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CENTRAL BANK OF NIGERIA

(i) CENTRAL BANK OF NIGERIA ACT, 1958 (CAP. 30)
(as amended 1962-1969)

INCORPORATING ALL CENTRAL BANK PRINCIPAL
LEGISLATIONS AMENDING THE 1958 ACT OF
WHICH THE LATEST IS FINANCE DECREE.

(DECREE No. 32, 1969)

(ii) CENTRAL BANK OF NIGERIA BYE-LAWS, 1959

(iii) BANKING DECREE, 1969 (as amended by
BANKING (Amendment) DECREE, 1970 — Decree No. 3)

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CENTRAL BANK OF NIGERIA ACT, 1958
(AS AMENDED 1962-1969)

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FEDERATION OF NIGERIA

IN THE SEVENTH YEAR OF THE REIGN OF HER MAJESTY QUEEN
ELIZABETH II

SIR RALPH FRANCIS ALNWICK GREY, K.C.V.O., C.M.G., O.B.E.
Officer Administering the Government of the Federation.

A N act to provide for the Establishment of a Central Bank of Nigeria and to provide for its Constitution and Functions: to provide that it shall be a Bank of Issue and for such purpose to provide that its Notes and Coins shall be legal tender and at some future date shall be the sole legal tender in Nigeria: to provide that the Central Bank shall be Bankers to the Government and shall have certain powers in relation to other Banks: and for purposes ancillary to the purposes aforesaid.

(By Notice)

Title

Commencement.

BE IT ENACTED by the Legislature of the Federation of Nigeria as follows:

Enactment.

1. This Act may be cited as the Central Bank of Nigeria Act, 1958, and shall come into operation upon such date as may be notified in the Gazette by the Governor-General after the signification of the pleasure of Her Majesty thereon, and different dates may be prescribed for the coming into operation of different section of the Act.

Short title and Commencement.

INTERPRETATION

- 2. In this Act, unless the context otherwise requires—
“the Bank” means the Central Bank of Nigeria established by this Act.
“the Board” means the Board of Directors of the Bank “the Governor” and “the Deputy Governor” mean, respectively, “the Governor” and “the Deputy Governor” of the bank; “the Commissioner” means the Commissioner charged with responsibility for matters relating to finance in the Federation; “State” or “States” means appertaining to the States of Nigeria either individually or collectively as the context requires.

Interpretation.

CONSTITUTION

Establishments
and Incorpora-
tion of the Bank.

3. (1) A bank to be called the "Central Bank of Nigeria" shall be established in accordance with the provisions of this Act and shall commence business on a day to be appointed by the Governor-General by notification in the Gazette.

(2) The Bank shall be a body corporate and shall have perpetual succession and a common seal, and may sue and be sued in its own name, and subject to the limitations contained in this Act may acquire, hold and dispose of movable and immovable property for the purpose of its functions.

4. (1) The principal objects of the Bank shall be to issue legal tender currency in Nigeria to maintain external reserves to safeguard the international value of that currency, to promote monetary stability and a sound financial structure in Nigeria and to act as banker and financial adviser to the Federal Government.

(2) The objects of the bank shall include the issue of legal tender currency in the Northern and Southern Cameroons in accordance with any arrangements in that behalf between the Government of the Federation and the Governments of the Northern and Southern Cameroons.) *No longer applicable.*

5. The Bank shall have its head office in Lagos and may open branches in Nigeria and appoint agents and correspondents in accordance with decisions of the Board.

CAPITAL AND RESERVE

6. (1) The authorised capital of the Bank shall be one million five hundred thousand pounds. There shall be paid up such amount as shall be resolved by the Bank and confirmed by the Commissioner and this amount shall be subscribed by and paid up at par by the Federal Government upon the establishment of the Bank.

(2) The paid-up portion of the authorised capital may be increased by such amount as the Board may, from time to time, resolve with the agreement of the Commissioner, and the Federal Government shall subscribe and pay up at par the amount of such increase.

(3) All the paid-up capital shall be subscribed and held only by the Federal Government.

Head Office and
branches as
amended by
Section 1 (a) of
C.B.N. Amend-
ment Decree
1967.

CAPITAL

7. (1) The Bank shall establish a general reserve fund to which shall be allocated at the end of each financial year of the Bank —

(a) one-eighth of the net profits of the Bank for the year when, at the end of that year, the fund is less in amount than the paid-up capital of the Bank;

(b) one-sixteenth of the net profits of the Bank for the year when, at the end of that year, the fund is not less in amount than the paid-up capital of the Bank but is less in amount than twice the paid-up capital.

(2) After any allocation has been made in terms of subsection (1), one half of the remainder of the net profits shall be applied to the retirement of any outstanding obligations of the Federal Government to the Bank arising from the financing of the cost of the printing, minting and shipment of the initial stock of the Bank's notes and coins.

(3) The remainder of the net profits shall be paid to the Federal Government.

(4) The net profits of the Bank for each financial year shall be determined by the Bank after meeting all current expenditure for that year and after making such provision as it thinks fit for bad and doubtful debts, depreciation in assets, contributions to staff and superannuation funds, and all other contingencies.

ADMINISTRATION

General reserve
fund.

Board of
Directors.

8. (1) There shall be a Board of Directors of the Bank which shall be responsible for the policy and general administration of the affairs and business of the Bank.

(2) The Board shall consist of a Governor, a Deputy Governor and five other directors.

Section 3 of C.B.N. Act (Amendment) Decree No. 3, 1968.

Direction as to
policy.

3. (1) The board shall keep the Commissioner informed of the monetary and banking policy pursued or intended to be pursued by the Central Bank.

(2) The Commissioner shall, from time to time if he disagrees with the Board on the monetary and

banking policy pursued or intended to be pursued by the Central Bank, so inform the board of his disagreement thereto, and the Commissioner may submit his representation and that of the Central Bank on the disagreement to the Federal Executive Council.

(3) The Federal Executive Council may in writing after considering the representations direct the Central Bank as to the monetary and banking policy pursued or intended to be pursued and the direction shall be binding on the board which shall forthwith take all steps necessary or expedient to give effect thereto.

Governor and
Deputy
Governor.

(4) The Governor or, in his absence, the Deputy Governor shall be in charge of the day-to-day management of the Bank and shall be answerable to the Board for their acts and decisions.

9. (1) The Governor and Deputy Governor shall be persons of recognised financial experience and shall be appointed by the Head of the Federal Military Government by instrument under the public seal on such terms and conditions as may be set out in their respective letters of appointment.

(2) The Governor and Deputy Governor shall each be appointed for a term of five years and shall be eligible for reappointment: Provided that the appointment, or first appointment, of the first Deputy Governor shall be for a term of three years.

(3) The Governor and Deputy Governor shall devote the whole of their professional time to the service of the Bank and while holding office shall not occupy any other office or employment whether remunerated or not:

Provided that they may by virtue of their office, be members of or advisers to the Loans Advisory Board or its successor: Provided also that they may, if so appointed with the approval by resolution of the Board,

(a) act as members of any Commission established by the Federal Government to enquire into any matter affecting currency or banking in Nigeria;

(b) become governors, directors, or members of the Board, by whatever name called, of any international bank or international monetary authority to which the Federal Government shall have adhered or given support or approval;

(c) become directors of any corporation in Nigeria in which the Bank may participate under paragraph (i) of section 29.

10. (1) The five other directors of the Bank shall be appointed by the Head of the Federal Military Government of the Federation.

(2) A director shall be a person of recognised standing and experience in affairs, but as a director of the Bank he shall not be regarded or act as a delegate on the Board from any Federal or, State authority, or from any commercial, financial, agricultural, industrial, or other interests with which he may have been connected.

(3) A director shall hold office for three years and be eligible for reappointment: Provided that, of the first five directors to be appointed under this section, one shall, or shall in the first instance, be appointed for one year, and two shall, or shall in the first instance, be appointed for two years.

(4) A director shall be entitled to fees and allowances in accordance with such rules as the Board, subject to confirmation by the Commissioner, may lay down.

11. (1) No person shall be appointed or shall remain Governor, Deputy Governor or other director of the Bank who —

(a) Is a member of a Federal Legislative House;
(b) Is a member of a State Legislative House;
(c) Is a director, salaried official or shareholder of any bank licensed under the provisions of the Banking Act, 1958;

(d) Is an officer in the public service of the Federal or a State Government: Provided that this paragraph shall not render ineligible any person whose sole duties are those of economic adviser to the Federal Government.

Disqualification
from and
cessation of
appointment.

(S. 11 as ame-
ded by S. I. of
C.B.N. Amend-
ment Act, 1962).

(2) (a) The Governor or Deputy Governor may resign his office on giving at least three months' notice in writing to the Head of the Federal Military Government of his intention.

(b) Any Director may resign after a notice in writing of at least a month to the Head of the Federal Military Government of his intention.

(3) The Governor, Deputy Governor or any other director shall cease to hold office in the Bank, if—

(a) he becomes of unsound mind or incapable of carrying out his duties;

(b) he becomes bankrupt or suspends payment or compounds with his creditors;

(c) he is convicted of a felony or of any offence involving dishonesty;

(d) he is guilty of serious misconduct in relation to his duties;

(e) in the case of person on possessed of professional qualifications, he is disqualified or suspended (otherwise than at his own request) from practising his profession in any part of the Commonwealth by the order of any competent authority made in respect of him personally.

Appointment to fill a vacancy.
As amended by Section 1 (c) of C.B.N.(Amendment) Decree 1967.

12. If the Governor or Deputy Governor or any other director of the Bank dies, or resigns or otherwise vacates his office before the expiry of the term for which he has been appointed.

There shall be appointed a fit person in his place for

(a) a period of five years if the vacancy is that of the Governor or Deputy Governor with the appointment being made in the manner prescribed by Section 9 (1) of this Act; and

(b) for the unexpired period of the term of the appointment if the vacancy is that of any other director with the appointment being made in the manner prescribed by Section 10 (1) of this Act.

13. (1) Meeting of the Board shall take place as often as may be required but not less frequently than once in each of any ten months in every financial year of the Bank.

(2) The Governor, or in his absence the Deputy Governor, shall be chairman of the Board, and in the absence of both from any meeting the other directors attending shall elect a chairman for that meeting from among themselves.

(3) Four members of the Board shall form a quorum at any meeting and, unless otherwise provided, decisions shall be adopted by a simple majority of the votes of the members present. In the case of an equality of votes, the chairman shall have a casting vote.

(4) No act or proceeding of the Board shall be invalidated merely by reason of the existence of a vacancy or vacancies among the directors of the Bank.

(5) All acts done by any person acting in good faith as a director shall be as valid as if he were a director, notwithstanding that some defect in his appointment or qualification be afterwards discovered.

14. (1) All appointments of officials and other employees of the Bank shall be only to positions created by decision of the Board and on such terms and conditions as shall be laid down by the Board.

(2) No salary, fee, wage, or other remuneration, or allowance paid by the Bank shall be computed by reference to the net or other profits of the Bank.

15. (1) There shall be an advisory committee of the Bank which shall consist of —

(a) the Commissioner or his alternate;

(b) the Commissioner charged with responsibility for finance in respect of each State or his alternate;

(c) the Governor or Deputy Governor.

(2) The Committee shall meet not less than twice in each calendar year for the purpose of considering matters of common interest.

(3) Meetings of the committee shall take place in Lagos or in such other places as may be agreed from time to time. The Committee shall establish its own rules of procedure.

Meeting of Board.

Appointment of officials.

Advisory Committee.

CURRENCY

16. (1) The unit of currency in Nigeria shall be Nigerian pound which shall be divided into twenty shillings each shilling being divided into twelve pence.

(2) Subject to the provisions of section 46, every contract, sale, payment, bill, note, instrument and security for money and every transaction, dealing, matter and thing whatsoever relating to money or involving the payment of or the liability to pay any money which, but for this subsection, would have been deemed to be made, executed, entered into, done and had, in and in relation to currency issued by the West African Currency Board shall in Nigeria be deemed instead to be made, executed, entered into, done and had, in and in relation to Nigerian pound: Provided that this clause shall not affect any obligation to pay any money in any country other than Nigeria where currency issued by the West African Currency Board is legal tender.

17. Section 2 of C.B.N. Amendment Act, 1962 —

2. (1) Subject to the provisions of this section the parity of the Nigerian pound shall be equivalent to 2·48828 grams fine gold.

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

(3) Section 17 of the Principal Act is hereby repealed.

Parity of pound
(S. 17 of the
Principal Act
repealed by S. 2
of C. B. N.
Amendment Act
1962).

Sole right to
issue.

18. The Bank shall have the sole right of issuing notes and coins throughout Nigeria and neither the Federal Government nor any State Government nor any other person shall issue currency notes, bank notes or coins or any documents or tokens payable to bearer on demand being documents or token which are likely to pass as legal tender.

19. The Bank shall —

(a) arrange for the printing of notes and the minting of coins;

Provision for
issue. As
amended by
Section 1 (d)
C.B.N. (Amend-
ment) Decree,
1967

(b) issue, reissue and exchange notes and coins at the Bank's offices and at such agencies as the Bank may, from time to time, establish or appoint;

(c) arrange for the safe custody of unissued stocks of currency and for the preparation, safe custody and destruction of plates and paper for the printing of notes and of dies for the minting of coins;

(d) arrange for the destruction of notes and coins withdrawn from circulation under the provisions of section 21 (3) of this Act or otherwise found by the Bank to be unfit for use.

20. (1) Notes and coins issued by the Bank —

(a) shall be in such denominations of the pound or fractions thereof as shall be approved by the Commissioner on the recommendation of the Bank;

(b) shall be of such forms and designs and bear such devices as shall be approved by the Commissioner on the recommendation of the Bank.

(2) The standard weight and composition of coins issued by the Bank and the amount of remedy and variation shall be determined by the Commissioner on the recommendation of the Bank;

21. (1) Notes issued by the Bank shall be legal tender in Nigeria at their face value for the payment of any amount.

(2) Coins issued by the Bank shall, if such coins have not been tampered with, be legal tender in Nigeria at their face value up to an amount not exceeding ten pounds in the case of coins of denominations of not less than sixpence and up to an amount not exceeding one shilling in the case of coins of a lower denomination.

(3) Notwithstanding the provisions of subsections (1) and (2) the Bank shall have power, on giving not less than three months' notice in the Gazette, to call in any of its notes and coins on payment of the face value thereof and any such notes or coins with respect to which a notice has been given under this clause shall, on the expiration of the notice, cease to be legal tender, but, subject to the provisions of section 23, shall be redeemed by the Bank upon demand.

Section 1 (d) of
C.B.N. (Amend-
ment) Decree
1967

Denomination
and form of
notes and coins.

