

Nigerian Capital Market Strategy 2026: H1 Reform Milestones and H2 Outlook

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The first half of 2026 marks a defining phase in the ongoing transformation of the Nigerian capital market (“**NCM**”). Building on the enactment of the Investments and Securities Act 2025 (“**ISA 2025**”), the Securities and Exchange Commission (“**SEC**”), market infrastructure institutions and other stakeholders have accelerated the implementation of a comprehensive reform agenda under the **Nigerian Capital Market Strategy 2026**, unveiled in January 2026. The Strategy is designed to deepen market participation, strengthen market institutions, improve operational efficiency, enhance investor protection and further position Nigeria as a leading Africa’s investment destination.

Prior to the launch of the Strategy, the transformation of the NCM had been guided by the *Nigerian Capital Market Master Plan (2015–2025)*, a comprehensive blueprint developed by the SEC in collaboration with industry stakeholders and experts. The Master Plan was subsequently revised and rebranded as the *Capital Market Strategy (2021–2025)*, which served as the principal roadmap for the development of a more efficient, resilient and globally competitive capital market over the past decade.

As the market transitions into the next phase of its evolution, the SEC has introduced a number of significant reforms aimed at strengthening the regulatory framework and enhancing the capacity of market operators.

This article reviews the key developments that have shaped the Nigerian capital market in the first half of 2026. It also examines the implications of the reforms and provides an outlook on the



likely structure, opportunities and challenges of the market in the next phase of the consolidation period, with particular focus on the second half of 2026.

Key Regulatory and Policy Reforms Implemented in H1 2026

I. Operationalization of the Investments and Securities Act (ISA) 2025

The ISA 2025 has become the principal legislative foundation of Nigeria’s capital market reform agenda. The Act significantly expands the powers of the SEC, strengthens investor protection mechanisms, enhances enforcement capabilities and provides statutory recognition for digital and virtual assets, commodities exchanges, derivatives and other emerging investment products.

Importantly, the Act has provided the legal basis for several subsequent regulatory interventions introduced during H1 2026, including among others enhanced market surveillance measures and the continued development of a regulated digital assets ecosystem.

II. Revised Minimum Capital Requirements for Capital Market Operators

One of the most consequential regulatory measures introduced in the first half of the year was the issuance of **SEC Circular Number 26-1** of January 16, 2026, titled **Revised Minimum Capital for Regulated Capital Market Entities**. The Circular substantially increased minimum capital thresholds across key categories of market intermediaries, including broker-dealers, issuing houses, fund managers, custodians, exchanges and digital asset operators. The Circular was followed by the release, on March 18, 2026, of the **Guidelines on Revised Minimum Capital for Regulated Entities**, to provide the requisite regulatory framework for compliance with the January Circular by affected entities.

The Circular and the Guidelines were both issued pursuant to the SEC's regulatory mandate under the ISA 2025 to regulate activities in the capital market, including prescribing minimum capital requirements for regulated operators, and develop the Nigerian capital market. The recapitalization exercise is designed to:

- Align capital requirements with the scope, complexity, and risk exposure of regulated activities;
- Enhance the financial soundness and operational resilience of market operators;
- Promote market stability and systemic risk mitigation;
- Support innovation and orderly development of new market segments, including digital assets and commodities markets;
- Encourage consolidation among undercapitalized operators;
- Create stronger institutions capable of supporting larger and more sophisticated transactions;
- Strengthen investor protection;
- Support risk-based supervision; and
- Reinforce domestic and international confidence in the prudential soundness of the Nigerian capital market, consistent with IOSCO principles.

Affected entities are required to meet the new thresholds at the latest by June 30, 2027, or pursue strategic restructuring initiatives.

iii. Transition to a T+1 Settlement Regime

A major infrastructure reform was the implementation of the SEC Circular on the **Transition to a T+1 Settlement Cycle**, which became effective on 1 June 2026.



The reform reduced the settlement period for equities and commodities transactions from two business days (T+2) to one business day (T+1). The transition required significant operational readiness across securities exchanges, brokers, custodians, registrars and the Central Securities Clearing System (CSCS).

