



# CENTRAL BANK OF NIGERIA

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CIRCULAR TO ALL DEPOSIT MONEY BANKS

**TERMS AND CONDITIONS FOR PARTICIPATION BY DEPOSIT MONEY BANKS (DMBs)  
IN THE IMPLEMENTATION AND EXECUTION OF NIGERIA ELECTRICITY MARKET  
STABILIZATION FACILITY ("CBN-NEMSF")**

Following the Central Bank of Nigeria (CBN) approval of the terms and conditions for the participation of Deposit Money Banks (DMBs) in the implementation and execution of the Nigeria Electricity Market Stabilization Facility ("CBN-NEMSF"), the terms and conditions and the participation agreement are available at [www.cbn.gov.ng](http://www.cbn.gov.ng) for the compliance of all participating DMBs.

For further information, kindly contact Director, Development Finance Department, Central Bank of Nigeria, Abuja.

  
KEVIN N. AMUGO

DIRECTOR, FINANCIAL POLICY & REGULATION DEPARTMENT



## **Terms and Conditions**

**for Participation by Deposit Money  
Banks in the Implementation and  
Execution of Nigerian Electricity  
Market Stabilization Facility**

**(“CBN-NEMSF”)**



**February 2015**

## 1. INTRODUCTION

- (A) Following the handover of the Power Holding Company of Nigeria (“**PHCN**”) successor companies to private participants on November 1, 2013, the Nigerian Electricity Supply Industry (“**NESI**”) has been fraught with liquidity challenges arising from several factors including insufficient gas supply and higher baseline Aggregate Technical Commercial & Collection Losses (“**ATC&C**”) than what had been assumed under the current MYTO 2.
- (B) The Central Bank of Nigeria (“**CBN**”) has, pursuant to Section 31 of the Central Bank of Nigeria Act, 2007 (“the **CBN Act**”) indicated its desire to invest in the Refinancer to be set up to provide a facility- (the **CBN-Nigerian Electricity Market Stabilization Facility “CBN-NEMSF**”), aimed at settling outstanding payment obligations due to Market Participants, Service Providers and gas suppliers that accrued during the Interim Rules Period (**IRP Debts**) as well as the Legacy Gas Debts of the PHCN generation companies owed to gas suppliers and the Nigeria Gas Company Limited (“**NGC**”) which have been transferred to the Nigeria Electricity Liability Management Company Limited/Gte (“**NELMCO**”) (“the **Legacy Gas Debt**”). The objective is to put the NESI on a route to economic viability and sustainability.
- (C) The Refinancer will be set up by CBN and will amongst other functions refinance the Facility by repaying the Lenders for payments made to Market Participants, Service Providers, NGC and gas suppliers for the settlement of the IRP Debts and the Legacy Gas Debts. The funds to be utilized by the Refinancer for this purpose will be raised by the issuance of debenture notes by the Refinancer to be fully subscribed by CBN in accordance with the powers granted to the CBN pursuant to section 31 of the CBN Act. The Refinancer will be managed by an Administrator appointed by CBN.
- (D) In order to secure the repayment of the Facility, NERC has committed to reset the Multi Year Tariff Order 2 (MYTO 2) by issuing the MYTO 2.1.
- (E) These Terms and Conditions are stipulated by the CBN for the participation of Banks as Mandate Banks, Collection Banks and Principal Collection Banks in the CBN-NEMSF.

## 2. DEFINITION OF TERMS

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| <b>“Accounts Administration Agreement”</b> | means the agreement between the Refinancer, each DISCO, TCN, Mandate Banks, Collections Bank and Principal Collection Bank governing the management of the Transaction Accounts and flow of funds between the Transaction Accounts. |
| <b>“Administration Agreement”</b>          | means the agreement between the Refinancer and the Administrator setting out the terms of the Administrator’s appointment.  |

