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# NIGERIA CAPITAL MARKETS:

HIGHLIGHTS OF THE KEY  
ACTIVITIES IN 2025 AND  
OUTLOOK FOR 2026





## INTRODUCTION

2025 was a year of recovery for Nigeria's economy following the ambitious reforms of the Nigerian government, and the capital market played a key role in driving that progress. We saw steady progress as the exchange rate stabilised, inflation moderated significantly, and economic dependence shifted towards the non-oil sector. These improvements, combined with major legislative and regulatory changes, supported renewed investor confidence in the Nigerian economy and steady market growth.

The key reforms that impacted Nigeria's capital markets in 2025 include the passage of the Investments and Securities Act 2025 (the "**ISA 2025**"), a new framework for commercial paper issuances, the transition to a T+2 settlement cycle and recapitalisation mandates imposed on banks, insurers, and pension fund administrators by their respective regulators. This review aims to highlight the most significant regulatory changes and market trends in 2025, concluding with a strategic outlook for 2026 that analyses the trends expected to shape the next phase of Nigeria's capital market growth.

### A. REGULATORY REFORMS

#### 1. Enactment of the Investments and Securities Act 2025

- 1.1. On 25<sup>th</sup> March 2025, President Bola Ahmed Tinubu signed the ISA 2025 into law, and the Act came into effect on the same date. The enactment of the ISA 2025, which repealed the Investment and Securities Act 2007 (as amended), now serves as the principal legislation governing the Nigerian capital markets, introducing a modernised regulatory framework for activities in the market. The ISA 2025 expanded the categories of regulated products, participants and market infrastructure and strengthened the supervisory and enforcement powers of the Securities and Exchange Commission ("**SEC**"). Some key highlights of the ISA 2025 are as follows:



- (a) the ISA 2025 broadens the definition of securities to expressly include investment contracts, digital and virtual assets, and other instruments designated by the SEC from time to time<sup>1</sup>. Please see our article on the effect of the ISA 2025 on digital and virtual assets [here](#).
- (b) expansion of the SEC's objectives to include regulation of foreign exchange trading platforms, intermediaries and activities,<sup>2</sup> among other objectives;
- (c) the ISA 2025 introduces a dedicated framework for the regulation of financial market infrastructures, including securities exchanges, clearing houses, central counterparties, trade depositories and settlement systems;<sup>3</sup>
- (d) it strengthens investor protection through expanded investigative and sanctioning powers of the SEC (such as the prohibition of Ponzi Schemes),<sup>4</sup> increased administrative penalties, and reinforced the jurisdiction of the Investments and Securities Tribunal;<sup>5</sup>
- (e) provides a comprehensive framework for the regulation of commodities markets in Nigeria;<sup>6</sup> and
- (f) codifies the existing regulatory regime previously implemented by the SEC under its rules and regulations for corporate restructurings (that is, mergers, acquisitions of assets, takeovers, spin-offs, carve-outs, and share reconstructions) involving a public company.<sup>7</sup>

1.2. The enactment of the ISA 2025 set the foundation for many of the regulatory initiatives that followed in 2025 and leading into 2026.

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<sup>1</sup> Definition of "Securities" under section 357 of the ISA 2025

<sup>2</sup> Section 3(3)(o) of the ISA 2025

<sup>3</sup> Part V(A) and (B) of the ISA 2025

<sup>4</sup> Section 196 of the ISA 2025

<sup>5</sup> Section 326 of the ISA 2025

<sup>6</sup> Part XV of the ISA 2025

<sup>7</sup> Section 140 of the ISA 2025



## **2. SEC Reforms – Market Infrastructure and Issuance Rules**

2.1. Building on the ISA 2025 framework, the SEC introduced several market-shaping reforms focused on valuation standards, settlement efficiency and capital raising oversight. These include:

### **(a) Mark-to-market valuation:**

In 2025, the SEC approved the gradual transition in how fixed-income securities held by collective investment schemes are valued. Instead of using the traditional amortised cost method, these instruments will now move toward mark-to-market valuation. To ease the transition, the SEC introduced a two-year phase-in period. During this time, existing fixed-income holdings may be valued using a hybrid approach, while all newly acquired fixed-income instruments must be marked to market as of the effective date of 22<sup>nd</sup> September 2025. This change aligns Nigerian valuation practices more closely with global standards for collective investments, enhances price transparency, and is expected to boost investor confidence.

