

**SECURED TRANSACTIONS IN MOVABLE ASSETS BILL, 2015**

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# A BILL

## FOR

AN ACT TO PROVIDE FOR SECURED TRANSACTIONS, REGISTRATION AND REGULATION OF SECURITY INTEREST IN MOVABLE ASSETS AND FOR RELATED MATTERS, 2015

*Sponsored by Hon. Ossai Nicholas Ossai*

[ ] Commencement

ENACTED by the National Assembly of the Federal Republic of Nigeria as follows:

1 PART I - OBJECTIVES AND SCOPE

2 1. The objectives of this Act are to: Objectives

- 3 (a) enhance financial inclusion in Nigeria;
- 4 (b) stimulate responsible lending to micro, small and medium
- 5 enterprises;
- 6 (c) facilitate access to credit secured with movable assets;
- 7 (d) facilitate perfection of Security Interests in movable assets;
- 8 (e) facilitate realization of Security Interests in movable assets; and
- 9 (f) establish a Collateral Registry and provide for its operations.

10 2. -(1) This Act shall apply to: Scope

- 11 (a) all Security Interests in movable assets created by an agreement
- 12 that secures payment or the performance of an obligation;
- 13 (b) a person who is a Creditor, Borrower or Grantor under this Act;
- 14 and
- 15 (c) all financing and operating leases entered into after the
- 16 commencement of this Act.

17 (2) This Act shall not apply to:

- 18 (a) any right of set-off;
- 19 (b) the creation or transfer of an Interest in land other than account
- 20 receivables; and

1 (c) any interest created by a transfer, assignment or mortgage in  
2 movable property governed by a law for which a registry has been established  
3 with regards to ships and aircrafts.

4 (3) Nothing in this Act shall prevent the creation of security interest  
5 in the form of charges by companies registered under the CAMA.

6 PART II - SECURITY INTERESTS

Creation of  
Security Interest

7 3.-(1) A Security Interest is created by a Security Agreement between  
8 a Grantor and Creditor.

9 (2) The Security Interest in any asset acquired by a Grantor after the  
10 coming into force of the Security Agreement shall take effect without further  
11 consent or any other act of the Grantor at the moment the Grantor acquires such  
12 asset where:

13 (a) the asset falls under the Collateral description in the Security  
14 Agreement; and

15 (b) the Security Agreement provides that the Security Interest extends  
16 to the Grantor's present and future assets.

Grantor's rights  
in the Collateral

17 4.-(1) A Security Interest shall be created to the extent of the rights  
18 that the Grantor has in the Collateral.

19 (2) A transfer of Account Receivable or Security Interest in an  
20 Account Receivable by a Grantor is effective:

21 (a) between the Grantor and the Creditor; and

22 (b) against the account debtor of the Account Receivable  
23 notwithstanding any agreement limiting the account debtor's right to create a  
24 Security Interest in or assign its Account Receivable.

25 (3) Creation of a security interest in any movable asset is effective  
26 notwithstanding any agreement limiting the grantor's right to create  
27 such security interest.

Content of a  
Security Agreement

28 5. A Security Agreement shall:

29 (a) reflect the intention of the Grantor and Creditor to create a  
30 Security Interest;

1 (b) identify the Grantor and Creditor;

2 (c) describe the secured obligation including the maximum amount

3 for which the Security Interest is enforceable;

4 (d) describe the Collateral adequately; and

5 (e) indicate the tenor of the obligation secured.

6 6. -(1) A description of a Collateral is adequate if it is described by:

Description of  
Collateral in a  
Security Agreement

7 (a) item, kind, type or category, year of manufacture or any other

8 description that can identify the Collateral; or

9 (b) a statement that a Security Interest is taken in all the present and

10 future assets of the Grantor.

11 (2) A Security Interest shall extend to the identifiable or traceable

12 proceeds of a Collateral, whether or not the Security Agreement contains a

13 description of the proceeds.

14 7.-(1) A security interest shall automatically continue in the

Continuation of  
a Security Interest

15 identifiable or traceable proceeds of the collateral, whether or not the

16 security agreement contains a description of the proceeds.

17 (2) A security interest created in tangible property before they

18 were commingled in a mass or product continues in the mass or product.

19 8. -(1) A Security Interest is perfected when a Financing Statement

Perfection of  
Security Interest

20 in respect of that Security Interest has been registered in the Collateral

21 Registry established under this Act.

22 (2) For the purposes of this Act, a Secured Creditor may take

23 possession of the Collateral but mere possession does not perfect the

24 security interest.

25 9.-(1) A security interest in any proceeds of the collateral is

Perfection of  
Security Interest  
in Proceeds

26 perfected automatically without any further action by the grantor or

27 the creditor when the proceeds arise or are acquired if:

28 (a) The proceeds are described in the Financing Statement; or

29 (b) The proceeds are in the form of money, accounts receivables,

30 negotiable instruments or bank accounts.



