



Proposed Rules On Credit Enhancement Service Providers & Sundry Amendment To Existing Rules Of The Commission

26 September 2025

A. - New Rules

Rules on Credit Enhancement Service Providers.

B.- Sundry Amendment

1. Amendment to Rule 45 on Registrable Functions.
2. Amendment to Parts A and B of Schedule 1 (Registration Fees, Minimum Capital Requirements, Securities and others).

The details of the New Rules and Amendments are as follows:

PART A - NEW RULES

1. Scope and Application

These Rules shall be applicable to the provision of, and the providers of credit enhancement services in the capital market.

2. Definitions

- a. The terms used in these Rules shall, except where expressly defined in the Rules or the context otherwise requires, have the same meanings as defined in the Investments and Securities Act, 2025.
- b. For the purposes of these Rules, the following terms are defined as follows:
 - “Act”** means Investments and Securities Act 2025;
 - “Banks”** means commercial or merchant banks licensed by the Central Bank of Nigeria;
 - “callable capital”** means a commitment by an entity to provide capital to a credit enhancement facility provider in the event the credit enhancement facility provider’s total qualifying capital, excluding callable capital, is eroded by 50% or such percentage as the Commission may prescribe, provided that the callable capital provider, in the case of an international callable capital provider, has an international credit rating of no less than BBB+, and in the case of a domestic callable capital provider, a minimum domestic credit rating of no less than A and the callable capital instrument is for a tenor of no less than 7 years, is subordinated to claims of the beneficiaries of a credit enhancement facility, and includes a clearly defined process for its activation;
 - “credit enhancement facilities”** means non-funded, contingent financial instruments or commitments issued to improve the credit rating, credit quality, or liquidity of the issuer or a financial product in respect of securities issued in the capital market, including guarantees, standby credit lines or other similar instruments;



“Credit enhancement facility provider” means an entity registered by the Commission in accordance with the provisions of these Rules with the objective of providing credit enhancement services in the Nigerian capital market;

“eligible risk-sharing arrangements” means any contractual risk-sharing or risk participation structure designed to absorb losses exceeding a defined threshold, whether on a single exposure or a portfolio basis, including but not limited to co-guarantee, counter-guarantee, and re-guarantee arrangements, structured on a first loss, second loss, or other basis;

“IFRS” means the accounting standards and interpretations issued by the International Accounting Standards Board (IASB), as amended, supplemented or replaced from time to time;

“Insurance companies” means insurance companies licensed by the National Insurance Commission;

“International Financial Institutions” means a multilateral or development finance institution established by a treaty or an agreement between two or more sovereign states for the purpose of providing financial assistance, development finance, guarantees, policy support or related services across member countries;

“Leverage ratio” means a credit enhancement facility provider’s total issued and outstanding credit enhancement facilities (taking into account eligible counter-guarantee arrangements) divided by its total qualifying capital;

“liquid assets” means (i) cash and cash equivalents (including fixed deposits), (ii) net balances held with banks within Nigeria, (iii) Nigerian treasury bills, (iv) Nigerian treasury certificates; (v) Federal Government of Nigeria (FGN) bonds; (vi) stabilization securities; (vii) net certificate of deposit held under 18 months to maturity; (viii) State government bonds granted liquidity status by the Central Bank of Nigeria (CBN); (ix) non-interest liquidity management instruments issued by the CBN; and (x) any other asset as prescribed by the Commission from time to time.

“Non-funded” means a financial arrangement that does not involve the immediate transfer of funds but may result in future disbursements upon the occurrence of certain events;

“paid-in equity” means fully paid-up ordinary shares, preference shares, or both, forming part of the credit enhancement facility provider’s share capital;

“Securities” means a debt, sukuk or other securities as may be approved by the Commission.

“subordinated capital” means unsecured, debt capital that is subordinated to all other obligations, including claims of the beneficiaries of a credit enhancement facility, is non-redeemable at the instance of the investor or lender, deferrable (i.e., remains available to absorb losses on senior claims without requiring the company to cease operations or trigger a technical default), and has a tenor of not less than 10 years;

“Total qualifying capital” means the aggregate of the credit enhancement facility provider’s fully paid-in equity, subordinated capital, and callable capital.

