

THE 2026 REGULATORY LANDSCAPE: WHAT THE SEC'S LATEST DIRECTIVE MEANS FOR MARKET PARTICIPATION.

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Abstract

Following the enactment of the Investments and Securities Act, 2025 (ISA 2025), Nigeria's capital market has witnessed a series of regulatory actions aimed at operationalising the new statutory framework. Between the fourth quarter of 2025 and the first quarter of 2026, the Securities and Exchange Commission ("the Commission" or "SEC") issued multiple directives, notices, guidance instruments and collaborative initiatives designed to align market operations with the expanded regulatory scope and policy objectives of the ISA 2025. This article examines the Commission's activities from that time period, analysing how these measures reshape the capital market landscape. In particular, it analyses how recent directives affect different stakeholder groups within the market, and more fundamentally, how they redefine market participation.

1.0 Introduction

The regulatory measures introduced by the Commission between Q4 2025 and Q1 2026 mark a decisive shift in Nigeria's capital market ecosystem, as they sought to modernise Nigeria's capital market and align regulatory practice with the objectives and innovations introduced under the ISA 2025. These actions had immediate consequences for market operators, issuers, intermediaries, and other stakeholders as they have altered the baseline regulatory conditions under which capital market activity is conducted and supervised.

Central to understanding the significance of these developments by the Commission is the concept of market participation. In capital markets, market participation refers to the range of actors permitted to operate within the market, the functions they are authorised to perform, and the regulatory conditions governing their access, conduct, and interaction within the financial system.

In this context, the Commission's recent regulatory actions have introduced material changes to capital thresholds, licensing requirements, market infrastructure coordination, and compliance and settlement arrangements. These changes carry direct and consequential effects for participation dynamics as they will collectively redefine who may participate in the market, the capacity in which they may do so, and the conditions under which participation is permitted.

In light of these developments, this article analyses six (6) key regulatory measures implemented by the Commission between the time period in discussion, each of which carry distinct implications for market access and participation.

REGULATORY MEASURES UNDER REVIEW

The analysis focuses on the following six (6) regulatory measures issued and/or implemented by the Commission:

1. Revised Minimum Capital (MC) for Regulated Capital Market Entities
2. Notice on Renewal of Registration for Capital Market Operators and Move to Digitise Registration Processes
3. Launch of the Regulatory Hub to Strengthen Synergy and Transparency Across Nigeria's Financial Markets
4. January 2026 Deadline for Full Compliance with the Investments and Securities Act, 2025
5. Memorandum of Understanding between the SEC and SMEDAN to Boost SME Access to the Capital Market
6. Interpretative Guidance Note on Private Equity Fund Rules

Each of these reforms is examined in turn, with particular attention to how they alter participation rights, obligations and competitive dynamics among issuers, investors, intermediaries and market infrastructure providers.

1. SEC Revised the Minimum Capital (MC) Requirement for Regulated Capital Market Entities^[1]

On January 16, 2026, the Securities and Exchange Commission issued a Circular which Revised Minimum Capital (MC) for Regulated Capital Market Entities. This Circular, which substantially overhauls the capital requirement framework represent one of the most far-reaching regulatory changes introduced since the enactment of the Investment and Securities Act (ISA) 2025.^[2]

^[1] Securities and Exchange Commission, Revised Minimum Capital (MC) for Regulated Capital Market Entities (Circular No 26-1, 16 January 2026). [<https://sec.gov.ng/for-investors/keep-track-of-circulars/revised-minimum-capital-mc-for-regulated-capital-market-entities/>]

^[2] Investments and Securities Act 2025, Laws of the Federation of Nigeria 2025. [https://home.sec.gov.ng/documents/1319/Investments_and_Securities_Act_2025_x9rSxtI.pdf]

This regulatory update affects a wide range of players in the market, such as

- Core and non-core capital market operators;
- Market infrastructure institutions;
- Capital market consultants;
- Financial technology (FinTech) operators;
- Virtual Asset Service Providers (VASPs); and
- Commodity market intermediaries.

