

17 January 2026

BICCoN POLICY RESPONSE ON SEC CIRCULAR NO. 26-1 (REVISED MINIMUM CAPITAL REQUIREMENTS) AND ITS IMPLICATIONS FOR THE DIGITAL ASSET INDUSTRY

The Blockchain Industry Coordinating Committee of Nigeria (BICCoN) acknowledges the issuance of SEC Circular No. 26-1 of 16 January 2026, which revises the Minimum Capital Requirements (MC) for regulated capital market entities pursuant to the Investments and Securities Act, 2025.

BICCoN recognizes the Commission's statutory responsibility to strengthen market integrity, enhance investor protection, and ensure the resilience of Nigeria's capital market. We particularly note the formal inclusion of Virtual Asset Service Providers (VASPs) within the revised framework, which affirms the growing relevance of digital assets as an integral component of Nigeria's financial and capital market ecosystem.

The Circular represents an important milestone in the institutionalization of digital assets regulation in Nigeria. By explicitly categorizing digital asset activities; ranging from ancillary service providers to exchanges, custodians, token issuance platforms, and real-world asset tokenization platforms, the Commission has taken a clear step toward regulatory clarity and market structure.

However, BICCoN considers it important to highlight the policy and market implications of the revised capital thresholds for the digital asset industry.

The prescribed minimum capital requirements for VASPs, particularly the ₦2 billion thresholds for Digital Assets Exchanges and Custodians, ₦1 billion for Digital Assets Offering Platforms and Real-World Asset Tokenization Platforms, and ₦500 million for several intermediary functions, represent a significant escalation in entry and operating costs. While these thresholds are intended to mitigate systemic and consumer protection risks, they may also create unintended barriers to entry, especially for indigenous startups, innovation-driven firms, and early-stage platforms that are central to the growth of the Web3 ecosystem.

BICCoN emphasizes that digital asset businesses are fundamentally technology-led and risk-diverse, with many operational risks better addressed through governance standards, cybersecurity controls, custody rules, disclosure obligations, and market conduct supervision rather than uniform capital buffers alone. Applying traditional capital market logic without sufficient proportionality may limit innovation, reduce competition, and inadvertently encourage regulatory arbitrage.

We particularly welcome the SEC's recognition of real-world asset tokenization as a regulated activity. This reflects forward-looking policy intent and positions Nigeria to



participate in emerging global capital formation models. However, the high capital threshold attached to this category risks slowing experimentation and pilot initiatives that typically drive adoption in this segment.

BICCoN further notes the Circular's provision for transitional arrangements and the extended compliance deadline of 30 June 2027, which provides a valuable window for industry adjustment. We encourage the Commission to apply these transitional measures transparently and consistently, with clear guidance, to prevent market uncertainty and uneven regulatory outcomes.

In line with global best practice, BICCoN advocates for the evolution of Nigeria's digital asset regulatory framework toward a more risk-based and tiered approach, which:

- A.** Aligns capital requirements with the actual risk profile and functional scope of digital asset activities
- B.** Distinguishes between custodial, non-custodial, infrastructure, and protocol-based services
- C.** Encourages innovation while maintaining strong consumer protection and market conduct standards
- D.** Supports the participation of local technology firms alongside institutional players

Nigeria remains Africa's largest digital asset market by adoption, talent, and usage. With smarter, coordinated, and proportionate regulation, the country can lead not only in adoption but also in regulatory excellence, market depth, and institutional confidence.

BICCoN reiterates its commitment to constructive engagement with the Securities and Exchange Commission, other relevant regulators, and industry stakeholders to ensure that Nigeria's digital asset framework evolves in a manner that is balanced, inclusive, and globally competitive.

This position reflects the unified perspective of the Blockchain Industry Coordinating Committee of Nigeria (BICCoN), a multi-stakeholder coordinating body comprising Nigeria's leading blockchain and digital asset associations, including the Blockchain Nigeria User Group (BNUG), the Cryptography Development Initiative of Nigeria (CDIN), the Stakeholders in Blockchain Technology Association of Nigeria (SiBAN) and the Network of Blockchain Solutions Advocates Association (NoBSAA), alongside independent industry experts and ecosystem leaders. Collectively, these bodies represent a broad cross-section of developers, exchanges, startups, investors, researchers, educators, and policy advocates within Nigeria's digital asset ecosystem. BICCoN speaks with one voice on behalf of this diverse constituency in its engagement with regulators, policymakers, and the public, in pursuit of a resilient, innovative, and globally competitive blockchain and digital asset industry in Nigeria.





KUE BARINOR PAUL, ESQ.
PUBLICITY SECRETARY