### **(b) Migration to T+2 settlement cycle for equities:**

The SEC also approved a major operational change for the Nigerian equities market: transitioning from a T+3 (trade date plus three days) to a T+2 (trade date plus two days) settlement cycle, effective 28<sup>th</sup> November 2025. Under the new framework, trades will settle two business days after execution instead of three. According to the SEC, shortening the settlement cycle is expected to improve market liquidity by allowing investors quicker access to their funds, reduce counterparty and settlement risk, and align the Nigerian equities market with prevailing global settlement standards.<sup>8</sup> Although some market participants initially raised concerns, the transition was ultimately viewed as a positive development and is currently implemented. The market adjusted relatively quickly, and T+2 has since been regarded as a natural progression in settlement practice.

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<sup>8</sup> <https://home.sec.gov.ng/for-investors/keep-track-of-circulars/circular-on-the-implementation-of-a-new-settlement-cycle-for-equities-transactions-in-the-nigerian-capital-market/>





**(c) SEC Regulation of Debt Issuances by Private Companies:**

The SEC issued the Rules on the Issuance and Allotment of Private Companies' Securities on 24<sup>th</sup> April 2025, creating a comprehensive regulatory framework for debt capital raising by eligible private companies. Prior to these rules, most private companies' debt issuances primarily occurred outside the SEC's regulatory oversight. (For more details, see our separate article on the SEC Rules [Here](#)). These Rules now extend the SEC supervision powers to all exchanges and platforms and capital market operators involved in the trading, quotation, or admission of an eligible private company's debt securities.<sup>9</sup> Eligible private companies are required to meet specified eligibility requirements and register any debt securities classified as public offers with the SEC.<sup>10</sup> In addition, the Rules also introduce several ongoing obligations on eligible private company issuers. These include filing allotment reports, quarterly and annual financial reporting, use of proceeds, compliance with a prescribed code of conduct, and obtaining SEC approval for listing, where applicable.<sup>11</sup>

**(d) SEC's Authority over the Regulation of Commercial Papers:**

In December 2024, the SEC issued New Rules on Issuance of Commercial Papers (the "**SEC CP Rules**") and amended Rule 8 of the Consolidated SEC Rules and Regulations 2013 (as amended). With these changes, which took effect on 1<sup>st</sup> July 2025, the SEC now exercises full regulatory oversight over the registration, issuance, and conduct of commercial paper ("**CP**") transactions in Nigeria. As a result, all CP issuers and transaction parties are now subject to the requirements of the ISA 2025 and the SEC CP Rules. Under the SEC CP Rules, all professional parties involved in CP transactions must be registered as capital market operators with the SEC. It also introduced detailed eligibility requirements for CP issuers. Eligible issuers must be duly registered companies, have been in operation for at least five years, possess three years of audited financial statements (with the most

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<sup>9</sup> Rule 2(b) and (c) of the SEC Rules.

<sup>10</sup> Rule 5 (a) of the SEC Rules.

<sup>11</sup> Rules 11, 12, 15 and 16 of the SEC Rules.



recent statement not older than nine months) and must not have defaulted on prior obligations.

Issuers are also required to maintain a minimum shareholders' fund of ₦500 million and an investment-grade credit rating from a SEC-registered rating agency. Where the eligibility criteria are not met, the CP must be supported by a guarantor or other approved credit enhancement.<sup>12</sup> Since the new regime took effect, a substantial number of commercial paper programmes have been approved. As of 23<sup>rd</sup> October 2025, the total approved amount of commercial papers stood at approximately ₦683.8 billion, covering a wide range of issuers and series.