Bank's currency
to be legal tender

Tampering with
coinage.

22. A coin shall be deemed to have been tampered with if the coin has been impaired, diminished or lightened otherwise than by fair wear and tear or has been defaced by stamping, engraving or piercing whether the coin has or has not been thereby diminished or lightened.

Lost and
damaged
currency.

23. No person shall be entitled to recover from the Bank the value of any lost, stolen, mutilated or imperfect note or coin. The circumstances in which, and the conditions and limitation subject to which, the value of lost, stolen mutilated or imperfect notes or coins may be refunded as of grace shall be within the absolute discretion of the Bank.

Exemption
from stamp
duty.

24. The Bank shall not be liable to the payment of any stamp duty under the Stamp Duties Act in respect of its notes issued as currency.

External reserve.
(S. 25 as
amended by S. 3
of C. B. N.
Amendment Act
1962). As
amended by C.
B. N. (Amend-
ment) Decree
1967

25. The Bank shall at all times maintain a reserve of external assets consisting of all or any of the following —

- (a) gold coin or bullion;
- (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 year 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 will mature in a period not exceeding ten years from the date of acquisition.

(e) Securities of or guaranteed by international financial institutions of which Nigeria is a member if such securities are expressed in sterling or in currency freely convertible into sterling or gold and the maturity of the securities so held will not exceed five years.

(f) Nigeria's gold tranche in the International Monetary Fund (operative as from 29th Nov., 1967).

26. Repealed by Section 6 of the Central Bank Amendment Act; 1962

27. For which the following two sections are in

28. substitution:

The value of the reserve of external assets shall be not less than twenty-five per centum of the total demand liabilities of the Bank.

(Sec. 4 of the Amendment Act)

OPERATION

(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.

(Sec. 5 of the Amendment Act)

New section 1
(e) (iii) added by
CBN (Amend-
ment) Decree
1967.

New section 3
(2) of Finance
Decree 1969
(Decree No. 32)

Value of
external reserve.
As amended by
Section 3 of C.B.
N.(Amendment)
Decree 1967.

Obligation in
respect of cur-
rency

General powers
of Bank.
(S. 29 as
amended by S.7
of C.B.N.
Amendment
Act, 1962), as
amended by Sec-
tion 1 (f) C.B.N.
Amendment
Decree 1967
and C.B.N.
Act (Amend-
ment) (No. 2)
Decree 1968.

29. (1) The Bank may:

- (a) issue demand drafts and effect other kinds of remittances payable at its own offices or at the offices of agencies or correspondents;
- (b) purchase and sell gold coin or bullion;
- (c) open accounts for and accept deposits from the Federal Government, the State Governments, the funds, institutions and corporations of all such Governments, banks, other credit institutions and, with the prior approval of the Commissioner, other persons in Nigeria;
- (d) purchase, sell, discount and rediscount inland bills of exchange and promissory notes arising out of bona fide commercial transactions bearing two or more good signatures and maturing within ninety days, exclusive of days of grace, from the date of acquisition;
- (e) purchase, sell, discount and rediscount inland bills of exchange and promissory notes bearing two or more good signatures, drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of crops, and maturing within one hundred and eighty days, exclusive of days of grace, from the date of acquisition;
- (f) purchase, sell, discount and rediscount Treasury Bills and Treasury Certificates of the Federal Government which have been publicly offered for sale and are to mature within ninety-three days;
- (g) purchase and sell securities of the Federal Government maturing in not more than twenty-five years which have been publicly offered for sale or form part of an issue which is being made to the public at the time of acquisition: Provided that the total amount of such securities of a maturity exceeding two years in the ownership of the Bank (other than securities held in terms of paragraph (h) of held by the Bank as collateral under sub-paragraph (ii) of paragraph (k) shall not together at any time exceed seventy-five per cent of the total demand liabilities of the Bank.
- (h) invest in securities of the Federal Government for any amount, and to mature at any time, on behalf of staff and superannuation funds and other internal funds of the Bank;

As amended by
Section 4 of
C.B.N. Act
Amendment
Decree 1968
(No. 3).

As amended by
Sec. 2 Finance
Decree 1969
(Decree No. 32)

- (i) with the approval of the Commissioner, subscribe to, hold and sell shares of any corporation or company or debentures hereof set up with the approval of or under the authority of the Federal Government for the purposes of:
 - (a) promoting the development of a money market or securities market in Nigeria or of improving the financial or economic development; or
 - (b) promoting or undertaking financial, industrial, agricultural and public utility enterprises, provided that in any such case the total value of the holdings of shares or as the case may be, debentures to which this paragraph applies shall not at any time exceed ten times the aggregate of the Banks paid up capital and the General Reserve Fund of the Bank;
 - (j) grant advances for fixed periods not exceeding three months against publicly issued Treasury Bills of the Federal Government;
 - (k) grant advances for fixed periods not exceeding one year at a minimum rate of interest at least one per cent above the Bank's minimum rediscount rate against—
 - (i) gold coin or bullion;
 - (ii) securities of the Federal Government which have been publicly offered for sale and are to mature within a period of twenty-five years: Provided that no advance so secured shall at any time exceed seventy-five per cent of the market value of the security pledged and that the total of such securities held by the Bank is within the limitation imposed by paragraph (g);
 - (iii) such bills of exchange and promissory notes as are eligible for purchase, discount or rediscount by the Bank up to seventy-five per cent of their nominal value;
 - (iv) warehouse warrants, or their equivalent (securing possession of goods), in respect of staple commodities or other goods duly insured and with a letter of hypothecation from the owner; Provided that no such advance shall exceed seventy-five per cent of the current market value of the commodities in question;

New Section
29 (1) (k) (5)
added by
C.B.N. Amend-
ment Decree
No. 3, 1968.
Sec. 4 (c).

- (v) Treasury Certificates issued by the Federal Government: Provided that no advance so secured shall at any time exceed seventy-five per cent of the market value of the certificate pledged;
- (l) purchase and sell external currencies, and purchase, sell, discount and rediscount bills of exchange and Treasury Bills drawn in or on places abroad and maturing within one hundred and eighty-four days, exclusive of days of grace, from the date of acquisition;
- (m) maintain accounts with the Central Bank and other banks abroad;
- (n) purchase and sell 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;
- (o) act as correspondent, banker or agent for any central bank or other monetary authority and for any international bank or international monetary authority established under governmental auspices;
- (p) undertake the issue and management of loans publicly issued in Nigeria by the Federal or State Governments or by Federal or State public bodies;
- (q) accept from customers for custody securities and other articles of value;
- (r) undertake on behalf of customers and correspondents the purchase, sale, collection and payment of securities, currencies and credit instruments at home and abroad, and the purchase or sale of gold and silver;
- (s) promote the establishment of bank clearing systems and give facilities for the conduct of clearing business in premises belonging to the Bank;
- (t) subject as is expressly provided in this Ordinance, generally conduct business as a bank, and do all such things as are incidental to or consequential upon the exercise of its powers or the discharge of its duties under this Act.

(2) The Governor may at any time in his discretion by previous notice in writing lodged with the Board decide that the powers conferred by subsection (1) in accordance with the provisions of paragraphs (f), (g), (h), (j) or sub-paragraph (ii) of paragraph (k) of that subsection may be extended to the Treasury Bills and Treasury Certificates or the securities, as the case may be, of any State Government with which the Bank appears substantially to have established the relationship of banker, or to any specified Treasury Bills and Treasury Certificates or securities of such a State Government, subject to the same conditions as specified in those paragraphs and subject to the limitations specified in paragraph (g), which limitations shall then apply to the aggregate value of the Federal and State securities so dealt with.

**NEW SECTION 29 (A) ADDED BY SECTION 2 C.B.N.
(AMENDMENT) DECREE 1967**

Power of Bank
to require
certain
information.

29. A. (1) In addition to any other of its powers under this Act, the Bank may require persons having access thereto, at all reasonable times to supply to it information, in such form as the Bank may from time to time direct, relating to, or touching or concerning matters affecting, the national economy of Nigeria.

(2) The Board of Directors shall take account of matter of a confidential nature supplied to the Bank under this section; but where the Bank is satisfied it is in the national interest and the informant supplying the information does not object to a proposal to publish it within a reasonable time of becoming aware of it, the Bank may, from any information in its possession, compile and publish statistical data and anything relevant thereto, on the national economy.

(3) Where any person lawfully required to supply information for the purposes of this section —

- (a) supplies information which he knows to be false, or supplies it recklessly as to its truth or falsity, or
- (b) without reasonable excuse (the proof of the reasonableness to lie on him) fails to comply with any requirement of the Bank; the supply or failure to supply, as the case may be, as herein provided, shall be an offence under this section punishable upon conviction —

Commencement

Central Bank's
power to finance
purchasing and
marketing
operations, etc.
Cap. 19.

Cap. 30.

As amended by
Sect. 2 of
Central Bank of
Nigeria Act
(Amendment)
Decree 1969.

- (i) by a fine of not less than £500 or more than £1000 for every false report, and
- (ii) by a fine of not less than £50 or more than £100 for every day during which the failure to comply with a requirement of the Bank continues.

**NEW SECTION ADDED BY CENTRAL BANK OF NIGERIA
ACT (AMENDMENT) No. 3 DECREE 1968, DECREE No. 50**

1. (1) Without prejudice to so much of section 29 of the Central Bank of Nigeria Act as relates to the powers of that bank to grant advances and provisions for securities, the Central Bank shall to the exclusion of any other bank (within the meaning of the Banking Act), be responsible for granting advances to any authority to which this section relates—

- (a) for fixed periods not exceeding one year at a rate of interest which shall be at least one per cent above the Central Bank's minimum rediscount rate; and
- (b) except as prescribed in subsection (2) of this section, upon such conditions as the Central Bank may, after consultation with the Commissioner, specify or as prescribed to ensure repayment thereof with interest.

2. Such advances may be granted under subsection (1) above in any particular case where a guarantee in writing is given by the Federal Government to the Central Bank on behalf of any such authority, so however that—

- (a) the total advances, which may subject to the provisions of this section be granted shall not exceed an amount considered by the bank to be adequate for the authority to commence its operations at the beginning of the season; and
- (b) any such advances shall be secured, so soon after the advances have been granted as may be agreed by the Central Bank (either in part or in whole) as prescribed in Section 29 (1) (e) or (k) of the Central Bank of Nigeria Act and the said provisions shall be so construed.

3. Any advances which may be granted by virtue of the foregoing provisions of this Decree shall be used solely for the purpose of financing—

- (a) any purchasing and marketing operations authorised to be undertaken by any such authority by the law under which the authority was established or as may be approved by the Central Bank, and

- (b) with the approval of the Central Bank, such other operations as may be incidental thereto:

"Provided that any such authority may, if it so wishes, make advances to any licensed buying agent (within the meaning of any law under which the authority was established) for the purchase of produce for sale to the said authority, and provided also that the quantity of produce to be so purchased is included in the estimated tonnage of crops against which total advances are to be made by the Central Bank."

(4) For the purposes of this Decree, every authority to which this section relates shall consult with the Central Bank in any given year before the opening of the relevant produce season for the purpose of determining prices to be paid by the authority during that season to local producers of crops under the authority's control and both the authority and the Central Bank shall jointly agree on the prices to be so paid.

(5) This section relates to any marketing board or authority of the Federation, or of a State or two or more States, including an interim marketing board, established for such purpose by any law in operation in the Federation.

(6) The reference in this section to the granting of advances includes a reference to the provision of credit facilities.

30. The Bank may not—

- (a) engage in trade or otherwise have a direct interest in any commercial, agricultural, industrial, or, save as provided in paragraph (i) of section 29, any other undertaking, except such interests as the Bank may in any way acquire in the course of the satisfaction of debts, due to it, and provided that all such interests so acquired shall be disposed of at the earliest suitable moment;
- (b) save as provided in paragraph (i) of section 29, purchase the shares of any corporation or company, including the shares of any banking company,

Prohibited activities.

Publication of
rediscount rates.
Functions
regarding
Federal
Government,
as amended by
S. 4A (2) Finance
Decree No. 32
of 1969

- (c) grant loans upon the security of any shares;
- (d) subject to the provisions of section 34, grant unsecured advances or advances secured otherwise than as laid down in paragraphs (j) and (k) of section 29: Provided that in the event of any debts due to the Bank becoming in the opinion of the Bank endangered, the Bank may secure such debts on any real or other property of the debtor and may acquire such property, which shall be resold at the earliest suitable moment;
- (e) purchase, acquire or lease real property except in accordance with the proviso to paragraph (d) and except so far as the bank shall consider necessary or expedient for the provision, or future provision or business premises for the Bank and its agencies and any clearing houses set up in terms of section 42, and of residences for the Governor, Deputy Governor, officials and other employees;
- (f) draw or accept bills payable otherwise than on demand;
- (g) allow the renewal or substitution of maturing bills of exchange purchased, discounted or rediscounted by or pledged with the Bank save in exceptional circumstances when the Board may by resolution authorise one renewal or one substitution only in either case of not more than fifty per cent of the original amount of any such bill for a period not exceeding ninety days;
- (h) pay interest on deposits;
- (i) accept for discount, or as security for an advance made by the Bank, bills or notes signed by members of the Board or by the Bank's officials or other employees;
- (j) open accounts for and accept deposits from persons other than as provided in paragraphs (c) and (o) of Section 29.

31. The Bank shall make public at all times its minimum rediscount rate.

RELATIONS WITH THE FEDERAL GOVERNMENT

32. (1) The Bank shall be entrusted with the Federal Government's banking and foreign exchange transactions in Nigeria and abroad, (including payments to or in respect of the International Monetary Fund). (Amendment operative as from 16th March, 1969).

(2) The Bank shall receive and disburse Federal Government moneys and keep account thereof without remuneration for such services.

(3) In any place where the Bank has no branch, it may appoint another bank to act as its agent for the collection and payment of Federal Government moneys.

33. Notwithstanding the provisions of section 32, the Federal Government may—

- (a) maintain accounts in Nigeria with other banks in such cases and on such conditions as may be agreed between the Commissioner and the Bank;
- (b) use the services of the State Treasuries for the collection and payment of Federal Government moneys in places where it may be appropriate and convenient to do so.

34. (1) Notwithstanding the provisions of paragraph (d) of section 30, the Bank may grant temporary advances to the Federal Government in respect of temporary deficiencies of budget revenue at such rate or rates of interest as the Bank may determine.

(2) The total amount of such advances outstanding shall not at any time exceed twenty-five per cent of the estimated recurrent budget revenue as laid before the Federal Legislature for the Federal Government financial year in which the advances are granted.