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| <b>“Administrator”</b>                        | means Meristem Wealth Management Limited or any other person appointed by CBN to administer and manage the CBN-NEMSF for and on behalf of the Refinancer;   |
| <b>“ATC &amp; C”</b>                          | means Aggregate Technical Commercial and Collection losses;   |
| <b>“Banks”</b>                                | means collectively, the Mandate Banks, Collection Banks, and Principal Collection Banks ; and individually, the “Bank”;   |
| <b>“Beneficiaries”</b>                        | means collectively, Market Participants, Service Providers, NGC and gas suppliers owed the IRP Debts and Legacy Gas Debts and each “Beneficiary”;   |
| <b>“BOFIA”</b>                                | means the Banks and other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria 2004 and any amendment or re-enactment thereof;   |
| <b>“Business Day”</b>                         | means a day (other than a Saturday or Sunday or a public holiday and any other day on which banks located in Nigeria are authorized by law or other governmental action to close) on which banks in Nigeria are open for general business;          |
| <b>“CBN Consent Letter”</b>                   | means a letter from CBN acknowledging and approving the transfer of funds to the Refinancer in accordance with the Deed of Debenture;   |
| <b>“CBN Debt Service Account”</b>             | means an account so designated and maintained with CBN into which repayments of the CBN-NEMSF are transferred from the SPV Repayment Account;   |
| <b>“Collection Banks”</b>                     | means the Banks with which DISCOs open and maintain the DISCO Feeder Collection Accounts;   |
| <b>“Commitment”</b>                           | means the amount approved by CBN for each Lender to disburse to the to the SPV Disbursement Escrow Account;   |
| <b>“Conditions Precedent to Disbursement”</b> | means such conditions precedent which are to be undertaken by the Market Participants, NERC and CBN prior to the disbursement of the Facility as specified in the Disbursement Agreements and the Liability Transfer and Debt Settlement Agreement; |
| <b>“Conditions Subsequent</b>                 | means such conditions subsequent specified in the   |

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| <b>to Disbursement”</b>                   | Disbursement Agreements and the Amended and Restated DISCO Disbursement Agreements;   |
| <b>“Debenture Deed”</b>                   | means the agreement to be entered into between the Refinancer and CBN pursuant to which CBN shall subscribe fully to debenture notes to be issued by the Refinancer for the purpose of providing the CBN-NEMSF;   |
| <b>“Disbursement”</b>                     | means disbursement of the Facility to the Beneficiaries by in accordance with the Disbursement Agreements and the Liability Transfer and Debt Settlement Agreement;   |
| <b>“Disbursement Agreements”</b>          | includes the following agreements entered into by CBN, NERC, Market Participant, the Lenders, and the Refinancer for the purpose of disbursing the portion of the CBN-NEMSF due to each Market Participant. <ul style="list-style-type: none"> <li>i. The GENCO Disbursement Agreement.</li> <li>ii. The TCN Disbursement Agreement.</li> <li>iii. The Amended and Restated DISCO Disbursement Agreement.</li> <li>iv. The GENCO Novation Deed</li> </ul> |
| <b>“Disbursement Date”</b>                | Shall have the meaning given to it in the Transaction Documents;  |
| <b>“DISCO Feeder Collection Accounts”</b> | means those accounts to be newly opened or already maintained by each DISCO with the Collection Banks into which all payments for electricity consumed by consumers are paid or will be paid;   |
| <b>“Disbursement Escrow Account”</b>      | means an account managed by the Refinancer for aggregating the Commitments and undertaking the Disbursement in accordance with the terms of the Amended and Restated DISCO Disbursement Agreement and the Account Administration Agreement;   |
| <b>“Disbursement Refinance Agreement”</b> | means the agreement between the Refinancer, Lenders, the DISCOs and the Administrator for the repayment of the Facility to the Lenders by the Refinancer;   |
| <b>“DISCOs”</b>                           | means the licensed electricity distribution companies and the singular term “DISCO” shall be construed accordingly.   |
| <b>“Facility”</b>                         | means the aggregate sum of <b>N213, 417, 694, 034 .34</b> Billion Naira to be disbursed to the Beneficiaries in   |