1 (2) If the proceeds are not of the kind covered in the preceding sub  
 2 section, the security interest will remain perfected if the Creditor registers an  
 3 amendment adding a description of the asset that is proceeds within 15 days  
 4 after they arose.

5 PART III - NATIONAL COLLATERAL REGISTRY

Establishment of  
 the National  
 Collateral Registry

6 10. -(1) There is established in the Central Bank, a registry to be  
 7 known as the National Collateral Registry (in this Act referred to as "the  
 8 Collateral Registry").

9 (2) The Governor of the Central Bank of Nigeria shall appoint the  
 10 Registrar and such other staff as may be required for the attainment of the  
 11 objectives of this Act.

12 (3) The Registrar shall supervise and administer the operations of the  
 13 Collateral Registry.

Functions of the  
 Collateral Registry

14 11. The Collateral Registry shall:

15 (a) receive, register and store information about Security Interests in  
 16 movable assets;

17 (b) provide access to persons who may seek information on Security  
 18 Interests from the Collateral Registry; and

19 (c) perform such other functions as may be prescribed by Regulations  
 20 made under this Act.

21 PART IV - REGISTRATION OF FINANCING STATEMENTS

Procedure for  
 registration of  
 a Financing  
 Statement

22 12. -(1) A Financing Statement may be registered by or on behalf of a  
 23 creditor at any time with the consent of the grantor as required under this Act.

24 (2) A Financing Statement is registered when a unique registration  
 25 number, date and time are assigned to it by the Collateral Registry.

26 (3) The Collateral Registry shall, after a Financing Statement has  
 27 been registered, issue a Confirmation Statement to the Creditor who files the  
 28 Financing Statement for registration.

Consent to  
 Register a  
 Financing  
 Statement

29 13.-(1) Registration of an initial financing statement is ineffective  
 30 unless the Grantor consented to it in writing.

1 (2) A security agreement in accordance with Section 4 is sufficient  
2 to constitute consent by the Grantor for the registration of an initial or  
3 amendment financing statement covering the collateral described therein.

4 (3) The Grantor may give consent in writing to register a financing  
5 statement prior to the conclusion of a security agreement.

6 (4) Registration of an Amendment Financing Statement is  
7 ineffective unless consented to by the Grantor in writing if the Amendment  
8 Financing Statement:

9 (a) Adds a description of new collateral;

10 (b) or

11 (c) Adds a new Grantor unless the new Grantor is a transferee of the  
12 collateral already described in the registration.

13 14.-(1) A creditor shall provide in a Financing Statement the  
14 following information:

Contents of a  
Financing Statement

15 (a) Grantor type description: individual, micro, small or large  
16 business;

17 (b) In the case of a Company, Co-operative or registered Business  
18 Name, the unique identification number which shall be the Corporate  
19 Affairs Commission registration number or other registration number  
20 issued by the appropriate authority for registering these types of debtors;

21 (c) In the case of an individual, the unique identification number  
22 derived from approved biometric based identification, gender, name,  
23 address including telephone and date of birth;

24 (d) the name and address of the creditor or its representative;

25 (e) a description of the collateral;

26 (f) the maximum amount for which the secured obligation may be  
27 enforced;

28 (g) the period of time for which the registration is to be effective,  
29 and

30 (h) such other information as the Registrar may consider necessary.

1           (2) A financing statement may in addition also identify a Borrower  
2 according to the preceding sub section even if that person has not created a  
3 security interest.

4           (3) If there is more than one grantor or creditor, the required  
5 information must be entered in the designated field separately for each grantor  
6 or creditor.

7           (4) If the grantor is an individual who is neither a citizen nor a  
8 resident of Nigeria, the secured creditor shall enter the debtor's name and  
9 unique identification number that appear on the Grantor's passport issued by  
10 a Foreign Government or any other document as the Central Bank of  
11 Nigeria may prescribe from time to time.

Description of  
Collateral

12           **15.** -(1) The Financing Statement must include a description of the  
13 collateral that reasonably allows its identification.

14           (2) A description of collateral is sufficient if the collateral is described  
15 by:

16           (a) item, kind, type or category; or

17           (b) a statement that a security interest is taken in all of the Grantor's  
18 present and after-acquired property; or

19           (c) any other description that reasonably identifies the collateral.

20           (3) If a financing statement covers serial-numbered goods it must  
21 contain information of the serial number, in addition to the information as  
22 defined in sub section 2 above.

23           (4) Serial-numbered goods that are held as inventory need not be  
24 described by a serial number. A description of serial-numbered goods held as  
25 inventory is sufficient if it satisfies the requirements of sub section 2.

