

CHAPTER 161

GENERAL LOAN AND STOCK ACT

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CHAPTER 161**GENERAL LOAN AND STOCK ACT**

An Act to declare the terms and conditions applicable to loans authorised to be raised by the Government of the Federal Republic of Nigeria, and to provide for the

24 of 1916
63 of 1916
9 of 1922
15 of 1928
31 of 1951

creation of stock.

[30th May, 1916]

L.N. 47 of
1951

1. This Act may be cited as the General Loan and Stock Act.

Short title.
33 of 1951.

2. In this Act, unless the context otherwise requires-
"registered stock" means stock transferable by instrument in
writing;

Interpretation.
33 of 1951.

"stock" includes both inscribed and registered stock.

3. Whenever by an Act authority shall have been given, or shall hereafter be given, to raise any sum of money for the purposes mentioned in such Act, the President may, from time to time, as he or they may deem expedient, raise such either by debentures or by stock, or partly by debentures and partly by stock.

Loans to be
raised by
debentures or
stock.
33 of 1951.

4. The principal moneys and interest represented by the debentures or stock issued under the provisions of this Act are hereby charged upon and shall be payable out of the general revenues and assets of the Government.

Loans to be a
charge upon
general
revenue.

5. When the President, shall deem it expedient to raise money by debentures, such debentures shall be issued in the United Kingdom on behalf of the Government of the Federation by its agents, upon the best and most favourable terms that can be obtained, and shall be signed by any one of them on that behalf.

Borrowing
upon
debentures.

6. Every debenture issued under the provisions of this Act shall be for the sum of not less than two hundred naira.

Amount of
each
debenture.
43 of 1916

7. The debentures shall be redeemable either-
(a) at par on a fixed date to be declared on the issue of the debentures such date not being later than sixty years from the

redemption of
debentures.
33 of 1951.

date of issue:

Provided that the President, may reserve the option to redeem the debentures prior to such date on such conditions as may be declared at the time of issue; or

(b) by annual drawings at par or at the option of the President, or by purchase at or below par.

Interest coupons.

8. There shall be attached to every debenture coupon for the payment of the interest to become due in each half-year upon the principal represented by the debenture. The coupons shall be sufficient in number to provide for the payment of the interest, either during the whole period for which the debenture has to run, or for such limited period as the Government of the Federation, may determine.

Form of debenture and coupons.

9. The debentures and the coupons thereto shall be in such form as the President, may direct or approve.

Debentures and coupons transferable.

10. Every debenture and coupon, and the right to receive the principal and interest represented thereby, shall be transferable by delivery.

Registry of debentures.

11. Every debenture shall, before being issued, be registered in a register book to be kept for that purpose at the office in London of the Nigeria High Commission.

Payment of interest.

12. The interest upon the principal represented by each debenture shall run from the day named in that behalf in the debenture, and shall be paid half-yearly on the days named in that behalf in the debenture, at the office in London of the Nigeria High Commission.

Mode of providing for payment of interest on debentures 13 of 1951

13. So long as any of the debentures remain outstanding, the President shall, in each half-year ending with the day on which the interest on the debentures falls due, appropriate out of the

general revenues and assets of the Federation a sum equal to one half-year's interest on the whole of the debentures issued, including any which may have been redeemed, but exclusive of any which may have been at any time exchanged for stock, and shall remit that sum to the Nigeria High Commission at such time as will enable them to pay thereout the then current half-year's interest on the day on which it falls due. Debentures shall not be deemed to be outstanding for the purposes of this Act by reason only that one or more of the debentures have not been presented for payment on the day appointed for payment and have, in consequence, not been paid.

14. After the date specified in the Act authorizing the loan as that on which the contributions to the sinking fund shall commence, the President shall, in each half-year ending as aforesaid appropriate out of the said revenues and assets of the Federation for the formation of a sinking fund, an additional sum equal to one-half of the annual contribution specified in the prospectus or, in the case of a loan not issued publicly, in the terms of issue relating to the loan, in respect of the total nominal amount of all the debentures issued, including any which may have been redeemed, but exclusive of any which may have been at any time exchanged for stock and shall remit that sum to the Nigeria High Commission with the remittance hereinbefore mentioned.

