non-Underwriting) ⁶	₦200 Million	₦2.0 Billion	900%
Tier 2 Issuing House (With Underwriting) ⁷	₦200 Million	₦7.0 Billion	3,400%
Underwriters	₦200 Million	₦5.0 Billion	2,400%
Registrar	₦150 Million	₦2.5 Billion	~1,567%
Trustees	₦300 Million	₦2.0 Billion	~567%
Rating Agency	₦150 Million	₦500 Million	~233%
Investment Adviser (Corporate)	₦5 Million	₦50 Million	900%
Investment Adviser (Individual)	₦2 Million	₦10 Million	400%

Issuing Houses

The SEC has done away with the flat MCR of NGN 200 million for Issuing Houses

Increase Legend

- ≥ 1000% Increase
- 200% - 999% Increase
- 0% - 199% Increase

New Issuing House Tiers

Tier 1 Issuing Houses are entities limited to non-interest finance services and advisory/arrangement services, with no underwriting capacity.

Tier 2 Issuing Houses are entities offering a "one-stop-shop" for issuers, including full underwriting services, advisory, and product development services.

- ⁶ Tier 1 Issuing House: Entities limited to non-interest finance services and advisory/arrangement services, with no underwriting capacity.
- ⁷ Tier 2 Issuing House: Entities offering a "one-stop-shop" for issuers, including full underwriting services, advisory, and product development services.

New MCR for Fintechs and Virtual Asset Service Providers (VASPs)

In the digital asset space, the SEC seems to no longer impose start-up-friendly thresholds, but rather significant billion-naira MCR that seems necessary to uphold the burgeoning digital economy. Below is the recapitalisation table for Fintechs and Virtual Asset Service Providers (VASPs) based on the SEC Circular No. 26-1 (January 2026).

CATEGORY	OLD MCR (PRE-2026)	NEW MCR (2026)	% INCREASE
Digital Asset Exchange (DAX)	₦ 500 Million	₦ 2.0 Billion	300%
Digital Asset Custodian	₦ 500 Million	₦ 2.0 Billion	300%
Digital Asset Offering Platform (DAOP)	₦ 500 Million	₦ 1.0 Billion	100%
Real-World Asset Tokenisation (RATOP)	N/A	₦ 1.0 Billion	New
Digital Assets Intermediary (DAI)	N/A	₦ 500 Million	New
Digital Assets Platform Operator (DAPO)	N/A	₦ 1.0 Billion	New
Ancillary VASPs	N/A	₦ 300 Million	New
Robo-Adviser	₦ 10 Million	₦ 100 Million	900%
Crowdfunding Intermediary	₦ 100 Million	₦ 200 Million	100%

Digital Economy
capital requirements for RATOP, DAI, and DAPO

Increase Legend

- ≥ 1000% Increase
- 200% - 999% Increase
- 0% - 199% Increase
- New Category

New Categories for Digital Economy

The introduction of specific capital requirements for RATOP, DAI, and DAPO indicates the SEC's move to formalize and robustly regulate the digital asset ecosystem. The "N/A" values reflect newly defined regulatory categories in the 2026 Circular.

- Tier 1 Issuing House: Entities limited to non-interest finance services and advisory/arrangement services, with no underwriting capacity.
- Tier 2 Issuing House: Entities offering a "one-stop-shop" for issuers, including full underwriting services, advisory, and product development services.

New MCR for Market Infrastructure, Consultants, Commodity Market Intermediaries, and Other Entities

The upward risk-weighted revisions are quite notable in the Market Infrastructure segment, but consultants, commodity market intermediaries, and other entities, such as custodians, also saw their MCR recalibrated. Of note, the SEC appears to have deferred to the CBN-prescribed MCR for Dealing Banks and Banks registered as custodians. All this is well captured in the table below.