Error in a  
Financing Statement

26           **16.** -(1) Subject to Section 10 of this Act, a registered Financing  
27 Statement shall be ineffective if there is an error in:

28           (a) the unique identification number of the Grantor; or

29           (a) the serial number of the Collateral that causes the registration not  
30 to be retrieved in a search.



1 (2) Where a registered Financing Statement contains information  
2 on multiple Grantors or Collaterals, an error in:

3 (a) the unique identification number of the Grantor shall render the  
4 registration ineffective only with respect to that Grantor; or

5 (b) the serial number of a Collateral shall render the registered  
6 Financing Statement ineffective only with respect to the Collateral  
7 identified by such serial number.

8 17.-(1) An error in:

9 (a) the name or address of the Grantor;

10 (b) the maximum amount for which the security interest may be  
11 enforced; or

12 (c) the name or address of the creditor does not render the  
13 registered Financing Statement ineffective.

14 (2) An error in the collateral description other than in the serial  
15 number may render the registered Financing Statement ineffective with  
16 respect to that collateral if the error seriously misleads the searcher.

17 (3) An incorrect description of some collateral shall not render the  
18 registered Financing Statement ineffective with respect to other collateral  
19 sufficiently described.

20 (4) An error in other information does not render the registered  
21 Financing Statement ineffective.

22 18. -(1) The registered Financing Statement shall be valid until-

23 (a) the expiration of the term specified in the Financing Statement;

24 (b) its cancellation, whichever comes first.

25 (2) Duration of a registered Financing Statement may be renewed  
26 or extended by an amendment of the Financing Statement before its  
27 expiration.

28 (3) No information shall be deleted from the Registry, whether or  
29 not an Amendment Financing Statement cancelling the registered Financing  
30 Statement has been registered.

Consequential of  
other Errors in the  
Registration

Duration of a  
Registered Financing  
Statement

1 (4) An expired registered Financing Statement shall be maintained in  
2 the Registry and searchable by the public for 6 months following its expiration  
3 after which it shall be kept in the archive.

4 (5) A cancelled or expired registered Financing Statement shall be  
5 identified as such in a search.

Amendment of  
a registered  
Financing  
Statement

6 19.-(1) A registered Financing Statement may be amended by a  
7 Creditor upon the registration of an Amendment Financing Statement.

8 (2) An amendment to a registered Financing Statement that adds a  
9 Collateral or a new Grantor is effective as to the added Collateral or the added  
10 Grantor only from the date and time when the Amendment Financing  
11 Statement is registered.

12 (3) An amendment to a registered Financing Statement shall be in  
13 accordance with Regulations made under this Act.

Unauthorised  
Transfer of a  
Collateral

14 20. Where a collateral described in a registered Financing Statement  
15 is transferred and the secured creditor registers an Amendment Financing  
16 Statement adding the transferee as a new grantor within 15 days after the  
17 Secured Creditor becomes aware of the transfer, the security interest shall  
18 retain its perfection and priority.

Cancellation of  
a registered  
Financing  
Statement

19 21.-(1) A registered Financing Statement may be cancelled upon the  
20 filing of a Cancellation Statement by a Creditor.

21 (2) A Creditor shall file a Cancellation Statement within 15 working  
22 days of receiving a request for cancellation from the Grantor or the Borrower  
23 only where:

24 (a) all obligations under the Security Agreement have been  
25 performed; and

26 (b) there is no commitment to make future advances.

27 (3) The Cancellation Statement shall include:

28 (a) the registration number of the initial Financing Statement to which  
29 the Cancellation Statement relates;

30 (b) identification of the Creditor authorising the cancellation; and

1 (c) such other information as may be prescribed by Regulations  
2 made under this Act.

3 (4) Where a Creditor fails to comply with the request of the  
4 Borrower or the Grantor, either the Borrower or the Grantor may appeal to  
5 the Registrar showing cause as to why the registered Financing Statement  
6 should be cancelled.

7 (5) The Registrar shall give notice of the appeal referred to in sub  
8 section (4) of this section to the Creditor before taking a decision on the  
9 appeal.

10 (6) The Creditor shall have a right to respond within 7 days of the  
11 receipt of the notice of appeal.

12 (7) The decision of the Registrar on the request shall be final and he  
13 shall give effect to his decision.

14 **22.**-(1) A person may conduct a search in the Registry for  
15 information provided in registered Financing Statements according to  
16 criteria set in (3).

Search of  
Information in  
the Registry

17 (2) A person who conducts a search pursuant to sub-section (1) of  
18 this Section shall be entitled to a search result upon payment of such fees as  
19 may be prescribed by Regulations made under this Act.

20 (3) The criteria for search under this Section shall be:

21 (a) the unique biometric-based identifier of the Grantor,

22 (b) the serial number of the collateral, or;

23 (c) such other criterion as may be prescribed by Regulations.

24 **PART V - PRIORITY OF A SECURITY INTEREST**

25 **23.** The priority between perfected Security Interests in the same  
26 Collateral shall be determined by the order of registration.

