

## CENTRAL BANK OF NIGERIA (AMENDMENT) ACT, 1962



### ARRANGEMENT OF SECTIONS

#### Section

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|---|--|
| 1. Section 11 of principal Act amended. | 6. Sections 26, 27 and 28 of principal Act repealed. |
| 2. Parity of Nigerian pound. Repeal.    | 7. Section 29 of principal Act amended.              |
| 3. Section 25 of principal Act amended. | 8. Section 40 of principal Act amended.              |
| 4. Value of external reserve.           | 9. Short title, etc.                                 |
| 5. Obligation in respect of currency.   |  |

1962, No. 17

AN ACT TO AMEND THE CENTRAL BANK OF NIGERIA ACT (CHAPTER 30)

[5th June, 1962]

Commence-  
ment.

BE IT ENACTED by the Legislature of the Federation of Nigeria in this present Parliament assembled and by the authority of the same as follows :—

1. Subsection (3) of section eleven of the Central Bank of Nigeria Act (which prescribes disqualifications in respect of certain appointments) is amended by substituting in paragraph (e) the words "the Commonwealth" for the words "Her Majesty's dominions".

Section 11  
of principal  
Act  
amended.  
Cap. 30.

2.—(1) Subject to the provisions of this section the parity of the Nigerian pound shall be equivalent to 2.48828 grams fine gold.

Parity of  
Nigerian  
pound.  
Repeal.

(2) The parity of the Nigerian pound may from time to time be changed by the Bank with the approval of the Governor-General in Council. Notice of the change shall as soon as possible thereafter be published in the Gazette.

(3) Section seventeen of the principal Act is hereby repealed.

3. Section twenty-five of the principal Act (which provides for maintenance of external reserves) is amended by repealing paragraphs (b) to (f) and substituting the following new paragraphs,—

Section 25  
of principal  
Act  
amended.

"(b) balances at any bank outside Nigeria where the currency is sterling or is freely convertible into gold or sterling, and in such currency any notes, coin, money at call and where they bear at least two good signatures and have a maturity not exceeding ninety days exclusive of days of grace, any bill of exchange ;

(c) Treasury Bills having a maturity not exceeding one hundred and eighty-four days issued by the Government of any country outside Nigeria whose currency is sterling or is freely convertible into gold or sterling ;

(d) securities of or guaranteed by a Government of any country outside Nigeria whose currency is sterling or is freely convertible into gold or sterling where the securities held under this paragraph do not exceed thirty per centum of the reserve of external assets and not more than two-thirds of the securities held will mature in a period exceeding five years."

Value of  
external  
reserve.

4. The value of the reserve of external assets shall be not less than forty *per centum* of the total demand liabilities of the Bank.

Obligation  
in respect of  
currency.

5.—(1) Unless otherwise prohibited by any law relating to the control of exchange the Bank shall, on demand at its head office in Lagos—

(a) issue and redeem Nigerian currency against sterling, and

(b) at its discretion issue and redeem Nigerian currency against gold or other currencies eligible for inclusion in the reserve of external assets under this Act: provided that the rates of exchange quoted by the Bank for spot transactions shall not differ by more than one *per cent* from the parity of the Nigerian pound with the parity of the other currency.

(2) Nothing in this section shall be construed to require the Bank to sell or buy sterling for an amount less than ten thousand pounds in respect of any one transaction.

Sections 26,  
27 and 28 of  
principal  
Act repealed.

6. Sections twenty-six, twenty-seven and twenty-eight of the principal Act are hereby repealed.

Section 29  
of principal  
Act  
amended.

7. Subsection (1) of section twenty-nine of the principal Act (which prescribes the general powers of the Central Bank) is amended in manner following that is to say—

(a) by substituting in paragraph (g) the words "thirty-three and one-third" for the word "twenty";

(b) by substituting in paragraph (i) the words "fifty per centum of the aggregate of the Bank's paid up capital and" for the words "twenty *per cent* of";

(c) in sub-paragraph (ii) of paragraph (k) by inserting the word "five" immediately after the word "twenty";

(d) by substituting in paragraph (l) the words "one hundred and eighty-four" for the words "ninety-three";

(e) by substituting in paragraph (n) the words "securities of or guaranteed by any Government whose currency is sterling or is freely convertible into gold or sterling or securities issued by international financial institutions, of which Nigeria is a member, which are also expressed in currencies which are sterling or are freely convertible into gold or sterling;" for all words immediately following the word "sell".

Section 40 of  
principal  
Act  
amended.