“Total assets” means total assets as reported by the company’s Statement of financial position prepared under IFRS and applicable standards for public companies.



3. Eligibility

The following entities may provide credit enhancement services in the Nigerian Capital Market:

- a. Companies incorporated in Nigeria and duly registered by the Commission in accordance with these Rules and the Act.
- b. Multilateral agencies recognized by the Commission.
- c. Entities that are registered to provide credit enhancement services and regulated in IOSCO member jurisdictions
- d. Any other category as the Commission may prescribe from time to time

Provided that multilateral agencies and entities regulated in IOSCO member jurisdictions, shall maintain a minimum international long-term credit rating of not less than [AA-] assigned by at least two international credit rating agencies acceptable to the Commission.

4. Registration and Regulation

- a. No entity shall provide credit enhancement services in the capital market without being duly registered with the Commission.
- b. An entity that provides credit enhancement service in the capital market without being duly registered with the Commission commits an offence and shall be liable to the applicable penalty prescribed under the Act.
- c. . A promoter seeking to register as a credit enhancement facility provider shall apply in writing to the Commission for a no objection.
- d. Upon receipt of an application and the accompanying documentation, the Commission shall assess the application for compliance with the prescribed conditions.
- e. Where the Commission is satisfied that the application meets the relevant conditions, it may issue a no-objection to the promoter(s) of the proposed credit enhancement facility provider.
- f. A proposed credit enhancement facility provider shall obtain a no objection from the Commission prior to application for incorporation by the Corporate Affairs Commission.
- g. The no objection does not constitute a registration or approval to commence business. It shall constitute a violation under these rules if the no objection is used for anything other than the purpose for which it was issued.
- h. A promoter of a proposed credit enhancement facility provider shall, not later than 6 months from the date of issuance of the no objection, submit an application to the



Commission for final registration, accompanied by the documents specified in these Rules.

Such promoter shall obtain the express approval of the Commission, for changes in respect of information or documents earlier filed, upon which a no objection was granted by the Commission.

- i. Where the Commission is satisfied that the company has met the relevant conditions, it may grant registration, subject to such terms and conditions as it may impose.

5. Requirements for Grant of No Objection

An application for a no-objection shall be accompanied by the following documents:

- a. Evidence of payment of a non-refundable application fee of ₦100,000 or such other amount as may be prescribed by the Commission,
- b. evidence of name reservation with the Corporate Affairs Commission (CAC);
- c. a draft copy of the company's Memorandum and Articles of Association (MEMART), which shall contain at a minimum, the following:
 - i. the proposed name of the company,
 - ii. the object clause(s) restricted to financial market services,
 - iii. the particulars of subscribers to the MEMART,
 - iv. the procedure for amendment of the MEMART,
 - v. provisions relating to the transfer/disposal and allotment of shares, and
 - vi. appointment of directors;
- d. statement of intent to invest in the company by each investor;
- e. A detailed business plan or feasibility report shall, at a minimum, include the following:
 - i. a statement outlining the objectives, mission, business model, and strategic direction of the proposed credit enhancement facility provider,
 - ii. an assessment of the target market, including demand for credit enhancement facilities, competitive landscape, and the applicant's market positioning strategy,
 - iii. a tabular representation of the proposed ownership structure, stating the names of proposed shareholders, their professions or businesses, and percentage shareholdings,
 - iv. in the case of corporate promoters or investors:
 - a. certified true copies of the certificate of incorporation and other incorporation documents;



- b. aboard resolution approving the company's investment in the proposed credit enhancement facility provider;
 - c. the names and addresses of the company's shareholders, directors, and any affiliated companies.
 - v. details of the composition of the proposed board, including the curriculum vitae of each board member and significant shareholder,
 - vi. the National Identity Number, Bank Verification Number, Tax Clearance Certificate, and a valid form of Government Identification for each proposed director and significant shareholders,
 - vii. an organizational structure indicating functional units, reporting relationships, responsibilities, and the proposed grades of departmental or unit heads,
 - viii. a list of proposed top management personnel at the level of Assistant General Manager and above, indicating the positions to be held,
 - ix. a clear disclosure of the sources of capital and funding, including the proposed equity contributions by each shareholder and the verifiable sources of such funds,
 - x. a description of the credit enhancement facilities to be offered, including eligibility criteria, terms, and proposed risk-sharing structures,
 - xi. the underwriting standards and risk assessment methodologies to be applied, including policies for evaluating creditworthiness, documentation requirements, approval procedures, and exposure limits,
 - xii. a risk management framework addressing credit, market, liquidity, and operational risks, and detailing the internal systems and controls for identifying, monitoring, and mitigating such risks,
 - xiii. where applicable, the actuarial methodologies to be adopted for assessing and managing risks associated with credit enhancement facilities
- f. Any other requirements as may be prescribed by the Commission.