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|   | accordance with the terms of each Disbursement Agreement and the Liability Transfer and Debt Settlement Agreement;  |
| <b>“Final Maturity Date”</b>                              | means the date for full and final repayment of the Facility as stated in each DISCO Disbursement Agreement;   |
| <b>“GENCOs”</b>   | means the licensed generation companies who are Market Participants, are connected to the national grid and are owed IRP Debts;   |
| <b>“GENCO Disbursement Agreement”</b>                     | means the agreement which sets out the terms for disbursement of the CBN-NEMSF to GENCOs and executed between each GENCO, CBN and NERC and to be novated to the Refinancer. The plural term “GENCO Disbursement Agreements” shall be construed accordingly;   |
| <b>“Interim Rules Period or IRP”</b>                      | means the period under which Market Participants operate under the Interim Rules.   |
| <b>“Interim Rules”</b>                                    | means the rules for the period between completion of the privatization by handover of the PHCN successor companies to core investors and the start of the Transitional Electricity Market (TEM);  |
| <b>“IRP Debts”</b>  | means debts incurred by Market Participants during the Interim Rules Period;  |
| <b>“Legacy Gas Debts”</b>                                 | means the gas debts of the PHCN generation companies owed to NGC and gas suppliers prior to 1 <sup>st</sup> November 2013 which have been transferred to NELMCO by virtue of the Pre-Completion Liabilities Transfer Agreement between NELMCO and the GENCOs; |
| <b>“Lenders”</b>  | means the deposit money banks that will transfer the Commitment amounts to the to the Refinancer for the purpose of the Disbursement and the singular term “Lender” shall be construed accordingly;   |
| <b>“Liability Transfer and Debt Settlement Agreement”</b> | means the agreement transferring the liability and obligation comprised in the Legacy Gas Debts from NELMCO to the Refinancer;  |
| <b>“Mandate Banks”</b>                                    | means the deposit money banks approved by CBN to act as Lenders;  |

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| <b>“Market Operator”</b>                | means an entity including its successors and assigns licensed to carry out market operations under the Electric Power Sector Reform Act 2005 and the Market Rules and engaged in the administration of the wholesale electricity market, including making, publishing, amending, administering and or enforcing the Market Rules and settlement of payments among Market Participants pursuant to its License. |
| <b>“Market Participation Agreement”</b> | means an agreement required under the Market Rules to be signed by a person who intends to play any role or participate in the NESI, to confirm the person’s participation in and undertaking to abide by the rules and regulations of the NESI;   |
| <b>“Market Participants”</b>            | means those persons that have executed a Market Participation Agreement in accordance with the Market Rules and a “Market Participant” shall be construed accordingly;   |
| <b>“Market Rules”</b>                   | means the Market Rules for the Electricity Sector of Nigeria 2009;   |
| <b>“MYTO 2”</b>                         | means the Multi Year Tariff Order created by an order of NERC published in June 2012;  |
| <b>“NELMCO”</b>                         | Nigeria Electricity Liability Management Ltd/Gte;  |
| <b>“NERC”</b>                           | means Nigerian Electricity Regulatory Commission;  |
| <b>“NESI”</b>                           | means Nigerian Electricity Supply Industry;  |
| <b>“NGC”</b>                            | means Nigeria Gas Company;   |
| <b>“NIBOR”</b>                          | means Nigerian Inter Bank Offered Rate;  |
| <b>“PHCN Successor Companies”</b>       | means Privatized Distribution and Generation Companies previously owned by PHCN;   |
| <b>“Person”</b>                         | includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);  |

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| <b>“PHCN”</b>                         | means the Power Holding Company of Nigeria PLC (in Liquidation) a company duly incorporated in accordance with the Companies and Allied Matters Act, Cap C 20, LFN 2004;                          |
| <b>“Principal Collection Account”</b> | means an account so designated held by a DISCO with the Principal Collection Bank for the purpose of receiving all payments from the Feeder Collections Accounts;                                 |
| <b>“Principal Collection Bank”</b>    | means a Collection Bank designated by a DISCO to hold its Principal Collection Account in accordance with the Accounts Administration Agreement;  |
| <b>“Refinancer”</b>                   | means the special purpose vehicle to be set up by CBN and NERC for the purpose of implementing the CBN-NEMSF;   |
| <b>“Repayment Date(s)”</b>            | Shall have the meaning specified in the Transaction Documents;  |
| <b>“Repayment Schedule”</b>           | means the schedule for repayment of the Facility as provided under the Disco Disbursement Agreement and the Amended and Restated DISCO Disbursement Account;                                      |
| <b>“Service Providers”</b>            | means NERC and TCN as the Market Operator, System Operator and or the Transmission Service Provider;  |
| <b>“SPV Repayment Account”</b>        | means an account created for the repayment of the Facility which shall be held by the Refinancer and domiciled in CBN for the purpose of receiving payment from the Principal Collection Account; |
| <b>“TCN”</b>                          | means Transmission Company of Nigeria its successors and assigns;   |
| <b>“TCN Disbursement Agreement”</b>   | means the Agreement which sets out the terms for the disbursement of the CBN-NEMSF, executed between TCN and the Refinancer;  |
| <b>“Transaction Accounts”</b>         | means all the accounts opened and maintained under and pursuant to the Accounts Administration Agreement;   |
| <b>“Transaction Documents”</b>        | means the following documents: <ul style="list-style-type: none"> <li>i. Deed of Debenture;</li> <li>ii. Participation Agreement;</li> <li>iii. The Disbursement Agreements;</li> </ul>           |