Priority of  
Security Interests

27 **24.** -(1) Subject to Section 9, the priority of a Security Interest in a  
28 Collateral and the proceeds derived from the Collateral shall be the same.

Same priority for  
original Collateral,  
proceeds and  
advances

29 (2) A security interest shall have the same priority in respect of all  
30 secured obligations and advances, whether existing or future

Transfer does not  
affect priority

1                   **25.**-(1) A Secured Creditor may transfer a secured obligation  
2 notwithstanding any agreement with the Grantor or the Borrower limiting the  
3 right to transfer the secured obligation and without having to obtain consent of  
4 the Grantor or the Borrower.

5                   (2) A Security Interest that is transferred shall have the same priority  
6 as it had at the time of the transfer.

7                   (3) Transfer of a Security Interest perfected by registration is valid  
8 without registering an Amendment Financing Statement in the Registry.

Voluntary  
subordination of  
priority

9                   **26.**-(1) A Creditor may enter into an agreement to subordinate its  
10 priority in favour of any other claimant.

11                   (2) Subordination is effective without registering an Amendment  
12 Financing Statement in the Registry.

13                   (3)An agreement to subordinate shall not adversely affect the rights of  
14 a person that is not a party to the agreement.

Priority of  
Purchase Money  
Security Interest  
and its proceeds

15                   **27.** A Purchase Money Security Interest in a Collateral or its proceeds  
16 shall have priority over a non-Purchase Money Security Interest in the same  
17 Collateral created by the same Grantor if the Purchase Money Security Interest  
18 in the Collateral or its proceeds is perfected when the Grantor obtained  
19 possession of the Collateral.

Priority of Security  
Interests in  
proceeds or  
co-mingled goods

20                   **28.** -(1)A perfected Security Interest in goods that subsequently  
21 become part of a product or mass shall continue as a perfected Security Interest  
22 in the product or mass if the goods are so manufactured, processed,  
23 assembled or co-mingled that their identity is lost in the product or mass.

24                   (2) If more than one Security Interest is perfected in the goods before  
25 they become part of a product or mass, the Security Interests rank equally in  
26 proportion to the value of the goods at the time they became part of the product  
27 or mass.

Priority with  
respect to receipt  
of Funds or Cash

28                   **29.**-(1)A Financial Institution's right of set-off shall have priority over  
29 a perfected Security Interest that extends to a deposit account.

30                   (2) A transferee of funds from a deposit account or cash other than



1 from a deposit account takes the funds or cash free of a Security Interest  
2 unless the transferee acts in collusion with the Grantor or the Borrower in  
3 violating the rights of the Creditor.

4 (3) A Transferee of cash for the purpose of this section does not  
5 include a more bailee.

6 30. A lien arising out of materials or services provided in the  
7 ordinary course of business in respect of goods that are subject to a Security  
8 Interest shall have priority over that Security Interest.

Priority of holders  
of liens

9 31. A holder of a negotiable instrument or title document shall have  
10 priority over a perfected Security Interest in the negotiable instrument or the  
11 title document where the holder:

Priority of holders  
of negotiable  
instruments and  
title documents

12 (a) gave value;

13 (b) acquired the negotiable instrument or the title document  
14 without knowledge that the transaction is in breach of the Security  
15 Agreement to which the Security Interest relates; and

16 (c) took possession of the negotiable instrument or the title  
17 document.

18 32.-(1) A buyer or lessee who acquires goods for value and receives  
19 possession of the goods shall take the goods free of an unperfected Security  
20 Interest.

Rights of a buyer  
or lessee of goods

21 (2) A buyer of goods sold in the ordinary course of business of the  
22 seller and a lessee of goods leased in the ordinary course of business of the  
23 lessor shall take the goods free of a Security Interest created by the seller or  
24 lessor unless the buyer or lessee knows that the sale or the lease constitutes a  
25 breach of the Security Agreement under which the Security Interest was  
26 created.

27 33.-(1) The rights of an assignee of an Account Receivable shall be  
28 subject to:

Rights and Priority  
of Assignee

29 (a) the terms of the contract between the account debtor and the  
30 assignor and any defense or claim arising from the contract; and

1 (b) any other defense or claim of the account debtor against the  
2 assignor, including a defense by way of a right of set-off that accrues before the  
3 account debtor receives notification of the assignment.

4 (2) Sub section (1) of this section shall not apply if the account debtor  
5 has made an enforceable agreement not to assert any right to claims arising out  
6 of the contract.

7 (3) Priority between competing assignees is determined according to  
8 the time of registration in the Registry irrespective of the time when the  
9 account debtor receives a notification of the assignment.

