

*Extraordinary*



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The following is published as supplement to this *Gazette* :

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**INVESTMENTS AND SECURITIES ACT, 2007**  
**INVESTMENTS AND SECURITIES (EXEMPTION OF STATES**  
**GOVERNMENT, ETC.) ORDER, 2016**



**ARRANGEMENT OF ORDERS**

*Section :*

1. Exemption of State Governments and the Federal Capital Territory from the Operation of Section 223 of the Act.
2. Condition for Exemption.
3. Duration of Exemption.
4. Definition.
5. Citation.

S. I. No. 16 of 2016

INVESTMENTS AND SECURITIES ACT, 2007

INVESTMENTS AND SECURITIES (EXEMPTION OF STATES AND FEDERAL CAPITAL TERRITORY GOVERNMENT, ETC.) ORDER, 2016

[16th Day of December, 2016]

Commencement.

In exercise of the powers conferred on me by Section 309 of the Investment and Securities Act, 2007 and of all other powers enabling me in that behalf, I, KEMU ADEOSUN, the HONOURABLE MINISTER OF FINANCE, in consultation with the Securities and Exchange Commission ("the Commission"), make the following Order—

1. As from the commencement of this Order all State Governments in Nigeria and the Federal Capital Territory are exempted from the operation of the provisions of Section 223 of the Investment and Securities Act (in this Order referred to as "the Act").

Exemption of State Governments and the Federal Capital Territory from the Operation of Section 223 of the Act.

2. The exemption referred to in paragraph 1 of this Order shall only be granted subject to the following conditions—

Condition for Exemption.

(a) the Internally Generated Revenue (IGR) of the State or Federal Capital Territory shall not be less than sixty percent of its consolidated revenues for three years ;

(b) the total annual debt service obligation arising from such proposed issuance shall not at any particular time exceed forty percent of the total revenue that accrued to its consolidated revenue fund in the twelve months period immediately preceding the proposed new issuance ;

(c) the proceeds of bonds to be issued pursuant to this exemption shall only be applied on verifiable capital projects ;

(d) the State or Federal Capital Territory shall provide a feasibility report prepared in consultation with or by the contractor to the relevant project ;

(e) the State or Federal Capital Territory shall provide an independent third party guarantee for the repayment of the debt in the event of default and the guarantor's rating shall not be below investment grade ;

(f) in the case of a revenue bond, the assets of, and revenues from the project to which the securities relate are "ring-fenced", where applicable ;

(g) where the State or the Federal Capital Territory intends to issue a bond without irrevocable Standing Payment Order it shall be required to

provide an independent third party guarantee for the repayment of the debt in the event of default and the guarantor's rating shall not be below investment grade ; and

(h) the guarantor shall comply with the Commission's rules and other requirements as may be specified by the Commission from time to time.

Duration of Exemption.

3. The duration for the exemption granted under this Order shall be for three years from the date of commencement of this Order.

Definition.

4. In this Order—

“Act” means the Investment and Securities Act, No. 29, of 2007.

Citation.

5. This Order may be cited as the Investments and Securities (Exemption of States Government, etc.) Order, 2016.

MADE at Abuja this 16th day of December, 2016.

KEMI ADEOSUN

*Honourable Minister of Finance*

#### EXPLANATORY NOTE

*(This note does not form part of this Order but is intended to explain its purports)*

This Order seeks to grant exemption to State Governments and Federal Capital Territory from the operation of the provision of the Investment and Securities Act to enable them have access to Capital Market to raise funds that will augment budget funding gap in order to effectively carry out urgent infrastructural developments.