Further sums
to be remitted
for the
redemption of
the
debentures.
9 of 1922
33 of 1951

15. The sinking fund shall be applied in the first place in payment of all expenses of, or incidental to, the redemption of the debentures and the cost and expenses of all notices required by this Act to be given, and in the next place, and subject to the aforesaid payments, in repayment of the principal moneys for the time being represented by the debentures.

Application of
sinking fund.

Creation of
sinking fund
for redemption
of debentures

General Loan and Stock Act

payable on a
fixed date.
33 of 1951

16. In the case of debentures redeemable on a fixed date, the Nigeria High Commission shall place at interest or invest in the purchase of such securities as may be approved by the Minister so much of the money so remitted to them as aforesaid as shall not be required for the payment of interest for the current half-year, as a sinking fund for the final extinction of the debt, and the Nigeria High Commission shall also place at interest or invest in the purchase of like securities the accumulations of interests or the dividends, interest or produce of such investments and may, from time to time, with the approval of the Minister, change any such investments and shall hold such fund in trust for the repayment of the principal moneys for the time being represented by the debentures.

Disposal of
sinking fund
when
debentures are
redeemed by
purchase or by
annual
drawings.

17. In the case of debentures redeemable by annual drawings, the Nigeria High Commission shall place and keep the moneys so remitted to them, or so much thereof as may not be required for immediate payments, at interest, and shall hold all such moneys and the accumulations thereon in trust, to apply them in the first place to the purchase of the debentures when they can be obtained at a price not exceeding par, and, secondly, to the redemption of the debentures by means of annual drawings.

Appointment
of day for
drawing of
debentures.

18. After the date specified in the Act authorising a loan as that on which the contributions to the sinking fund shall commence in respect of that loan, and so long thereafter as any of the debentures remain outstanding and unsatisfied, the Nigeria High Commission shall, in every year, unless the whole of the money applicable in that year to the redemption of debentures has been applied in the purchase thereof, appoint a day in that year for the drawing by lot of the debentures to be redeemed.

19. If a day is appointed for drawing, the Nigeria High Commission shall give, by advertisement in the London "Times" newspaper, not less than fifteen days' previous notice, specifying the day on which, and the hour and place at which, the drawing will take place.

Notice of time and place appointed for drawing.

20. On the day and at the hour and place so specified the Nigeria High Commission shall hold a meeting, at which the holder of any debenture may, if he thinks fit, be present, and shall then in the presence of such debenture-holders, if any, as may attend, and of a notary public, draw by lot, out of the whole number of debentures for the time being outstanding, debentures of the specified nominal amount.

Mode of drawing.

21. The Nigeria High Commission shall thereupon declare the distinguishing numbers of the debentures drawn for redemption, and shall, as soon as may be, by advertisement in the London "Times" newspaper, specify those numbers and appoint a day, not being later as to each debenture than the day on which the then current half-year's interest thereon is payable, on which the principal moneys represented by the debentures so distinguished will be repaid.

Notice of debentures drawn for redemption.

22. On the day so appointed the Nigeria High Commission shall, at their office in London, on demand, pay to the holders of the debentures drawn for repayment the principal moneys represented by those debentures, with all interest payable thereon up to that day.

Payment of drawn debentures.

23. From and after the day appointed for the repayment of any debenture all interest on the principal moneys represented thereby shall cease and determine, whether payment of the principal shall have been demanded or not.

Cesser of interest from day appointed for payment of principal.

General Loan and Stock Act

Redeemed
debentures to
be cancelled.
33 of 1951

24. (1) Upon the repayment of the principal moneys represented by any debenture, the debenture, with all the coupons thereunto belonging, shall be delivered up to the Nigeria High Commission, to be by them cancelled and disposed of in such manner as the President, or the Nigeria High Commission acting on his behalf, may decide.

33 of 1951

(2) Any debenture redeemed by purchase shall likewise be cancelled and disposed of.