6. Requirements for registration

An application for registration shall be made in the manner prescribed by the Commission and shall be accompanied by:

- a. Evidence of Payment of the following non-refundable fees:
 - i. Filing/Application Fee – 100,000 (One Hundred Thousand Naira Only);
 - ii. Processing Fee – N300,000 (Three Hundred Thousand Naira Only);
 - iii. Registration Fee- N10,000,000 (Ten Million Naira Only);



iv. Sponsored Individuals registration fees as follows:

- a. N100,000 (One Hundred Thousand Naira Only) for each new sponsored individual;
 - b. N50, 000.00 (Fifty Thousand Naira) for transferring sponsored individual;
 - c. N150, 000.00 (One Hundred and Fifty Thousand Naira Only) for transfer and change of status.
- b. Certified True Copy (CTC) of the certificate of incorporation of the credit enhancement company,
 - c. Application for registration of minimum of 3 Sponsored Individuals including the Managing Director, Compliance Officer and a principal officer.
 - d. A copy of board approved and executed Operational Manual
 - e. CTC of the Memorandum and Articles of Association;
 - f. Status Report from the CAC containing particulars of the directors and shareholders;
 - g. A schedule of any changes in the composition of the board or shareholding structure since the grant of the no-objection;
 - h. Evidence of a head office location, whether rented or owned, and appropriate technical infrastructure for the commencement of operations;
 - i. Copies of letters of offer and acceptance of employment for members of the management team and sponsored individuals;
 - j. Evidence of a fidelity bond of an amount representing not less than 20% of the paid-up capital of the company, issued by an insurer licensed by the National Insurance Commission;
 - k. A sworn undertaking signed by two Directors confirming to the Commission that all the information provided by the company including all bank information are true and correct, to keep proper records and render returns as may be specified by the Commission and to abide by SEC Rules and Regulations and the Act;
 - l. evidence of minimum paid-up capital of ~~N~~10,000,000,000.00 (Ten Billion Naira);
 - m. Latest audited account or for companies of less than one year audited Statement of Affairs signed by two company directors and not more than three (3) months old at the time of filing with the Commission
 - n. Evidence of maintaining a cash /asset mix ratio of at least 85% of its total assets and;
 - o. Any other document required by the Commission from time to time.
 - p. Sponsored individuals shall complete the appropriate forms in a manner prescribed by the Commission and shall be accompanied by:
 - i. Bank Verification Number (BVN), bank account details, official email addresses as well as full postal addresses, contact numbers and email addresses of previous employers, bankers and at least two nominated referees;



- ii. Curriculum vitae which shall include details of activities, arranged in a chronological order from secondary school(s) with dates and duration clearly indicated. Gaps in employment and educational history must be explained;
 - iii. Copies of credentials including secondary school(s) and NYSC discharge/exemption certificates (originals to be sighted by an authorized Commission's staff);
 - iv. Evidence of change of name where applicable (to be supported with relevant documents including Court Affidavit and Newspaper publication);
 - v. A copy of valid means of Identification (International Passport, National Identification or Driver's License)
 - vi. A copy of residence / Work Permit for Non-Nigerians/residents.
- q. All Sponsored Individual shall:
- i. have relevant post-graduation experience as stipulated in the Commission's Rules and Regulations.
 - ii. Submit employment letters and schedule of duties.
 - iii. File evidence of resignation and acceptance of resignation from the previous employer for individuals on transfer.
 - iv. Comply with the requirements for transfer of registration as prescribed by the Commission.

