

A BILL

FOR

AN ACT TO AMEND THE INVESTMENT AND SECURITIES ACT NO. 29 OF 2007; AND FOR OTHER MATTERS CONNECTED THEREWITH

Sponsored by Senator Hassan Muhammed

[] Commencement

BE IT ENACTED by the National Assembly of the Federal Republic of Nigeria as follows-

- 1 1. The Investment and Securities Act No.29 of 2007 (herein
2 referred to as the "Principal Act") is hereby amended as set out in this Bill.
- 3 2. Section 13 of the principal Act be amended by inserting the
4 following as new subsections 13(R), 13(B) and editing the existing 13(B)-
5 13(B) Register, license, authorize or regulate, in accordance with
6 this Act, or any regulations made there under, stock exchanges, investment
7 advisers, securities dealers, and their agents and to control and supervise
8 their activities with a view to maintain proper standards of conduct and
9 professionalism in the securities business.
- 10 13 (S)(i) The Commission may grant loans and make advances,
11 including study loans and scholarships, to its officers and servants or to other
12 persons on such terms and conditions as the commission may determine;
- 13 (ii) The Commission may with the approval of the Minister,
14 establish and participate in anybody corporate for the purpose of promoting
15 research and training in relation to the securities and futures industries.
- 16 3. Section 22 (2) of the Principal Act be amended to read thus-
17 22(2) The Commission shall not accept any gift that would
18 compromise its functions and objectives as it relates to observing and
19 maintenance of proper conduct and professionalism in the discharge of its
20 duties and functions.
- 21 4. Section 131 (1) of the Principal Act be amended to create a

1 proviso from Section 131 (1) (b) that will apply to Section 131 (1) (a) and
2 Section 131(1)(b)-

3 131(I) Where any person-

4 (a) acquires shares, whether by a series of transactions over a period
5 of time or not, which (taken together with shares held or acquired by persons
6 acting in concert with him) carry 30 per cent or more (or any lower or higher
7 threshold as may be prescribed by the Commission from time to time) of the
8 voting rights of a company; or

9 (b) together with persons acting in concert with him, holds not less
10 than 30% but not more than 50 per cent (or a lower or higher threshold as may
11 be prescribed by the Commission from time to time) of the voting rights and
12 such person or any person acting in concert with him, acquires additional
13 shares which increase his percentage of the voting rights, such person shall
14 make a takeover offer to the holder of any class of equity share capital in which
15 such person or any person acting in concert with him holds shares.

16 5. Section 223 of the Principal Act is amended by inserting the
17 following as new sections 223A, 223B, 223C-

18 6. "Appointment of Licensed Custodians".

19 7. 223A-(1) Subject to consent of its approving authority a body may
20 appoint any reputable financial institution licensed by the Commission as
21 Custodians, for the purpose of warehousing bond proceeds for the duration of
22 the execution of projects or laid down objectives noted on the prospectus of
23 such bond.

24 (2) The Custodians appointed pursuant to subsection (1) of this
25 section shall have the power to-

26 (a) receive and hold monies accruing from the issue of bonds;

27 (b) make payments in relation to the objectives of the bond upon
28 authorization from the licensed Project Managers appointed pursuant to
29 section 223B of this Act; and

30 (c) refuse the execution of any payment that may be in contravention

1 of any of the provisions of the prospectus of each bond.

2 223B.-(1) Subject to consent of its approving authority a body may
3 appoint any reputable financial institution licensed by the Commission as
4 Project Managers, for the purpose of authorization of payments in line with
5 the laid down objectives noted on the prospectus of such bond.

Appointment of
Licensed Project
Managers

6 (2) The Project Managers shall rely on an acceptable Advance
7 Payment Guarantee (APG) provided by contractors, evidence of project
8 execution and the approval of the Commission to authorize Custodians to
9 execute payments.

10 223C. Where a Federal Government Bond is intended to finance
11 government deficits, management of monetary policies, restructuring or
12 existing debt stock and/ or establishment of benchmark yields under the Act,
13 the-

DMO and CBN
to Trustee and
Custodian

14 (a) Debt Management Office established under the Debt
15 Management Office (Establishment) Act No. 18 of 2003 shall be Trustee;
16 and

17 (b) Central Bank of Nigeria established under the Central Bank of
18 Nigeria Act No. 7 of 2007 shall be the Custodian."

19 (3) Section 226 of the principal Act is amended by inserting the
20 following as new subsections (4), (5), (6) and (7)-

21 (4) It shall be an offence to divert or mismanage the proceeds of any
22 bond issued under this Part.

23 (5) Where a Project Manager licensed under this Part is found
24 guilty of having diverted or mismanaged or played a role in the diversion or
25 mismanagement of any bond proceed, the-

26 (a) Project Manager shall-

27 (i) restitute to the body the total amount diverted or mismanaged to
28 the Commission;

29 (ii) pay a fine amounting to 500% of the total amount diverted or
30 mismanaged to the Commission; and

1 (b) director and staff involved shall be liable to imprisonment for a
2 term not exceeding 15 years.

3 (6) Where a Custodian licensed under this Part is found guilty of
4 having diverted or mismanaged or played a role in the diversion or
5 mismanagement of any bond proceed, the-

6 (a) Custodian shall-

7 (i) retribute to the body the total amount diverted or mismanaged, and

8 (ii) pay a fine amounting to 500% of the total amount diverted or
9 mismanaged to the Commission; and

10 (b) Director and staff involved shall be liable to imprisonment for a
11 term not exceeding 15 years.

12 (7) where the Commission is found guilty of having diverted or
13 mismanaged or played a role in the diversion or mismanagement of any bond
14 proceed, the-

15 (a) Commission shall retribute to the body the total amount diverted or
16 mismanaged;

17 (b) tenure of members shall cease;

18 (c) members of the Board and staff involved shall be-

19 (i) disqualified from holding offices or appointments in any financial
20 services related institution, and

21 (ii) liable to imprisonment for a term not exceeding 15 years.

22 8. This Bill may be cited as the Investment and Securities Act, 2007
23 (Amendment) Bill, 2017.