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INVESTMENTS AND SECURITIES ACT, 2007
INVESTMENTS AND SECURITIES (EXEMPTION OF
STATE GOVERNMENTS, ETC.) ORDER, 2019



ARRANGEMENT OF PARAGRAPHS

Paragraph:

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2. Condition for Exemption.
3. State Governments and the Federal Capital Territory seeks to issue revenue bond/sukuk.
4. Duration of Exemption.
5. Definition.
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S. I. No. 118 of 2022

INVESTMENTS AND SECURITIES ACT, 2007**INVESTMENTS AND SECURITIES (EXEMPTION OF
STATE GOVERNMENTS, ETC.) ORDER, 2019**

[27th Day of December, 2019]

In exercise of the powers conferred on me by section 309 of the Investment and Securities Act, 2007 and of all other powers enabling me in that behalf, I, ZAINAB SHAMSUNA AHMED, the Honourable Minister of Finance, Budget and National Planning, in consultation with the Securities and Exchange Commission (“the Commission”), make the following Order—

Commence-
ment.

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

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

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

Condition
for
Exemption.

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

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

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

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

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

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

