**GOVERNMENT PROMISSORY NOTES ACT**

ARRANGEMENT OF SECTIONS

PART I

*Preliminary*

SECTION

1. Short title.
2. Interpretation.

PART II

*Issue*

1. Issue of promissory notes for the purpose of raising authorised loans.
2. Loans to be charged upon revenue.
3. Particulars to be published in the Federal *Gazette.*
4. Issue and effect of promissory notes.
5. Transferability.
6. Appropriation of revenue for payment of principal sum and interest.
7. Payment of principal sum and interest.
8. Cessation of liability to pay interest.
9. Place of payment.

PART III

*Sinking funds*

1. Establishment of sinking funds.
2. Appropriation of revenue for sinking fund.
3. Investment of sinking fund.
4. Cessation of contributions to sinking fund.
5. Expenses to be paid out of sinking fund.
6. Deficiency in sinking fund to be a charge upon revenue.

PART IV

*General*

1. Issue of duplicates and renewals.
2. Liability after renewal.
3. Discharge of liability.
4. Exemption from stamp duties.
5. Power to make regulations.

    23.   Saving

  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.

1. **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*

1. **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 promis-
sory 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 promis-

sory 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.

1. **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 sec-
tion 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.

1. **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 Gov-
ernment promissory note, no interest on that amount shall, after that date, be paid or pay-
able 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 Govern-
ment 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, es-
tablish sinking funds for the purpose of redeeming loans raised by the issue of Govern-
ment 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 com-
mence.

**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 in-
vestments 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 con-
tributions 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 recom-
menced 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, deriv-
ing 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 pay-
ment 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 subsec-
tion (2) of this section, the regulations may provide for all or any of the following mat-
ters-

 *(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 re-
lating 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*