Priority of  
Judgment Creditor

10 34.-(1) Notwithstanding the provisions of the Sherriff and Civil  
11 Process Act, Cap LFN 2004, a perfected security interest has priority over the  
12 rights of an unsecured creditor that has obtained a judgement or an order of  
13 attachment, unless the judgement creditor, before the security interest is  
14 perfected:

15 (a) registers a financing statement;

16 (b) seizes the collateral; or

17 (c) serves a notice of its claim on the third party holding property for  
18 the debtor.

19 (2) The priority of the security interest extends to credit disbursed by  
20 the creditor:

21 (a) Before the expiry of (30) thirty days after the judgement creditor  
22 notified the creditor that it had taken the steps referred to in subsection (1); or

23 (b) Pursuant to an irrevocable commitment in a fixed amount without  
24 any limitation if the commitment was made before the judgment creditor  
25 notified the creditor.

26 PART VI - RIGHTS AND DUTIES OF A GRANTOR, BORROWER

27 AND CREDITOR

Good faith and  
Commercial  
Reasonableness

28 35.-(1) All rights and duties that arise under this Act shall be exercised  
29 and discharged in good faith and in accordance with reasonable commercial  
30 standards.

1 (2)A person does not act in bad faith merely because he acts with  
2 knowledge of the security interest of some other person, unless he knows  
3 that his actions would violate rights of the other person.

4 (3)A person in possession of an encumbered asset shall preserve  
5 the asset from damage, impairment and loss, excluding fair wear and tear  
6 having regard to the nature of the asset.

7 **36.** Where a person fails to discharge a duty or obligation imposed  
8 by this Act, the person to whom the duty or obligation is owed shall have a  
9 right to recover damages for any loss or damage.

Entitlement to  
damages

10 **37.**-(1) A Creditor shall, not later than 15 working days after the  
11 day on which the Confirmation Statement of the registration was received,  
12 provide the Grantor and the Borrower a copy of the Confirmation Statement.

Creditor to provide  
confirmation  
Statement to the  
Grantor and the  
Borrower

13 (2) The Confirmation Statement may be sent in the same manner  
14 prescribed for giving notices under Section 42(2) of this Act.

15 **38.**-(1) A Grantor or Borrower may request the Creditor to make  
16 available to any person, at an address specified by the Grantor or the  
17 Borrower, any or all of the following:

Provision of  
certain information  
by a Creditor

18 (a) a summary of the Security Agreement;

19 (b) a statement in writing, of the amount of the indebtedness and  
20 the terms of payment of the indebtedness;

21 (c) an itemised list of the Collateral, unless the Security Interest  
22 covers all the movable assets of the Grantor; or

23 (d) a statement of account indicating the amount needed to fully  
24 satisfy the secured obligation.

25 (2) Where a Creditor no longer has an Interest in the obligation  
26 secured or Collateral covered by the registration, the Creditor shall disclose,  
27 the name and address of the immediate successor in Interest or transferee  
28 and the latest successor in Interest or transferee, if known.

29 (3) A Creditor shall comply with the request in sub-section (1) of  
30 this section within 10 working days of its receipt.

1 (4) A Creditor may only charge the Grantor or the Borrower the  
2 reasonable costs for providing the information and the Grantor or the Borrower  
3 shall be entitled to one response free of charge every 6 months.

4 PART VII - REALISATION OF SECURITY INTERESTS

Scope of the  
application of  
this part

5 40. -(1) In case of default, a Creditor may:  
6 (a) exercise his rights under this Act and in the Security Agreement; or  
7 (b) resort to any appropriate judicial remedy.

8 (2) An operating lessor may enforce its rights under the Agreement or  
9 any other law governing the operating lease.

10 (3) A holder of Purchase Money Security Interest may enforce its  
11 rights under this Act or any other law governing its rights.

12 (4) An outright transferee of Account Receivable may enforce its  
13 rights under an agreement or any other law governing the transaction.

14 (5) The remedies available under this Part are in addition to those  
15 available under the Companies and Allied Matters Act, including the right to  
16 appoint a receiver.

Repossession of  
Collateral

17 41.-(1) In case of default by a Borrower, a Creditor shall give the  
18 Borrower and the Grantor a notice of the default and intention to repossess the  
19 Collateral.

20 (2) The notice referred to in sub section (1) of this section may be  
21 delivered by:

- 22 (a) hand;  
23 (b) courier service;  
24 (c) electronic mail;  
25 (d) registered mail; or  
26 (e) any other means agreed to under the Security Agreement.

27 (3) The Creditor may, 10 days after sending the notice of default:

- 28 (a) take possession of the Collateral; or  
29 (b) without taking possession, render the Collateral inoperative.

30 (4) A Creditor may repossess a Collateral under this Act:



1 (a) pursuant to judicial process; or

2 (b) without judicial process, if the Grantor consented to  
3 relinquishing possession without a court order in the Security Agreement.

4 (5) In the case of repossession without judicial process, a Creditor  
5 may request for assistance from the Nigeria Police having authority within  
6 the location of the collateral.