### 3. **Revision of the Investment Framework for Pension Fund Assets**

- 3.1 In 2025, the National Pension Commission ("**PenCom**"), under its powers under the Pension Reform Act 2014, issued the Revised Regulation on the Investment of Pension Fund Assets (the "**Revised PenCom Regulation**").<sup>13</sup> The Revised PenCom Regulation consolidates and updates the investment framework applicable to Pension Fund Administrators ("**PFA**s") and Pension Fund Custodians ("**PFC**s"), showing a more comprehensive and forward-looking approach to pension fund management.
- 3.2 Under the Revised PenCom Regulation, PFAs are now permitted to invest in a wider range of assets/investment arrangements, including:
- (a) securities lending and repurchase agreements conducted on any exchange recognised and approved by the SEC or Central Bank of Nigeria, subject to compliance with specific conditions set out in the Revised PenCom Regulations;<sup>14</sup>
  - (b) utilising derivatives for risk management purposes only;<sup>15</sup>
  - (c) investing in gold-backed instruments;<sup>16</sup> and

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<sup>12</sup> Rule 3 of the SEC CP Rules.

<sup>13</sup> <https://www.pencom.gov.ng/wp-content/uploads/2025/09/The-Revised-Regulation-on-Investment-of-Pension-Fund-Assets.pdf>

<sup>14</sup> Paragraph 6.2.11.1 of the Revised Regulation

<sup>15</sup> Paragraph 6.2.13 of the Revised Regulation

<sup>16</sup> Paragraph 5.5 of the Revised Regulation



- (d) allocate funds to eligible agriculture-focused instruments such as debt securities, equities and infrastructure projects within the agricultural value chain, provided such instruments meet the eligibility, quality, valuation, and risk management requirements.<sup>17</sup>

- 3.3 The Revised PenCom Regulation also introduces more stringent concentration limits designed to mitigate portfolio risk, including caps on exposure to any single corporate issuer at five per cent (5%) of pension fund assets and a limit of two and a half per cent (2.5%) for any single issue within each fund category.<sup>18</sup>
- 3.4 Finally, PFAs are now expressly required to incorporate environmental, social and governance (ESG) considerations into their investment decision-making processes, reflecting a clear policy shift toward responsible investing and promotion of sustainable national development.<sup>19</sup>

#### 4. PenCom Recapitalisation

- 4.1 On 26<sup>th</sup> September 2025, PenCom released a circular introducing Revised Minimum Capital Requirements for Licensed PFAs and PFCs ("**PenCom Circular**").<sup>20</sup> Under the new directive, PFAs with assets under management ("**AUM**") of ₦500 billion or more must maintain a minimum capital equivalent of ₦20 billion plus 1% of AUM exceeding ₦500 billion, while PFAs with smaller AUM levels must maintain a minimum capital of ₦20 billion. Special-purpose PFAs such as NPF<sup>21</sup> Pensions and the Nigerian University Pension Management Company are required to maintain a higher threshold of ₦30 billion and ₦20 billion, respectively.
- 4.2 In parallel, PFCs are required to meet a new formula-based threshold of ₦25 billion plus 0.1% of Assets Under Custody. The PenCom Circular specifies that the revised capital requirements could be met through shareholders' funds

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<sup>17</sup> Paragraph 5.5 of the Revised Regulation

<sup>18</sup> Regulation 6.2.2.3 of the Revised Regulation

<sup>19</sup> Regulation 3.15 of the Revised Regulation

<sup>20</sup> <https://www.pencom.gov.ng/wp-content/uploads/2025/09/Revised-Regulatory-Capital-Requirement-for-PFOs-September-24.pdf>

<sup>21</sup> Nigerian Police Force



unimpaired by losses. Which means the new capital requirement is not limited only to share capital.

- 4.3 This recapitalisation mandate is expected to trigger significant activity in the Nigerian capital markets, as affected operators may need to raise fresh capital to meet the new capital thresholds.