8. Section forty of the principal Act (which empowers the Central Bank to prescribe liquidity minimum) is amended in manner following that is to say—

(a) by substituting in subsection (1) the words "the minimum amount of specified liquid assets which each bank operating in Nigeria under the Banking Act is required to hold" for all words immediately following the word "Gazette"; and Cap. 19.

(b) by substituting in subsection (2) the words "of the demand liabilities of each such bank, together with a percentage of the time liabilities of each such bank arising out of its time and savings deposits. No bank shall be required to maintain a higher percentage than any other bank" for all words immediately following the word "percentage" where it first occurs.

9.—(1) This Act may be cited as the Central Bank of Nigeria Amendment Act, 1962 and shall be construed as one with the Central Bank of Nigeria Act, in this Act called "the principal Act". Short title,  
etc.  
Cap.

(2) This Act shall apply throughout the Federation.

## SAVINGS BONDS AND CERTIFICATES ACT, 1962



1962, No. 18

AN ACT TO AUTHORISE THE RAISING OF LOANS IN NIGERIA BY THE ISSUE OF CERTAIN SECURITIES THROUGH THE POST OFFICE; AND FOR PURPOSES CONNECTED WITH THE MATTER AFORESAID.

[5th June, 1962]

Commence-  
ment.

BE IT ENACTED by the Legislature of the Federation of Nigeria in this present Parliament assembled and by the authority of the same as follows :—

1.—(1) With a view to providing further facilities for the investment of small savings, the Minister of the government of the Federation responsible for finance may, subject to the provisions of this Act, raise loans in Nigeria for the purposes of the development programme, not exceeding in the aggregate the sum of ten million pounds or such larger sum as the Minister may by order specify.

Power to  
raise loans  
in Nigeria by  
the issue of  
securities  
through the  
Post Office.

(2) Any loan raised by virtue of this Act, and any payment falling to be made in respect of such a loan, shall be secured on the revenues and assets of the Federation as required by section one hundred and twenty-nine of the Constitution of the Federation.

(3) For the purpose of raising the loans aforesaid, the Minister may by regulations provide for the creation and issue by the Director of Posts and Telegraphs, on such terms as may be specified by or under the regulations, of securities in the form of bonds or certificates or in such other form as the Minister may by order specify; and, notwithstanding anything in any other enactment, any loan raised by virtue of this Act shall be raised only by the issue of securities created by virtue of this Act.

(4) Regulations under this section may make such provision as the Minister considers expedient for the purposes of this section and, without prejudice to the generality of the foregoing provisions of this subsection, may include provision with respect to—

- (a) the issue, transfer, forfeiture and redemption of securities;
- (b) the making of payments, by way of interest or otherwise, of such amounts as may be determined by or under the regulations and either in respect of all securities of a particular class or in respect of such only of them as may from time to time be determined in any manner provided by the regulations;
- (c) the cases in which trust funds shall not be invested in securities in exercise of any statutory power of investment;
- (d) the settlement of disputes arising in connection with securities;

(e) the creation of offences connected with securities and the imposition of punishments for such offences, not exceeding in the case of any offence imprisonment for a term of three months or a fine of fifty pounds or both ;

and regulations under this section may make different provision for different circumstances.

(5) An order under this section shall not come into force unless it has been approved by resolution of the House of Representatives ; and if that House, on any of the twenty days on which it sits next after the day on which any regulations under this Act come into force, resolves that the regulations be annulled they shall, except in relation to anything previously done by virtue of the regulations, cease to have effect on the day next following the date of the resolution.

(6) In this section,—

“the development programme” has the same meaning as in the Internal Loans Act, 1962 ;

“the Minister” means the Minister of the government of the Federation responsible for finance ;

“securities”, unless the context otherwise requires, means securities issued by virtue of this Act.

Short title  
and extent.

2. This Act may be cited as the Savings Bonds and Certificates Act, 1962, and shall apply throughout the Federation.

## BANKING AMENDMENT ACT, 1962



## ARRANGEMENT OF SECTIONS

## Section

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|---|--|
| 1. Definition of banking business amended.                                | 8. Section 9 of principal Act amended.   |
| 2. Section 3 of principal Act amended.                                    | 9. Section 10 of principal Act amended.  |
| 3. Section 4 of principal Act amended.                                    | 10. Section 13 of principal Act amended. |
| 4. Certain licences saved from requirement as to minimum paid up capital. | 11. Section 15 of principal Act amended. |
| 5. Section 5 of principal Act amended.                                    | 12. Section 18 of principal Act amended. |
| 6. Section 7 of principal Act amended.                                    | 13. Short title, etc.                    |
| 7. Minimum specified liquid assets. Repeal.                               |  |

1962, No. 19

## AN ACT TO AMEND THE BANKING ACT (CHAPTER 19)

[5th June, 1962]

Commence-  
ment and  
passing.