Borrowing
upon stock.
43 of 1916
33 of 1951

25. When the President, shall deem it expedient to raise money by the issue of Nigeria stock, then such stock shall be issued in the United Kingdom by the Federal Government under the provisions of the Central Bank of Nigeria Act upon the best and most favourable terms that can be obtained.

Cap. 47.

When the
principal is to
be repaid.
33 of 1951

26. All the stock which may be created under the provisions of this Act shall be redeemable at par on a date to be named in that behalf by the Federal Government when issuing the stock, such date not being later than sixty years from the date of issue:

Provided that the President, may reserve the option to redeem the stock in whole or in part, by drawings or otherwise, at any time prior to such date on such conditions as may be declared at the time of issue. From and after the date appointed for the redemption of the stock or any part of it all the interest on the principal moneys represented thereby shall cease and determine, whether payment of the principal shall have been demanded or not.

Mode of
providing for
payment of
principal of
stock.
33 of 1951

27. So long as any of the stock shall remain unredeemed, the President shall, in each half-year ending with the day on which the interest on such stock falls due, appropriate out of the general revenues and assets of the Federation a sum equal to one half-year's interest on the whole of such stock, and shall remit that sum to the Nigeria High Commission at such time as will

enable them to pay thereout the then current half-year's interest on the day when it falls due.

28. The President shall, in the half-year ending on the date specified in the terms of issue of the loan as that on which the first contribution to the sinking fund shall be taken and in each subsequent half-year, appropriate out of the said revenues and assets of the Federation for the formation of a sinking fund an additional sum equal to one-half of the annual contribution specified in the prospectus or, in the case of a loan not issued publicly, in the terms of issue relating to the loan, in respect of the total nominal amount of such stock including any such stock which may at any time have been issued in exchange for debentures under the authority of this Act, and shall remit the sum to the Nigeria High Commission with the remittance hereinbefore mentioned.

Mode of
providing for
payment of
principal of
stock.
33 of 1951

29. The Nigeria High Commission shall, for the purpose of forming such sinking fund, from time to time place at interest or invest so much of the money so remitted to them as aforesaid as shall not be required for the payment of interest for the current half-year in the purchase of such securities as may, from time to time, be approved by the Minister, and shall also place at interest or invest the accumulations of interest or the dividends, interest or produce of such investments in the purchase of like securities, and may from time to time, change any such investments, and shall hold such fund in trust for repayment of the principal moneys for the time being represented by the stock.

Creation of
sinking fund.
33 of 1951

30. In case the sinking fund provided for by this Act shall be insufficient for the payment of all the principal moneys borrowed under the authority of this Act at the time the same shall have become due, the President shall make good the deficiency out of the general revenues and assets of the

Charge upon
general
revenue.

General Loan and Stock Act

Federation.

Expenses to
be paid out of
sinking fund

31. All expenses of or incidental to the management of the sinking fund, or to the payment of the principal moneys borrowed, shall be paid out of the sinking fund.

Powers of the
President
33 of 1951

32. The President shall also have, and may from time to time exercise, the following powers and authorities or any of them-

conversion of
debentures
into stock.

(a) he may authorise the Nigeria High Commission when issuing any loan in the form of debentures to declare that such debentures shall be convertible into stock at such dates and on such terms and conditions as may be prescribed by the Nigeria High Commission at the time of the issue of the debentures;

Conversion of
loans
generally.

(b) he may declare all or any of the Nigeria loans, whether existing in the form of stock or debentures and whenever issued, to be convertible into stock, to be issued under the provisions of this Act;

Issue of stock
in exchange
for other
securities.

(c) he may authorise the creation and issue of such an amount of stock in exchange for the securities held for such loans as may be necessary;

Sale of stock
or debentures
to raise
moneys.

(d) he may authorise the creation and sale of any such stock or debentures for the purpose of raising money for redeeming any outstanding loans whenever issued, for paying any expense in the creation of stock, and otherwise for carrying out the provisions of this Act;

Arrangements
for
conversion.