7. Application by Companies Established Prior to these Rules

- a. A company already engaged in the provision of credit enhancement services in the capital market, shall no later than 3 months, apply to the Commission for registration by submitting the documents required for grant of no objection and registration.
- b. An existing company engaged in credit enhancement facility provision prior to the commencement of these Rules shall be permitted to complete any pending transactions, provided that no new transactions shall be undertaken by such entity until it is registered by the Commission.
- c. The company shall file a detailed description of services offered in the last three years as Credit Enhancement Facility Providers and/or any other relevant activities, provide evidence of Guarantees, Insurance, and any other relevant documents.
- d. Where the Commission is satisfied that the company has met the relevant conditions, it may grant registration subject to such terms and conditions as it may impose.
- e. A company that fails to register with the Commission as required under this sub-rule shall be liable as prescribed under the Act.

8. Functions

- a. A credit enhancement facility provider may perform the following functions:



- i. provide credit enhancement facilities in respect of securities as may be considered by the Commission and issued in the capital market;
 - ii. conduct credit risk evaluations of issuers and projects to determine eligibility and suitability for credit enhancement facilities;
 - iii. monitor the financial performance of the securities or projects for which credit enhancement has been provided;
 - iv. provide technical and/or advisory services to issuers of securities in connection with the provision of a credit enhancement facility;
 - v. maintain transparent records of all credit enhancement facilities issued and disclose material information to the Commission and rating agencies, and
 - vi. Engage in any other related activities, as may be approved by the Commission.
- b. A credit enhancement facility provider, other than banks, insurance companies and IFIs, shall not engage in any activity except those specified in sub-rule (1).

9. Non-Permissible Activities

- a. A credit enhancement facility provider shall not carry out the following:
- i. Where incorporated in Nigeria, provide credit enhancement facilities to entities outside Nigeria, except where the issuer or sponsor:
 - a. is a Nigerian entity issuing securities in a foreign jurisdiction as part of a cross-border capital raising programme, and the assets backing the securities issuance are located in Nigeria, or
 - b. is undertaking a Nigeria-based project seeking offshore financing, and the assets underlying the securities issuance for the project are situated in Nigeria,
 - ii. provide credit enhancement facilities in respect of securities issuance in which the credit enhancement facility provider is itself the issuer;
 - iii. provide credit enhancement facilities in respect of securities issued by, or for the benefit of, an associated person except, with the prior approval of the Commission;
 - iv. provide advisory or technical services to investors in connection with the credit enhancement facility issued or likely to be issued; and
 - v. Any other activity not expressly permitted by the Commission.
- b. An application for approval under Rule 9(1)(c) shall be accompanied by:
- i. full disclosure of the associated person, relationship and the proposed terms of the securities issuance contemplated in Rule 9(1)(c);



- ii. evidence that the terms of the credit enhancement facility contemplated in Rule 9(1)(c) are on an arm's length basis and do not present undue risk to investors; and;
 - iii. A description of conflict-of-interest mitigation and internal governance mechanisms in place.
- c. For the purposes of Rules 9(1) (c) and 9 (2), the term "associated person" shall have the meaning as defined in the Act.

10. Prudential Requirements

Credit enhancement facility providers shall comply with the following prudential requirements except as otherwise stated in paragraphs (viii) and (ix) in respect of Banks and Insurance companies, and International Financial Institutions, respectively, in accordance with their legal status and regulatory classification:

a. Credit Rating Requirement

- i. A credit enhancement facility provider shall, at all times, maintain a minimum long-term credit rating of not less than [A] on a local currency basis, assigned by at least two credit rating agencies registered with, or recognized by the Commission; Provided that no credit enhancement facility provider shall provide additional or new credit enhancement facilities during any period in which its rating is below the threshold specified under these Rules.
- ii. In the case of an International Financial Institution, it shall maintain a minimum long-term credit rating of not less than AA- assigned by at least two international credit rating agencies acceptable to the Commission.