The initiative is expected to:

- Improve market liquidity;
- Reduce counterparty and settlement risks;
- Accelerate capital recycling;
- Enhance operational efficiency; and
- Align Nigeria's market infrastructure with global standards adopted in major financial centres.

iv. Strengthening of Digital Assets Regulation

The implementation of the ISA 2025 has accelerated the integration of digital assets into the regulated capital market ecosystem with their recognition as securities. The SEC has continued to build upon its existing **Rules on Issuance, Offering Platforms and Custody of Digital Assets**, which regulate:

- Digital Asset Exchanges (DAXs);
- Digital Asset Offering Platforms (DAOPs);
- Virtual Asset Service Providers (VASPs);
- Digital Asset Custodians (DACs); and
- Tokenised investment products.

SEC's effort at strengthening the regulatory regime has been complemented by the enactment of the *Nigeria Tax Administration Act of 2025*, which became effective on January 1, 2026, and introduced a structured tax compliance regime for digital and virtual asset transactions, including registration obligations for VASPs, reporting duties, AML/KYC compliance standards, and taxation of digital asset transactions, staking, airdrops, and token transfers.

The emerging framework is expected to further provide legal certainty, improve investor protection, attract innovation and position Nigeria as a regional hub for regulated digital asset activities.



v. Enhanced Market Oversight, Compliance and Investor Protection

Throughout H1 2026, the SEC intensified supervisory oversight through new circulars, compliance directives and enforcement actions designed to improve market discipline and governance standards.

Key regulatory priorities included:

- Enhanced disclosure requirements for issuers;
- Strengthened corporate governance standards;
- Increased surveillance of trading activities;
- Enforcement against unregistered investment schemes;
- Expanded investor education initiatives; and
- Greater scrutiny of market intermediaries and public companies.

These initiatives have reinforced investor confidence and strengthened the credibility of Nigeria's capital market ecosystem.

vi. Expansion of Commodities and Alternative Investment Markets

The SEC also issued a **Circular on Mandatory Registration of Collateral Management Companies, Warehouse Operators and Warehouses**, aimed at strengthening the governance and integrity of Nigeria's commodities ecosystem.

This initiative supports the broader objective of deepening alternative asset markets, improving agricultural finance structures and enhancing investor confidence in commodities-backed investment products.

Impact of the Reforms

The cumulative effect of these legislative, regulatory and institutional reforms has been significant. Key outcomes recorded during H1 2026 include:

- Improved investor confidence;
- Increased domestic and foreign investor participation;

- Enhanced market liquidity;
- Stronger regulatory certainty;
- Improved operational efficiency;
- Greater institutional resilience; and
- Increased attractiveness of Nigeria's capital market as a destination for long-term investment.

The reform agenda has also strengthened Nigeria's ability to mobilize capital for infrastructure, energy, housing, technology, manufacturing and other strategic sectors of the economy.

H2 2026 Outlook

The outlook for the second half of 2026 remains positive and will likely be driven by continued implementation of the regulatory reform agenda. Key developments expected in H2 include:

Regulatory Priorities

- Additional SEC rules and guidance notes pursuant to ISA 2025;
- Further operationalization of the digital assets regulatory framework;
- Strengthened supervision of capital market operators under the revised capital regime;
- Increased enforcement activity and compliance monitoring;
- Development of new products in the derivatives, commodities and alternative investment segments.

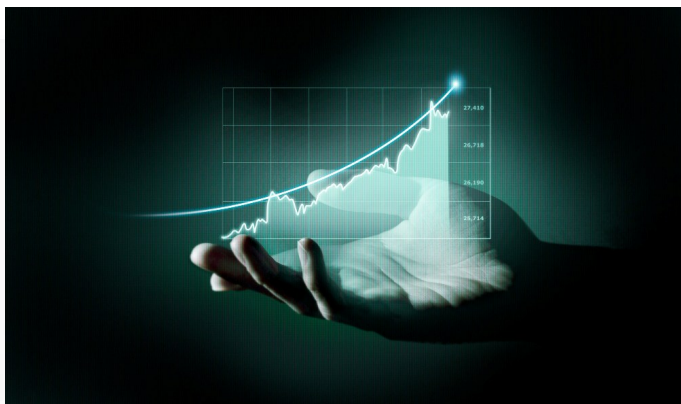
Market Development Priorities

- Increased issuance of infrastructure and sustainable finance instruments;
- Growth in green bonds, sukuk and project finance securities;
- Expansion of digital investment platforms;
- Increased institutional investor participation;
- Greater foreign portfolio investment inflows.