7 (6) The Nigeria Police shall provide assistance for the peaceable  
8 repossession of the collateral, upon presentation by the creditor of a copy of  
9 the relevant Security Agreement and duly certified Confirmation Statement.

10 (7) A Creditor may require a Grantor to assemble the Collateral and  
11 make it available at a designated place.

12 **42.** A Creditor may render a Collateral inoperative if the Collateral  
13 is of a kind that cannot be easily moved from the Grantor's premises or is of a  
14 kind for which adequate storage facilities are not easily available.

Creditor may  
render Collateral  
Inoperative

15 **43.** -(1) A Creditor may collect and apply an Account Receivable,  
16 money or a negotiable instrument taken as Collateral to the satisfaction of  
17 the obligation secured by the Security Interest if the Grantor or the Borrower  
18 is in default.

Creditor may  
collect Account  
Receivable

19 (2) The secured creditor may notify the account debtor and collect  
20 payment even prior to default.

21 **44.** -(1) A Creditor may dispose of a Collateral by sale, lease,  
22 license or other form of disposal in its present condition or following any  
23 commercially reasonable preparation or processing.

Creditor may  
dispose of a  
Collateral

24 (2) A Creditor may sell a Collateral in an auction, public tender,  
25 private sale or any other method provided for in the Security Agreement.

26 (3) In exercising the power of sale, a Creditor shall obtain a  
27 reasonable price available at the time of the sale or disposal.

28 (4) A Creditor may dispose of a Collateral on the Grantor's  
29 premises provided that it shall not cause any person in possession of the  
30 premises, other than the Grantor, any serious inconvenience.

Notice of Sale  
of Collateral

1           **45.**-(1) A Creditor who intends to sell a Collateral shall not less than  
2 10 working days before selling the Collateral, send notice in the manner  
3 stipulated in section 41 (2) of this Act to the following:

4           (a) the Borrower;

5           (b) the Grantor; and

6           (c) any other Creditor who has registered a Financing Statement in  
7 respect of the Collateral before the Creditor repossessed the Collateral.

8           (2) Subsection (1) of this section shall not apply where-

9           (a) the Collateral may perish within 10 working days of the  
10 repossession;

11           (b) the Creditor believes on reasonable grounds that the Collateral  
12 will decline substantially in value if it is not disposed of immediately;

13           (c) the cost of care and storage of the Collateral is disproportionately  
14 large in relation to its value; or

15           (d) the Collateral consists of Inventory or Farm Products.

Discharge of  
subordinate  
Security Interests

16           **46.** If the Collateral has been sold under this Part, all Security  
17 Interests in the Collateral that are subordinate to the Security Interest of the  
18 Creditor who sold the Collateral shall be discharged.

Creditor to give  
statement of  
account

19           **47.** A Creditor shall, within 15 working days after the sale of a  
20 Collateral, give to the persons entitled to receive a notice of sale, a statement of  
21 account in writing, stating the:

22           (a) amount realized from the sale;

23           (b) amount of the costs of the sale; and

24           (c) balance due to the Grantor or to the Creditor, as the case may be.

Distribution of  
proceeds of sale

25           **48.**-(1) A Creditor who has sold a Collateral, shall, before applying the  
26 amount realized from the sale towards the satisfaction of the debt or other  
27 obligation secured by the Security Interest, apply the proceeds of the sale  
28 towards the reasonable costs and expenses of the sale, and to the extent  
29 provided for in an agreement other reasonable expenses.

30           (2) The Creditor shall pay the following persons any surplus accrued

1 from the sale in the following order:

2 (a) Creditors who have a subordinate Security Interest perfected  
3 by registration, in the order of their priority; and

4 (b) the Grantor.

5 (3) A Creditor may pay the surplus into the Court if there is a  
6 dispute as to who is entitled to receive payment pending a resolution of the  
7 matter.

8 (4) A Borrower remains liable for any outstanding financial  
9 liabilities.

10 **49.**-(1) At any time before a Creditor sells the Collateral, the  
11 Borrower, Grantor, or other Creditor may redeem the Collateral by:

Right to redeem  
the Collateral

12 (a) fulfillment of all the obligations secured by the Collateral; and

13 (b) payment of any other reasonable expenses incurred by the  
14 Creditor.

15 (2) A Grantor's right to redeem the Collateral shall have priority  
16 over any other person's right of redemption.

17 **50.**-(1) At any time before a Creditor sells the Collateral, a  
18 Borrower may reinstate the Security Agreement by-

Reinstatement of  
Security Agreement

19 (a) paying the sums owed;

20 (b) remedying any other default; and

21 (c) paying a sum equal to the reasonable expenses incurred by the  
22 Creditor.

23 (2) Unless otherwise agreed, a Borrower shall not be entitled to  
24 reinstate a Security Agreement more than twice in each year.