CATEGORY	OLD MCR (PRE-2026)	NEW MCR (2026)	% INCREASE
A. MARKET INFRASTRUCTURE			
Composite Securities Exchange ⁸	₦ 500 Million	₦ 10.0 Billion	1,900%
Non-Composite Securities Exchange ⁹	₦ 500 Million	₦ 5.0 Billion	900%
Central Counterparty (CCP)	₦ 5.0 Billion	₦ 10.0 Billion	100%
Clearing & Settlement Co.	₦ 200 Million	₦ 5.0 Billion	2,400%
Trade Repository	₦ 100 Million	₦ 150 Million	50%
B. COMMODITY MARKET INTERMEDIARIES			
Collateral Mgmt (Tier 1)	₦ 50 Million	₦ 500 Million	900%
Collateral Mgmt (Tier 2)	₦ 50 Million	₦ 200 Million	300%
Warehousing Operator	₦ 50 Million	₦ 500 Million	900%
Commodities Broker/Dealer	₦ 10 Million	₦ 50 Million	400%
Commodities Dealer	₦ 3 Million	₦ 20 Million	~567%
C. CAPITAL MARKET CONSULTANTS			
Consultant (Corporate)	₦ 5 Million	₦ 25 Million	400%
Consultant (Individual)	₦ 0.5 Million	₦ 2 Million	300%
D. OTHER ENTITIES			
Non-Bank Custodian	N/A	50B ₦0.1% AuC	N/A
Custodian of Securities (Bank)	₦ 200 Million	CBN Prescribed	N/A
Dealing Member Banks	₦ 200 Million	CBN Prescribed	N/A
Nominee Company	₦ 1,000	₦ 5 Million	~500K%
Receiving Banker (Banker to an Issue)	₦ 200 Million	N/A	N/A



Regulatory Alignment

The SEC defers to CBN capital requirements for Banks registered as Custodians and Dealing Members to avoid regulatory arbitrage and ensure consistency across the financial system.

⁸ A platform authorised for the listing, quotation, and trading of all types of securities, commodities, and financial instruments
⁹ A specialised exchange restricted to the listing and trading of a specific asset class.

Strategic Pathways to Compliance

While the SEC has indicated in the Circular that guidelines on compliance modalities will be issued in due course, the June 30, 2027, deadline is inching closer by the day. By analysing and distilling lessons from both the 2013/2014 CMOs recapitalisation exercise and the ongoing 2024-2026 banking sector exercise,¹⁰ several strategic pathways to compliance can be utilised for CMOs.

Based on the previous recapitalisation exercises, four primary pathways are available to CMOs to meet the revised MCR:

1. Fresh Capital Injection
2. Capitalisation of Retained Earnings/Reserves
3. Mergers and Acquisitions
4. Reclassification/Downscaling of Functions

1. Fresh Capital Injection

This pathway involves increasing the CMO's minimum capital by introducing “new money” into its operations. This can be done through various mechanisms, including rights issues, public offers, or private placements. It is pivotal that CMOs seeking to take this route take cognisance of the cash/asset mix ratio as prescribed by the SEC.

The procedures for raising fresh capital for corporate CMOs are regulated by the Companies and Allied Matters Act (CAMA), 2020, and the ISA, 2025. It involves preparing various required documents, such as a prospectus for a public offer or a Placement Memorandum for a Private Placement. The SEC and the Corporate Affairs Commission (CAC) will be the main regulators with whom CMOs taking this route will interact. This method is the most common method adopted so far in the ongoing 2024-2026 bank recapitalisation exercise.

2. Capitalisation of Retained Earnings/Reserves

This pathway involves converting a company's accumulated profits (retained earnings) or reserves into share capital. The company may issue new shares to existing shareholders at no cost, thereby effectively increasing its “Paid-up Capital” on the balance sheet without requiring a cash injection from investors. During the 2013 CMO recapitalisation exercise, this pathway was permitted, provided the reserves were audited, and the process followed specific rules.¹¹

Digital Economy

capital requirements for RATOP, DAI, and DAPO

CAMA 2020

The procedures for raising fresh capital for corporate CMOs are regulated by the Companies and Allied Matters Act (CAMA), 2020, and the ISA, 2025.

¹⁰ Central Bank of Nigeria, 'Review of Minimum Capital Requirements for Commercial, Merchant and Non-Interest Banks in Nigeria' (Circular FPR/DIR/PUB/CIR002/009, 28 March 2024).

¹¹ Securities and Exchange Commission, 'Guidelines on New Minimum Capital Base for Capital Market Operators' (SEC Nigeria, 2014).

However, lessons from the ongoing 2024-2026 banking recapitalisation seem to suggest a shift in the regulatory climate, as the CBN has explicitly prohibited banks from using retained earnings to meet the new MCR, insisting on the injection of fresh equity. Whether the SEC will follow the CBN's footsteps remains a point of regulatory anticipation. The SEC could outrightly ban it, could restrictively allow it, or fully allow it.