BE IT ENACTED by the Legislature of the Federation of Nigeria in this present Parliament assembled and by the authority of the same as follows:—

1. In section two of the Banking Act 1958 (in this Act referred to as "the principal Act") there shall be substituted in the definition of "banking business" for the words "of paying and", the words "from the general public, of paying or".

Definition  
of banking  
business  
amended.  
Cap. 19.

2. Subsection (3) of section three of the principal Act (which relates to licences and applications therefor) is amended by inserting immediately following the word "association" when it secondly occurs, the words "or equivalent documents acceptable to the Minister".

Section 3  
of principal  
Act  
amended.

3. Section four of the principal Act (which prescribes the minimum paid up capital requisite before the issue of a licence) is amended in manner following that is to say,—

Section 4  
of principal  
Act  
amended.

(a) by inserting at the commencement the words "Subject to the provisions of this Act";

(b) in paragraph (a) by substituting the words "two hundred and fifty thousand" for the words "twelve thousand five hundred";

(c) in paragraph (b) by substituting the words "the board of management or other controlling authority gives an undertaking satisfactory to the Minister to keep within Nigeria at all times during the currency of its licence out of its own funds assets amounting to not less than two hundred and fifty thousand pounds" for all words following the word "Nigeria".



Certain licences saved from requirements as to minimum paid up capital.

4.—(1) Where a bank holds a licence validly granted under the principal Act or any Act repealed by that Act and the licence was in force immediately before the passing of this Act, the bank shall, not later than seven years from the date of the passing of this Act, comply with the provisions of paragraph (a) or (b) of section four of the principal Act as the case may require, and subject thereto the licence shall continue to have effect according to its tenor.

(2) The failure when required under this section to comply with section four of the principal Act as to the capital of the bank shall be deemed to be a ground for revocation of the licence under subsection (3) of section 3 of the principal Act.

Section 5 of principal Act amended.

5. Section five of the principal Act (which relates to maintenance of reserve fund) is amended,—

(a) by adding at the end of subsection (1) the following *proviso* :

“provided that no such transfer shall be made until any past losses have been made good.”; and

(b) by repealing subsection (3).

Section 7 of principal Act amended.

6. Section seven of the principal Act (which restricts activities of licensed banks) is amended in manner following that is to say,—

(a) in subsection (1),—

(i) by inserting immediately after paragraph (a) a new paragraph (aa) as follows—

“(aa) For the purposes of paragraph (a), all advances or credit facilities extended to any person shall be aggregated and include all advances or credit facilities extended to any subsidiaries of what kind soever of that person;”;

(ii) by adding to paragraph (c) a new sub-paragraph (iii) as follows—

“(iii) to any public company in which it or any one or more of its directors jointly or severally maintains a controlling interest;”;

(iii) in paragraph (g),—

(a) by inserting immediately after the word “business”, the words “including provision for future expansion or other exceptional circumstances where the agreement of the Central Bank is obtained”, and

(b) by substituting for paragraph (ii) of the *proviso* the following new paragraph—

“(ii) a bank may secure a debt on any real or other property and in default of repayment may acquire such property for resale by the bank as soon as possible thereafter.”;

(b) in subsection (2) by inserting immediately following the word “security” when it last occurs the words “or where the Minister is satisfied there is no established market value, on the basis of a valuation approved by the Minister”;

(c) by inserting immediately after subsection (3) a new subsection (4) as follows—

“(4) Rates of interest charged on advances or other credit facilities by licensed banks shall be linked to the minimum rediscount rate of the Central Bank subject to a stated minimum rate of

interest, and the interest rate structure of each licensed bank shall be subject to the approval of the Central Bank; and the minimum rate of interest when so approved shall be the same for all licensed banks."

7.—(1) Every licensed bank shall maintain at all times a holding of specified liquid assets not less than such amount as may from time to time be prescribed by the Central Bank by virtue of section forty of the Central Bank of Nigeria Act. In computing the amount of specified liquid assets to be held by a licensed bank operating in Nigeria and elsewhere the offices and branches in Nigeria shall be deemed to constitute a separate bank.

Minimum  
of specific  
liquid  
assets.  
Repeal.

Cap. 30.