Provided that other than this credit rating requirement, no other prudential requirement shall apply to IFIs.

b. Leverage Ratio

- i. A credit enhancement facility provider shall, at all times, maintain a leverage ratio of not more than 10 times or as the Commission may prescribe from time to time.
- ii. Extent of credit enhancement and consideration of pre-enhancement rating:
The Commission may, as required from time to time:
 - a. prescribe limits on the extent of credit enhancement provided by a credit enhancement facility provider to one issuance or in total to one issuer.
 - b. prescribe additional prudential requirements for credit enhancement facility providers, taking into account the pre-enhanced rating of securities covered by the credit enhancement facility.



c. Liquidity Requirement

A credit enhancement facility provider shall maintain at least 85% of its total assets in liquid assets.

d. Minimum Capital Requirement

- i. A credit enhancement facility provider shall have a minimum paid-up share capital of ₦10,000,000,000.00 (Ten Billion Naira) or such other amount as may be prescribed by the Commission.
- ii. Where a credit enhancement facility provider fails to maintain the minimum capital requirements prescribed by the Commission, it shall be prohibited from providing additional credit enhancement facilities until the required minimum capital is restored and shall submit a recapitalization plan acceptable to the Commission.

e. Restrictions on Dividends

A credit enhancement facility provider shall not declare or pay dividends until all its preliminary and preoperational expenses have been written off, adequate provisions made for all losses, and it has met the minimum prudential requirements as specified under these Rules.

f. Asset Impairment

A credit enhancement facility provider shall, at all times, comply with the IFRS or such other accounting standards as may be prescribed by the Financial Reporting Council of Nigeria in the preparation of its financial statements, and in reporting its assets and liabilities.

g. Special Provision for Banks and Insurance Companies

- i. Commercial banks, and insurance companies registered by the Commission to provide credit enhancement services under these Rules shall be deemed to have satisfied the capital and liquidity requirements under this Rule, upon submission of a letter of good standing from the CBN or National Insurance Commission (NAICOM) confirming compliance with applicable prudential standards and shall not be required to comply with any other prudential requirement under this Rule.
- ii. Banks and insurance companies shall be required to submit a renewal compliance letter from the CBN and NAICOM annually, within 45 days after the end of their applicable financial year or such other period as may be prescribed by the Commission.

11. Risk Management



- a. Every credit enhancement facility provider shall establish and maintain a robust risk management framework approved by its board of directors to ensure that all risks inherent in its operations are properly identified, measured, monitored, controlled, and reported in accordance with best practices.
- b. Corporate Governance
 - i. A credit enhancement facility provider shall comply with the Nigerian Code of Corporate Governance and the SEC Corporate Governance Guidelines.
 - ii. The board of a credit enhancement facility provider shall maintain committees which, aside from those mentioned Principle 11 of the Nigerian Code of Corporate Governance, shall include the following:
 - (a) Board Credit Committee, which shall be responsible for overseeing the design of the credit enhancement transaction process, reviewing and approving credit enhancement facilities originated by management prior to the execution of finance documentation.

Provided that no less than 50% of the composition of the Board Credit Committee shall be independent directors, and the Chairman of the Committee shall be an independent director.
 - (b) Board Finance Committee, which shall be responsible for reviewing and approving annual or periodic budgets and evaluating the institution's financial performance.
- c. Credit Policy Framework and Credit Enhancement Approval
 - i. A credit enhancement facility provider shall, at all times, maintain a credit policy or manual of operations as set out in the Schedule.
 - ii. Any amendment to the credit policy or manual of operations shall be approved by the Board and notified to the Commission.
 - iii. A credit enhancement facility provider's credit enhancement approval process shall be clearly documented and consistently applied in accordance with the credit policy or manual of operations.
- d. Portfolio Monitoring and Reporting
 - i. A credit enhancement facility provider shall develop and implement a detailed portfolio monitoring framework, approved by its Board, to ensure continuous evaluation of credit enhancement exposures and underlying risks.
 - ii. The framework shall include:
 - a. periodic reporting to the Board Credit Committee and the Board Risk Oversight Committee on the performance and risk profile of the credit enhancement portfolio;
 - b. early warning indicators and escalation protocols for deteriorating exposures; and



- c. Policies for remedial action and risk mitigation, including recovery and workout strategies.
- e. Risk-Sharing Arrangements
 - i. Credit enhancement facility providers may enter into eligible risk-sharing arrangements with other credit enhancement facility providers.
 - ii. All such arrangements shall be subject to the following:
 - a. Domestic Institutions: Counterparties that are local institutions must demonstrate compliance with the Commission's requirements on capital adequacy, liquidity, leverage, and credit ratings, based on financial statements and rating reports not later than nine (9) months prior to entering into the agreement.
 - b. International Financial Institutions: Counterparties that are international institutions must meet the Commission's rules on international credit ratings and provide documentation evidencing compliance.

