



SEC Revised Minimum Capital Requirements: What the New Rules Mean for Operators, the Market and Investor Confidence

Introduction

The Securities and Exchange Commission (SEC) has issued Circular No. 26-1 under the Investments and Securities Act, 2025, revising the Minimum Capital Requirements for operators in Nigeria's capital market. The objective is clear: capital should reflect risk, investor protection should improve, and the market should be better positioned to withstand shocks.

This is the most significant reset of minimum capital thresholds since 2015. It applies across traditional operators, market infrastructure providers, fintechs, virtual/digital asset service providers, commodity market intermediaries, and consultants.

What the Revised Framework Covers

The SEC has adopted a classification-based capital model, linking minimum capital to the nature of an operator's activities, the risks assumed, and the

operator's relevance to market stability.

Key ranges under the revised framework include:

a. Brokerage and Trading Firms

- Covers brokers, dealers, broker-dealers, inter-dealer brokers, and sub-brokers executing trades for clients or on their own account.
- Minimum capital ranges from ₦10 million (individual sub-brokers) to ₦2 billion (broker-dealers and inter-dealer brokers), depending on scope and execution rights.

b. Fund, Portfolio, and Asset Managers

- Applies to firms managing pooled funds, discretionary portfolios, or investment mandates.
- Capital requirements range from ₦200

million (venture capital managers) to ₦5 billion (full-scope fund and portfolio managers). Where funds managed exceed ₦100bn, the SEC may require minimum capital equal to 10% of the value managed.

c. Non-Core Operators and Advisory Roles

- Includes issuing houses, trustees, registrars, underwriters, rating agencies, and investment advisers.
- Capital thresholds range from ₦10 million to ₦7 billion, depending on underwriting exposure and system sensitivity.

d. Market Infrastructure Institutions

- Covers exchanges, clearing and settlement companies, central counterparties, and trade repositories.
- Given their systemic role, minimum capital ranges from ₦150 million to ₦10 billion.

e. FinTech Operators

- Applies to technology-driven capital market services such as robo-advisory platforms and crowdfunding intermediaries.
- Minimum capital is set between ₦100 million and ₦200 million.

f. Virtual Asset Service Providers (VASPs)

- Covers digital asset exchanges, operators, custodians, and related platforms.
- Capital requirements range from ₦300 million to ₦2 billion, depending on the nature of digital asset activities.

g. Other Regulated Entities

- Includes custodians, nominee companies, and other SEC-regulated entities not falling within standard categories.
- Capital requirements range from ₦5 million to ₦50 billion, with non-bank custodians also required to maintain variable capital linked to assets under custody, while certain banking entities remain subject to CBN-prescribed thresholds.

Implications for Stakeholders For Capital Market Operators

- Higher thresholds may affect capital structure,



funding plans, and licence scope. Some firms—especially smaller operators—may need recapitalisation, restructuring, mergers, or operational streamlining.

- Compliance is required on or before 30 June 2027, so planning timelines matter.

For the Capital Market

- Higher capital buffers should reduce operator failure risk and strengthen overall stability.
- The framework may drive consolidation in certain segments, favouring stronger balance sheets and tighter governance.

For Investors and Market Confidence

- Stronger capital requirements improve confidence in the financial capacity of licensed operators. The approach signals a market that is being regulated more closely around risk and integrity.

Looking Ahead with SimmonsCooper Partners

These changes will shape licensing strategy, funding decisions, and market positioning for many operators. Firms that review their capital position early will have more options—and more control—before the deadline.

For support on recapitalisation strategy, restructuring options, licence-scope optimisation, or SEC engagement, contact us at info@scp-law.com or visit www.scp-law.com