(3) All such advances shall be repaid as soon as possible and shall in any event be repayable by the end of the Federal Government financial year in which they are granted. If after that date any such advances remain unrepaid the power of the Bank to grant further such advances in any subsequent financial year shall not be exercisable unless and until the outstanding advances have been repaid.

35. The Bank shall be entrusted with the issue and management of Federal Government loans publicly issued in Nigeria, upon such terms and conditions as may be agreed between the Federal Government and the Bank.

36. The Bank may act as banker to any fund, institution or corporation of the Federal Government or of a State Government.

Federal
Government's
rights.

Advances to
Federal
Government.

As amended
by C.B.N. Act
(Amendment)
Decree No. 3
1968. Section
4(d).

Issue and
management of
Federal loans.

Federal funds
and institutions

37. The Bank may act generally as agent for the Federal Government or for a State Government—

- (a) where the Bank can do so appropriately and consistently with the provisions of this Act and with its duties and functions as a Central Bank; and
- (b) on such terms and conditions as may be agreed between the Bank and the Government concerned.

RELATIONS WITH OTHER BANKS

38. The Bank may act as banker to other banks in Nigeria and abroad.

39. The Bank shall wherever necessary seek the co-operation of and co-operate with, other banks in Nigeria—

- (a) to promote and maintain adequate and reasonable banking services for the public;
- (b) to ensure high standard of conduct and management throughout the banking system;
- (c) to further such policies not inconsistent with this Act as shall be in the national interest.

SECTION 2 OF C.B.N. ACT (AMENDMENT) DECREE No. 3, 1968

2. (1) The Central Bank may, after consultation with the Commissioner prescribe a minimum ratio of total loans, advances and discounts, granted to indigenous persons, to be maintained by each bank licensed under the Banking Act.

(2) Any bank which fails to observe the minimum ratio that may be prescribed in accordance with subsection (1) of this section shall be guilty of an offence and liable on conviction to a fine of one thousand pounds.

40. (1) The Bank may from time to time issue directions, which shall subsequently be published in the Gazette requiring each bank licensed under the Banking Act (hereafter in this section referred to as the "institution") to do the following, that is —

- (a) to maintain at all times in the form of cash reserves with the Bank at its Head Office, a sum equal to a ratio of the institution's deposit liabilities;
- (b) to hold a minimum amount of specified liquid assets which shall be expressed as a ratio of deposit liabilities of the institution; and

(c) to maintain as special deposits with the Bank at its Head Office, a percentage of the institution's deposit liabilities and/or a percentage of any increase or the absolute increase in such deposit liabilities over an amount outstanding on a date, and for a period as shall be specified by the Bank.

(2) For the purposes of subsection 1 (a) above, the Bank shall specify —

(a) the class of deposit liabilities against which the cash reserves mentioned in that subsection shall be held; and

(b) a grace period, not exceeding fourteen days, within which any requirement under that paragraph must be satisfied by the institution concerned, and for prescribing the ratio of cash reserve which an institution shall so maintain, those institutions shall be classified into three categories, namely —

"Class A" —institutions with deposit liabilities of fifteen million pounds or more;

"Class B" —institutions with deposit liabilities of five million pounds or more, but less than fifteen million pounds;

"Class C" —institutions with deposit liabilities of less than five million pounds.

(3) For the purposes of subsection 1 (a) of this section—

(a) the Bank shall have power to prescribe different cash reserve ratios to be maintained by each category of institution specified in subsection (2) above: Provided that —

(i) "Class A" institutions shall maintain higher cash reserve ratios than "Class B" and "Class C" institutions; and

(ii) "Class B" institutions shall maintain higher cash reserve ratios than "Class C" institutions;

(b) the cash reserve of an institution shall be determined, within such periods as the Bank may from time to time specify, on the basis of the period balances of the institutions deposit liabilities;

(c) the Bank shall have power from time to time, to require each institution to prepare and deliver to the Bank in such form and within such period as the Bank may specify a true and correct state-

ment showing the positions of the deposit liabilities of the institution; and the Bank may require such statement to be made at such periodical intervals, or as often as it may specify;

- (d) the Bank shall have power to require any institution to furnish to it such information and statistics in such form and as often as the Bank may deem necessary for the purpose of satisfying itself that the institution concerned is in compliance with the provision of that subsection.

(4) For the purposes of subsection (1) (b) above the Bank shall have power to vary —

- (a) the composition of any specified liquid assets; and
(b) the proportion of each category of specified liquid assets that may from time to time be held by an institution;

(5) The Bank shall also have power —

- (a) to require that all applications to each institution for loans exceeding such amount as the Bank may specify, shall be submitted by the institution to the Bank for approval and no such loan shall be made without that approval.
(b) to fix ceilings on the volume of loans, advances and discounts outstanding at each institution and it may fix different ceilings for different categories of such loans, advances and discounts; and
(c) to fix ceiling on the aggregate amount of loans, advances and discounts granted by any institution and outstanding at any time; and the Bank may place limits on the rate of increase in the aggregate amount of such loans, advances and discounts within a specified future period of time.

(6) For the purposes of subsection (1) (c) above, the Bank shall have power to specify the class of deposits to which the provisions of that subsection shall apply, and any special deposits held in accordance with that subsection shall not count as specified liquid assets for the purposes of subsection (1) (b) of this section; and subject to the foregoing provision of this subsection, the Bank may, at its discretion, pay interest on such special deposits held by it;

but that interest shall at its highest be one *per centum* below the Treasury Bill issue rate.

(7) The Bank may for the purposes of maintaining monetary stability of the economy of Nigeria, issue, place, sell, repurchase, amortize or redeem securities to be known as "stabilization securities" (which shall constitute its obligations) and the securities shall be issued at such rate of interest and under such conditions of maturity, amortization, negotiability and redemption as the Bank may deem appropriate.

(8) The Bank shall have power —

- (a) to sell or place by allocation to each institution any stabilization securities issued under subsection (7) above;
(b) to repurchase, amortize or redeem, in such manner as the Bank may deem appropriate, any such stabilization securities, and any stabilization securities repurchased by the Bank shall be extinguished, and shall not constitute the assets of the Bank.

(9) If any institution fails to comply with any direction issued under the provisions of this section, the Bank shall have power to —

- (a) prohibit the institution concerned from extending new loans and advances, and from undertaking new investments, until full compliance with the direction has been obtained by the Bank;
(b) levy fines, which shall be a civil debt, against the institution, but such fines shall not exceed fifty pounds for the default or, as the case may be, for every day during which the default continues.

(10) Any institution which furnishes false information to the Bank shall be guilty of an offence and liable to a fine not exceeding £100 for the first offence, and for a second or subsequent offences the fine shall be £200.

41. The Bank may appoint one or more other banks in Nigeria to act as its agent for the issue, reissue, exchange and withdrawal of notes and coins, or for other purposes, on such terms and conditions as may be agreed between the Bank and each of such other banks.

Cap. 19

Other banks as agents.

Clearing house.

42. It shall be the duty of the Bank to facilitate the clearing of cheques and other credit instruments for banks carrying on business in Nigeria. For this purpose the Bank shall, at any appropriate time and in conjunction with the other banks, organise a clearing house in Lagos and in such other place or places as may be desirable in premises provided by the Bank.

Financial year.

43. The financial year of the Bank shall begin on the 1st day of April and end on the 31st day of March or shall be such other period as shall be prescribed by the Commissioner.

Audit

44. (1) The Accounts of the Bank shall be audited by an auditor appointed by the Bank with the approval of the Commissioner;

(2) Without prejudice to the provisions of subsection

(1) the Commissioner may at any time and from time to time request the Director of Federal Audit to make an examination of and submit a report on the accounts relating to the issue, reissue, exchange and withdrawal of notes and coins by the Bank as a whole, and the Director of Federal Audit shall do so accordingly, and the Bank shall provide all necessary and proper facilities therefor.

Publication of annual accounts and report

45. (1) The Bank shall, within two months from the close of each financial year, transmit to the Commissioner a copy of the annual accounts certified by the auditor and such accounts shall then be, as soon as may be, published in the Gazette.

As amended by section 5(b) of Finance Decree, Decree No. 32, 1969.

(2) The Bank shall, within four months from the close of each financial year, submit to the Commissioner a report on its operations during that year. Such report shall be published by the Bank.

(3) Both such annual accounts and such annual report shall be, as soon as may be, laid before the Federal Legislative Houses.

(4) The Bank shall, as soon as may be, after the fifteenth day and also after the last day of each month make up and publish a return of its assets and liabilities as at the close of business on that day; or, if either of those days is a holiday, as at the close of business on the last preceding business day. A copy of the return shall be transmitted to the Commissioner and shall be published in the Gazette.

(5) In the application of this section, the gold tranche position in the International Monetary Fund shall form part of the external reserves of assets of the Bank.

New Sub.
Sect. (5) added
by Sect. (1) of
C.B.N. Act
(Amendment)
Decree 1968.

Preparatory provisions for first issue.

TRANSITIONAL PROVISIONS

46. (1) At any time after the enactment of this Act and before the coming into operation of section 19, the Commissioner may by writing under his hand authorise such persons or authorities as he may think fit to make such arrangements as he may expressly authorise for the printing of notes and minting of coins for the purpose of this Act, and for the safe custody of such notes and coins, and may provide for the method of reimbursement of the cost thereof.

(2) At any time after the establishment of the Bank and notwithstanding that section 19 may not have been brought into operation, the Bank may take up Treasury Bills of the Federal Government issued in respect of the expense incurred under the provision of this section whether or not the same have been first offered to the public.

47. Currency notes and coins of the West African Currency Board which are legal tender in Nigeria on the coming into operation of section 18 shall remain legal tender until such further day as the Bank, giving at least three months' notice in the Gazette, may specify, and shall then cease to be legal tender in Nigeria: Provided that —

(a) The Bank may so specify different days in relation to different denominations of such currency notes and coins;

(b) with effect from the coming into operation of section 18, and thereafter while coins of the West African Currency Board remain legal tender in Nigeria, such coin shall be legal tender at their face value up to an amount not exceeding ten pounds in the case of coins of denominations of not less than sixpence and up to an amount not exceeding one shilling in the case of coins of a lower denomination.

MISCELLANEOUS

48. The Board may with the approval of the Commissioner make bye-laws for the good order and management of the Bank. Any such bye-laws shall be authenticated by the Bank's seal and shall be published in the Gazette.

Bye-laws.

49. The Bank shall be exempt from the provisions of sections 27 and 45 of the Income Tax Act.

Income Tax Cap. 92.

Companies Act
Cap. 38

50. The provisions of the Companies Act shall not apply to the Bank.

Prohibited banking names

51. Save with the written consent of the Commissioner on the recommendation of the Bank, no bank shall hereafter be registered under the provisions of any Federal or State legislation by a name which includes any of the words "Central", "Federal," "Federation", "National", "Nigerian", "Reserve" or "State".

"Nigeria"

52. The Bank shall not be placed in liquidation except pursuant to legislation passed in that behalf and then in such manner as that legislation directs.

Liquidation

CENTRAL BANK OF NIGERIA ACT, 1968 (CAP. 30)
(No. 24 of 1968)

CENTRAL BANK OF NIGERIA BYE-LAWS, 1959
(CAP. 19)

COMMENCEMENT: 9th APRIL, 1959

In exercise of the powers conferred by section 48 of the Central Bank of Nigeria Act, 1958, the Board of Directors of the Central Bank of Nigeria have made the following bye-laws with the approval of the Commissioner for Finance of the Federation.

PART I

1. These bye-laws may be cited as the Central Bank of Nigeria Bye-laws, 1959.

2. In these bye-laws except the context requires otherwise

(a) "Director" means a member of the Board of Directors of the Central Bank of Nigeria.

(b) "Advisory Committee" means the Advisory Committee of the Central Bank of Nigeria constituted in accordance with section 15 of the Act.

Citation.

Interpretation.

Meetings of the Board.

PART II

3. (1) Ordinarily not less than three weeks' notice shall be given of each meeting of the Board and such notice shall be sent to every Director to his registered address. Should it be found necessary to convene an emergency meeting all reasonable steps shall be taken to give notice to every Director who is at the time in Nigeria.

(2) No person other than the Directors and the person appointed to record the minutes shall attend meetings of the Board, but the Chairman may request the presence of officials of the Bank when technical matters are under consideration.

4. (1) the Board shall cause minutes to be duly entered in books provided for that purpose—

(a) of all appointments of officers made by the Board;
(b) of the names of all Directors present at each meeting of the Board;

(c) of all resolutions and proceedings of each meeting.

(2) A copy of the minutes shall be circulated at that or succeeding meeting and, after approval by the Board, signed by the Chairman.

Minutes.

PART III

Use of Seal.

5. The common seal of the Bank shall be affixed under such conditions as may be determined from time to time by a resolution of the Board.

Declaration by Directors Schedule Form I.

6. Every Director shall, on appointment or re-appointment, sign a declaration as in Form 1 in the Schedule affirming his allegiance and service to the Bank and pledging himself to observe strict secrecy respecting all transactions of the Bank.

Declaration of Interest.

7. Any Director having any interest, directly or indirectly in any dealing or business in which the Bank is concerned shall disclose such interest at the meeting of the Board at which the dealing or business is discussed and in no circumstances shall he vote on the matter. If required by the Board to do so, he shall withdraw from the meeting.

Indemnity of Directors and officials.

8. (1) Every Director, every official and other employee shall be indemnified by the Bank against all losses and expenses incurred by him by reason of any contract entered into or act or deed done in the proper and careful discharge of his duties. The Bank shall pay all such costs, losses and expenses.

(2) No Director, official or other employee shall be liable to the Bank for any loss or expense incurred by the Bank by the insufficiency or deficiency of value of, or title to, any property or security acquired or taken on behalf of the Bank or by the insolvency, bankruptcy or wrongful act of any customer or debtor of the Bank, unless due to wilful default in the execution of his duties.

PART IV

Duties of Board.

9. In consultation with the Board, the Governor and Deputy Governor shall be responsible for —

- (a) consideration of monetary policy and the formulation and execution of the credit policy of the Bank;
- (b) fixing the rate or rates of discount or rediscount and the rate or rates of interest on advances to Government or to other customers of the Bank;
- (c) determining the rates of exchange at which the Bank shall buy and sell sterling under section 28 of the Act and other external currencies under subsection (1) of section 29 of the Act;
- (d) the appointment of auditors in accordance with section 44 of the Act, the provision of the necessary facilities and the rates of remuneration;

(e) the establishment and closing of branches;

(f) the appointment of any currency agents;

(g) the appointment of officials and other employees: Provided that the Governor shall have authority to make such appointments as he deems appropriate without consultation with the Board in relation to officials and employees whose salaries do not exceed £1100 per annum.