(2) Where the amount of the holding of specified liquid assets to be maintained is prescribed under section forty of the Central Bank of Nigeria Act 1958, the Central Bank shall for the purposes thereof have power to prescribe the extent to which assets outside Nigeria of a licensed bank shall be included in the holding, and the nature of any such assets to be included; and for the purposes of subsection (2) of that section, "demand liabilities" means the total of liabilities payable in cash on demand, and "time liabilities" means the total liabilities payable in cash otherwise than on demand.

(3) Where there are both assets and liabilities due by or to other banks they shall be offset accordingly and any surplus of assets or liabilities shall be included as specified liquid assets or demand liabilities as the case may be: provided that in the case of long term advances to a licensed bank by any other bank or by an overseas branch or office of the licensed bank, the advances may with the approval of the Central Bank be excluded from the demand liabilities of the licensed bank.

(4) A licensed bank shall be guilty of an offence if,—

(a) it fails to furnish within a reasonable time any information required by the Central Bank to satisfy the Central Bank that the licensed bank is observing the requirements of subsection (1) of this section, or

(b) it allows its holding of specified liquid assets to be less than is from time to time prescribed by the Central Bank, or

(c) during the period of any such deficiency of specified liquid assets, the licensed bank grants or permits increases in advances or overdrafts without the prior approval of the Central Bank.

(5) Any licensed bank which commits an offence under subsection (4) of this section shall be liable on conviction to a fine of fifty pounds—

(a) for every day during which a default under paragraph (a) thereof exists,

(b) for every day during which a deficiency under paragraph (b) thereof exists, and

(c) for every offence under paragraph (c) thereof.

(6) For the purposes of this section, "specified liquid assets" provided they are freely transferable and free from any lien or charge of any kind shall consist of all or any of the following namely,—

(a) notes and coin which are legal tender in Nigeria;

(b) balances at the Central Bank;

(c) nett balances at any other bank in Nigeria and money at call in Nigeria;



(d) Treasury Bills issued by the Federal Government and maturing within ninety-three days ;

(e) inland bills of exchange and promissory notes re-discountable at the Central Bank to be included in such maximum proportion of each class as the Central Bank may from time to time determine ;

(f) nett balances at any bank, including the offices and branches of a licensed bank in such monetary areas as the Central Bank may approve for the purpose ;

(g) money at call in monetary areas approved by the Central Bank under paragraph (f), bills of exchange bearing at least two good signatures and drawn on and payable at any place in the approved monetary area, and Treasury Bills issued by the Government of a country in an approved monetary area and maturing within one hundred and eighty-four days.

(7) Section eight of the principal Act is hereby repealed.

Section 9  
of principal  
Act  
amended.

8. Subsection (1) of section nine of the principal Act (which requires publication of certain accounts and other matters) is amended in manner following that is to say,—

(a) by substituting for the words “circulating in”, the words “printed in and circulating throughout” ; and

(b) by inserting immediately after the figure “15”, the words “unless in the case of any licensed bank having its head office outside Nigeria alternative information is accepted by the Minister as reasonable for the purposes of this subsection”.

Section 10  
of principal  
Act  
amended.

9. Subsection (1) of section ten of the principal Act (which prescribes times for delivery of returns for the Central Bank) is amended in manner following that is to say,—

(a) by repealing all words in paragraph (a) immediately following the word “Schedule”, and

(b) by inserting immediately after paragraph (b) a new paragraph (c) as follows,—

“(c) on request such information as is required by the Central Bank for statistical purposes.”

Section 13  
of principal  
Act  
amended

10. In subsection (3) of section thirteen of the principal Act (which relates to examinations by a bank examiner) there shall be substituted for the words “the examination”, the words “an examination under section twelve of this Act”.

Section 15  
of principal  
Act  
amended.

11. Section fifteen of the principal Act (which relates to the annual appointment of an approved auditor) is amended by inserting immediately after subsection (5), a new subsection (5) (a) as follows—

“(5) (a) Notwithstanding the provisions of subsections (1) to (5) of this section the Minister may in the case of a bank having its head office outside Nigeria, approve such alternative arrangements as he thinks reasonable.”

12. Section eighteen of the principal Act (which prescribes penalties on failure by certain directors and others to comply with the requirements of that Act) is amended by substituting the words, "manager or other official" for the words "or manager".

Section 18  
of principal  
Act  
amended.

13.—(1) This Act may be cited as the Banking Amendment Act 1962 and shall be construed as one with the Banking Act.

Short title,  
etc.  
Cap. 19.

(2) This Act shall apply throughout the Federation.