## 5. Insurance Recapitalisation

- 5.1 With the enactment of the Nigerian Insurance Industry Reform Act 2025 (the “**Insurance Act**”), the legal framework governing the insurance sector also saw a significant revamp. This was primarily aimed at positioning Nigeria as a leading insurance hub in Africa.<sup>22</sup> Among the significant reforms introduced by the Insurance Act is the recapitalisation of insurance entities operating in Nigeria. Insurers are required to meet enhanced minimum capital thresholds differentiated by business class, including separate thresholds for life insurers, non-life insurers, composite insurers and reinsurers within 12 months (ending 30<sup>th</sup> July 2026).<sup>23</sup>
  - 5.3 This recapitalisation drive has set the stage for a wave of potential public offers, rights issues, and private placements, going forward, as insurance firms seek to bridge capital shortfalls through the capital markets and likely consolidation within the industry.
- ## 6. CBN Fixed Income Reform
- 6.1. In October 2025, the CBN made a market-definition decision to assume direct control over the settlement process and trading function for fixed income transactions from November 2025.<sup>24</sup> This decision was based on the need to strengthen market integrity, streamline operations, and establish a unified regulatory framework that ensures end-to-end visibility and supervisory oversight of fixed-income transactions.

<sup>22</sup> <https://statehouse.gov.ng/president-tinubu-assents-to-nigerian-insurance-industry-reform-bill-2025-to-drive-financial-sector-transformation/>

<sup>23</sup> <https://naicom.gov.ng/wp-content/uploads/2025/08/NAICOMs-Recapitalisation-Circular-NIIRA-2025.docx>

<sup>24</sup> <https://businessday.ng/life/article/cbn-moves-to-drive-transparency-in-fixed-income-market-through-phase-reform/>





- 6.2. The announcement generated immediate and mixed reactions among market stakeholders. Some commentators have praised the decision as a means of consolidating the market, improving transparency, and strengthening price discovery.<sup>25</sup> Other commentators, however, argue that the CBN may be extending its powers beyond its mandate by venturing into areas more appropriately regulated by the SEC.<sup>26</sup>
- 6.3 From these divergent opinions, reports indicate that the CBN has paused implementation of the directive to give room for further review and ensure alignment with the ISA 2025.<sup>27</sup> The eventual outcome of this process could have material implications for market structure and oversight.

## 7. The Nigeria Tax Act 2025

- 7.1 On 26th June 2025, President Bola Ahmed Tinubu signed the Nigeria Tax Act 2025 (the "**NTA**") into law with an effective date of 1<sup>st</sup> January 2026. Consequently, the NTA, which consolidates all existing federal tax laws into a single statute, introduces a number of provisions that impact capital market transactions. Some of the changes introduced by the NTA 2025 are highlighted below.
- 7.2 Under the NTA, the stamp duty payable on marketable securities is reduced from 2.25% to 0.225%. It also retained an ad valorem tax of 0.125% on a company's loan capital, which is to be borne by the borrower.<sup>28</sup>
- 7.3 The NTA also increased the exemption threshold for Capital Gains Tax ("**CGT**"), in respect of the sale of shares in Nigerian companies, from ₦100 million to ₦150 million within any 12-month period, provided that the gains realised from the sale do not exceed ₦10 million.<sup>29</sup> Any gains in excess of this amount will trigger tax liabilities at the applicable rate of 30%, subject to the claim of allowable deductions.

<sup>25</sup> <https://nairametrics.com/2025/10/02/cbn-to-take-full-control-of-fixed-income-market-from-november-2025/>

<sup>26</sup> <https://www.proshare.co/articles/memo-to-the-market-how-not-to-build-the-fixed-income-market?menu=Market&classification=Read&category=Bonds%20%26%20Fixed%20Income>

<sup>27</sup> <https://businessday.ng/news/article/cbn-seen-rescinding-plans-to-control-fixed-income-market-as-nigeria-reviews-move-bloomberg/>

<sup>28</sup> Ninth Schedule to the NTA

<sup>29</sup> Section 34 (1) (i) of the NTA



- 7.4 With regard to CGT, the NTA aligned the CGT rate with the income tax rate of 30%, treating gains from the disposal of chargeable assets as part of an individual or company's taxable income and taxed accordingly.