In particular, the Circular sets different capital requirements depending on the type of activity an operator carries out and the level of risk associated with that activity. And in very practical terms, it raises the financial bar for operating in the capital market in these ways:

A) CORE REGULATED FUNCTIONS:

- **(Stock) Brokers** — for client execution only — are now required to have at least ₦600 million in capital, compared to the previous ₦200 million;
- **Dealers** (on proprietary trading only) must meet a ₦1 billion minimum, which is significantly larger than the previous ₦100 million
- **Broker-dealers** are now required to maintain ₦2 billion in capital, up from ₦300 million;
- **Sub-brokers** have also seen a marked upward review of capital requirements, with minimum capital now set between ₦10 million and ₦100 million depending on business structure, compared to the former range of ₦2 million to ₦10 million.
- **Inter-Dealer Brokers** moved from ₦50 million to ₦2 billion.
- **Fund and portfolio managers** have moved to a tiered capital structure as Full-scope (Tier 1) managers must now hold ₦5 billion (up from ₦150 million), while (Tier 2) managers with limited scope will be required to hold capital of ₦2 billion (up from ₦150 million)

- Also (Tier 3) Alternative Investment Fund Managers such as private equity and venture capital firms now face higher floors as private equity fund managers must maintain at least ₦500 million, and venture capital fund managers must maintain ₦200 million, which previously only stood at ₦150 million and ₦20 million respectively.

B) NON-CORE REGULATED FUNCTIONS:

- **Issuing houses** offering underwriting services must now hold ₦7 billion, and those without must maintain ₦2 billion in capital (both previously only at ₦200 million)
- **Rating agencies** are now required to maintain a minimum capital base of ₦500 million, compared to the former ₦150 million,
- **Registrars** are now required to maintain ₦2.5 billion in capital, a substantial jump from the former minimum of ₦150 million.
- **Trustees** have also seen a significant upward review, with the minimum capital requirement raised to ₦2 billion, up from ₦300 million
- **Underwriters** face a new minimum capital set at ₦5 billion, a marked rise from the previous ₦200 million threshold,
- **Investment Advisers** are required to maintain in capital ₦10 million (for individuals) and ₦50 million (for corporate), up from ₦2 million and ₦5 million respectively.

C) MARKET INFRASTRUCTURE:

- Central Counter Parties (CCPs) face much higher thresholds rising from ₦5 billion to ₦10 billion.
- Clearing and Settlement Company (CSC) will move from ₦200 million to ₦5 billion

- Composite Securities Exchanges are now required to maintain minimum capital of ₦10 billion, up from ₦1 billion, while Non-composite Securities Exchanges must hold ₦5 billion, up from ₦500 million
- Trade repositories are also brought within the revised framework, with minimum capital requirements increased from ₦100 million to ₦150 million.

D) CONSULTANTS

- Capital Market Consultants are now subject to between ₦2 million - ₦25 million minimum capital (depending on business deal structure), higher than what previously applied at ₦0.5million - ₦5 million

E) FINTECHS:

- Fintech-related operators also face markedly higher thresholds. Robo-advisers (digital platforms that use automated algorithms to advise or manage investment portfolios) now face a minimum capital requirement of ₦100 million, up from ₦10 million under the legacy regime
- Similarly, Crowd Funding Intermediaries have seen their minimum capital requirement double to ₦200 million from ₦100 million

F) VIRTUAL ASSET SERVICE PROVIDERS (VASPS)

- In addition to traditional intermediaries, the revised capital framework brings a number of new and previously peripheral categories more fully into its regulatory fold. Virtual asset service providers such as Ancillary Virtual Asset Service Providers (AVASPs) are required to hold ₦300 million, a threshold that was not previously specified;

- Digital Assets Intermediaries (DAIs) and Digital Assets Platform Operators (DAPOs), including token issuers, are now required to maintain ₺500 million each, where no dedicated capital requirement formerly applied;
- Real-World Assets Tokenization and Offering Platforms (RATOPs) must also hold ₺1 billion; which did not exist before now
- Other digital asset-related activities are similarly bracketed into specific capital bands, as Digital Assets Offering Platform (DAOP) must maintain ₺1 billion; having moved from ₺500 million previously; and
- Digital Assets Exchanges (DAXs) and Digital Assets Custodians must each maintain ₺2 billion, moving from ₺500 million each under the prior regime.