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|  | <ul style="list-style-type: none"><li>iv. The Disbursement Refinance Agreement;</li><li>v. Accounts Administration Agreement;</li><li>vi. Liability Transfer and Debt Settlement Agreement;</li><li>vii. Administration Agreement</li></ul> <p>and other document designated as a Transaction Document by the Refinancer.</p> |
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### 3. TERMS AND CONDITIONS

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| 1. | <b>MODE OF FUNDING</b>           | <p>a. The CBN shall subscribe to debenture notes issued by the Refinancer in the total sum of the Facility amount.</p> <p>b. Each Lender shall make available (for the benefit of the Beneficiaries) the amount of its Commitment in the Facility to the Refinancer.</p>   |
| 2. | <b>REFINANCING</b>               | The Refinancer shall refinance the Facility by repaying the Lenders in proportion to each Lender's Commitment in accordance with the DISCO Disbursement Refinance Agreements and the Amended and Restated DISCO Disbursement Agreements.   |
| 3. | <b>ROLE OF THE ADMINISTRATOR</b> | The Administrator shall administer and manage the CBN-NEMSF for and on behalf of the Refinancer.   |
| 4. | <b>FACILITY AMOUNT</b>           | N213, 417, 694,034.34 Billion - Two Hundred and Thirteen Billion Four Hundred and Seventeen Million Six Hundred and Ninety Four Thousand and Thirty Four Naira Thirty Four Kobo.   |
| 5. | <b>CURRENCY</b>                  | Naira.   |
| 6. | <b>TENOR</b>                     | The Facility shall have a tenor of 10 years.   |
| 7. | <b>MORATORIUM</b>                | There shall be a moratorium period of 12 months on the principal amount.   |
| 8. | <b>CHARGES</b>                   | The Facility will attract an all-inclusive charge of 10% per annum on the outstanding balance and payable monthly in accordance with the Transaction Documents.  |
| 9. | <b>DISBURSEMENT</b>              | <p>All amounts to be disbursed under the CBN-NEMSF must be as confirmed by NERC and the Market Operator and approved by the Refinancer. The Refinancer shall disburse the Facility for the following purposes:</p> <ul style="list-style-type: none"> <li>a. settlement of all Legacy Gas Debts owed to NGC and the gas suppliers; and</li> <li>b. settlement of all IRP Debts owed to the Beneficiaries.</li> </ul> <p>Provided that Disbursement shall only be made on the</p> |

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|     |   | fulfilment (or waiver) of all the Conditions Precedent in the form and substance satisfactory to the Refinancer and in accordance with the Disbursement Agreements and provided further that the Disbursement shall be utilised in accordance with the Permitted Utilisation as defined and described in the Disbursement Agreements.   |
| 10. | <b>BENEFICIARIES OF THE FACILITY</b>                | Market Participants, Service Providers, NGC and gas suppliers to whom IRP Debts and Legacy Gas Debts are owed.  |
| 11. | <b>TERMS OF ENGAGEMENT OF THE BANKS</b>             | <ul style="list-style-type: none"> <li>a. The Collection Banks and the Principal Collection Bank, may in accordance with existing agreements with any DISCO, charge such fees as are payable by the DISCO for collections and other services undertaken by the Collection Bank and the Principal Collection Bank on behalf of and for the benefit of the DISCO in the normal course of business.</li> <li>b. The Banks shall, with respect to the CBN-NEMSF and the Accounts Administration Agreement, act in accordance with instructions given to it by the Refinancer based on the Transaction Documents and in the absence of instructions from the Refinancer, the Banks shall act (or refrain from taking action) reasonably in ensuring and protecting the best interest of the Refinancer.</li> <li>c. The Collection Banks and the Principal Collection Bank shall transfer all funds under the CBN-NEMSF in accordance with their obligations under the Accounts Administration Agreement.</li> </ul> |
| 12. | <b>CONDITIONS FOR PARTICIPATION – MANDATE BANKS</b> | <ul style="list-style-type: none"> <li>a. Approval from CBN to each Mandate Bank to participate in the CBN-NEMSF in an amount approved by CBN.</li> <li>b. Necessary approval of the Mandate Banks according to its internal processes authorizing each Mandate Bank to participate in the CBN-NEMSF under these Terms and Conditions stipulated by CBN and in the amount approved by CBN.</li> <li>c. Execution of the requisite Transaction Documents by the Mandate Banks.</li> </ul>  |

