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Private Capital | Market & Regulatory Update

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SEC Nigeria Revises Minimum Capital Requirements for Capital Market Operators

Key Implications for Fund Managers and Private Capital (January 2026)

1. Overview

The Securities and Exchange Commission has issued Circular No. 26-1 dated 16th January 2026, revising the minimum capital requirements applicable to regulated capital market entities in Nigeria.

The revised framework introduces significant increases in minimum capital across multiple categories, including fund and portfolio managers, private equity fund managers and venture capital fund managers.

The changes represent a material shift in regulatory expectations and will have far-reaching implications for fund structuring, licensing strategy and market participation, particularly for smaller and emerging managers.

2. Key Changes Affecting Fund Managers

The most consequential revisions apply to fund and portfolio managers. Full-scope fund managers are now required to maintain minimum capital of ₦5 billion, up from ₦150 million, while limited-scope fund managers must maintain ₦2 billion.

Private equity fund managers are now subject to a ₦500 million minimum capital requirement, and venture capital fund managers face an increase from ₦20 million to ₦200 million.

In addition, any fund or portfolio manager with net asset value or assets under management exceeding ₦100 billion must maintain minimum capital equal to at least ten per cent of NAV or AUM.

3. Compliance Timeline

Affected entities are required to comply with the revised minimum capital requirements on or before 30th June 2027.

Failure to meet the requirements within the stipulated timeline may result in regulatory sanctions, including suspension or withdrawal of registration.

The SEC has indicated that transitional arrangements may be considered on a case-by-case basis, although detailed guidance has not yet been issued.

4. Practical Implications

For well-capitalised and institutional fund managers, the revised framework is likely to enhance market positioning, investor confidence and competitive differentiation.

For smaller, emerging and first-time managers, the increases introduce significant capital-raising and structuring challenges and may necessitate strategic reconsideration of licensing models, fund launches or operating structures.

Market consolidation, the use of umbrella or platform managers and a shift toward advisory or sub-management arrangements are expected responses in the short to medium term.

5. What Fund Managers Should Be Doing Now

Fund managers should assess their current and projected capital position against the revised thresholds, evaluate whether restructuring, recapitalisation or partnership arrangements are required and consider early engagement with the SEC regarding transitional relief.

Managers planning new fund launches should revisit timelines, licensing strategy and investor communications in light of the new regime.

6. Conclusion

The revised minimum capital framework reflects a clear regulatory focus on enhancing market resilience and investor protection.

Its full impact will vary significantly depending on scale, strategy and capital structure. Early planning and engagement will be critical for managers navigating the transition.

Disclaimer: ***This update is authored by Folake Elias-Adebowale, Ozofu 'Latunde Ogiemudia, Christine Sijuwade and Aanuoluwapo Odunaike, of Udo Udoma & Belo-Osagie's Private Equity and Venture Capital Team. It is intended for information purposes only and shall not be construed as legal advice on any subject matter in any circumstances. It does not and shall not be construed as creating any relationship, including a client/attorney relationship, between readers and our firm or any author or serve as legal advice. For more information about our Private Equity and Venture Capital team and any other practice group offerings, please visit our website at www.uubo.org, or email us peteam@uubo.org or at uubo@uubo.org.***