10. The Governor and Deputy Governor shall have special responsibility for —

- (a) the organisation of the management of the Bank at its Head Office, branches and agencies;
- (b) causing—
 - (i) true accounts to be kept of all transactions entered into by the Bank and of the assets and liabilities of the Bank and of all valuables entrusted to the Bank;
 - (ii) the compilation, form and publication of accounts in accordance with section 45 of the Act;
- (c) the safe-keeping of all the assets of the Bank and the valuables entrusted to the Bank;
- (d) the discharge by officials and other employees of the Bank of the duties laid upon them;
- (e) the supervision of arrangements relating to the issue and redemption of notes and coins and all matters connected with the form, design and composition of notes and coins. (The Chief of Banking Operations shall be charged with direct responsibility under the Governor, for these matters).

Duty of Governor and Deputy Governor.

11. The books of the Bank shall be kept at the Head Office of the Bank or at such other places as the Board may from time to time determine.

Books.

12. The Governor shall formulate, for the approval of the Board, general rules and any subsequent amendments thereto, providing for—

- (a) the safe-keeping of the common seal of the Bank;
- (b) the safe-keeping of the assets of the Bank and of valuables entrusted to the Bank;
- (c) the safe-keeping of stocks of unissued or redeemed currency and the preparation, safe custody and destruction of plates and paper for the printing of notes and of dyes for the minting of coins:

General rules.

- (d) the protection of bank notes and coins in transit;
- (e) the conditions under which any currency agents may be appointed.
- (f) the conditions governing discounts and advances;
- (g) the exercise of dual control and general security throughout the Bank;
- (h) generally such additional arrangements which may be made to ensure the efficient working of the Bank, the proper observance of security and the accuracy of the internal accounts.

Signing powers.

13. The Board by resolution shall, for such purposes as they may from time to time decide, authorise the Governor, the Deputy Governor or any official of the Bank to give instructions concerning the Bank's affairs and to sign document relating to all aspects of the Bank's business, provided that such documents are not required by law or common practice to be given under seal. Any such authorisations shall forthwith be notified in the Gazette.

Central Bank of Nigeria (Amendment) Bye-laws, 1964.

Prohibition from employment on other duties.

Section 14 of the C. B. N. Bye-laws, 1959 as been replaced by this section.

14. (a) No official or other employee of the Bank shall occupy any other office or employment whether remunerated or not except with the approval of the Board embodied in a resolution and only in the following capacities, that is to say—

- (i) as member of any economic research institution or of any commission established by the Federal Government to enquire into any matter affecting currency or banking in Nigeria or into such other subject as may be relative to the functions of the Bank;
 - (ii) as director or member of the Board, by whatever name called, of any international bank, international monetary authority or economic institution to which the Federal Government shall have adhered or given support or approval;
 - (iii) as director or alternate director of any corporation in Nigeria in which the Bank may participate under subsection (1) of section 29 of the Central Bank of Nigeria Act, 1958, as amended by the Central Bank of Nigeria (Amendment) Act, 1962.
- (b) Any remuneration to which any official or other employee of the Bank is entitled in respect of any appointment made by virtue of the provisions of

this bye-law shall be paid direct to the Bank.

(c) This bye-law shall not prevent the Bank from employing, at the Board's discretion and subject to such terms and conditions as shall be laid down by the Board, part-time advisers for particular purposes and for specific periods of time.

15. All officials and employees of the Bank shall be required to sign a declaration as in Form 2 in the Schedule affirming their allegiance and service to the Bank and pledging themselves to observe strict secrecy respecting all transactions of the Bank.

Declaration by officials and employees Schedule Form 2.

Legal questions.

16. (i) The appointment of an attorney to the Bank and any changes in that appointment shall be made by the Board on the recommendation of the Governor.

(ii) Plaunts, written statements, affidavits and all other documents connected with legal proceedings may be signed and verified on behalf of the Bank by any officer empowered by or under bye-law 13 to sign documents for and on behalf of the Bank.

17. The Board may require any official or other employee to give to the Bank, in such manner as the Board may determine, such security as it may regard as reasonable for the faithful discharge of his duty.

Security from officials and employees.

Schedule Form I

(Bye-laws 6 and 15)

**FORM OF DECLARATION OF ALLEGIANCE AND
SECURITY BY DIRECTORS**

I, () being appointed a Director of the Central Bank of Nigeria, do solemnly declare that I will faithfully perform the duties of Director and that I will to the best of my ability uphold the interests of the Central Bank of Nigeria and that I will observe strict secrecy respecting all transactions of the Bank and all matters relating thereto and that I will not directly reveal any of the matters or any information which may come to my knowledge in the discharge of my duties except when required or authorised to do so by the Board of the Bank or by law.

Signature.....

Schedule Form II

**FORM OF DECLARATION OF ALLEGIANCE AND
SECURITY BY OFFICIALS AND EMPLOYEES**

I, () being appointed to the staff of the Central Bank of Nigeria, do solemnly declare that I will faithfully perform the duties assigned to me and that I will to the best of my ability uphold the interests of the Central Bank of Nigeria and that I will observe strict secrecy respecting all transactions of the Bank and all matters relating thereto and that I will not directly or indirectly reveal any of the matters or any information which may come to my knowledge in the discharge of my duties except when required or authorised to do so by the Board of the Bank or by law.

Signature.....

Made at a meeting of the Board held on the thirtieth day of July, 1958, and sealed on the eleventh day of March, 1959, in the presence of:

R. P. FENTON	—	Governor
L. N. NAMME		
CHIEF J. A. OBAHOR	}	Directors
C. N. ISONG	—	Secretary.

Approved this 24th day of March, 1959.

CHIEF F. S. OKOTIE-EBOH,
Federal Minister of Finance

Supplement to Official Gazette Extraordinary No. 8, Vol. 56, 11th February,
1969—Part A

THE BANKING DECREE 1969



ARRANGEMENT OF SECTIONS

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Decree No. 1

Commencement

(7th February, 1969)

THE FEDERAL MILITARY GOVERNMENT hereby
decrees as follows:

PART I

LICENSING OF BANKS

General

1. (1) No banking business shall be transacted in Nigeria except by a company duly incorporated in Nigeria which is in possession of a valid licence granted by the Commissioner authorising it to do so.
- (2) The foregoing subsection (1) shall not apply—
(a) in relation to a bank (not being a bank to which paragraph (b) of this subsection refers), which was duly incorporated in Nigeria prior to the commencement of the Companies Decree 1968, and which holds a valid licence granted under the Act repealed by this Decree;
- (b) in relation to a bank which was not, prior to the commencement of the Companies Decree 1968, incorporated in Nigeria, and which at the commencement of this Decree holds a valid licence, if—
(i) the Nigerian branch or branches of the said bank shall, on or before 18th February, 1969 become incorporated in Nigeria under the Companies Decree 1968 for the purposes of transacting banking business; and
(ii) the said bank has before that date applied to the Commissioner through the Governor of the Central Bank for a licence and such application has not been rejected by the said Commissioner.
- (3) Any person who transacts banking business without a valid licence contrary to subsection (1) above shall be guilty of an offence and liable to a fine of £50 for each day during which the offence continues.

Banking busi-
ness by licensed
banks.

- 2.** (1) Any company which desires to carry on banking business in Nigeria shall apply in writing through the Central Bank to the Commissioner for the grant of a licence and shall submit the following, that is—
- (a) a copy of the memorandum of association and articles of association or other instrument under which the company is incorporated duly verified by a statutory declaration made by a director, secretary, or other senior official of the company;
 - (b) a copy of the latest balance sheet of the company; and
 - (c) such other particulars as may be called for by the Central Bank.
- (2) Upon receiving an application under subsection (1) of this section the Central Bank shall require the Examiner appointed under section 20 of this Decree to carry out a preliminary examination of the books and affairs of such company.
- (3) The Central Bank shall consider the application and the report of the Examiner and make a recommendation to the Commissioner stating whether or not a licence should be granted and the conditions (if any) to be attached to the licence.
- (4) Upon receiving an application under subsection (1) of this section and the recommendation of the Central Bank under subsection (3) thereof the Commissioner may in accordance with the recommendation of the Central Bank grant a licence, with or without conditions, or refuse to grant a licence.
- (5) If the Commissioner, notwithstanding the recommendation of the Central Bank, is of the opinion—
- (a) that it would be undesirable in the public interest that a licence should be granted; or
 - (b) that it would be desirable that a licence should be granted, he shall make a report of the circumstances to the Federal Executive Council who may direct him to refuse or grant a licence, as the case may require; and where an application is refused, the Commissioner need not give any reason for the refusal.
- (6) Where a licence is subject to conditions, the licensed bank shall comply with those conditions.

(7) Any licensed bank which fails to comply with any of the conditions of its licence shall be guilty of an offence and shall be liable to a fine not exceeding £50 for each day during which the condition is not complied with.

3. (1) The Commissioner may, at any time on the recommendation of the Central Bank, vary or revoke any of the conditions of a licence or impose such conditions or additional conditions as he may deem necessary.

(2) Where the Commissioner proposes to vary, revoke or impose conditions in accordance with subsection (1) of this section, he shall before exercising such power give notice of his intention to the licensed bank concerned, and shall give the bank an opportunity to make representations to him and to submit reasons why the bank's licence should not be so amended.

(3) Any licensed bank which fails to comply with any conditions as varied or imposed by virtue of subsection (1) of this section shall be guilty of an offence and shall be liable to a fine of £1000.

Supplemental

4. No person licensed to carry on banking business in Nigeria may, after the coming into force of this Decree, open or close branch offices anywhere in Nigeria or outside Nigeria except with the consent in writing of the Central Bank.

5. Every licensed bank shall inform the Commissioner through the Central Bank of—

(a) any proposed agreement, or arrangement, for any sale or disposal of its business by amalgamation or otherwise;

(b) any proposal for reconstruction, and the Commissioner may on the recommendation of the Central Bank approve or withhold approval of such agreement or arrangement or proposal for reconstruction.

6. (1) No bank shall hold or be granted licence, unless—

(a) as respects a bank which is not directly or indirectly controlled from abroad, its paid-up share-capital is not less than £300,000; and

(b) as respects a bank which is directly or indirectly controlled from abroad its paid-up share Capital is not less than £750,000.

Power to vary
conditions of
licences.

Opening and
closing of
branches.

Restriction as to
amalgamation,
etc.

Requirements as
to minimum
paid-up capital.

(2) The Central Bank may, in consultation with the Commissioner, prescribe the minimum ratio which licensed Banks shall maintain between their respective paid-up capital and statutory reserves on the one hand and their loans and advances on the other;

(3) In subsection (1) of this section, a bank shall be deemed to be controlled from abroad—

(a) if the composition of its board of directors consists wholly or mainly of persons who are not citizens of Nigeria; or

(b) where the majority voting rights of that company are held by persons who are not citizens of Nigeria.

(4) Any failure to comply with any of the foregoing provisions of this section shall be a ground for the revocation of the licence of the bank under this Decree.

7. (1) Where any person carries on banking business under a licence validly granted under the Act repealed by this Decree, and the licence was in force immediately before the commencement of this Decree, that person shall not later than 6 months thereafter comply with the provisions of section 6 of this Decree relating to the minimum paid-up capital required for the purposes of that section.

(2) Any failure to comply with the provisions of subsection (1) of this section shall be a ground for the revocation of the licence under this Decree.

8. (1) The Commissioner may on the recommendation of the Central Bank by order published in the Federal Gazette revoke any licence—

(a) if the holder thereof ceases to carry on in Nigeria the type of banking business for which he was licensed or goes into liquidation or is wound-up or otherwise dissolved; or

(b) if the holder thereof fails to fulfil the prescribed conditions and regulations ; or

(c) in the circumstances and in the manner where under this Decree failure to comply with any provisions thereof is a ground for revocation of licence.

(2) Where the Commissioner proposes to revoke any licence in accordance with subsection (1) of this section, he shall before revoking any such licence give notice of his intention to the licensed bank and shall give the bank an opportunity to make representations and to submit reasons why its licence should not be so revoked.

PART II

DUTIES OF LICENSED BANKS

General

9. Every licensed bank shall maintain a reserve fund and shall, out of its net profits each year and before any dividend is declared—

(a) transfer to the reserve fund, where the amount of the reserve fund is less than the paid-up share capital, a sum equal to not less than twenty-five *per centum* of such profits; or

(b) transfer to the reserve fund, where the amount of the reserve fund is equal to or in excess of the paid-up share capital, twelve-and-a-half *per centum* of the net profits of the bank, but no transfer under the fore-going provisions of this section shall be made until any past losses have been made good.

10. (1) No licensed bank shall pay any dividend on its shares until—

(a) all its preliminary expenses, organization expenses, shares selling commission, brokerage, amounts of losses incurred and other capitalized expenses not represented by tangible assets have been completely written off; and

(b) after adequate provision for bad and doubtful debts has been made to the satisfaction of the Central Bank.

(2) For the purposes of this section, an issue of bonus shares out of profits shall be deemed to be a payment of dividends.

11. (1) Every director of a licensed bank who is in any manner whatsoever, whether directly or indirectly interested in an advance, loan or credit facility or proposed advance, loan or credit facility, from that bank shall as soon as practicable declare the nature of his interest to the board of directors of the bank, and the secretary of the bank shall cause such declaration to be circulated forthwith to all directors.

- (2) The requirements of subsection (1) of this section shall not apply in any case—
 - (a) where the interest of the director consists only of being a member or creditor of a company which is interested in an advance, loan or credit facility from the licensed bank; and
 - (b) if the interest of the director may properly be regarded by the Central Bank as not being a material interest.
- (3) For the purposes of subsection (1) of this section a general notice given to the board of directors of a licensed bank by a director to the effect—
 - (a) that he is an officer or member of a company or firm specified in the notice; and
 - (b) that he is to be regarded as interested in any advance, loan or credit facility which may, after the date of the notice, be made to that company or firm, shall be deemed to be a sufficient declaration of interest in relation to any such advance, loan or credit facility, if—
 - (i) the notice specifies the nature and extent of his interest in a company or firm so specified;
 - (ii) such interest is not different in nature to or greater in extent than the nature and extent so specified in the notice at the time any advance, loan or credit facility is made; and
 - (iii) the notice is given at the meeting of the directors or the director takes reasonable steps to ensure that it is brought up and read at the next meeting of the directors after it is given.
- (4) Every director of a licensed bank, who holds any office or possesses any property whereby, whether directly or indirectly, duties or interests might be created in conflict with his duties or interests as director, shall declare at a meeting of the director of the licensed bank the fact and the nature character and extent of the conflict.
- (5) The declaration referred to in subsection (4) of this section shall be made at the first meeting of directors held—
 - (a) after he became a director of the licensed bank; or
 - (b) if already a director, after he commenced to hold office or to possess the property.