G) COMMODITY MARKET INTERMEDIARIES

- Commodity Market Intermediaries are now under a more granular capital regime as Collateral Management Companies operating at the local or regional level must now hold ₺200 million (up from ₺50 million), while national or international-reach counterparts must maintain ₺500 million.
- Commodity brokers and dealers have similarly higher requirements with commodity brokers now facing ₺30 million (up from ₺7 million), and commodity dealers having to hold ₺20 million (up from ₺3 million). Also, those operating as Commodities Broker/Dealer moved from ₺10 million to ₺50 million.
- Actors such as warehouse operators are required to maintain ₺500 million in capital, a substantial upward revision from ₺50 million.

H) OTHER ENTITIES:

- Other entities, particularly those within the banking sector that operate in the capital market as dealing member banks, custodians, receiving banks or settlement banks, are also affected by the revised framework, with applicable capital requirements now aligned with the thresholds prescribed by their primary regulators, notably the Central Bank of Nigeria.

The Circular takes effect immediately but the Commission has given affected entities time to adjust and operators are required to meet the revised capital requirements by 30 June 2027. During this period, firms are expected to review their funding arrangements and take steps to ensure they are able to continue operating within the new requirements.

The revised Minimum Capital (MC) framework represents a fundamental recalibration of Nigeria's capital market, and its most significant impact is the increased likelihood of market consolidation.^[3] At the most basic level, the revised thresholds raise the financial entry point for participation across nearly all segments of the market. For many operator categories, the increases are not incremental but exponential, moving from millions to billions of naira. This has the immediate effect of narrowing the pool of entities that can realistically obtain or retain regulatory authorisation. With established operators, compliance with the revised thresholds will necessitate fresh equity injections, shareholder restructuring, or the attraction of new strategic investors. Smaller operators, on the other hand, who are unable to meet the new thresholds may be compelled to exit the market, merge with better-capitalised entities, or narrow the scope of their activities.^[4] Over time, this is likely to result in fewer but larger and more financially resilient participants across several market segments.

^[3] Ifeanyi Onuba, 'How SEC's Revised Capital Thresholds Will Reshape Nigeria's Markets' *The Whistler* (21 January 2026) [<https://thewhistler.ng/how-secs-revised-capital-thresholds-will-reshape-nigerias-markets/amp/>]

^[4] SEC Mandates Up to 3,400% Capital Increase for Nigerian Capital Market Operators (Proshare 16 January 2026) (confirming a 30 June 2027 compliance deadline and enforcement risk). [<https://www.proshare.co/articles/sec-mandates-up-to-3400-capital-increase-for-nigerian-capital-market-operators>]

In addition, the Circular indirectly reshapes market participation for a wider group of stakeholders, with the impact being particularly pronounced in newer and emerging segments of the market. FinTech operators, virtual asset service providers, and commodity market intermediaries — many of which previously operated under relatively low or undefined capital thresholds — are now brought squarely within the Commission's core regulatory purview. By imposing explicit capital requirements on operators in these digital and alternative segments, the Circular requires them to more clearly define the nature and scope of their activities as a condition for full participation in the capital market. This shift enhances regulatory clarity for both operators and supervisors, reduces ambiguity around participation in digital and alternative asset markets, and has the potential to strengthen investor confidence in segments that have historically been perceived as high-risk or characterised by low levels of trust.^[5]