(e) any conversion so authorised may be effected either by an arrangement with the holders of existing securities or by purchase thereof out of moneys raised by the sale of stock, or partly in one way and partly in the other.

33. Nothing in this Act shall authorise an increase of the capital or of the annual charge on any loan, except-

Exchange of securities for stock.
33 of 1951

(a) when securities exchanged for stock bear a rate of interest not less than the stock, and additional amount of stock may be created and issued to make up the difference in saleable value between the securities and the stock;

(b) in the case of the conversion of securities into stock the Nigeria High Commission shall issue such an amount of stock as may be required to defray the stamp duties and all other expenses incidental to the conversion.

(c) in accordance with such terms and conditions as may be prescribed under section 32(a) of this Act.

34. The securities exchanged or otherwise converted into stock under the provisions of this Act shall be forthwith cancelled by the Nigeria High Commission, and the debentures surrendered shall be cancelled and transmitted to the President.

Converted securities to be cancelled.
33 of 1951

35. The trustees of the sinking fund appointed under this Act, and acting under any Act authorizing the issue of any securities which may be exchanged into stock or cancelled or purchased under the provisions of this Act, shall determine what amount of the sinking fund held by them and created for repayment of such securities shall be released, and in the determination of such question the trustees shall take into consideration the value of the whole investments held by them on account of such sinking funds, the amount of the debt remaining a charge on such sinking funds, and such matters as the trustees may think fit to take into account.

Trustees to apportion amount of sinking fund released by conversion.
33 of 1951

General Loan and Stock Act

Sinking funds
released, how
to be disposed
of
33 of 1951
L.N. 47 of
1951

36. So much of the sinking funds as may be released shall either be transferred into the trustees of the stock sinking fund, or be disposed of in such a manner as the President, with the advice and consent of the House of Representatives, may direct.

Sinking fund
contributions
15 of 1928

37. Notwithstanding anything to the contrary contained in this Act, if at any time the trustees of the sinking fund of any loan issued or to be issued under the provisions of the Act (other than a debenture loan redeemable by annual drawings or by purchase in the market) are satisfied that the value of the fund shall be sufficient with further accumulations of interest but without further payments of contributions to enable the loan to be redeemed out of the proceeds of the sinking fund when the same shall fall due to be redeemed, the President may suspend further payments of contributions to the said sinking fund:

Provided that contributions to the sinking fund shall be recommenced if the trustees shall at any time inform the President that it is necessary.

Creation,
inscription,
registration,
issue,
conversion
and transfer of
stock
33 of 1951.

38. The Nigeria High Commission may, from time to time, at the request of the President, make arrangements for all or any of the following things-

- (a) for inscribing and registering stock in their books;
- (b) for managing the creation, inscription, registration and issue of stock, including the issue of certificates of title in respect of such stock;
- (c) for effecting the conversion of loans into stock;
- (d) for paying interest on stock and managing the transfers thereof;
- (e) for issuing stock certificates to bearer, and, as often as occasion shall require, re-inscribing or re-registering them;
- (f) for effecting the exchange or conversion of inscribed stock into registered stock.

39. This Act shall be applicable only to the raising of loans in the United Kingdom, and nothing in this Act contained shall prevent the raising of loans in Nigeria upon such terms and conditions as shall be specified in any Act authorising the raising of such loans.

Raising of loans in Nigeria. 33 of 1951.

40. Authority is hereby given for the making of regulations under section 16 of the Colonial Stock Act, 1877, to provide that, in accordance with section 1 of the Colonial Stock Act, 1948, stock issued (whether before or after the passing of the Colonial Stock Act, 1948) under the provisions of this Act shall be transferable by instrument in writing in accordance with the regulations and in no other manner.

Regulations for transfer of stock by instrument in writing. 33 of 1951.

41. Any Act in which the short title of this Act is cited shall be read as if that title were cited as the General Loan and Stock Act.

Effect of amendment of short title. 33 of 1951.

GENERAL LOAN AND STOCK ACT

CHAPTER 161

SUBSIDIARY LEGISLATION

No Subsidiary Legislation.