



CENTRAL BANK OF NIGERIA

PRESS RELEASE

AMCON BILL PASSES THIRD READING IN THE SENATE

.....SENT FOR HARMONIZATION

The Asset Management Corporation of Nigeria establishment bill 2010 has been unanimously passed by the Senate at its third reading, held on Wednesday, May 5, 2010.

At the inception of the plenary, the Chairman, Senate Committee on Business and Rules, Senator Aloysius Etok explained that the bill had earlier passed the second reading at the Senate where it was directed that three committees namely: - Banking, Insurance and other Financial Institutions, Capital Market and Finance should conduct a public hearing on the bill and submit a report to the Senate.

The bill, which the Senate Leader, Senator Teslim Folarin moved the motion for its consideration was described by Senator Nkechi Nwogu as very crucial to the banking sector and has the objectives to lessen the burden of CBN on DMB loans, to strengthen the Banking Sector, to give synergy to the entire financial institutions, to improve liquidity of the DMB, to provide vehicle of acquisition of shares of banks, to maximize returns on Asset Disposal and to encourage investment in Capital market.

During the consideration of the bill transmitted live on the network service of the NTA, prominent senators including Prof Jubril Aminu, Olorunmbe Mamora, Ahmed Markarfi, Ikechukwu Obiora, Ndoma Egba, Gbemi Saraki, Kabiru Gaya, Kola Bello and Kanti Bello among others strongly supported the establishment of the AMCON.

It will be recalled that the CBN through the Executive had sent a bill for the establishment of AMCON to the National Assembly for consideration

and passage into law. The House of Representatives had on March, 10, 2010 passed the bill after adopting the report of the House Committees on Banking and Currency, Finance and Capital Market, while awaiting similar process by the Senate.

In view of the passage of the bill in the Senate today, May 5, 2010, a harmonization Committee is expected to be set up to harmonize the bills as respectively passed by the two chambers. As soon as this is dispensed with, the bill would have been enacted into an Act of the National Assembly ready for assent of the Acting President.

The AMCON is the principal vehicle for resolution of the asset quality problems that have risked the banking system in the last two years and it provides an alternative to the liquidation of distressed banks. In addition to purchasing non-performing loans from the banks, AMCON is a vehicle for recapitalizing these institutions. It also holds the promise of reducing the debt overhang on capital market operators, thus giving the much needed stimulus to the capital market.

Signed:
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