

SEC Proposed Digital Asset Rules 2026: Key Implications for Businesses and Investors in Nigeria

AUTHORS



Mercy Babatunde
Senior Associate



Divine G. Nkereuwem
Associate

1. Introduction

On the 20th day of August 2026, the Securities and Exchange Commission ("**SEC**") published for public comment its Proposed Rules on Digital and Virtual Assets Operations, Custody and Markets (the "**Proposed Rules**"). The Proposed Rules are intended to replace SEC's existing rules on digital assets and to establish a single framework for the registration, conduct and supervision of businesses that issue, trade, hold or provide services in respect of digital and virtual assets in Nigeria.

The Proposed Rules are expected to have a significant impact on the market. They set new capital thresholds, regulate products such as staking and lending for the first time, introduce detailed standards for the custody of customer assets, create a dedicated regime for stablecoins, and extend SEC's oversight to foreign platforms that serve Nigerian customers. Their importance is underlined by the collapse of CBEX in April 2025, when a platform that was never registered with SEC stopped processing withdrawals and left a large number of Nigerian investors stranded and unable to recover their funds.

This article highlights the key provisions of the Proposed Rules, sets out key considerations ahead of the final Rules, and considers the implications for businesses and investors.

2. Key Provisions of the Proposed Rules

2.1 Scope and Registration

The Proposed Rules adopt a function-based approach, under which a business is regulated according to the activity it carries on rather than the description it gives itself. Registration is required for operating an exchange, providing custody, issuing or

redeeming stablecoins, tokenising real-world assets, operating a token offering platform, dealing in digital assets as a business, and providing services such as transfers, conversion between digital assets and naira, wallet access, staking, lending and portfolio management. SEC may also classify new activities as regulated, and the Proposed Rules prohibit the structuring of a product to avoid registration.

The Proposed Rules apply to businesses operating in Nigeria and to any person who provides services to Nigerian residents or targets the Nigerian market, including through websites and mobile applications. Applicants are required to be incorporated in Nigeria unless SEC approves otherwise, to maintain a registered office in Nigeria, and to have a chief executive officer resident in Nigeria. Under section 61 of the Investments and Securities Act 2025 (the "**ISA 2025**"), carrying on investments and securities business without registration is an offence punishable by a fine of not less than **₦5,000,000.00 (Five Million Naira)**, imprisonment for not less than five years, or both.

Payment businesses that provide only naira payment services, individuals using personal self-hosted wallets, and developers of certain open-source software fall outside the scope of the Proposed Rules.

2.2 Capital and the Route to Registration

The Proposed Rules prescribe a minimum capital of **₦2,000,000,000.00 (Two Billion Naira)** for digital asset exchanges and custodians, with lower thresholds for offering platforms, tokenisation platforms and other service providers. Operators are also required to maintain a fidelity insurance bond

covering at least 25% of their minimum capital and to pay supervisory fees based on turnover.

New applicants will generally be admitted through SEC's Accelerated Regulatory Incubation Programme (the "**ARIP**") and will receive an approval-in-principle, valid for two years, before full registration. Existing capital market operators adding digital asset services, foreign operators licensed in jurisdictions that are members of the International Organization of Securities Commissions, and certain subsidiaries of licensed financial institutions may apply to bypass the ARIP.

2.3 Staking, Lending and Yield Products

A virtual asset service provider may not offer any arrangement that generates a yield or return for customers unless SEC has authorised it. This prohibition is broad enough to cover staking rewards, lending returns and rewards from liquidity pools. Platforms offering staking are required to explain the service and its risks, including the risk of loss and any lock-up period, and to obtain the customer's clear consent before staking the customer's assets. Lending services must disclose their risks and may not reuse customer assets without the customer's explicit consent.

2.4 Custody of Customer Assets

Any business that holds or can access customers' assets or private keys is treated as a custodian, and custody must be carried on by a company separate from the group's trading or lending business. At least 80% of customer assets must be held in cold storage, no single individual may authorise a significant transfer, key management must meet recognised international security standards, and custodians must be independently audited at least once a year. Customer assets must be kept separate from the custodian's own assets, any shortfall identified on reconciliation must be reported to SEC within twenty-four (24) hours, and customer assets are to be protected from the custodian's creditors and from its insolvency proceedings.

2.5 Stablecoins

Stablecoins are divided into four tiers according to whether they are backed by naira, foreign currency, commodities or other crypto-assets. Minimum reserves are set at 100% of the value in circulation for naira-backed and commodity-backed stablecoins, 120% for foreign currency-backed stablecoins and 150% for crypto-backed stablecoins, with reserves reconciled daily and

kept separate from the issuer's operating funds. Algorithmic stablecoins and stablecoins without verifiable backing are prohibited.