Importantly, the revised framework may also drive changes in commercial behaviour. Higher capital commitments and licensing costs may lead firms to review their pricing models, potentially resulting in increased fees, charges, or transaction costs for clients. In parallel, some operators may seek to expand deal volume, diversify product offerings, or enter new lines of business in order to justify increased capital deployment and improve returns. There is also the likelihood that this change may influence risk appetite in more nuanced ways. While some firms may pursue higher-yield or more complex transactions to improve profitability, others may adopt more conservative strategies, reallocating capital away from higher-risk activities in favour of more stable or predictable revenue streams. These choices will ultimately depend on firm-specific factors, including governance quality, management expertise, and leadership risk tolerance.

^[5] Elisha Bala-Gbogbo, 'Nigeria raises capital requirements in sweeping securities industry reform' Reuters (16 January 2026). [<https://www.reuters.com/sustainability/boards-policy-regulation/nigeria-raises-capital-requirements-sweeping-securities-industry-reform-2026-01-16/>]

In conclusion, these dynamics suggest that the revised Minimum Capital regime will not merely reduce the number of market participants but will reshape the character of participation itself. The market is likely to see fewer operators, but those that remain may be larger, better capitalised, and more institutionally structured. Participation will increasingly favour firms with access to capital, strong governance frameworks, and the capacity to adapt strategically to higher regulatory and financial demands.

2. SEC Issued Notice on Renewal of Registration for Capital Market Operators and Moves to Digitise Registration Processes^[6]

On 12 December 2025, the Commission issued an important directive requiring all Capital Market Operators (“CMOs”) to renew their annual registration license for the 2026 operational year. Under the Commission’s notice, the annual renewal window opens on 1 January 2026 and closes on 31 January 2026, within which all CMOs are expected to renew their registration license through the SEC’s online portal during this period.

To renew their registration, CMOs are required to upload the 2026 annual subscription receipt issued by their respective trade associations and submit all other documentation as specified on the SEC ePortal. Operators that fail to complete the renewal process by the January 31 deadline will risk regulatory penalties, including fines and potential exclusion from capital market activities until the compliance is achieved.

The annual registration renewal for CMOs is not a new requirement as it is used to ensure that the Commission maintains an up-to-date register of active market operators to help them effectively supervise the market, and ultimately strengthen market confidence by confirming that only duly authorised entities remain on the official list of market participants.

^[6] Securities and Exchange Commission, Notice to all Capital Market Operators (CMOs) on 2026 Renewal of Registration (12 Dec 2025). [^[5] [Elisha Bala-Gbogbo, ‘Nigeria raises capital requirements in sweeping securities industry reform’ Reuters \(16 January 2026\).](https://www.reuters.com/sustainability/boards-policy-regulation/nigeria-raises-capital-requirements-sweeping-securities-industry-reform-2026-01-16/) [<https://www.reuters.com/sustainability/boards-policy-regulation/nigeria-raises-capital-requirements-sweeping-securities-industry-reform-2026-01-16/>]]

But beyond this statutory obligation, the directive is notable for a more structural reason, in that electronic processing of licence registration and renewal will begin in the first quarter of 2026. This position was publicly shared by the Director-General of the Commission, Emomotimi Agama, in a statement confirming that the Commission is transitioning from predominantly manual processes towards a more automated and centralised system for regulatory filings and supervision.^[7]

The move to electronic processing which the DG described as a worthy investment by the commission in automation, database supervision, and secure infrastructure to improve how they interact with the market, has several implications. First, it enables the Commission to maintain a more accurate and real-time register of licensed operators. Second, it reduces reliance on physical submissions and manual verification, which have historically contributed to delays and inconsistencies. Third, it strengthens the Commission's ability to monitor compliance, identify inactive or non-compliant operators, and take timely supervisory action where necessary.