#### 25 PART VIII - APPLICABLE LAW & CONFLICT OF LAW

26 **51.**-(1) The law applicable to the creation, perfection and priority  
27 of a security interest in tangible property when the tangible asset is located in  
28 Nigeria is this Act.

Applicable Law

29 (2) If the tangible asset is of a type ordinarily used in more than one  
30 country, this Act applies if the Grantor is located in Nigeria.

1 (3) The law applicable to the creation, perfection and priority of a  
2 security interest in an intangible asset when the Grantor is located in Nigeria is  
3 this Act.

4 (4) The law applicable to the creation, perfection and priority of  
5 security interest in proceeds is the law applicable to the creation, perfection and  
6 priority of the security interest in the original collateral from which the  
7 proceeds arose.

8 (5) The law applicable to issues relating to the enforcement of a  
9 security interest in tangible goods is the law of the state where enforcement  
10 takes place.

11 (6) The law applicable to issues relating to the enforcement of a  
12 security interest in intangible assets is the law of the state where the Grantor is  
13 located.

Law Governing  
the Security  
Agreement

14 **52.** The law applicable to the mutual rights and obligations of the  
15 grantor, the borrower and the secured party arising from their security  
16 agreement is the law chosen by the parties and, in the absence of a choice of  
17 law, the law governing the security agreement.

Insolvency  
Proceedings

18 **53.** The commencement of insolvency proceedings under the relevant  
19 insolvency laws does not displace the conflict of laws provisions that  
20 determine the law applicable to the creation, perfection, priority and  
21 enforcement of a security interest.

Stamp Duties  
Act

22 **54.** The provisions of the Stamp Duties Act shall not apply to any  
23 secured transactions subject under this Act.

General

24 **55.** -(1) For the purposes of this Act, (a) the grantor is located in  
25 Nigeria if it has a place of business in Nigeria.

26 (2) If the grantor does not have a place of business, reference is to be  
27 made to the habitual residence of the grantor.

28 (3) The location of the property or of the grantor shall be determined,  
29 for creation purposes, at the time of the creation of the security interest and, for  
30 perfection and priority purposes, at the time the issue arises.





1 (b) where the offender has by his conduct benefitted financially, he  
2 shall, in addition to the fine and term of imprisonment specified in paragraph  
3 (a) of this sub-section, fully indemnify the Registry and the person affected by  
4 his conduct.

5 (3) In this section, "False or misleading information" means the entry  
6 of information of facts required to assure the public of the truth and accuracy of  
7 the information by a person who knew that the entry is false in any material  
8 particular or is recklessly neglectful of the duty to ensure the truth or accuracy  
9 of the information supplied by that person.

Criminal  
Jurisdiction

10 **59.** All offences under this Act may be tried by a court of competent  
11 jurisdiction in the place where the offence is alleged to have been committed.

Grievance  
Procedure

12 **60.** A person aggrieved by any decision or action of the Registry may,  
13 within 60 working days of the decision, give notice to the Registry addressed to  
14 the Registrar, to address the grievance and if no response or satisfactory  
15 response is obtained within 30 working days, the aggrieved person may appeal  
16 to the Court for judicial determination.

Rules and  
Guidelines

17 **61.** The Registrar may from time to time make Rules and issue  
18 guidelines for the proper administration of the Registry.

Transitional  
provisions

19 **62.-(1)** Security interests in movable assets created before the coming  
20 into effect of this Act shall continue to remain valid and effective on the terms  
21 and conditions agreed to by the Grantor and Creditor.

22 (2) Security interests in movable assets created by a Grantor under the  
23 Regulations, No.1, 2015 shall continue to remain valid and effective and be  
24 deemed to have been entered into under this Act if the transaction is still current  
25 and subsisting upon the coming into effect of this Act.

26 (3) Transactions creating security interests referred to in subsections  
27 (2) of this section, shall be valid only for a period of 180 days after the  
28 commencement of this Act, unless financing statements in respect of those  
29 transactions are registered and brought into compliance with the provisions of  
30 this Act before the expiration of the period.

1                   **63. The Governor may make Regulations generally to give full** Regulations  
2 effect to the provisions of this Act.

