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THE CBN'S STABLECOIN RULES



The Central Bank of Nigeria (CBN) sets $11.16 million (N15 billion) capital requirement threshold for foreign Stable Coin issuers.

Examining the Legality, Fairness and Enforcement Realities of the New CBN Stablecoin Rules



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On 5 November 2026 the Central Bank of Nigeria (CBN) issued Regulations for the Operations of Non-Security Virtual Assets. Foreign-currency stablecoins such as USDT and USDC may be offered to Nigerians only through a Nigerian-incorporated, CBN-licensed issuer holding at least ₦15 billion in paid-up capital; naira stablecoin issuers need ₦10 billion. Issuers must fully back tokens with reserves, allow redemption, attest to reserves monthly and refrain from paying yield, and algorithmic stablecoins are banned. Existing operators have 180 days from an unannounced commencement date to apply for a licence.

The Regulations rest on layered existing laws, particularly the Central Bank of Nigeria Act and the Investments and Securities Act.. The Investments and Securities Act 2025 defines securities to include virtual and digital assets. The Act places digital asset exchanges and service providers under the Securities and Exchange Commission (SEC), whose rules already require local incorporation, a registered office and, in the August 2026 draft, a resident chief executive. A July 2026 Executive Order, signed under section 5 of the Constitution, creates a Virtual Asset Council chaired by the CBN with SEC and NRS as Vice- chairs, tends to harmonise regulations and assigns activity-based roles/jurisdictions to the regulators.

The regulatory outlook of holding these virtual assets is summarised as follows:

i. ***SEC regulates securities, VASPs (Virtual Asset Service Providers) and digital asset exchange (DAX). SEC also operates accelerated regulatory incubation program (ARIP as a pre-licensing bridge for VASPs to demonstrate compliance before full authorization;***

ii. ***CBN regulates payment, settlement and custody for non security virtue assets, prohibits algorithmic stablecoins;***

iii. NRS by virtue of Nigeria Tax Act (2025) brings virtual asset transactions into the formal tax net. VASPs must register with NRS, pay VAT and 1.5% stamp duty on fiat –to-token transfer or face a penalty for non compliance.

This is a marked improvement on the CBN's 2021 circular, which directed banks to stop servicing crypto exchanges but could not criminalise holding crypto, because no one may be convicted of an offence not defined in a written law. The ban closed formal banking channels while leaving users free to trade peer to peer, beyond supervision, anti-money-laundering checks and tax. Regulation brings issuers inside a perimeter, which is why the shift from prohibition is defensible.

The legal footing is nonetheless thin in places. An executive order cannot confer on the CBN or the SEC a power the National Assembly has not given, so the line between security and non-security still turns on section 357, and a Council ruling would not bind a court. The Regulations also need to name the enabling power for rules such as the ban on yield and the lien on capital. A virtual assets statute would settle both points.

Enforcement raises questions of forum and practicability. A challenge to the Regulations lies in the Federal High Court, which has exclusive jurisdiction over federal administrative action, banking and the CBN, and over tax and revenue. Appeals against SEC decisions go to the Investments and Securities Tribunal, consumer complaints to the Federal Competition and Consumer Protection Commission and its Tribunal, and a customer's claim against a non-bank operator ordinarily to a State High Court, so jurisdiction will itself be litigated. Trial of a global platform is slow.

Binance Holdings Limited was re-arraigned on tax evasion charges at the Federal High Court in Abuja in July 2024, a Nigerian representative pleaded for it, and by July 2026 the case had been adjourned repeatedly for settlement talks, alongside an EFCC money laundering prosecution and a roughly $79.5 billion civil claim. Other countries show that enforcement against offshore platforms works mainly through access points. India blocked the websites and apps of nine unlicensed exchanges after notices in December 2023; several later paid penalties, registered and returned,

OKX left, and 25 more platforms were noticed in October 2025, although VPNs limit the effect. Administrative sanctions must also satisfy the fair hearing guarantee in section 36 of the Constitution, so a stop order for a missed deadline needs notice and a chance to respond.

Incorporation is where law meets commerce; though Local firms such as Busha and Quidax have entered the SEC's incubation programme but there is no sign that Tether or Circle will establish a licensed Nigerian issuer, although they are expanding in Africa, and Binance is reported to operate without a Nigerian licence. A global issuer runs one balance sheet and one reserve pool, so a separate Nigerian entity with ₦15 billion of capital is costly. If issuers stay offshore, the Regulations cannot compel them, and holding an unlicensed token is not an offence. Enforcement then depends on banks, exchanges and fintechs, which must be told plainly what they may not do. Otherwise the rules burden only compliant local firms, while Nigerian holders of the largest tokens have no local issuer to redeem against.

The core rationale is protection of customers' funds if an operator fails. The Federal Competition and Consumer Protection Act 2018 gives consumers rights to plain-language information and timely, quality service, and a route of complaint, but it does not require capital, segregated assets or reserve attestations; the CBN rules supply those. Binance's October 2026 breach, which affected about $6.3 billion in client assets with about $3 billion reported frozen, illustrates the point: Binance pledged to cover losses from its Secure Asset Fund for Users and company funds, and later reported that most assets replaced, but it did so voluntarily, and frozen funds are not recovered funds. A ₦15 billion floor, about $11 million, is small beside such a loss, so segregation, proof of reserves and an enforceable duty to make customers whole matter more than flat capital.

The CBN should therefore publish the full text with the enabling power for each rule, fix the commencement date, scale capital to assets held, state how reserves are protected on insolvency, impose clear duties on intermediaries, and consider recognising issuers already supervised abroad. Parliament should then consolidate the scheme in a statute.

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Conclusively, these events show a positive trend that Nigeria has undergone a remarkable shift from prohibition to a sophisticated and multi-regulator framework anchored on statutory laws and judicial precedence See the case of ***CBN Vs. Rise Vest Technologies Ltd (2021)****. Nigeria has transitioned from the CBN's 2021 outright prohibition on banking services for crypto firms to a structured regime that treats digital assets primarily as securities Although much more needs to be done to establish comprehensive rules of engagement amongst the regulators, the players and most importantly the consumers, however, the paradigm shift from prohibitive approach to a regulated one deserves some credit.*