(6) The secretary of the licensed bank shall cause to be brought up and read any declaration made under subsection (1) or (4) of this section at the next meeting of the directors after it is made, and shall record any declaration made under this section in the minutes of the meeting at which it was made or at which it was brought up and read.

(7) Any director who contravenes subsection (1) or (4) of this section shall be guilty of an offence and shall be liable to imprisonment for a term not exceeding 3 years or to a fine not exceeding £5000 or to both such imprisonment and fine.

Minimum holding of cash reserves, specified liquid assets, special deposits and stabilization securities, by licensed banks. Cap. 30.

12. (1) Every licensed bank shall maintain a holding of cash reserves, specified liquid assets, special deposits in the Central Bank and stabilization securities as the case may be, not less in amount than as may from time to time be prescribed by the Central Bank by virtue of section 40 of the Central Bank of Nigeria Act.

(2) Where there are both assets and liabilities due by or to other licensed 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 or by an overseas branch or office of a licensed bank, the advances may with the approval of the Central Bank be excluded from the demand liabilities of the licensed bank.

(3) Every licensed bank—

- (a) shall 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;
- (b) shall not allow its holding of cash reserves, specified liquid assets, special deposits and stabilization securities to be less than as from time to time prescribed by the Central Bank; and
- (c) shall not during the period of such deficiency, grant or permit increases in advances, loans or credit facilities to any person without the prior approval of the Central Bank.

- (4) Any licensed bank which fails to comply with any of the provisions of subsection (3) of this section shall be guilty of an offence and shall be liable to a fine of £50—
- (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, and the Central Bank may also during the period when the licensed bank fails to comply with any of the requirements of subsection (3) as aforesaid withdraw any privileges or facilities that are normally accorded to the licensed bank.
- (5) 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, without prejudice to the provisions of section 2 of the Central Bank of Nigeria Act (Amendment) (No. 3) Decree 1968, consist of all or any of the following, namely—
- (a) notes and coins which are legal tender in Nigeria;
 - (b) balances at the Central Bank;
 - (c) net balances at any licensed bank (excluding uncleared effects) and money at call in Nigeria;
 - (d) Treasury Bills and Treasury Certificates issued by the Federal Government;
 - (e) inland bills of exchange and promissory notes rediscountable at the Central Bank.

13. (1) A licensed bank shall not—

- (a) grant to any person any advance, loan or credit facility or give any financial guarantee or incur any other liability on behalf of such person so that the total value of the advances, loans, credit facilities, financial guarantees and other liabilities in respect of such person is at any time more than thirty-three and one-third *per centum* of the sum of the paid-up capital and statutory reserves of the bank:

Provided that the provisions of this paragraph shall not apply to transactions between licensed banks or between branches of a licensed bank, or to the purchase of clean or documentary bills of exchange, telegraphic transfers or documents of

title to goods the holder of which is entitled to payment for exports from Nigeria or to advances made against such bills transfers or documents; and for the purposes of this paragraph, all advances, loans or credit facilities extended to any person shall be aggregated and shall include all advances, loans or credit facilities extended to any subsidiaries and associates whatsoever of that person;

- (b) grant any advances, loans or credit facilities against the security of its own shares;
- (c) grant or permit to be outstanding unsecured advances or loans, or unsecured credit facilities, of an aggregate amount in excess of £500—
 - (i) to its directors, or any of them, whether such advances, loans or credit facilities are obtained by its directors jointly or severally;
 - (ii) to any firm, partnership or private company in which it is or any one or more of its directors is interested as director, partner, manager or agent, or to any individual, firm, partnership or private company of which any one of its directors is a guarantor;
 - (iii) to any public company in which it or any one or more of its directors jointly or severally maintains interest either directly or indirectly;
- (d) grant or permit to be outstanding to its officials and employees unsecured advances or loans, or unsecured credit facilities, which in aggregate amount for any one official or employee exceed one year's salary of such official or employee;
- (e) engage, whether on its own account or on a commission basis, in the wholesale or retail trade, including the import or export trade, except insofar as may exceptionally be necessary in the course of the banking operations and services of that licensed bank or in the course of the satisfaction of debts due to it;
- (f) acquire or hold any part of the share capital of any financial, commercial, agricultural, industrial or other undertaking, except—

As amended by
S. 1 (b) of Bank-
ing Decree No.
3, 1970.

As amended by
S. 1 (c) Banking
(Amendment)
Decree No. 3,
1970.

- (i) such shareholding as a licensed bank may with the prior approval of the Central Bank acquire in the course of satisfaction of debts due to it which shareholding shall, however, be disposed of at the earliest suitable moment,
- (ii) any shareholding approved by the Central Bank in any statutory corporation set up for the purpose of promoting the development of a money market or securities market in Nigeria or of improving the financial machinery for the financing of economic development,
- (iii) all shareholdings approved by the Central Bank in other undertakings the aggregate value of which does not at any time exceed twenty-five *per centum* of the sum of the paid-up capital and statutory reserves of that bank;
- (g) own any subsidiary company which is not carrying on a banking business; provided that the provisions of this paragraph shall not apply to any nominee company of a licensed bank which deals in stocks and shares for or on behalf of the bank's customers or clients;
- (h) remit, either in whole or in part, the debts owed to it by any of its directors or past directors without the approval of the Central Bank;
- (i) purchase, acquire or lease real estate, except as may be necessary for the purpose of conducting its business, including provisions for foreseeable future expansion or housing of its staff, or other exceptional circumstances, where the agreement of the Central Bank is obtained;
- (j) sell, dispose or lease out any real estate, except with the prior approval of the Central Bank: Provided that a licensed bank may secure a debt on any real or other property, and in default of repayment may acquire such property and exercise any power of sale, or as may be provided for in any instrument, or by law prescribed, immediately upon such default or soon thereafter as may be deemed proper.
- (2) In paragraphs (c) and (d) of subsection (1) of this section, the expression "unsecured advances or loans, or unsecured credit facilities" means advances, loans or credit facilities made without security, or in respect of any advances, loans or

credit facilities made with security, any part thereof which at any time exceeds the market value of the assets constituting the security, or where the Central Bank is satisfied that there is no established market value, the value of the assets as determined on the basis of a valuation approved by the Central Bank.

- (3) In paragraphs (c) and (h) of subsection (1), the expression "director" includes the wife, husband, father, mother, son or daughter of a director.
- (4) All directors of the bank shall be liable jointly or severally to indemnify the bank against any loss arising from any unsecured advances, loans or credit facilities, under paragraph (c) of subsection (1) of this section.
- (5) Any licensed bank which after the commencement of this Decree enters into any transaction inconsistent with any of the provisions of paragraphs (a) to (h) of subsection (1) of this section shall be guilty of an offence and shall be liable to a fine of £50 for every day during which any such transaction continues.
- (6) Nothing in this section shall be construed as permitting a licensed bank to grant to any marketing board established under any written law in Nigeria any advance, loan or credit facility, or to give any financial guarantee, or to incur any other liability on behalf of such board.

- 14. (1)** The rate of interest charged on advances, loans or credit facilities or paid on deposits by any licensed bank shall be linked to the minimum rediscount rate of the Central Bank subject to stated minimum and maximum rates of interest, and the minimum and maximum rates of interest when so approved shall be the same for all licensed banks; provided that differential rates may be approved for the various categories of banks to which this decree applies;
- (2)** The interest rate structure of each licensed bank shall be subject to the approval of the Central Bank.

Books of Account

- 15. (1)** Every licensed bank shall cause to be kept proper books of account with respect to all the transactions of the licensed bank.

Rates of interest
on advance, etc.

As amended by
S. 1 (d) Banking
(Amendment)
Decree No. 3,
1970.

Keeping of
books of
account.

- (2) For the purpose of subsection (1) of this section, proper books of account shall not be deemed to be kept with respect to all transactions if such books as are necessary to explain such transactions and give a true and fair view of the state of affairs of the licensed bank are not kept by the bank.
- (3) The books of account shall be kept at the principal administrative office in Nigeria of each licensed bank in the English language or any other language approved by the Federal Executive Council on the recommendation of the Commissioner.
- (4) If any person—
- (a) being a director or officer of a licensed bank fails to take all reasonable steps to secure compliance with any of the provisions of this section; or
 - (b) has by his own wilful act been the cause of any default by the bank therefor, he shall be guilty of an offence under this section and shall be liable to imprisonment for a term not exceeding 6 months or to a fine not exceeding £500 or to both such imprisonment and fine.
- (5) In any proceedings against a person under subsection (4) of this section, it shall be a defence to prove that he has reasonable grounds to believe that another person was charged with the duty of seeing that any of the requirements was complied with and that that person was competent and in a position to discharge that duty.

- 16.** (1) Every licensed bank shall submit to the Central Bank—
- (a) not later than 28 days after the last day of each month, a statement in the appropriate form set out in the First Schedule to this Decree;
 - (b) such other periodical returns as may be prescribed by the Central Bank; and
 - (c) on request, such information as may be required by the Central Bank.
- (2) Every licensed bank shall submit to the Central Bank a statement in the form set out in the Second Schedule to this Decree giving an analysis of advances and other assets of its office and branches

Delivery of
returns, etc. to
Central Bank.
First Schedule.

Second Schedule

in Nigeria within such period following the end of each month as the Central Bank may from time to time determine.

(3) The Central Bank may require a licensed bank to submit such further information as the Central Bank may deem necessary for the proper understanding of the statements furnished by that bank under subsections (1) and (2) of this section, and such information shall be submitted within such a reasonable period as the Central Bank may require.

(4) Any licensed bank which maintains branches or offices outside Nigeria shall produce to the Central Bank such statements relating to its offices or branches outside Nigeria in such form and at such times as the Central Bank may require.

(5) Any bank which fails to comply with any of the requirements of subsections (1), (2), (3) and (4) of this section shall in respect of each such failure be guilty of an offence under this Decree, and shall be liable to a fine of £50 for each day during which the offence continues.

(6) It shall be the responsibility of the Central Bank to prepare and to publish consolidated statements aggregating the figures in the statements furnished under subsection (1) of this section for each class of banks licensed under this Decree.

(7) The statements submitted by each licensed bank under subsection (1) or (2) of this section and any information submitted under subsection (3) or (4) thereof shall be regarded as secret other than as between that bank and the Central Bank.

Provided that the Central Bank—

- (a) shall furnish any such information required by the Commissioner, and shall inform the Commissioner if at any time in its opinion there is need for an examination of any licensed bank; and
- (b) may in support of its opinion convey to the Commissioner such information as it possesses concerning the state of the affairs of that bank.

17. (1) Not later than 4 months after the end of any financial year of a licensed bank, the licensed bank shall—

- (a) cause to be published in a daily newspaper printed in and circulating in Nigeria;
- (b) exhibit in a conspicuous position in each of its offices and branches in Nigeria; and

As amended by
S. I. (e) of Bank-
ing (Amend-
ment) Decree
No. 3, 1970.

Publication of
profit and loss
account and
balance sheet.

Third Schedule.
As amended by
the Banking
(Amendment)
Decree No. 3,
1970

Contents and
form of account

As amended by
S. (1) (9)
Banking
(Amendment),
Decree No. 3,
1970

As amended by
S. (2) (h) Bank-
ing (Amend-
ment) Decree
No. 3, 1970.

(c) forward to the Commissioner and the Central Bank, copies of its balance sheet and profit and loss account duly signed and containing the full and correct names of the directors of the bank.

(2) The balance sheet and profit and loss account of the licensed bank shall bear on their face the report of an approved auditor and shall contain statements as to the matter mentioned in the Third Schedule to this Decree.

(3) For the purposes of subsection (2) of this section an "approved auditor" is an auditor who is approved for the purposes of section 19 of this Decree.

(4) Any licensed bank which fails to comply with any of the requirements of this section shall in respect of each such failure be guilty of an offence and be liable to a fine of £100.

18. (1) Every balance sheet of every licensed bank shall give a true and fair view of the state of affairs as at the end of every financial year of such bank and every profit and loss account shall give a true and fair view of the profit or loss of such bank for the financial year.

(2) Every balance sheet and every profit and loss account of every licensed bank forwarded to the Commissioner and the Central Bank in accordance with the provisions of Section 17 (1) (c) of this Decree shall comply with the requirements of the Third and Fourth Schedules to this Decree.

(2a) Every balance sheet and every profit and loss account of every licensed bank shall be published or exhibited in accordance with the provisions of Section 17 (1) (a) and (b) may be so published or exhibited in abridged form agreed with the Central Bank;

(3) Any person being a director of any licensed Bank who fails to take all reasonable steps to secure compliance as respects any account required under the provisions of this section shall in respect of each offence be liable to imprisonment for a term not exceeding 2 years or to a fine of £500 or to both such imprisonment and fine.

(4) In any proceedings against a person in respect of an offence under this section, it shall be a defence to prove that he had reasonable grounds to believe and did believe that another person, who is competent and reliable, was charged with the duty of seeing that the said provisions were complied with and was in a position to discharge that duty.

(5) A person shall not be sentenced to imprisonment for an offence under this section unless, in the opinion of the court, the offence was committed wilfully.

19. (1) Every licensed bank shall appoint annually a person approved by the Commissioner, in this section referred to as "the approved auditor" whose duties shall be to make to the shareholders a report upon the annual balance sheet and profit and loss account of the bank and every such report shall contain statement as to the matters mentioned in the Third, Fourth and Fifth Schedules to this Decree.

(2) No person—

(a) having an interest in a licensed bank otherwise than as a depositor; or
(b) who is a director, officer or agent of a licensed bank; or
(c) which is a firm in which a director of a licensed bank is interested as partner or director, shall be eligible for appointment as the approved auditor for any licensed bank, and any person appointed as such auditor—

(i) who subsequently acquires such interest ; or
(ii) becomes a director, officer or agent of that bank; or
(iii) subsequently becomes a partner in a firm in which a director of a licensed bank is interested as partner or director, shall cease to be such auditor.

(3) If any licensed bank—

(a) fails to appoint the approved auditor under subsection (1) of this section; or
(b) at any time fails to fill a vacancy for such person, the Commissioner shall after consultation with the Central Bank appoint "the approved auditor" and shall fix the remuneration to be paid by the bank to such auditor.

(4) Every auditor of a licensed bank shall have a right of access at all times to the books and accounts and vouchers of the bank, and shall be entitled to require from the directors and officers of the bank such information and explanation as he thinks necessary for the performance of his duties.