3                   **64. In this Act:** Interpretation

4                   **"Account Receivable" means a right to receive value arising from an**  
5 **obligation owed by an account debtor to the grantor including book debts**  
6 **but excluding a negotiable instrument;**

7                   **"Amendment Financing Statement" means a form in which information is**  
8 **entered to update the initial financing statement;**

9                   **"Borrower" means a person to whom credit is extended with a financial**  
10 **obligation to repay under a Security Agreement;**

11                   **"Central Bank" means Central Bank of Nigeria;**

12                   **"Registrar" means the Registrar of the Collateral Registry;**

13                   **"Collateral" means movable property, whether tangible or intangible, that is**  
14 **subject to a Security Interest;**

15                   **"Confirmation Statement" means a certificate issued by the Collateral**  
16 **Registry confirming the Registration Number, date and time of a**  
17 **registration;**

18                   **"Consumer Goods" means goods that the debtor uses or intends to use**  
19 **primarily for personal, family or household purpose;**

20                   **"Creditor" refers to the person granting a facility on the back of a security**  
21 **interest created under this Act;**

22                   **"Equipment" means machinery or other capital goods used in the operation**  
23 **of the grantor's business;**

24                   **"Farm Products" include:**

25                   (b) crops grown, growing, or to be grown;

26                   (b) fish stocks;

27                   (c) livestock, poultry and their unborn offspring;

28                   (d) seeds, fertilizers, manure and supplies used or produced in a  
29 farming operation; and

30                   (e) products of crops and livestock in their unprocessed states;

1 "Financial Institution" means banks, body association or group of persons,  
2 whether corporate or incorporate which carries on the business of investment  
3 and securities, a discount house, insurance institutions, debt factorization and  
4 convention firms, bureau de change, finance company, primary mortgage  
5 institutions, money brokerage firm whose principal business includes  
6 factoring, project financing, equipment leasing, debt administration, fund  
7 management, private ledger service, investment management, local purchase  
8 order, financing export finance, project consultancy, financial consultancy,  
9 pension funds management and such other business as the Central Bank, or  
10 other appropriate regulatory authorities may from time to time designate;

11 "Finance Lease" means a lease which transfers ownership of the asset to the  
12 lessee at the end of the lease term;

13 "Financing Statement" means the prescribed forms on which information is  
14 provided to effect a registration under this Act or any regulation made  
15 hereunder;

16 "Goods" means tangible movable property and include farm products,  
17 Inventory, equipment, consumer goods, trees that have been severed and oil,  
18 gas or minerals that have been extracted;

19 "Governor" means Governor of Central Bank of Nigeria;

20 "Grantor" means a person that has rights in the collateral, and includes a  
21 grantor of any type of security interest in the form of a charge, chattel  
22 mortgage, pledge or lien in movable property;

23 "Initial Financing Statement" means Financing Statement in the prescribed  
24 form that a person originally submits to the Collateral Registry for registration;

25 "Initial Financing Statement Registration Number" means the number  
26 assigned to the initial financing statement by the Collateral Registry on its  
27 registration that is permanently associated with such financing statement;

28 "Inventory" means goods that are:

29 (a) held for sale or lease in the ordinary course of business; and

30 (b) raw materials or work in progress;



1 "Movable Assets" means tangible or intangible property other than real  
2 property;

3 "Operating Lease" means an agreement between two parties whereby the  
4 lessor allows the lessee to use its asset for a specific period of time in  
5 exchange for periodic fees;

6 "Proceeds" means identifiable or traceable movable asset received as a  
7 result of sale, other disposition, collection, lease or license of the collateral,  
8 including natural fruits, distributions, insurance payments and claims  
9 arising from defects in, damage to or loss of collateral;

10 "Purchase Money Security Interest" means -

11 (a) a right in collateral taken or retained by the seller to secure all  
12 or part of its purchase price;

13 (b) a right taken by a person who provides credit to enable the  
14 grantor to acquire the collateral if such credit is in fact so used; and

15 (c) a right of a financial lessor;

16 "Registration" means the processing of a Financing Statement to bring it in  
17 compliance with the requirements of this Act;

18 "Registry" means the Collateral Registry established under this Act;

19 "Security Agreement" means an agreement in any form and howsoever  
20 entitled entered into between the grantor and creditor that creates a security  
21 interest under this Act;

22 "Security Interest" means a property right in collateral that is created by  
23 agreement and secures payment or other performance of an obligation,  
24 regardless of whether the parties have denominated it as a security interest  
25 but it does not include a personal right against a guarantor or other person  
26 liable for the performance of the secured obligation;

27 "Serial-numbered Goods" means movable property that have a serial or  
28 identification number permanently marked on or attached to its body frame  
29 by the manufacturer limited to motor vehicles, planes, and boats that are not  
30 held as inventory.

**1 "Serial Number" means an identification number marked or attached to the**  
**2 body frame of a movable property by the manufacturer.**

**3 (2) For the purposes of this Act, the determination of whether goods**  
**4 are consumer goods, equipment, farm products or Inventory is to be made at the**  
**5 time when the Security Agreement is concluded and the Creditor may rely on**  
**6 the representations of the Grantor as to the intended use.**

Short Title

**7 65. This Act may be cited as the Secured Transactions in Movable**  
**8 Assets Bill, 2015.**

**EXPLANATORY NOTE**

**This Act seeks to provide for the registration of financing statements and use of**  
**movable assets as acceptable security for accessing credit by individuals and**  
**micro, small and medium enterprises in Nigeria.**