Thus, the CGT rate, which was previously 10%, is now 30% for companies (excluding small companies with an annual turnover below ₦100 million ) and for individuals, at the Personal Income Tax (PIT) graduated tax rate applicable to that individual, with a marginal rate of 25%.<sup>30</sup>

## **B. MARKET TRENDS**

### **8. Listing of CPs on the Nigerian Exchange Limited ("NGX")**

Following the SEC's introduction of a comprehensive regulatory framework for CPs and the SEC approval, the NGX announced the introduction of its platform for the listing and trading of CPs.<sup>31</sup> Prior to this development, the FMDQ Securities Exchange Limited was the primary exchange facilitating the trading and listing of CPs. The NGX's entry into this segment deepens the CP and fixed-income markets, strengthens linkages between issuers and investors, and enhances transparency, efficiency, and credibility across the market.

### **9. Public Offers**

- 9.1 Five companies conducted public offers during the year, with four of these originating from the banking sector as institutions moved to meet their recapitalisation requirement. Through a combination of public offers and rights issues, some Nigerian banks or bank holding companies raised over ₦3 trillion in fresh equity in 2025 alone to close their capital gaps.<sup>32</sup>
- 9.2 The banks or bank holding companies that accessed the public markets in 2025 included Guaranty Trust Holding Company PLC, Zenith Bank PLC, FCMB Group PLC, and Sterling Financial Holdings PLC. These offers were characterised by significant retail participation and oversubscription, signalling robust market liquidity. For instance, Fidelity Bank's offer, which began in 2024 but crystallised

<sup>30</sup> Sections 28(2)(v), 56, 58 and the Fourth Schedule of the NTA

<sup>31</sup> <https://businessday.ng/markets/article/ngx-begins-commercial-paper-listings/>

<sup>32</sup> <https://ngxgroup.com/nigerian-capital-market-hits-%E2%82%A695trn-in-2025/#:~:text=%E2%80%9CThe%20current%20government%20reforms%20have,by%20NGX's%20digital%20investment%20platforms.>



early in the year 2025, was oversubscribed by 237%.<sup>33</sup> Two other companies (Ellah Lakes PLC and The Initiates PLC) also entered the market to raise funds through public offers.

## **10. Rights Issues**

- 10.1 There was an increase in rights issues for public companies this year. Several factors contribute to this increase, including the mandate for banks to meet the recapitalisation requirement. In addition, the rise in investor confidence in the equity markets may have encouraged more public companies to raise capital through rights issues. At least 11 public companies listed on the NGX raised capital through rights issues in 2025.
- 10.2 Major Tier-1 banking companies utilised rights issues to protect their shareholding structures while meeting the new CBN thresholds. Notable transactions included UBA PLC, Stanbic IBTC Holdings PLC, and Wema Bank PLC. These issuances were largely successful, with banking companies such as Stanbic IBTC Holdings PLC recording subscription rates of over 100%, confirming strong shareholders' support for the institution.<sup>34</sup> Other companies, such as Presco PLC, VFD Group Plc, and Industrial Medical Gases Plc, also conducted substantial rights issues during the year.

## **11. Historical Highs and Lows in the Nigerian Equities Market**

- 11.1 In 2025, the stock market witnessed historical high and low figures. The equities market saw a strong recovery and increased trading activities in 2025. Economic recovery, foreign exchange rate stabilisation, and other government policies contributed to this development. The NGX All-Share Index (ASI) broke historical barriers, crossing 131,000 basis points in July 2025.<sup>35</sup> Some of the top performers include: Agriculture, +126.5% (led by Presco and Ellah Lakes), Healthcare, +71.6% (driven by Neimeth and Fidson), and Consumer Goods, +52.2% (Honeywell Flour Mills surged over 240%).

<sup>33</sup> <https://fidelitybank.ng/investors-affirm-support-for-fidelity-bank-plc-with-238-oversubscription-in-the-first-phase-of-equity-capital-raise/#~:text=Following%20the%20CBN's%20publication%20of,the%20Public%20Offer%20and%20N9.>

<sup>34</sup> <https://businessday.ng/markets/article/stanbic-ibtc-holdings-rights-issue-oversubscribed-by-21-9/#~:text=lheanyi%20Nwachukwu,the%20brand%2C%E2%80%9D%20he%20said.>

<sup>35</sup> <https://businessday.ng/markets/article/ngx-asi-crosses-133000-points-as-banking-insurance-oil-gas-stocks-rally/>