(5) The report of the approved auditor shall be read together with the report of the board of management at the annual general meeting of the shareholders and two copies of each report together with the auditor's analysis of doubtful advances on the form provided in the Fifth Schedule

Appointment
and powers of
auditors.

Third, Fourth
and Fifth
Schedules.

As amended by
S. 1 (1) of the
Banking (Amend-
ment) Decree

to this Decree shall be sent to the Central Bank who shall transmit a copy of such each report to the Commissioner;

(6) For the purposes of this section, the approved auditor shall be an auditor who is a member of one of the professional bodies for the time being declared by the Commissioner by notice in the Federal Gazette to be approved for such purposes.

(7) No auditor shall be approved for the purposes of this section unless—

- (a) he is resident in Nigeria; and
- (b) he is carrying on in Nigeria full-time professional practice as a public accountant and auditor.

PART III

POWERS OF THE CENTRAL BANK

Appointment
and powers of
Examiners.

20. (1) There shall be an Examiner, who—

- (a) shall be an officer of the Central Bank appointed by the Bank with power to examine periodically, under conditions of secrecy, the books and affairs of each and every licensed bank;
- (b) shall have a right of access at all times to the books and accounts and vouchers of the bank; and
- (c) shall be entitled to require from the officers and directors of the bank such information and explanation as he thinks necessary for the performance of his duties,

and the Examiner shall be given and shall have access to any accounts, returns or information regarding banks licensed under this Decree that are in the possession of the Federal Ministry of Finance.

(2) There may in the same manner be appointed one or more fit persons as Deputy or Assistant Examiner who shall have and may exercise the powers of an Examiner under this Decree.

(3) In examining the affairs of any licensed bank in accordance with subsection (1) of this section, it shall be the duty of the Examiner at all times to avoid unreasonable hindrance to the daily business of that bank and to confine the investigation to matters strictly relevant to the examination.

(4) Every licensed bank shall produce to the examiners at such times as the examiners may specify all books, accounts, documents and oral information which they may require.

(5) If any book, account, document or information—
(a) is not produced in accordance with subsection (4) of this section; or

- (b) is false in any material particular, the licensed bank shall be guilty of an offence, and shall be liable—
 - (i) in the case of an offence against paragraph (a) of this subsection, to a fine of £50 in respect of each day in which the offence continues, or
 - (ii) in any other case under paragraph (b) thereof, to a fine of £500.

(6) The Examiner shall forward a report of his findings to the Governor of the Central Bank, who shall forward a copy of the Examiner's report to the Commissioner and inform the Commissioner of any circumstances in which the Commissioner may exercise any powers under section 22 of this Decree.

21. (1) The Commissioner may at any time require the Governor of the Central Bank to require the Examiner appointed in accordance with section 20 of this Decree, or one or more other qualified persons whom the Governor shall appoint, to make a special examination under conditions of secrecy of the books and affairs of any licensed bank—

- (a) where, after consultation with the Central Bank, the Commissioner has reason to believe that a licensed bank—
 - (i) may be carrying on its business in a manner detrimental to the interest of its depositors and other creditors, or
 - (ii) may have insufficient assets to cover its liabilities to the public, or
 - (iii) may be contravening the provisions of this Decree.
- (b) where application is made—
 - (i) by shareholders holding not less than one-third of the total number of shares for the time being issued and paid-up, or
 - (ii) by depositors holding not less than one-half of the gross amount of the deposits of the bank:

Provided however that the applicants under this paragraph submit to the Commissioner such evidence as he may consider necessary to justify an examination, and provided also that they

Special
examination.

- furnish adequate security for payment of the costs of the examination;
- (c) where the licensed bank suspends payments or informs the Commissioner or the Governor of the Central Bank of its intention to do so.
- (2) Where a licensed bank considers—
- (a) that it is likely to become unable to meet its obligations; or
- (b) that it is about to suspend payments, it shall forthwith inform the Central Bank of its intention to do so, and any failure to make such report shall be an offence under this Decree.
- (3) As soon as may be after the conclusion of an examination under this section, the Examiner shall submit a full report thereon to the Governor of the Central Bank who shall forward a copy of the report together with his comments to the Commissioner, and the Commissioner may at his discretion communicate to the Head Office of the licensed bank concerned or to the applicants such information arising from the report as the Commissioner deems fit.
- (4) The Commissioner shall have power to order that all expenses of and incidental to an examination shall be paid by the bank examined, and shall also have power in respect of examination made under paragraph (b) of subsection (1) of this section to order that the expenses shall be defrayed by the applicants.
- 22.** If, in the opinion of the Commissioner, an examination shows that a licensed bank is carrying on its business in a manner detrimental to the interests of its depositors and other creditors, or has insufficient assets to cover its liabilities to the public, or is contravening the provisions of this Decree, the Commissioner may take such one or more of the following steps from time to time as may seem to him necessary, that is to say—

- (a) require that the licensed bank shall, forthwith, take such steps as the Commissioner may consider necessary to rectify the matter, and these may include any or all of the following steps, that is—
- (i) require that the bank shall call meeting of its directors for the purpose of considering any matter relating to or arising out of the affairs of the bank, or require that an officer

of the bank shall discuss any such matter with an officer of the Central Bank,

- (ii) require that the bank shall make, within such time as may be specified, such changes in the management as the Commissioner may consider necessary,
- (iii) appoint a person who in his opinion has had proper training and experience to advise the licensed bank in the proper conduct of its business and fix the remuneration to be paid by the licensed bank to such person; or
- (b) report the circumstances to the Federal Executive Council which, unless satisfied that the bank is taking adequate measures to put its affairs in order, may direct the Commissioner to make an order—
- (i) revoking the bank's licence and requiring its business to be wound-up, or
- (ii) requiring the Central Bank to assume control and carry on the business of the licensed bank,
- except that the Commissioner shall not so report the circumstances without giving the bank reasonable prior notice of his intention to do so and an opportunity of submitting a written statement in reply.
- 23.** (1) Where the Central Bank has assumed control of the business of a licensed bank in pursuance of paragraph (b) of section 22 of this Decree, the Central Bank shall, subject to subsection (2) of this section, remain in control of, and continue to carry on, the business of that bank, in the name and on behalf of the bank until such time as—
- (a) the deposits with the bank have been repaid or the Central Bank is satisfied that suitable provision has been made for their repayment; and
- (b) in the opinion of the Central Bank, it is no longer necessary for the Central Bank to remain in control of the business of the bank.
- (2) Where the Central Bank has assumed control of the business of a licensed bank as aforesaid, the High Court may—
- (a) upon application by the licensed bank; and
- (b) if the High Court is satisfied that it is no longer necessary for the protection of depositors of

Licensed bank under control of Central Bank to co-operate with Central Bank.

Power for winding up.

1968 No. 51.

the bank that the Central Bank should remain in control of the business of the licensed bank, order that the Central Bank shall cease to control the business of the bank as from a date specified in the order.

(3) Where the Central Bank has assumed control of the business of a licensed bank as aforesaid or ceases to control the business of a licensed bank in accordance with this section, the Central Bank shall notify that fact in the Federal Gazette.

24. (1) Where the Central Bank has assumed control of the business of a licensed bank in pursuance of paragraph (b) of section 22 of this Decree, the licensed bank shall submit its business to the control of the Central Bank and shall provide the Central Bank with such facilities as the Central Bank requires to carry on the business of that bank.

(2) Any licensed bank which fails to comply with subsection (1) of this section or with any requirements of the Central Bank under the said section 22 of this Decree shall be guilty of an offence and shall be liable to a fine not exceeding £100 for each day during which such default continues.

25. (1) Where by section 22 of this Decree, the Commissioner makes an order revoking the licence of a bank and requiring the business of that bank in Nigeria to be wound up, that bank shall within 14 days after the making of the order apply to the High Court for an order winding up the affairs of that bank under supervision of that court and the court shall take up the hearing of the application in priority to all other matters.

(2) If the bank fails to apply to the High Court within the time prescribed by subsection (1) of this section, the Commissioner may in his discretion—

(a) apply to the High Court for any necessary order; or
(b) without waiting for the expiration of the time prescribed, appoint the official receiver (within the meaning of section 395 of the Companies Decree 1968) or any other fit person to be a provisional liquidator, and the provisional liquidator shall have the powers conferred by and be deemed to have been appointed a provisional liquidator by the High Court for the purposes of that Decree.

(3) The provisions of this section shall have effect, and section 209 of the Companies Decree 1968 shall be construed, as if the making of an order under section 22 of this Decree to revoke the licence of a bank had been included as a ground for winding-up by the High Court under that section.

(4) The liquidator of a licensed bank shall forward to the Central Bank copies of all returns which he is required to make under the Companies Decree 1968.

(5) The Central Bank may, at any time by notice in writing require the liquidator of a licensed bank to furnish, within such time as may be specified in the notice or such further time as the Central Bank may allow, any statement or information relating to or connected with the winding-up of the bank, and it shall be the duty of every liquidator to comply with such requirements.

PART IV GENERAL AND SUPPLEMENTAL

26. (1) Save with the consent of the Commissioner and subject to subsection (2) of this section, no person other than a licensed commercial bank shall—

(a) use or continue to use the word "bank" or any of its derivatives, either in English or in any other language, in the description or title under which such person is carrying on business in Nigeria;

(2) Every licensed commercial bank shall use as part of its description or title the word "bank" or some one or more of its derivatives, either in English or in some other language.

(3) Subsection (1) of this section shall not apply to any association of licensed banks formed for the protection of their mutual interests.

(4) Any licensed commercial bank which acts in contravention of this section shall be guilty of an offence and shall be liable to a fine of £50 for every day during which the offence continues.

(5) In this section, the reference to a "licensed commercial bank" is a reference to a bank that is licensed as a commercial bank within the meaning of this Decree.

27. (1) No person other than a licensed bank shall, after the commencement of this Decree, issue any advertisement inviting the public to deposit money with it.

(2) Where any licensed bank proposes, after the commencement of this Decree, to issue any advertisement for deposits of money with it, then the bank shall deliver to the Central Bank the text of the proposed advertisement and the bank's latest published accounts, and shall thereafter comply with such directives and conditions as the Central Bank may prescribe, and such texts shall be regarded as confidential information.

Use of the word "bank" in company's name.
Section 26(1)(b)
delete by virtue of Section 1 (i) of Banking (Amendment) Decree No. 3, 1970.

General restriction as to advertisement for deposits.

Strikes

Prohibition of receipt of commission by staff.

(3) Any person who issues an advertisement in contravention of any of the foregoing provisions of this section shall be guilty of an offence and shall be liable to imprisonment for a term not exceeding 2 years or a fine not exceeding £200.

(4) Any person who in the ordinary course of his business issues an advertisement to the order of another person, being an advertisement the issue of which by that other person constitutes an offence under this section, shall not himself be guilty of the offence, if he proves that the matters contained in the advertisement were not (wholly or in part) devised or selected by him or by any other person under his direction or control.

(5) In this Decree "advertisement" includes any form of advertising, whether in publication or by the display of notices or by means of circulars or other documents or by an exhibition of photographs or cinematograph or by way of sound broadcasting or television or loudspeakers or other public address systems, and references to the issuing of an advertisement shall be construed accordingly; and for the purposes of this Decree, an advertisement issued by any person by way of display or exhibition in a public place shall be treated as issued by him on every day on which he causes or permits it to be so displayed or exhibited.

(6) For the purposes of this Decree, an advertisement which contains information calculated to lead directly or indirectly to the deposit of money by the public shall be treated as an advertisement inviting the public to deposit money.

(7) For the purposes of this Decree, an advertisement issued by any person on behalf of or to the order of another person shall be treated as an advertisement issued by that other person; and for the purposes of any proceedings under this Decree, an advertisement inviting the public to deposit money with a person specified in the advertisement shall be presumed, unless the contrary is proved, to have been issued by that person.

28. No licensed bank shall incur any liability to any of its customers by reason only of failure on the part of that bank to open for business during a strike: Provided that the said bank has, within 24 hours of the continuance of the strike, obtained the approval of the Central Bank for any continued closure of the bank.

29. Any director, officer or employee of a licensed bank or other persons being persons receiving remuneration from such licensed bank, who asks for or receives, consents

or agrees to receive any gift, commission, emolument, service, gratuity, money, property or thing of value for his own personal benefit or advantage or for that of any of his relations, from any person other than from the bank—

- (a) for procuring or endeavouring to procure for any person any advance, loan or credit facility from the licensed bank; or
- (b) for the purchase or discount of any draft, note, cheque, bill of exchange or other obligations by that bank; or
- (c) for permitting any person to overdraw any account with that bank, shall be guilty of an offence and shall be liable to imprisonment for a term not exceeding 3 years or to a fine not exceeding £1000 or to both such imprisonment and fine.

30. (1) Any person who is a Director, Chief of Banking Operations, Secretary or other officer concerned in the management of a licensed bank shall cease to hold office—

- (a) if he becomes bankrupt, suspends payments, or compounds with his creditors; or
- (b) if he is convicted of an offence involving dishonesty or fraud.

(2) No person who has been a director of, or directly concerned in the management of, a licensed bank which has been wound up by a High Court shall, without the express authority of the Commissioner, act or continue to act as a director of, or be directly concerned in the management of, any licensed bank.

(3) Any person acting in contravention of subsection (1) or (2) of this section shall be guilty of an offence and shall be liable to imprisonment for a term not exceeding 3 years or to a fine not exceeding £1000 or to both such imprisonment and fine.

PART V MISCELLANEOUS

Exclusion of certain individuals from management of licensed banks.

Offences by companies, etc. and by servants and agents.

31. (1) Where any offence against any provision of this Decree has been committed by a company, firm, society or other body of persons, any person who at the time of the commission of the offence was a director, manager, secretary or other similar officer thereof or was purporting to act in such capacity shall be deemed to be guilty of that offence, unless he proves that the offence was committed without his consent or connivance and that he exercised all such

diligence to prevent the commission of the offence as he ought to have exercised, having regard to the nature of his functions in that capacity and to all the circumstances.

(2) Where any person would be liable under this Decree to any punishment or penalty for any act, omission, neglect or default, he shall be liable to the same punishment or penalty for every such act, omission, neglect or default of any clerk, servant or agent, or of the clerk or servant of such agent:

Provided that such act, omission, neglect or default was committed by such clerk or servant in the course of his employment, or by such agent when acting in the course of his employment in such circumstances that had such act, omission, neglect or default been committed by the agent his principal would have been liable under this section.

Penalties :
directors and
managers.

