

GENERAL LOAN AND STOCK ACT

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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 in the United Kingdom and to provide for the creation of stock.

[1916 No. 24.]

[30th May, 1916]

[Commencement.]

1. Short title

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

2. Interpretation

In this Act, unless the context otherwise requires-

"registered stock" means stock transferable by instrument in writing;

"stock" includes both inscribed and registered stock.

3. Loans to be raised by debentures or stock

Whenever by any 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 may deem expedient, raise such sum either by debentures or by stock, or partly by debentures and partly by stock

4. Loans to be a charge upon general revenue

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.

5. Borrowing upon debentures

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 anyone of them on that behalf.

6. Amount of each debenture

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

[1916 No. 43.]

7. Redemption of debentures

The debentures shall be redeemable either-

[1951 No. 33.]

(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 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.

8. Interest coupons

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.

9. Form of debenture and coupons

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

10. Debentures and coupons transferable

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

11. Registry of interest

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.

12. Payment of interest

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.

13. Mode of providing for payment of interest on debentures

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.

[1951 No. 33.]

14. Further sums to be remitted for the redemption of the debentures

After the date specified in the Act authorising the loans 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 at any time exchanged for stock and shall remit that sum to the Nigeria High Commission with the remittance hereinbefore mentioned.

[1922 No.9. 1951 No. 33.]

15. Application of sinking fund

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.

16. Creation of sinking fund for redemption of debentures payable on fixed date

In the case of debentures redeemable on a fixed date, the Nigerian 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.

[1951 No. 33.]

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

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.

18. Appointment of day for drawing of debentures

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. Notice of time and place appointed for drawing

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.

20. Mode of drawing

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.

21. Notice of debentures drawn for redemption

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.

22. Payment of drawn debentures

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.

23. Cesser of interest from day appointed for payment of principal

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.

24. Redeemed debentures to be cancelled

(1) Upon the repayment of the principal moneys represented by any debenture, the debenture, with all 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.

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

[1951 No. 33.]

25. Borrowing upou stock

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.

[1916 No. 43. 1951 No. 33. Cap. C4.]

26. When the principal is to be repaid

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.

27. Mode of providing for payment of interest on stock

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 to 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.

[1951 No. 33.]

28. Mode of providing for payment of principal of stock

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.

29. Creation of sinking fund

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 investment, and shall hold such fund in trust for repayment of the principal moneys for the time being represented by the stock.

[1951 No. 33.]

30. Charge upon general revenue

In case the sinking fund provided for by this Act shall be insufficient for the payment of all 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 revenue and assets of the Federation.

31. Expenses to be paid out of sinking fund

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.

32. Powers of the President

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

[1951 No. 33.]

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. Exchange of securities for stock

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

(a) when securities exchanged for stock bear a rate of interest not less than the stock, an 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. Converted securities to be cancelled

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.

[1951 No. 33.]

35. Trustees to apportion amount of sinking fund released by conversion

The trustees of the sinking fund appointed under this Act, and acting under any Act authorising 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.

[1951 No. 33.]

36. Sinking funds released, how to be disposed of

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 National Assembly may direct.

[1951 No. 33. L.N. 47 of 1951.]

37. Sinking fund contributions

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.

[1928 No. 15.]

38. Creation, inscription, registration, issue, conversion and transfer of stock

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.

[1951 No. 33.]

39. Raising of loans in Nigeria

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.

[1951 No. 33.]

40. Regulations for transfer of stock by instrument in writing

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.

[1951 No. 33.]

41. Effect of amendment of short title

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.

[1951 No. 33.]

GENERAL LOAN AND STOCK ACT

SUBSIDIARY LEGISLATION

No Subsidiary Legislation