While the renewal directive may appear administrative on its face, its implications for market participation are more significant because participation in the capital market is not determined solely by the grant of an initial licence; it is shaped a great deal by the regulatory conditions attached to continued operation, which ultimately determine who meets the standard to remain active in the market. Operators that fail to meet renewal requirements, even temporarily, face exclusion from market activity. In addition, the shift towards digitised registration and licensing processes will make it easier for the Commission to monitor operator compliance and restrict market access where renewal or registration requirements are not met.

3. 1. SEC Launched the Regulatory Hub to Strengthen Synergy and Transparency across Nigeria's Financial Markets^[8]

^[7] Aderonke Oni, SEC issues deadline for capital market operators to renew registration (TheCable, 21 Dec 2025). [<https://www.thecable.ng/sec-issues-deadline-for-capital-market-operators-to-renew-registration/>]

^[8] Securities and Exchange Commission, Nigeria, SEC Nigeria Launches Regulatory Hub for Stronger Oversight and Inter-Agency Correspondence (5 December 2025) [<https://home.sec.gov.ng/for-investors/keep-track-of-circulars/sec-nigeria-launches-regulatory-hub-for-stronger-oversight-and-inter-agency-correspondence/>]

As part of its broader agenda to modernise Nigeria's capital market, the Commission on 6th December 2025 announced the launch of a Regulatory Hub aimed at improving coordination, information sharing and supervisory efficiency across Nigeria's financial markets. The initiative is intended to bring together key financial sector regulators such as the Office of the National Security Adviser, the Central Bank of Nigeria, the Economic and Financial Crimes Commission, the Nigeria Revenue Service, the Corporate Affairs Commission, and other relevant institutions on a single shared platform to facilitate structured engagement and exchange of data between them.^[9]

With the introduction of the hub, the capital market is expected to benefit from improved regulatory monitoring and a more seamless supervision across agencies as the Hub is designed to address the gaps created by a fragmented system, which have historically allowed some activities to fall outside the purview of the regulators. Simply put, the Hub will function as a coordination and information-sharing framework to support faster and more coordinated responses to market issues, financial misconduct, and emerging systemic risks.

The establishment of the Regulatory Hub has meaningful implications for market participation and it is particularly relevant for activities that span multiple regulatory jurisdictions. Precisely, it reflects the practical reality that capital market activity does not exist or operate in isolation; rather, it functions within a broader financial ecosystem in which transactions, products, and operators frequently intersect with other segments of the financial system, including the banking system, payments infrastructure, commodities markets, digital assets, and tax and corporate regulation. For existing operators, the immediate effect is a shift in how regulatory oversight is exercised, as information disclosed to one regulator is more likely to be visible across the wider regulatory ecosystem, thereby reducing opportunities for inconsistent reporting. Over time, this is expected to make it easier for the Commission and other relevant regulatory agencies to respond more quickly and in a more coordinated manner to systemic concerns or market issues.

This development thus reinforces the need for coherent compliance across all aspects of an operator's business, particularly where activities cut across multiple regulatory regimes. To be a part of this development, interested stakeholders may contact the SEC at eportal@sec.gov.ng and, upon registration, will have access to the Hub via <https://hub.sec.gov.ng>

4. SEC Sets January 2026 Deadline for Full Compliance with the Investments and Securities Act 2025^[9]

On 27 November 2025, the Commission formally set a deadline for CMOs to fully comply with ISA 2025 by mandating them to declare their compliance status and ensure that every tradable instrument in their portfolio is duly registered with the SEC. According to the Director-General of the SEC, from January 2026, all operators must publicly bear the SEC's registration mark, while issuers must ensure that their instruments are approved by the SEC, and any operator or issuer unable to confirm its SEC registration or approval, as the case may be, will be deemed to be operating illegally.

This directive effectively marked the end of the transition period from the former regulatory regime to the new statutory framework introduced under the ISA 2025, because even though the Act came into force earlier, the Commission adopted a phased approach to implementation, allowing time for operators to review the new law, adjust internal processes, and seek clarification where necessary. The January 2026 deadline therefore served as a clear regulatory signal that the period for adjustment had ended and that enforcement would proceed on the basis of the new legal framework going forward.

