

GOVERNMENT PROMISSORY NOTES ACT

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GOVERNMENT PROMISSORY NOTES ACT

An Act to make provision for the creation and issue of Government Promissory Notes for the purpose of raising loans.

[1960 No.6.]

[12th May, 1960]

[Commencement.]

PART I

Preliminary

1. Short title

This Act may be cited as the Government Promissory Notes Act.

2. Interpretation

In this Act, unless the context otherwise requires-

"Central Bank" means the Central Bank of Nigeria;

"Government promissory note" means a promissory note issued under section 3 of this Act;

"Minister" means the Minister for the time being charged with responsibility for matters relating to finance.

PART III

Issue

3. Issue of promissory notes for the purpose of raising authorised loans

(1) Whenever by any Act whether enacted before or after the coming into operation of this Act, authority has been or is given to raise any sum of money by way of loan for any purpose mentioned in that Act, or whenever it is necessary to raise any sum of money for the purpose of repaying any loan raised by the Federal Government under this or any other Act, the Minister may, from time to time, raise such sum or part thereof under the provisions of this Act from Governments of other countries and bodies corporate by the issue of securities in the form of Government promissory notes.

(2) Subject to subsection (1) of this section, the Governor of the Central Bank may issue naira denominated notes or other forms of securities or make any arrangement in respect of outstanding foreign obligations of the Federal Government in the course of rescheduling or restructuring such obligations.

4. Loans to be charged upon revenue

The principal sums and interest represented or secured by any Government promissory notes are hereby charged upon and shall be payable out of the general revenue and assets of the Federation.

5. Particulars to be published in the Federal Gazette

The Minister shall, in respect of each loan raised by the issue of Government promissory notes, cause the following particulars to be published in the Federal *Gazette*-

- (a) the face value of the notes;
- (b) the rate of interest payable on the loan;
- (c) the date of redemption of the notes and, if the Minister has reserved an option to redeem the notes at an earlier date, the fact that he has reserved such an option and the terms and conditions on which the option may be exercised.

6. Issue and effect of promissory notes

(1) Every Government promissory note shall bear the signature of the Minister and of the Accountant-General of the Federation for and on behalf of the Government of the Federation and shall, when issued, bind the Government of the Federation to pay the principal sum mentioned in that note and the interest thereon in accordance with the provisions of this Act or in pursuance of an option to redeem that note reserved by the Minister.

(2) Naira denominated notes issued by the Central Bank in accordance with section 3 (2) of this Act shall bear the signature of the Governor of the Central Bank and shall, when issued, bind the Federal Government to pay the principal sum mentioned in that note and the interest thereon in accordance with the provisions of this Act.

[1989 No. 10.]

7. Transferability

(1) Every Government promissory note shall specify whether or not it is transferable, and, if transferable, the extent to which and the manner in which it may be transferred.

(2) Notwithstanding anything contained in the Bills of Exchange Act, a Government promissory note shall not be transferable except to the extent and in the manner specified in the note.

[Cap. B8.]

8. Appropriation of revenue for payment of principal sum and interest

So long as any principal sum or interest is payable under this Act in respect of any Government promissory notes, the Minister shall appropriate out of the general revenue and assets of Nigeria a sum sufficient to meet all principal sums and interest so payable, and the Central Bank shall thereupon pay such principal sum or interest out of the sum so appropriated.

9. Payment of principal sum and interest

(1) The principal sum and interest due on any Government promissory note shall be payable on such dates and, in the case of interest, at such rate as shall be specified in the note.

(2) Where any amount has become payable on any date as interest due on any Government promissory note, no interest on that amount shall, after that date, be paid or payable by or on behalf of the Federal Government to any person in any circumstances.

10. Cessation of liability to pay interest

No person shall be entitled to claim interest on any Government promissory note in respect of any period which has elapsed after the earliest date on which demand could lawfully have been made for the payment of the principal sum due on the note.

11. Place of payment

All payments of interest and all payments of the principal sum due on any Government promissory note shall be made at the Central Bank in Lagos:

Provided that the Central Bank or any person authorised in writing by the Central Bank in that behalf may pay any such interest or principal sum at any other place, whether within or without Nigeria, in pursuance of any arrangement which the Central Bank may make for that purpose.

PART III

Sinking funds

12. Establishment of sinking funds

(1) The Minister may, after consultation with the Governor of the Central Bank, establish sinking funds for the purpose of redeeming loans raised by the issue of Government promissory notes:

Provided that no sinking fund so established shall be in respect of more than one such loan.

(2) The Minister shall, in respect of any sinking fund established under subsection (1) of this section, direct by notice in the *Federal Gazette*, the rate and intervals at which appropriation out of the general revenue and assets of the Federation shall be made as a contribution to the sinking fund and the date from which such contributions shall commence.