If allowed, the procedure is regulated by CAMA 2020¹² and the ISA 2025. Section 430 of CAMA 2020 provides a company with a general power to capitalise any part of its distributable profits, including the issue of fully paid bonus shares to its members. The primary benefit is that it rewards long-term shareholders and is much faster than the other pathways, as it involves moving figures on the balance sheet. However, as a recapitalisation tool, its effectiveness is somewhat limited, as it does not bring in “new money” but merely reclassifies existing money within the equity section of the balance sheet.

3. Mergers and Acquisitions (M&A)

This pathway involves the strategic consolidation of two or more CMOs into a single operator with a combined capital base that meets the revised MCR. Under the ISA 2025, any corporate restructuring activities, including M&A, involving public companies¹³ or CMOs require the prior approval of the SEC, as the SEC is the apex regulator of the capital markets. This pathway is particularly compelling for smaller CMOs that may struggle to inject fresh equity or lack sufficient funds in their reserves but possess tangible assets, such as proprietary technology or a diversified client base, which, when scaled, become more valuable. In the 2013 exercise, several CMOs opted for this route.¹⁴

The M&A procedure is regulated by a combination of provisions of CAMA 2020, ISA 2025, and the Federal Competition and Consumer Protection Act (FCCPA) 2018. While the primary benefits of a merger lie in achieving economies of scale and creating collaborations, it is inherently more complex and time-consuming than a bonus issue or a private placement. The requisite due diligence must be exhaustive, encompassing not only legal and operational audits but also a critical assessment of the prevailing fiscal regime. This includes accounting for the Minimum Effective Tax Rate, which can influence the valuation of entities that previously enjoyed tax exemptions.

Under the ISA 2025, any corporate restructuring activities, including M&A, involving public companies or CMOs require the prior approval of the SEC

¹² Companies and Allied Matters Act 2020, s 430.

¹³ Investment and Securities Act 2025, s 140.

¹⁴ Proshare *The Re-capitalization Process & The Status of CMOs Post-Deadline – TNI Q4/E2* (Proshare, 8 October 2015) <<https://www.proshare.co/articles/the-re-capitalization-process-the-status-of-cmos-post-deadline-tni-q4e2?menu=WEB-TV&classification=Watch&category=Banking>> accessed 19 January 2026.

4. Reclassification/Downscaling of Functions

Reclassification, also known as “downscaling,” is a practical option for CMOs that are unable or unwilling to meet the revised MCR for their current registered activities. Rather than exiting the market, a CMO may choose to “downscale” its permitted activities and voluntarily withdraw from any capital-intensive activities while retaining those it can adequately capitalise.

A Broker-Dealer, for instance, that now requires an MC of NGN 2 billion may opt to be reclassified as just a Broker (which requires an MC of NGN 600 million), or a dealer (which requires an MC of NGN 1 billion), depending on which category it feels is financially sustainable. Now, such a CMO will be repositioning its regulatory profile in line with its real financial capacity. What this is, in effect, is really a formal variation of registration, something that was also applied by a significant number of CMOs in the 2013 CMO recapitalisation exercise.

Downscaling

Rather than exiting the market, a CMO may choose to “downscale” its permitted activities and voluntarily withdraw from any capital-intensive activities while retaining those it can adequately capitalise.

Conclusion

The SEC's circular dated January 16, 2026, is more than a fundraising operation; it signals a paradigm shift in the Nigerian capital market as a whole. By seeking deeper pockets and robust structures, the SEC is paving the way for the realisation of Nigeria's dream of a 1 trillion-dollar economy. The challenge for operators is not whether to change but the pace of implementing their compliance strategy.

While we await further guidelines for the exercise and with the 18-month window to comply by June 30, 2027 looming, prudent CMOs may want to consider taking the following steps now:

- Conduct a comprehensive internal financial and legal audit to determine eligible capital, noting the possibility of the SEC excluding retained earnings.
- Commence analysis on the available implementation options based on financial, strategic and legal analysis on the affected companies.
- Commence planning on convening meetings to secure shareholders' approval for capital increase or restructuring to prevent legal delays.

- Prepare the company for mergers and acquisitions due diligence exercises, where such an approach to recapitalisation is being considered. This includes updating regulatory filings such as AML-CFT, records with the CAC, as well as records of corporate assets such as real property, intellectual property, employment records, and pending/ prospective litigation.

The market always favours the proactive. Those who start taking steps now will be at the forefront for seamless compliance, while the others may be forced into unfavourable exits.



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