32. Any person who, being a director or manager of a licensed bank—

(a) fails to take all reasonable steps to secure compliance by the bank with the requirements of this Decree; or
(b) fails to take all reasonable steps to secure the correctness of any statement submitted under the provisions of this Decree,
shall be guilty of an offence under this Decree and shall be liable to imprisonment for a term not exceeding 2 years or to a fine of £500 or to both such imprisonment and fine.

Penalties for
offences not
otherwise
provided for.

33. Any licensed bank which contravenes or fails to comply with any of the provisions of this Decree for which no offence or penalty is expressly provided shall be guilty of an offence and shall be liable to a fine not exceeding £1000.

Powers as to
offences and the
Attorney-
General's fiat.

34. (1) The Governor of the Central Bank may compound any offence punishable under this Decree by accepting such sums of money as he thinks fit, not exceeding the amount of the maximum fine to which that person would have been liable if he had been convicted of the offence.

(2) Any monies paid to the Governor pursuant to subsection (1) of this section shall be paid into the Consolidated Revenue Fund of the Federation.

(3) No prosecution in respect of any offence under this Decree shall be instituted without the consent in writing of the Attorney-General of the Federation.

35. Notwithstanding the provisions of any other written law, a Chief Magistrate's court shall have jurisdiction to try any offence against this Decree and to impose the full penalty prescribed.

Jurisdiction.

Protection
against adverse
claims.

36. (1) Neither the Government of the Federation nor the Central Bank, nor any officer of that Government or body, shall be subject to any action, claim or demand by or liability to any person in respect of anything done or omitted to be done in good faith in pursuance or in execution of, or in connection with the execution or intended execution of, any power conferred upon that Government, the Central Bank or such officer, by this Decree.

(2) For the purposes of this section, a Commissioner and any public officer shall be deemed to be an officer of the Government of the Federation, and the Governor and the Deputy Governor of the Central Bank and any director or employee thereof and any person holding any office therein or appointed by the Central Bank under paragraph (a) of section 22 of this Decree shall be deemed to be an officer of the Central Bank.

37. Where a licensed bank becomes unable to meet its obligations or suspends payments, the assets of such bank in the Federation shall be available to meet all deposit liabilities of the bank in the Federation, and such deposit liabilities shall have priority over all other liabilities of the bank.

Priority of local
deposit liabilities

38. (1) The provisions of this Decree shall not apply to—

- (a) the Central Bank established under the Central Bank of Nigeria Act;
- (b) the fund established under the National Provident Fund Act 1961;
- (c) the Nigerian Industrial Development Bank Limited;
- (d) the Post Office Savings Bank established under the Savings Bank Act.
- (e) the Nigeria Housing Development Society Limited.

Exemptions.
Cap. 30.
1961 No. 20.
Cap. 188, as
amended by
Banking Decree
Nigeria Housing
Dev. Society
Limited. Exemp-
tion Order 1970
L.N. 21, 1970

(2) The list of exceptions in subsection (1) of this section may be amended, by such additions or omissions as may be deemed necessary, by the Commissioner by order published in the Federal Gazette.

Application:
1968 No. 51.

39. The provisions of this Decree are without prejudice to the provisions of the Companies Decree 1968, insofar as they relate to banks and to winding-up by the court:

Regulations.

Provided that where any of the provisions of that Decree is inconsistent with any provision of this Decree this Decree shall prevail.

Interpretation.

40. The Commissioner may in consultation with the Central Bank make such regulations as may be required from time to time for carrying into effect the object of this Decree, and he may by order published in the Federal Gazette amend, alter or vary the Schedules to this Decree.

41. (1) In this Decree, unless the context otherwise requires, the following expressions have the meanings hereby assigned to them, respectively, that is—

“bank” means any person who carries on banking business, and includes a commercial bank, an acceptance house, discount house and financial institution; and in this definition—

(a) “commercial bank” means any person who transacts banking business in Nigeria and whose business includes the acceptance of deposits, withdrawable by cheque,

(b) “acceptance house” means any person in Nigeria who transacts banking business and whose business mainly consists of granting acceptance facilities or whose operations are, in the opinion of the Central Bank, those of an acceptance house;

(c) “discount house” means any person in Nigeria who transacts banking business and whose business mainly consists of trading in and holding commercial bills of exchange, Treasury Bills and other securities, or whose operations are, in the opinion of the Central Bank, those of a discount house, and

(d) “financial institution” means any person in Nigeria who transacts banking business but who is not a commercial bank, an acceptance house or a discount house;

As amended by
Section (1) (k)
Banking (Amend-
ment) Decree
No. 3, 1970

“banking business” means the business of receiving monies from outside sources as deposits irrespective of the payment of interest and the granting of money loans and acceptance of credits or the purchase of bills and cheques or the purchase and sale of securities for account of others or the incurring of the obligation to acquire claims in respect of loans prior to their maturity or the assumption of guarantees and other warranties for others or the effecting of transfers and clearings.

and such other transactions as the Commissioner may, on the recommendation of the Central Bank, by order published in the Federal Gazette designate as banking business;

“Central Bank” means the Central Bank of Nigeria established under the Central Bank of Nigeria Act;

“Commissioner” means the Federal Commissioner charged with responsibility for matters relating to banking;

“deposits” means monies lodged by the general public with any person for safe-keeping or for the purpose of earning interest or dividends whether or not such monies are repayable upon demand, upon a given period of notice or upon a fixed date;

“director” includes any person by whatever name he may be referred to, carrying out or empowered to carry out substantially the same functions of a director in relation to the direction of a company registered under the Companies Decree 1968;

“licence” means a licence granted by or under Part I of this Decree authorising the carrying on of banking business in Nigeria;

“licensed bank” means a bank holding a valid licence by or under Part I of this Decree;

“prescribed” means prescribed by this Decree or by the Central Bank of Nigeria Act, or by regulations made under this Decree or that Act.

(2) For the purposes of this Decree, the following expressions, namely—

- (a) “commercial bank” ;
- (b) “acceptance house” ;
- (c) “discount house” ; and
- (d) “financial institution”,

have the meanings given respectively in the definition of “bank” in subsection (1) of this section.

(3) For the purposes of this Decree, a person shall be deemed to be receiving monies as deposits—

- (a) if that person accepts, from the general public deposits as a feature of its business or if it issues an advertisement or solicits for such deposits; and
- (b) notwithstanding that it receives monies as deposit which are limited to fixed amounts or that certificates or other instruments are issued in respect

of any such amounts providing for the repayment to the holder thereof either conditionally or unconditionally of the amount of the deposits at specified or unspecified dates or for the payment of interest on the amounts deposited at specified intervals or otherwise, or that such certificates are transferable.

(4) Notwithstanding anything contained in this section to the contrary, the receiving of monies against any issue of debentures offered to the public in accordance with any enactment in force within the Federation shall not be deemed to constitute receiving of monies as deposits for the purposes of this Decree.

42. (1) This Decree may be cited as the Banking Decree 1969 and shall apply throughout the Federation.

(2) The Banking Act 1958 is hereby repealed, and any reference in this Decree to "the Act repealed by this Decree" shall be construed accordingly.

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FIRST SCHEDULE

Name of Bank.....

Monthly Statement of Assets and Liabilities as at day of 19.....

(To be submitted in accordance with Section 16 of the Banking Decree, 1969)

LIABILITIES	£	ASSETS	£
1. CAPITAL		1. CASH IN HAND	
Authorised		(a) Notes	
Issued, paid-up and outstanding		(b) Coin	
2. RESERVE FUND		2. BALANCES HELD WITH	
3. DEBENTURES		(a) Central Bank of Nigeria	
4. BALANCES HELD FOR		(b) Other banks	
(a) Other banks in Nigeria		(i) In Nigeria of which remittances in transit	
(b) Offices and branches of this bank outside Nigeria		(ii) Outside Nigeria (including foreign currencies and coins)	
(c) Other banks outside Nigeria		3. MONEY AT CALL IN NIGERIA	
5. DEPOSITS		4. TREASURY BILLS IN NIGERIA/OUTSIDE NIGERIA	
(a) Repayable on demand		5. TREASURY CERTIFICATES	
(b) Savings Accounts		6. BILLS DISCOUNTED	
(c) Other deposits repayable as from the date of this return		(a) Payable in Nigeria	
(i) within 3 months		(i) From banks in Nigeria	
(ii) between 3 and 6 months		(ii) From non-bank sources	
(iii) between 6 and 12 months		(i) maturing as from the date of this return	
(iv) later than 12 months		(a) within 3 months	
of which, in total, by Governments (.....)		(b) between 3 and 6 months	
6. LOANS AND ADVANCES FROM		(c) later than 6 months	
(a) Other banks in Nigeria		(ii) past-due (unpaid and unaccepted)	
(b) Offices and branches of this bank outside Nigeria		(a) Payable outside Nigeria	
(c) Other banks outside Nigeria		7. LOANS AND ADVANCES FOR	
(d) Other creditors		(a) Other banks in Nigeria	
(Contingent liability in respect of bills rediscounted) (.....)		(b) Other banks outside Nigeria	
(Other contingent liabilities) (.....)		(c) Other Customers	
7. Acceptances on account of customers (as per contra)		(i) Subsidiary companies of this bank in Nigeria	
8. Confirmed documentary credits (as per contra)		(ii) Governments in Nigeria	
9. Guarantees, endorsements and other obligations on account of		(a) Federal	
customers (as per contra)		(b) State	
10. Other liabilities		(c) Local	
Net External Assets £.....		(iii) Other Customers	
Net External Liabilities £.....		Repayable from the date of this return	
Details should be given, on an attached sheet, of any assets which are not freely transferable to Nigeria or which are subject to a lien or charge of any kind.		(i) within 3 months	
N.B.—A company shall be deemed to be a subsidiary of a bank if that bank either is a member of it and controls the composition of its board of directors or holds more than half in nominal value of its equity share capital or if a company is a subsidiary of any company which is a subsidiary of that bank. (By equity share capital is meant the issued share capital of the company excluding any part thereof which neither as respects dividends nor as respects capital carries any right to participate beyond a specified amount in a distribution).		(ii) within 6 months	
		(iii) within 12 months	
		(iv) later than 12 months	
		Securities	
		(i) Unsecured	
		(ii) Secured against real estate	
		(iii) Otherwise secured	
		Total outstanding	
		8. INVESTMENTS	
		(a) Government Securities	
		(b) Stocks Bonds	
		(c) Public (Statutory Corporations)	
		(d) Subsidiary of this bank	
		(e) Others	
		9. FIXED ASSETS	
		(a) Bank premises (including land and buildings)	
		(b) Furniture and Fixtures	
		(c) Other Real Estate	
		(d) Other Fixed Assets	
		10. OTHER ASSETS INCLUDING GOLD	
		11. CUSTOMERS LIABILITIES (PER CONTRA)	
		(a) Liabilities of customers for acceptances	
		(b) Liabilities of customers for confirmed documentary credits	
		(c) Liabilities of customers for guarantees, endorsements and other obligations	
		12. OTHER ASSETS	
		We declare that this statement is made up from the books of the bank, and that, to the best of our knowledge and belief, it is correct.	

General Manager

Chief Accountant

SECOND SCHEDULE

REPORT ON LOANS AND ADVANCES

Section 16 (2)

(To be submitted in accordance with Section 16 of the Banking Decree 1969)

As at day of 19.....

Name of Reporting Bank.....
Address

SECTION A

*Loans and Advances analysed by Sector Borrowers:**CODE**Major Minor*

0. AGRICULTURE, FORESTRY, FISHING, ETC.

01	Agriculture (including live-stock, poultry, etc.)	...	£.....
02	Other
03	Timber (logging)
04	Fishing

1. MINING AND QUARRYING

01	Coal	...	£.....
02	Metallic mining (tin ore, iron, zinc and lead)
03	Crude petroleum and gas
04	Other non-metallic mining (including quarrying and sandpits)

2. MANUFACTURING

01	Flour milling and bakeries	...	£.....
02	Meat and other food processing, canning and cold storage
03	Beverages, tobacco and tobacco products
04	Textile and apparel (including spinning, weaving, finishing textiles and tailoring)
05	Footwear (excluding rubber footwear)
06	Woodproducts (including furniture)
07	Paper and paper products
08	Printing, publishing, etc.

3. 01 Manufacturing of rubber products (including rubber footwear) ...

02	Soaps, oils and detergents
03	Petroleum and coal products
04	Building materials, pottery, ceramics and glass
05	Other non-metallic products
06	Basic metal products (including smelting and fabricating)
07	Miscellaneous manufacturing and processing

4. REAL ESTATE AND CONSTRUCTION

01	Owner occupied property	...	£.....
02	Commercial property:		
02.1	Residential	...	£.....
02.2	Non-Residential	...	£.....
03	Public construction
04	Other

Major Minor

5. PUBLIC UTILITIES
01 Electricity, water, harbour, etc. £.....

GENERAL COMMERCE

A. Exports

01 Cocoa £.....
02 Groundnuts and groundnut oil
03 Palm produce
04 Cotton
05 Hides and skins
06 Rubber and products
07 Timber and products
08 Other agricultural exports
09 Non-agricultural exports

B. Imports and Domestic Trade

10 Imports £.....
11 Domestic Trade
01 Wholesale merchant
02 Retail merchant £.....

7. TRANSPORTATION AND COMMUNICATIONS

01 Rail transport £.....
02 Road transport
03 Water transport
04 Air transport
05 Other Communications £.....

8. CREDIT AND FINANCIAL INSTITUTIONS

01 Commercial banks and Acceptance Houses
02 Hire-purchase finance companies
03 Insurance companies
04 Building societies, finance co-operatives, real estate companies
05 Other financial institution

9. GOVERNMENT

01 Federal Government
02 State Governments
03 Local Governments

10. GENERAL

01 Personal and professional
02 Miscellaneous loans and advances
03 Total Section A.

SECTION B

11. MONEY AT CALL AND BILLS DISCOUNTED

A. Money at Call

01 Call money scheme £.....
02 Finance companies £.....
03 Commercial banks :
 03. 1 In Nigeria £..... £.....
 03. 2 Abroad £..... £.....
04 Other £..... £.....

Major Minor*B. Bills Discounted*

05 Produce paper £.....
06 Other commercial paper:
 06.1 Payable in Nigeria £.....
 06.2 Payable abroad £.....
07 Total Section B £..... £.....

SECTION C

12. LOANS AND ADVANCES BY TYPE OF SECURITY

01 Documentary bills £.....
02 Plant, equipment and other real estate
03 Time and savings deposits, life insurance policies and other cash deposits
04 Corporate, and government securities and other financial assets
05 Personal guarantee
06 Otherwise secured
07 Unsecured
08 Total Section C £.....