By this directive, market operators are expected to have aligned their structures, operations, and compliance practices with the requirements of the new Act. And what this means for operators is that they are expected to review licensing status, business models, governance arrangements, disclosure practices, and internal

^[9] Helen Oji, 'SEC sets January 2026 as deadline for ISA compliance' (Guardian Nigeria, 27 Nov 2025). <https://guardian.ng/business-services/sec-sets-january-2026-as-deadline-for-isa-compliance/>

controls to ensure consistency with the ISA 2025 and related SEC rules and guidelines. For certain categories of operators, this meant updating registration details, aligning capital structures with revised requirements, and ensuring that activities newly brought within the Commission's regulatory scope (such as aspects of digital assets, private markets, or alternative investment structures) were properly regularised. For others, it involved ensuring that legacy approvals, exemptions, or operating assumptions are reassessed in light of the expanded powers and clearer mandates introduced under the new Act.

The implication of this development is that operators that were slow to adapt, or whose business models sit at the margins of the new regulatory framework, now face clearer regulatory risk. Conversely, entities that have aligned early and invested in compliance capacity are better positioned to operate with certainty.

5 .SEC and SMEDAN Sign MOU to Boost SME Access to the Capital Market^[1]

As part of its broader efforts to widen access to the capital market, the Securities and Exchange Commission entered into a Memorandum of Understanding (MoU) with the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) to help improve awareness, readiness and access for small and medium-sized enterprises (SMEs) seeking to raise funds through the capital market. The MoU seeks to deepen the participation of MSMEs in the formal financial system and support qualifying enterprises to raise funds through the capital markets in line with the SEC's regulations.

This agreement, executed in October 2025, forms part of a broader policy effort to address the long-standing difficulty SMEs face in accessing long-term funding through formal financial markets, despite their central role in Nigeria's economy. Under the MoU, both institutions committed to working together to support SMEs seeking to raise capital through the capital market, whether through the

^[10] *Helen Oji, SEC, SMEDAN sign MoU to boost SME access to capital market (The Guardian Nigeria, 17 October 2025).*
[\[https://guardian.ng/business-services/sec-smedan-sign-mou-to-boost-sme-access-to-capital-market/\]](https://guardian.ng/business-services/sec-smedan-sign-mou-to-boost-sme-access-to-capital-market/)

issuance of equity or debt securities. According to the agencies, the collaboration seeks to create alternative funding channels for approximately 40 million MSMEs, enabling them to scale operations and ultimately contribute to the Federal Government of Nigeria's US\$1 trillion economy target.

A core feature of the collaboration is capacity building as the MoU provides for joint training and sensitisation programmes to help improve SMEs' understanding of capital market financing, corporate governance, disclosure obligations, and investor relations. These programmes are designed to address practical obstacles that frequently prevent SMEs from accessing the market, such as poor financial records, weak governance structures, and limited familiarity with regulatory processes.

The MoU also contemplates closer policy alignment between both institutions. In particular, the SEC is expected to contribute to SMEDAN's medium-term policy frameworks relating to SME financing, while SMEDAN is expected to assist the SEC in identifying SMEs that may be suitable candidates for capital market funding. This includes encouraging eligible enterprises to consider listing on recognised exchanges or accessing alternative market platforms, as well as guiding creditworthy SMEs towards issuing debt instruments as an alternative to bank financing. To support implementation, the agreement provides for the establishment of a joint working framework through which both agencies can coordinate activities, share information, and monitor progress.

The SEC–SMEDAN MoU has important implications for market participation, particularly at the entry stage of the capital market in that it expands the pool of entities, in this case SMEs that may realistically consider getting funding from the capital market, many of whom have historically relied on informal funding or short-term bank credit.

