

2013 - ADAMAWA STATE BONDS LAW

BILL NO. 12 2013

ADAMAWA STATE HOUSE OF ASSEMBLY

**A BILL
FOR**

A LAW TO ENABLE THE GOVERNMENT OF ADAMAWA STATE OF NIGERIA TO ESTABLISH A DEBT ISSUANCE PROGRAMME (THE “PROGRAMME”) AND TO RAISE LOANS FROM THE CAPITAL MARKET THROUGH THE ISSUANCE OF DEBT SECURITIES IN THE FORM OF REGISTERED BONDS FOR THE SPECIFIC DEVELOPMENT OF PROJECTS AUTHORIZED BY THE STATE EXECUTIVE COUNCIL AND FOR ALL OTHER MATTERS CONNECTED THEREWITH.

Date of Commencement ()

BE IT ENACTED by the House of Assembly of Adamawa State of Nigeria and by the authority of same as follows:-

Short title and
Commencement

1. This Law may be cited as the Adamawa State Bonds Law, 2013 and shall come into operation on theday of2013.

Interpretation

2. In this Law unless the context otherwise requires:-

“Bond” means any person for the time being entered into the registered of the Central Securities Clearing System (CSCS) as a holder of a unit of the registered bonds offered under the issue and includes persons so registered as joint holders;

“Commissioner” means the Commissioner of Finance of the State;

“Executive Council” means the Executive Council of the State;

“FAAC” means Federal Accounts Allocation Committee;

“Gazette” means the official gazette of the State;
“Government” means Government of the State;
“House of Assembly” Means the House of Assembly of the State;
“State” means Adamawa State of Nigeria.

Registered Bonds

3. (1) There shall be created and issued to the public from time to time as the need arises, Registered Bonds by the Government of Adamawa State for specific projects in such aggregate sum as approved by the Executive Council and confirmed by the House of Assembly.
(2) The first Registered Bond shall be issued by public offer at a value of N15 billion and shall consist of 15 Million unit valued at N1, 000.00 per unit.

Issuance of Bond

4. (1) The Commissioner, on behalf of the Governor may from time to time as the need arises with the approval of the Executive Council and subject to the provisions of this Law, raise funds for the economic and social development in the State by the issue of bonds.
(2) The Bond shall have a first tranche of N15 billion maximum, out of a total programme amount of N40 Billion.
(3) Subsequent registered bonds shall be issued from time to time as the need arises on terms to be determined by the Executive Council in respect of projects approved under an Appropriation Law or Supplementary Appropriation Law.

Bond Authorization

5. The State shall issue an irrevocable letter of authority in respect of each Bond, giving the Accountant-General of the Federation the authority to deduct at source from the statutory allocation due to the State from the Federation Account, monies for the repayment of the Principal and interest due on the Bond.

Regulations

6. The Commissioner may in respect of each Bond to be issued, make regulations published in the Gazette for the purpose of giving effect to the provision and include all or any of the following matters relating to the Bond:-

- (a) Value: the total value of the first tranche of the Bond shall be up to N15 Billion, under a total programme size of N40 Billion;
- (b) Commencement date and tenure: the Bond shall be issued by the State upon receipt of all relevant State, Federal and Regulatory approvals, the effective date of which shall be determined on issue, and will be for a minimum of five (5) years and a maximum of seven (7) years;
- (c) Purpose: the Bond shall be used for the following Projects:
 - (i) refinancing of Bridge Loan date;
 - (ii) completion of on-going Capital Projects;
 - (iii) execution of key new capital projects:-
 - (aa) University College Hospital including the Faculty of Medicine Adamawa State University;
 - (bb) Law Faculty of Adamawa State University and associate campuses;
 - (cc) appropriate infrastructure for consolidation of skills acquisition and general development of the State;
- (d) Maturity and redemption/repayment date shall be on monthly basis to be redeemed through our FAAC deductions;
- (e) Coupon Rate: The coupon rate shall be determined in line with prevailing bond and money market rates;
- (f) Mode of offer: The issue of the Bond shall be by public offer;
- (g) Issue Price: The issue price shall be at N1, 000 per unit;

- (h) Such other matters as the Commissioner may consider necessary in the implementation of the State's budget.