13. Appropriation of revenue for sinking fund

After the date directed by the Minister under section 12 of this Act as the date from which contributions to a sinking fund established under that section shall commence, the Minister shall, at the intervals so directed for the payment of contributions to the fund, appropriate out of the general revenue and assets of the Federation a sum determined in accordance with the rate so directed.

14. Investment of sinking fund

(1) All moneys appropriated under section 13 of this Act as contributions to a sinking fund established under section 12 of this Act; shall be paid to the Central Bank and may then be invested in such stock or securities or in such other investments or classes of investments as may be approved by the Minister.

(2) The Central Bank may, from time to time, with the approval of the Minister, vary any investment made under subsection (1) of this section or may realise and re-invest any moneys invested under that subsection.

(3) The dividends, interest, bonus and other profits of any investment of any part of any such sinking fund shall be invested by the Central Bank so as to form part of that

sinking fund in like manner as moneys appropriated under section 13 of this Act as contributions to that sinking fund.

15. Cessation of contributions to sinking fund

Notwithstanding anything to the contrary contained in this Act, if at any time the Governor of the Central Bank is satisfied that a sinking fund established under section 12 of this Act will be sufficient with further accumulations of interest, but without further payments of contributions, to enable the loan in respect of which it was established to be redeemed at the time fixed for its redemption, he shall inform the Minister accordingly, and the Minister may thereupon suspend further payments of contributions to that sinking fund:

Provided, however, that the contributions to that sinking fund shall be recommenced if the Governor of the Central Bank at any time thereafter informs the Minister that he is no longer satisfied that the sinking fund with further accumulations of interest, will be sufficient for the redemption of that loan.

16. Expenses to be paid out of sinking fund

There shall be paid out of any sinking fund established under section 12 of this Act, expenses specifically incurred in, or incidental to, the investment and management of that fund and the repayment of the loan in respect of which it was established.

17. Deficiency in sinking fund to be a charge upon revenue

In the event of a sinking fund established under section 12 of this Act being found, at the time fixed for the repayment of the loan in respect of which it was established, to be insufficient for such redemption, the deficiency shall be made good out of the general revenue and assets of the Federation.

PART IV

General

18. Issue of duplicates and renewals

(1) The Accountant-General of the Federation may issue duplicate Government promissory notes in such circumstances as may be prescribed.

(2) The Accountant-General of the Federation may issue renewals of Government promissory notes in such circumstances as may be prescribed.

19. Liability after renewal

(1) Where a renewed Government promissory note has been issued under section 18 of this Act, the note so issued shall be deemed to constitute a new contract between the Federal Government and the holder and any other Government or body corporate, deriving title thereafter through the holder.

(2) No such renewal shall affect the rights as against the Federal Government or any other Government or body corporate to the promissory note so renewed.

20. Discharge of liability

The liability of the Government of the Federation shall-

(a) in respect of any Government promissory note redeemed on or after the date on which payment of the principal sum becomes due, be discharged after the lapse of six years from that date;

(b) in respect of any Government promissory note in place of which a duplicate is issued under section 18 of this Act, be discharged after the lapse of six years

from the date of the issue of such duplicate or from the date of the last payment of interest on such note, whichever date is the later;

(c) in respect of any Government promissory note for which a renewed note is issued under section 18 of this Act, be discharged after the lapse of six years from the date of the issue of the renewed note.

21. Exemption from stamp duties

All Government promissory notes and all renewals and duplicates thereof shall be in such form as may be prescribed and shall be free from stamp duty, anything in any other Act to the contrary notwithstanding.

22. Power to make regulations

(1) The Minister may, after consultation with the Governor of the Central Bank, make regulations for the purpose of giving effect to the provisions of this Act.

(2) In particular and without prejudice to the generality of the provisions of subsection (2) of this section, the regulations may provide for all or any of the following matters-

(a) the manner in which payment of interest in respect of Government promissory notes is to be made and acknowledged;

(b) the circumstances in which Government promissory notes must be renewed before further payment of interest thereon may be claimed;

(c) the issue of duplicate Government promissory notes;

(d) the renewal of Government promissory notes;

(e) the manner of payment of interest to joint holders of Government promissory notes;

(f) the disposal of unclaimed interest;

(g) the payment of principal sums and interest and transfer of Government promissory notes in the case of bodies corporate under a legal disability;

(h) all matters required or permitted by this Act to be prescribed and all matters incidental to or connected with the matters herein before enumerated.

23. Savings

Nothing contained in this Act shall affect the provisions of any other enactment relating to the manner in which or the terms and conditions on which loans may be raised by the Federal Government.

GOVERNMENT PROMISSORY NOTES ACT

SUBSIDIARY LEGISLATION

No Subsidiary Legislation