SECTION D

13. LOANS AND ADVANCES BY MATURITY

01 On Call £.....
02 Maturing within 3 months
03 Maturing between 3 and 6 months
04 Maturing between 6 and 12 months
05 Maturing between 1 and 5 years
06 Maturing after 5 years
07 Total Section D £.....

07.1 *Of which past-due and uncollected

£.....

SECTION E

14. LOANS AND ADVANCES BY METHOD OF REPAYMENT

01 Overdraft £.....
02 Repayable by specifically agreed instalments £.....
03 Repayable in one single payment £.....
04 Total Section E £.....

SECTION F

15. LOANS AND ADVANCES BY AMOUNT NUMBER AND TYPE OF BORROWERS

	Amount	Total		Total Amount £	No. of Borrowers
		Amount to Indigenous Persons	Amount to Others		
01	Up to £50
02	Over £50 and up to £100
03	Over £100 and up to £500
04	Over £500 and up to £1,000
05	Over £1,000 and up to £5,000
06	Over £5,000 and up to £10,000
07	Over £10,000 and up to £50,000
08	Over £50,000
09	TOTAL

Name and address of person to contact if questions arise concerning this report:

.....
.....*Signature of Authorised Officer*

Title.....

Date.....

THIRD SCHEDULE Sections 17, 18 and 19

ACCOUNTS

Preliminary

1. Paragraphs 2 to 11 of this Schedule apply to the balance sheet and paragraphs 12 to 16 apply to the profit and loss account.

GENERAL PROVISIONS AS TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Balance Sheet

2. The authorised share capital, issued share capital liabilities and assets shall be summarised, with such particulars as are necessary to disclose the general nature of the assets and liabilities, and there shall be specified—

(a) any part of the issued capital that consists of redeemable preference shares and the earliest date on which the person has power to redeem those shares;

(b) the amount of the share premium account;

(c) particulars of any redeemed debentures which the person has power to re-issue.

3. There shall be stated under separate headings, insofar as they are not written off—

(a) the preliminary expenses;

(b) any expenses incurred in connection with any issue of share capital or debentures;

(c) any sums paid by way of commission in respect of any shares or debentures;

(d) any sums allowed by way of discount in respect of any debentures.

4. (1) The following shall be classified under headings appropriately itemised:

(a) Cash in hand,

(b) Balance due to and from other banks,

(c) Short-term investments falling within the terms of section 12 (5) (d) and (e) of this Decree,

(d) Other Investments,

- (e) Loans and Advances,
- (f) Fixed Assets,
- (g) Other Assets,
- (h) Deposits,
- (i) Borrowings,
- (j) Other Liabilities,
- (k) Provisions and Reserves,
- (l) Capital,
- (m) Liabilities for Acceptances, Guarantees, etc.

(2) The method or methods used to arrive at the amount of each item of fixed assets shall be stated.

5. Loans and Advances shall be shown gross less the amount of provisions made in respect of debts doubtful or recovery. Where no provision is considered necessary a note to that effect shall appear on the balance sheet.
6. In respect of Balances due to and from other banks, a distinction shall be made between balances held in Nigeria and outside Nigeria.
7. Demand deposits, savings accounts and time deposits shall be itemised under the heading "Deposits".
8. In respect of investments shown under "Other Investments" in paragraph 4 (1) (d) above, a distinction shall be made between the quoted and unquoted investments.

9. (1) The method of arriving at the net amount of any fixed assets shall be the difference between—
 - (a) its cost or, if it stands in the person's books at a valuation, the amount of the valuation; and
 - (b) the aggregate amount provided or written-off since the date of acquisition or valuation, as the case may be, for depreciation or diminution in value.

For the purposes of this paragraph the net amount at which any assets stand in the person's books at the commencement of this Decree (after deduction of the amounts previously provided or written-off for depreciation or diminution in value) shall, if the figures relating to the period before the commencement of this Decree cannot be obtained without unreasonable expense or delay, be treated as if it were the amount of a valuation of the said asset made at the commencement of this

Decree, and, where any of those amount less the assets are sold, the said net amount of the sales shall be treated as if it were the amount of a valuation so made of the remaining assets.

- (2) The foregoing sub-paragraph shall not apply—
 - (a) to assets for which the figures relating to the period beginning with the commencement of this Decree cannot be obtained without unreasonable expense or delay; or
 - (b) to assets the replacement of which is provided for wholly or partly—
 - (i) by making provision for renewals and charging the cost of replacement against the provision so made; or
 - (ii) by charging the cost of replacement direct to revenue.
- (3) For the assets under each heading the amount of which in each case is arrived at in accordance with sub-paragraph (1) of this paragraph, there shall be shown—
 - (a) the aggregate of the amounts referred to in paragraph (a) of that sub-paragraph; and
 - (b) the aggregate of the amount referred to in paragraph (b) thereof.

10. The aggregate amounts respectively of statutory reserves, capital reserves, revenue reserves and provisions (other than provisions for depreciation, renewals or diminution in value of assets) shall be stated under separate headings:

Provided that the Central Bank may direct that a separate statement of the amount of provisions, shall not be required where the Central Bank is satisfied that such a statement is not required in the public interest and would prejudice the person, but subject to the condition that any heading stating an amount arrived at after taking into account a provision (other than as aforesaid) shall be so framed or marked as to indicate that fact.

11. The matters referred to in the following sub-paragraphs shall be stated by way of note, or in a statement or report annexed, if not otherwise shown—

- (a) the amount of any arrears of fixed cumulative dividends, on the person's shares and the period for which the dividends, or if there are more than

one class of them, each class of them are in arrears, the amount to be stated before deduction of income tax, except that in the case of tax free dividends, the amount shall be shown free of tax and the fact that it is so shown shall also be stated;

- (b) the general nature of any other contingent liabilities not provided for and, where practicable, the aggregate amount or estimated amount of those liabilities;
- (c) where practicable the aggregate amount or estimated amount of contracts for capital expenditure so far as not provided for;
- (d) the basis on which foreign currencies have been converted into £N, where the amount of the assets or liabilities affected is material;
- (e) the basis on which the amount, if any, set aside for Income Tax is computed;
- (f) the amount of the net External Assets or Liabilities of the person;
- (g) the amount of deposits, if any, held by persons not ordinarily resident in Nigeria;
- (h) the total amounts respectively of loans and advances secured against real estate, otherwise secured and unsecured;
- (i) except in the case of the first balance sheet of the person after the commencement of this Decree, the corresponding amounts at the end of the immediately preceding financial year for all items shown in the balance sheet;
- (j) the market value of the investments.

Profit and Loss Account

12. There shall be shown—

- (a) the amount charged to revenue by way of provision for depreciation, renewals or diminution in value of fixed assets;
- (b) the amount charged to revenue by way of provision for debts doubtful of recovery;
- (c) the amount of bad debts written-off where such amount is not charged to a provision created as in sub-paragraph (b) above;

- (d) the amount of the interest on the person's borrowings, distinguishing between interest paid in respect of borrowings from banks and other creditors respectively in Nigeria and that paid in respect of borrowings from banks and other creditors respectively outside Nigeria;
- (e) the amount of the charge for Nigerian income tax and other Nigerian taxation on profits, including, where practicable, as Nigerian income tax any taxation imposed elsewhere to the extent of the relief, if any, from Nigerian income tax;
- (f) the amount, if any, provided for redemption of loans;
- (g) the amount set aside or proposed to be set aside to, or withdrawn from, reserves;
- (h) the aggregate amount of the dividends paid and proposed;
- (i) the remuneration of the auditors if such remuneration is not fixed by the person in general meeting, the amount thereof shall be shown under a separate heading, and for the purposes of this paragraph, any sums paid by the person in respect of the auditors' expenses shall be deemed to be included in the expression "remuneration";
- (j) (i) the aggregate amount of directors' emoluments;
- (ii) the aggregate amount of directors' or past directors' pensions; and
- (iii) the aggregate amount of any compensation to directors or past directors in respect of loss of office.

For the purposes of this sub-paragraph the expression "emoluments", in relation to a director includes fees and percentages, any sums paid by way of expenses allowance insofar as those sums are charged to Nigerian income tax, any contribution paid in respect of him under any pension scheme and the estimated money value of any other benefits received by him otherwise than in cash.

13. The earnings of the company shall be classified under the headings, "INTERESTS", "TRANSFER CHARGES", "FOREIGN EXCHANGE", "OTHER INCOME".

14. The matters referred to in the following sub-paragraphs shall be stated by way of note, if not otherwise shown—

- (a) the basis on which the charge for Nigerian income tax is computed;
- (b) except in the case of the first profit and loss account laid before the person after the commencement of this Decree, the corresponding amounts for the immediately preceding financial year for all items shown in the profit and loss account;
- (c) any material respects in which any items shown in the profit and loss account are affected—
 - (i) by transactions of a sort not usually undertaken by the person or otherwise by circumstances of any exceptional or non-recurrent nature; or
 - (ii) by any change in the basis of accounting.

FOURTH SCHEDULE

Sections 18 and 19

MATTERS TO BE EXPRESSLY STATED IN AUDITORS' REPORT

The auditors' report shall indicate the following matters—

- (a) whether they have obtained all the information and explanations which, to the best of their knowledge and belief, were necessary for the purposes of their audit;
- (b) whether, in their opinion, proper books of account have been kept by the person licensed under this Decree, at Head Office, and at each of the person's branches, and in such form as explain, and give a true and fair view of, all the transactions of the person;
- (c) whether they have examined the books of the person at Head Office, and at each of the person's branches, and whether proper returns adequate for the purposes of their audit have been received from branches not visited;
- (d) whether, to the best of their knowledge and belief, there have been any contraventions of the Banking Decree 1969 and other related legislation during

the period covered by the audited accounts and whether every such contravention has been reported to the Central Bank as required by law;

- (e) whether, in their opinion, the assets of the person have been properly valued, and whether adequate provisions have been made for losses and diminution in the value of the person's assets;
- (f) whether, in their opinion, and to the best of their information, and having regard to the explanations given to them, the audited accounts of the person are in agreement with the books of account kept and give the information required by this Decree in the manner so required, and also give a true and fair view—
 - (i) in the case of the balance sheet, of the state of the person's affairs as at the end of its financial year;
 - (ii) in the case of the profit and loss accounts, of the profit or loss for its financial year.

FIFTH SCHEDULE

AUDITOR'S ANALYSIS OF DOUBTFUL ADVANCES (LIMITED TO ADVANCES OVER £2,000) AS AT.....									
Name of Customer	Date Advanced or Last Instalment of Advances Drawn	Original Amount of Advances	Rate of Interest (Insert X if Interest Stopped)	Date of Last Repayment	Balance Outstanding	Efforts made by the Bank to recover Advances	Realisable Value of Security Held (if any)	Estimate of Bad and Doubtful Debts	Remarks
SECTION 'A'									
SECTION 'B'									
SECTION 'C'									

NOTE:

SECTION 'A' Advances which have not been fully recovered because of insufficient efforts on the part of the bank.

SECTION 'B' Advances which may either be fully or partly irrecoverable by reasons of the known financial position of the debtors.

SECTION 'C' Others (Advances granted to deceased persons and defunct companies should be included here).

Made at Lagos this 7th day of February, 1969

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ADDENDUM

CENTRAL BANK OF NIGERIA (AMENDMENT)

DECREE 1970



Decree No. 40

(6th August, 1969)

Commencement.

Sundry amendments of the principal Act. Cap. 30

Approval required before award of certain contracts : amendment of section 3.

Approval required for certain banking activities : amendment of section 5.

Issuing of directives : amendment of section 8 of the Principal Act and section 3 of 1968 No. 50.

THE FEDERAL MILITARY GOVERNMENT hereby decrees as follows :

1. The Central Bank of Nigeria Act (hereinafter in this Decree referred to as "the principal Act") shall be amended as prescribed in the following provisions of this Decree.

2. In section 3 of the principal Act (which relates to the power of the Board to acquire and dispose of movable and immovable property), immediately after subsection (2) thereof there shall be inserted a new subsection as follows:

"(3) Notwithstanding anything contained in subsection (2) above, any contract relating to any project of a value of not less than fifty thousand pounds shall be referred to the Federal Executive Council for approval through the Commissioner before any award of such contract is made."

3. In section 5 of the principal Act (which refers to the location of the chief office of the Bank and power to open branches and appoint agents and correspondents), immediately after the word "may" there shall be inserted the words "subject to the approval of the Commissioner".

4. In section 8 of the principal Act (which deals with the establishment and powers of the Board), in subsection (1) thereof, immediately after the words "which shall", there shall be inserted the words—

"subject to the provisions of section 3 of the Central Bank of Nigeria Act (Amendment) (No. 3) Decree 1968,"

and in section 3 of the Central Bank of Nigeria Act (Amendment) (No. 3) Decree 1968, immediately after subsection (3) thereof, there shall be inserted the following—

"(4) The foregoing provisions of this section shall apply in relation to any general policy pursued or intended to be pursued on any administrative matter (including staff, pensions, salaries and allowances and other similar matters) as they apply in relation to monetary and banking policy pursued or intended to be pursued by the Central Bank".

Determination of salaries and allowances: amendment of section 14.

5. In section 14 of the principal Act (which relates to appointments of officials and other employees of the Bank)—

(a) at the end of subsection (1) thereof, there shall be inserted the following—

"subject as prescribed by this section or otherwise provided for.";

(b) immediately after subsection (2) thereof, there shall be inserted the following—

"(3) The salaries of the employees of the Bank (other than those of the Governor or his deputy) shall be as stipulated from time to time by the Federal Executive Council, and the board shall accordingly be guided in terms of the scales of salary provided therefor; and without prejudice to the generality of the foregoing the scales of salary set out in the Schedule to the 1968 No. 59. Statutory Corporations (Salaries and Allowances, etc.) Decree 1968 shall apply in relation to the employees of the Bank (subject as aforesaid) as they apply in relation to the staffs of statutory corporations affected by that Decree and by the Statutory Corporations (Salaries and Allowances, etc.) (Extended Application) Decree 1969.

(4) The allowances and benefits, other than salaries and retiring benefits, as may from time to time be stipulated by the Federal Executive Council for members of the public service of the Federation shall in like manner apply to the employees of the Bank; and the words 'the public service of the Federation' shall have the same meaning as in the Constitution 1963 No. 20. of the Federation 1963".

Citation, extent and commencement.

6.—(1) This Decree may be cited as the Central Bank of Nigeria (Amendment) Decree 1970 and shall apply throughout the Federation.

(2) This Decree shall be deemed to have come into operation on 6th August, 1969.

MADE at Lagos this 24th day of June, 1970.