B - SUNDRY AMENDMENT

Amendments to Rule 45(1) & (2): Registrable Functions

Full Text of Existing Rule

1. The following are Capital Market Operators:
 - A. Issuing houses/merchant bankers;
 - B. Underwriters;
 - C. Broker/Dealers;
 - D. Sub-brokers (Corporate, Individual, Digital);
 - E. Receiving Bankers;
 - F. Registrars;
 - G. Trustees;
 - H. Investment Advisers (Corporate, Individuals, Robot Adviser);
 - I. Fund/Portfolio Managers;
 - J. Rating Agencies;
 - K. Market Makers;
 - L. Custodian;
 - M. Nominee;



- N. Crowdfunding Intermediaries;
 - O. Central Counterparty Clearing Members;
 - P. Any other function the Commission may determine from time to time.
2. Only corporate bodies are qualified to file applications for the following functions:
- A. Broker/Dealer;
 - B. Underwriter;
 - C. Issuing House;
 - D. Registrar;
 - E. Trustee;
 - F. Fund/Portfolio Manager;
 - G. Rating Agency;
 - H. Market Makers;
 - I. Receiving Bankers;
 - J. Nominee;
 - K. Crowdfunding Intermediary

Provided that where an existing entity intends to perform the functions of a registrar, it shall incorporate a separate body for that purpose.

Amendment to Rule 45(1)

1. The following are Capital Market Operators:
- A. Issuing houses/merchant bankers;
 - B. Underwriters;
 - C. Broker/Dealers;
 - D. Sub-brokers (Corporate, Individual, Digital);
 - E. Receiving Bankers;
 - F. Registrars;
 - G. Trustees;
 - H. Investment Advisers (Corporate, Individuals, Robot Adviser);
 - I. Fund/Portfolio Managers;
 - J. Rating Agencies;
 - K. Market Makers;
 - L. Custodian;
 - M. Nominee;
 - N. Crowdfunding Intermediaries;
 - O. Central Counterparty Clearing Members;
 - P. **Credit Enhancement Facility Providers;** and



Q. Any other function the Commission may determine from time to time.

2. Only corporate bodies are qualified to file applications for the following functions:

- A. Broker/Dealer;
- B. Underwriter;
- C. Issuing House;
- D. Registrar;
- E. Trustee;
- F. Fund/Portfolio Manager;
- G. Rating Agency;
- H. Market Makers;
- I. Receiving Bankers;
- J. Nominee;
- K. Crowdfunding Intermediary;
- L. Central Counterparty Clearing Member; and
- M. **Credit Enhancement Facility Providers.**

Provided that where an existing entity intends to perform the functions of a registrar, it shall incorporate a separate body for that purpose.

Proposed amendment to Rule 22 (4)

Full text of Existing Rule:

Sub (4) the cash/asset mix ratio for core operators in the market shall be a minimum of 60% in liquid assets and the cash/asset mix ratio for non-core operators shall be a minimum of 30% in liquid assets.

(i) Core-Operators: Core Operators are capital market operators who receive funds from investors or who are responsible for keeping investors funds.

(ii) Non-core Operators: Non-core operators are capital market operators who do not receive funds from investors and are not responsible for keeping investors funds.

Proposed Amendments to Rule 22 (4)

Provided that the credit enhancement facility provider shall have a cash asset mix ratio of 85% on liquid assets;

Sub (4) is amended to read as follows: -

The cash/asset ratio for core operators in the market shall be a minimum of 60% in liquid assets and the cash/asset mix ratio for non-core operators shall be a minimum of 30% in liquid assets provided that the credit enhancement facility provider shall have a cash/asset mix ratio of 85% on liquid assets;

AMENDMENT OF EXISTING SCHEDULE I

Registration Fees, Minimum Capital Requirements, Securities and others



PART A

Registration Fees

A1. Market Operators

		Initial	
		N	k
1.	Credit Enhancement Facility Provider	10,000,000	

PART B

Minimum Capital Requirement (N)

1.	Credit Enhancement Facility Provider	N10,000,000,000.
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