Strategic Outlook

If reform momentum is sustained and macroeconomic stability continues to improve, Nigeria's capital market is likely to emerge from 2026 with:

- Stronger and better-capitalized institutions;
- More efficient market infrastructure;
- A mature digital assets ecosystem;
- Increased domestic savings mobilization;
- Higher levels of foreign investor confidence; and
- Enhanced capacity to finance national development priorities.



Key Takeaway

The first half of 2026 has confirmed that Nigeria's capital market is undergoing not merely a cycle of regulatory adjustment, but a fundamental structural transformation. The implementation of the ISA 2025, the introduction of enhanced capital requirements for market operators, the migration to a T+1 settlement regime, the continued development of the digital assets' framework, and the strengthening of market oversight collectively signal a new era of regulatory sophistication, market integrity and institutional resilience.

As the reform agenda progresses into H2 2026, capital market operators, issuers, investors, fintechs, digital asset service providers, infrastructure sponsors and financial institutions are likely to increasingly confront complex legal, regulatory, governance and compliance considerations. The successful navigation of this evolving landscape will require more than technical compliance; it will demand strategic legal and regulatory advisory support that anticipates regulatory developments, mitigates emerging risks, facilitates innovation and unlocks market opportunities.

The second half of the year is expected to witness increased consolidation among market operators, heightened regulatory scrutiny, expanded capital-raising activities, growth in digital and virtual asset offerings, and greater utilization of the capital market as a platform for financing infrastructure, energy transition, technology and other priority sectors. These developments should create significant opportunities for market participants, while simultaneously increasing the importance of robust legal and regulatory frameworks in transaction structuring, licensing, governance, disclosure, risk management and stakeholder engagement.

For market operators and investors alike, H2 2026 will be defined by the ability to adapt swiftly to regulatory change while maintaining commercial competitiveness. Organizations that proactively align their business models, governance structures and compliance frameworks with the evolving regulatory environment will be best positioned to attract capital, deepen investor confidence and capture emerging market opportunities.

Against this backdrop, the role of experienced legal and other professional advisers will become increasingly central to the success of market participants. As Nigeria's capital market continues its evolution towards a deeper, more innovative and globally competitive ecosystem, there will be growing demand for sophisticated legal support across regulatory compliance, capital raising, digital assets, market infrastructure, mergers and acquisitions, corporate restructuring, enforcement, investigations and complex transactional mandates.

For stakeholders seeking to participate in, shape and benefit from the next phase of Nigeria's capital market growth story, H2 2026 presents both unprecedented opportunities and heightened regulatory expectations. Those who combine commercial ambition with sound legal strategy, regulatory foresight and strong governance will be best placed to thrive in the emerging market landscape.

Looking Ahead

With about a year remaining before the expiration of the transition period on 30 June 2027, Nigeria's capital market is entering a decisive phase of implementation. The months ahead will require market participants not only to align with the new regulatory framework but also to position themselves to capitalize on the investment, financing and innovation opportunities that the reforms are expected to create.

As the transformation unfolds, we look forward to continuing collaboration with regulators, market operators, issuers, investors, financial institutions, fintechs and other stakeholders to navigate regulatory developments, structure innovative transactions and deliver practical, commercially focused solutions.

Beyond advising on legal and regulatory compliance, we remain committed to the development of the capital market through thought leadership, policy engagement and innovative legal solutions that support market integrity, deepen investor confidence and foster sustainable economic growth.

The Grey Matter Concept is an initiative of the law firm, Banwo & Ighodalo.

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