^[11] Helen Oji, SEC, SMEDAN sign MoU to boost SME access to capital market (*The Guardian Nigeria*, 17 October 2025). [\[https://guardian.ng/business-services/sec-smedan-sign-mou-to-boost-sme-access-to-capital-market/\]](https://guardian.ng/business-services/sec-smedan-sign-mou-to-boost-sme-access-to-capital-market/)

At the same time, the collaboration reinforces an important boundary that SMEs are not being granted automatic access to the market, nor are regulatory requirements being relaxed for them. Instead, participation remains conditional on meeting SEC standards relating to disclosure, governance, and investor protection. What the MoU essentially improves on is the pathway to participation, so rather than encountering regulatory requirements only at the point of attempted entry, SMEs are being guided earlier to build structures to meet the compliance requirements and standards of the market.

The MoU illustrates a complementary regulatory approach and while conditions across the market are becoming more clearly defined and, in some cases, more demanding, targeted initiatives such as this aim to ensure that new categories of participants are better equipped to meet those conditions.

6. SEC Issued Interpretative Guidance Note on Private Equity Fund Rules^[2]

On 2nd October 2025, the Commission issued an Interpretative Guidance Note on the Private Equity Fund Rules to clarify the application of amended provisions under Rules 558, 560(b), and 560(c) of the SEC Rules, following the enactment of the Investments and Securities Act, 2025. The Guidance Note was issued in response to stakeholder enquiries, particularly from industry participants, and is intended to promote consistency and certainty in the regulation of private equity fund structures operating in Nigeria.

Under SEC Rules 558, all private equity funds are generally required to obtain authorisation and registration with the SEC before raising capital, except private funds with a target fund size of ₦5 billion or less who are exempt from registration, subject to obtaining a prior “no objection” from the Commission before raising capital.

^[2] Securities and Exchange Commission, Nigeria, Interpretative Guidance Note on Private Equity Fund Rules (Oct. 2025) [<https://sec.gov.ng/for-investors/keep-track-of-circulars/interpretative-guidance-note-on-private-equity-fund-rules/>]

The Guidance Note clarifies the process for obtaining a “no objection” by directing fund managers and sponsors to the SEC’s Ease of Doing Business Document 2025, which sets out the applicable checklist, board approvals, and documentation requirements.

The Guidance Note also clarifies proprietary investment and fee requirements applicable to private equity fund managers, particularly where pension funds or other institutional investors are involved as under Rules 560(b). Where pension fund assets are targeted, fund managers are required to maintain a minimum proprietary investment of 3 per cent of the fund size, and is reduced to 1 per cent where a sovereign wealth fund or multilateral development finance institution participates.

In addition, the Guidance Note explains the application of Rule 560(c) to management fees and fund expenses. While the rule stipulates that total management fees and expenses should not exceed 2 % of the total sum raised in Nigeria, the guidance clarifies that this cap applies to the fund manager’s fees and operational expenses, rather than to the fund’s underlying expenses or investment costs.

The issuance of the Interpretative Guidance Note has direct implications for market participation in Nigeria’s private equity space, particularly because it reduces the uncertainty about how private funds are regulated. Smaller private funds are afforded a defined pathway to participate in the market without full registration, while participation in the institutional segment is increasingly conditioned on the financial capacity and the operational maturity of the operators. This clarification preserves access to the market for smaller or emerging fund managers, while ensuring that the Commission retains visibility over private capital raising activities.

Conclusion

The recent directives by the Commission represents a clear turning point in how Nigeria's capital market is regulated in practice. Through a combination of capital adjustments, compliance deadlines, supervisory coordination, and targeted guidance, SEC moved beyond the abstract promises of the ISA 2025 and began to apply its expanded powers in concrete and visible ways. The effect of these actions has been to reset the operating assumptions across the market. On one hand, participation is being tightened through clearer and more demanding standards; on the other, access is being broadened through structured support mechanisms. Market access is becoming more conditional, more transparent and more closely tied to institutional capacity. For operators, investors, and issuers alike, the message is clear: participation in Nigeria's capital market is increasingly a function of preparedness and sustained compliance.