A stablecoin issued outside Nigeria may not be used on a Nigerian exchange or other regulated platform unless SEC has recognised it, and a foreign issuer that targets the Nigerian market is required to appoint a local representative. Recognition by SEC does not permit the use of a stablecoin for activities regulated by the Central Bank of Nigeria, such as payments.

2.6 Token Offerings

A public token offering requires SEC's prior approval or no-objection and the filing of a whitepaper as the offering document, on which SEC is expected to decide within fourteen (14) business days of a complete filing. The issuer and its officers are liable for false or misleading statements in the whitepaper, and tokens that qualify as securities must be registered with a prospectus. Offerings must be made through a registered digital asset offering platform, and an issuer may raise no more than twenty (20) times its shareholders' funds in any twelve-month period.

Retail investors may invest no more than **₦1,000,000.00 (One Million Naira)** per issuer and **₦10,000,000.00 (Ten Million Naira)** in total within any twelve-month period, and have a cooling-off period of five (5) business days within which to withdraw for a full refund. These limits do not apply to institutional, qualified or high net worth investors, and they apply to subscriptions in token offerings rather than to trading on a registered exchange.

3. Key Considerations Ahead of the Final Rules

3.1 Staking and Yield

The Proposed Rules treat staking and lending as services for which a provider may be registered, while separately prohibiting unauthorised yield in terms wide enough to cover the rewards those services produce. It is not clear whether registration for staking or lending is itself the authorisation required to pass rewards to customers, or whether a further approval is needed. As a staking service has little value to customers if rewards cannot be passed on, the final Rules should state the position expressly.

3.2 Legal Protection of Customer Assets

The protection of customer assets on the insolvency of a custodian will be determined under the Companies and Allied Matters Act

2020 and the general law, rather than by SEC's rules. A customer whose assets are held on trust is protected because trust property does not form part of the company's assets available to creditors. A customer who has only a contractual claim may, however, rank with the custodian's unsecured creditors. While the ISA 2025 requires capital market operators to hold client money in bank trust accounts, there is no equivalent requirement for digital assets, and the Proposed Rules permit customer assets to be held under contractual arrangements and in shared wallets. The final Rules should provide stronger protection if they require custodians to hold customer digital assets on trust, with the trust stated in the customer terms and reflected in the custodian's records.

3.3 Transition for Foreign Stablecoins

Each foreign stablecoin currently traded on Nigerian platforms will require SEC recognition before registered exchanges can continue to support it, and recognition depends in part on the foreign issuer appointing a local representative, a decision over which Nigerian exchanges have no control. The final Rules should provide a transitional period for stablecoins already traded on registered platforms and should permit an exchange, as well as the issuer, to apply for recognition.

4. Implications for Stakeholders

•**Exchanges and other platforms:** Operators should identify each regulated function they carry on, as separate registrations may be required for each function and a separate company for custody. Operators should also assess their capital against the proposed thresholds and consider whether new investment, a merger or a change of business model will be required.

•**Providers of earnings, savings, staking and lending products:** These providers should review their products against

the yield prohibition and disclosure requirements and should be prepared to seek specific SEC authorisation.

•**Custodians:** Custodians should review their wallet structure, cold storage levels, key management and customer terms against the Proposed Rules, and may wish to state expressly in their customer terms that customer assets are held on trust.

•**Exchanges supporting stablecoins:** Exchanges should review the stablecoins they support, assess the likely route to recognition for each, and engage with issuers at an early stage.

•**Foreign platforms:** Foreign platforms with Nigerian customers should consider whether to establish a Nigerian subsidiary with local management.

•**Issuers:** Companies planning token offerings, including the tokenisation of real estate, should factor the whitepaper approval process, fundraising limits and retail investment caps into their offering process and timelines.

•**Investors:** Investors should confirm on SEC's website that any platform they use is registered with SEC or admitted to the ARIP, and should review the platform's terms to understand how their assets are held and what would happen to those assets if the platform failed.

5. Conclusion

The Proposed Rules represent the most comprehensive framework SEC has proposed for digital assets in Nigeria. The Proposed Rules are expected to not just raise the cost of operating in the market, but also to provide the regulatory certainty that banks, institutional investors and international partners have long sought before engaging with the sector. The final Rules may differ from the exposure draft, particularly on the considerations identified above, but businesses operating in or entering the Nigerian digital asset market should begin aligning their structures, capital and customer documentation with the Proposed Rules now.

DISCLAIMER

This publication is provided for general informational purposes and does not constitute legal advice.

For tailored advisory on Digital Assets, Capital Markets and Fintech Regulation, kindly contact our Fintech and Capital Markets Desk: Info@pthlp.com