11.2 Ironically, in November 2025, the same NGX ASI plunged by 5.01%, falling from over 148,000 points to roughly 141,327 points in a single session,<sup>36</sup> marking the steepest single-day decline in the market since the 2008-2010 market crash era. This period saw approximately ₦2.5 – ₦3 trillion wiped off market capitalisation in a matter of days. This event was triggered by the introduction of a new capital gains tax on the disposal of shares, as outlined in the NTA 2025, which was due to come into effect on 1<sup>st</sup> January 2026. This led to investor panic in the stock market, with many seeking to exit the market to avoid being caught by the new tax. Threats of an invasion from the President of the United States of America also played no small role in the frenzied sale activities in the market. These have since moderated, and there appears to be a relative stability in the market.

## C. FORECASTS / OUTLOOK FOR 2026

### 12. Dangote Petrochemicals IPO

12.1 The outlook for 2026 is anchored by the highly anticipated listing of Dangote Petroleum Petrochemicals, which is set to be the landmark transaction of the year if implemented. In December 2025, Alhaji Aliko Dangote officially reconfirmed his plan to list between 5% and 10% of the Petrochemicals' stake on the NGX within the 2026 fiscal year.<sup>37</sup> This listing is not just a capital raise but a strategic move to deepen the market; Dangote Petrochemicals has proposed a unique dividend framework that would allow investors to purchase shares in Naira but receive dividends in US Dollars. This mechanism, backed by the Petrochemicals' proposed expansion and projected \$6.4 billion export revenue stream, is designed to hedge local investors against currency volatility and attract significant foreign portfolio investment.<sup>38</sup>

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<sup>36</sup> <https://punchng.com/n4-64tn-wiped-off-ngx-market-cap-in-single-day-meltdown/>

<sup>37</sup> <https://www.proshare.co/articles/dangote-refinery-plans-equity-listing-and-major-capacity-expansion?menu=Market&classification=Read&category=Capital%20Market#:~:text=Dangote%20Refinery%20is%20advancing%20plans,growth%20in%20the%20coming%20year.>

<sup>38</sup> <https://punchng.com/dangote-to-offer-dollar-denominated-dividends-for-refinery-ipo/>





- 12.2 With no other listing anticipated to come from the immediate horizon of the energy sector, the stage is clear for Dangote Petrochemicals to potentially dominate issuance in that sector without competing for liquidity. Analysts predict that the Dangote listing alone could significantly increase the total market capitalisation of the NGX beyond the current level.

### **13. Rights Issue or Public Offers from Insurance Companies**

- 13.1 The Nigerian insurance sector is poised to be the next epicentre of capital raising activity in 2026, taking the baton from the banking sector. The National Insurance Commission ("**NAICOM**") has set a rigid deadline of 30<sup>th</sup> July 2026, for all insurance and reinsurance companies to meet the new capital requirements. With the new thresholds, a significant number of the 50+ operating firms in the country are currently undercapitalised and will be forced to approach the market immediately in Q1 and Q2 2026 to raise fresh capital or consider other mergers and acquisition options. We anticipate a flurry of rights issues in the first half of 2026 as insurers rush to secure funds from existing shareholders before the deadline. Unlike the banking recapitalisation, which saw huge public offers, insurance firms are expected to favour rights issues to prevent massive dilution of core ownership, given their generally lower valuation and shareholder base. However, for smaller players unable to raise sufficient capital internally, public offers may be a last resort to avoid losing their licences. As of late 2025, NAICOM confirmed that about 18 firms had already submitted their readiness plans for capital verification.<sup>39</sup> But this leaves many other insurance companies waiting, who must scramble for capital in the remaining months.
- 13.2 Mergers and acquisitions are likely to dominate the sector's narrative, alongside capital raises. The number of licensed operators may shrink, as weaker firms that cannot raise the new capital will be forced into mergers and acquisition deals by larger Tier-1 insurers. This consolidation is expected to result in fewer but stronger entities with the capacity to underwrite big-ticket risks in the oil, gas, and

