

EXTERNAL TRADE LETTERS OF CREDIT (CONTROL) ACT

ARRANGEMENT OF SECTIONS

1. Short title.
2. Prohibition on issue of certain letters of credit.

EXTERNAL TRADE LETTERS OF CREDIT (CONTROL) ACT

An Act to make better provision for the control of certain commercial documents.

[1961 No.8.]

[1st June, 1961]

[Commencement.]

1. Short title

This Act may be cited as the External Trade Letters of Credit (Control) Act.

2. Prohibition on issue of certain letters of credit

(1) Subject to the provisions of this section, no person other than a licensed bank shall, whether in the ordinary course of business or not issue to or negotiate in favour of any other person a letter of credit unless the letter of credit is endorsed as confirmed by a licensed bank within the meaning of the Banks and other Financial Institutions Act; and the confirmation shall be in such form as the licensed bank may, from time to time, authorise and when given, the confirmation shall have effect as a guarantee of payment in due course, but nothing in this subsection shall be construed to require payment of duty in respect to any such guarantee under the Stamp Duties Act.

[Cap. B3. Cap. S8.]

(2) The Minister of Finance, after consultation with the Governor of the Central Bank of Nigeria may, by notice in the Federal Gazette exempt any person from the requirements of confirmation under this Act.

(3) The failure to comply with the requirements of subsection (1) of this section shall be an offence punishable on conviction-

(a) in the case of body corporate, by a fine for a first offence of ₦1,000 and for any subsequent offence by a fine of ₦2,000;

(b) in the case of a letter of credit issued or negotiated by a firm, for a first offence by a fine of ₦400 to be imposed on the partner apparently having and exercising authority relative to the letter of credit, and for any subsequent offence by a fine of ₦2,000 or imprisonment for a term of two years, or by both such fine and imprisonment;

(c) in the case of any other person concerned and however acting, by a fine for a first offence of ₦ 100 and for any subsequent offence, by a fine of ₦200 or imprisonment for a term of six months, or by both such fine and imprisonment.

(4) For the purposes of this section, "**letter of credit**" means any undertaking or authority in writing (whether or not against production of any document or documents) given to finance payment in respect of overseas goods or services on account of any person resident in Nigeria.

EXTERNAL TRADE LETTERS OF CREDIT (CONTROL) ACT
SUBSIDIARY LEGISLATION

List of Subsidiary Legislation

1. External Trade Letters of Credit (Control) (Exemption) Notice.

**EXTERNAL TRADE LETTERS OF CREDIT (CONTROL) (EXEMPTION)
NOTICE**

[L.N. 114 of 1961.]

under section 2 (2)

[14

th September, 1961]

[Commencement.]

1. Short title

This Notice may be cited as the External Trade Letters of Credit (Control) (Exemption) Notice.

2.Exemption

Philip Hill (Nigeria) Limited is hereby exempted from the requirements, under the Act, of confirmation by a licensed bank of letters of credit issued by it.