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<sup>39</sup> <https://nairametrics.com/2025/11/27/naicom-18-insurance-companies-now-ready-for-capital-verification/#gsc.tab=0>



aviation sectors of the economy. These sectors are dominated by foreign insurers due to local capacity constraints.<sup>40</sup>

#### 14. Capital Market Operators (“CMO”) Recapitalisation

At the Capital Markets Committee meeting held on 8<sup>th</sup> December 2025, the Director-General of the SEC confirmed the SEC’s plan for the recapitalisation of capital market operators (these include broker-dealers, issuing houses, fund managers, etc.) in 2026. Following this, The SEC issued a circular titled Revised Minimum Capital for Regulated Capital Markets Entities on 15<sup>th</sup> January 2026 (“[Circular](#)”).

The Circular imposes various increased minimum capital requirements on Capital Market Operators (“**CMO**”). The applicable minimum capital requirement for a CMO depends on the nature of its business, the type of licence held and type of entity, etc. For instance, the minimum capital requirement for issuing houses has been increased from ₦200 million to ₦2 billion,<sup>41</sup> dealers from ₦100 million to ₦1 billion, stockbrokers from ₦200 million to ₦600 million,<sup>42</sup> fund managers from ₦150 million to ₦5 billion,<sup>43</sup> and trustees from ₦300 million to ₦2 billion, etc. CMOs have up to 30<sup>th</sup> June 2027 to comply with the new minimum capital requirements. This policy change is expected to result in equity capital raising activities (which will be done mostly through private arrangements) by CMOs and may also trigger mergers and acquisition transactions in the market.

#### 15 Operationalisation of PenCom Recapitalisation Mandate

Heading into 2026, we anticipate a strategic recalibration of the pension administration sector as PFAs accelerate moves to comply with the PenCom

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<sup>40</sup> <https://thenationonline.ng/indigenous-insurance-firms-fail-to-utilise-70-of-local-content/>

<sup>41</sup> The minimum capital of Issuing Houses with underwriting has been increased from ₦200 million to ₦7 billion.

<sup>42</sup> The minimum capital of Broker-Dealer has been increased from ₦300 million to ₦2 billion.

<sup>43</sup> In the case of Fund Managers with limited scope (management of collective investment schemes with limited pooled fund creation of not more than 10 times the required capital (₦20.00 billion) on Net Asset Value (NAV)), the minimum capital has been increased from ₦150 million to ₦2 billion. Any Fund and Portfolio Manager with NAV/AuM of more than ₦100 billion is required to have a minimum of 10% of the NAV/AuM as capital.



recapitalisation mandate. Although most PFAs are private entities, and we may not witness a wave of public offers or open capital raising, this regulatory

development is expected to reverberate across the broader capital market ecosystem. PFAs remain a key provider of liquidity for the stock and fixed-income markets. When viewed in conjunction with the revised regulations on investment assets, the recapitalisation requirement is poised to materially impact the capital market by reshaping the capacity and stability of the pension fund administration sector.

## CONCLUSION

Based on the regulatory and market developments in the capital market in 2025, 2026 is anticipated to start on a strong note, building on the achievements accomplished in 2025. It is expected that the present administration will continue to roll out policies geared towards improving the macroeconomic outlook of the country and, consequently, boosting investor confidence in the Nigerian capital market, especially given that 2027 is an election year. This means that the capital market will experience increased activity from the financial regulators looking to operationalise new legal frameworks and policies introduced in 2025, and also aiming to further consolidate the regulatory landscape in a bid to actualise the vision of the administration.

The momentum in capital raising activity, through both equity and debt, is also expected to accelerate in 2026. Equity capital raising and mergers and acquisitions transactions are expected by CMO towards the end of the year and early 2027. Although inflation rates and the monetary policy rate are expected to continue their downward trajectory, interest rates will remain relatively high to sustain issuers' and investors' appetite for debt instruments, especially commercial papers. With the landmark Dangote Petrochemicals IPO slated for this year, alongside the imminent CBN capital recapitalisation deadline and the NAICOM and PenCom recapitalisation mandates, equity capital raising is also poised to continue its momentum in 2026, potentially bolstering the depth and liquidity of the growing Nigerian equity capital market.

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