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| <p>13.</p> | <p><b>OBLIGATIONS OF PARTIES</b></p> | <p><b>CBN</b></p> <ul style="list-style-type: none"> <li>a. Procurement of all requisite approvals for the CBN-NEMSF.</li> <li>b. Establishment of the Refinancer and subscription to the debenture to be issued by the Refinancer pursuant to the Deed of Debenture.</li> </ul> <p><b>Refinancer</b></p> <ul style="list-style-type: none"> <li>a. Compliance with these Terms and Conditions.</li> <li>b. Monitor the process for the fulfilment of the Conditions Precedent and Condition Subsequent to Disbursement and ensure that such conditions precedent are fulfilled in a manner and form which is reasonably satisfactory.</li> <li>c. Refinance the Lenders in accordance with the terms of the Amended and Restated DISCO Disbursement Agreement and the DISCO Disbursement Refinance Agreement to the amount of the Commitment by each Lender.</li> <li>d. Authorize and approve the Disbursement by the Lenders in accordance with the relevant Disbursement Agreements and the Liability Transfer and Debt Settlement Agreement.</li> <li>e. Procure that appropriate mechanisms are established for the repayment of the Facility.</li> <li>f. Monitor the repayments being made with respect to the Facility and ensure that there are no shortfalls in the repayment.</li> <li>g. Keep proper books of account and records of all disbursements and repayments of the Facility.</li> <li>h. Rendering periodic reports including accounts to CBN.</li> <li>i. Adhere to all its obligations as stated in the relevant Transaction Documents to which it is a party.</li> </ul> |
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**Mandate Banks**

- a. Compliance with these Terms and Conditions.
- b. Transfer to the Refinancer in accordance with the terms of the Amended and Restated DISCO Disbursement Agreements the amount of the Commitment for each Mandate Bank for the purpose of Disbursement.
- c. Not use any monies received under the CBN-NEMSF to repay or set off any existing or future secured or unsecured obligations or liabilities of any of the Market Participants.
- d. Adhere to all its obligations as stated in the relevant Transaction Documents to which it is a party.

**Collections Banks**

- a. Compliance with these Terms and Conditions.
- b. Provide the Refinancer with a register of all accounts operated by a DISCO and domiciled with it.
- c. Disclose all existing Feeder Collection Accounts in respect of each DISCO to the Refinancer and shall provide the Refinancer all relevant information required in respect of the existing Feeder Collection Accounts and newly opened Feeder Collection Accounts.
- d. Open and maintain the Feeder Collections Accounts in accordance with the terms of the Account Administration Agreement.
- e. Immediately notify the Refinancer upon receiving a request to open any other account by a DISCO and such account shall not be opened without the prior written consent of the Refinancer.

- f. Immediately upon receiving either a written or verbal request to close a Feeder Collection Account, give the Refinancer notice of such request and the Feeder Collection Account shall not be closed without the prior written consent of the Refinancer.
- g. Not exercise any right of set off on any monies received under the CBN-NEMSF to repay or set off any existing or future secured or unsecured obligations or liabilities of any of the Beneficiaries.
- h. Sweep all monies standing to the balance of the Feeder Collections Account on a monthly basis to the Principal Collection Account in accordance with the terms of the Account Administration Agreement.
- i. Promptly notify the Refinancer of any circumstances within its knowledge and notice which are likely to result in an event of default under any of the Transaction Documents.
- j. Adhere to all its obligations as stated in the relevant Transaction Documents to which it is a party.

**Principal Collection Bank**

- a. Compliance with these Terms and Conditions.
- b. Open and maintain a new Principal Collection Account for the relevant DISCO in accordance with the Accounts Administration Agreement.
- c. Provide the Refinancer with details and all relevant information of the Principal Collection Account opened by the DISCO and domiciled with it within 5 working days of the request of such information made by the Refinancer.
- d. Not open any other Principal Collection Account for the benefit of the DISCO without the prior written consent of the Refinancer.
- e. Not exercise any right of set off on any monies

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|     |                              | <p>received under the CBN-NEMSF to repay or set off any existing or future secured or unsecured obligations or liabilities of any of the Beneficiaries.</p> <p>f. Upon receiving either a written or verbal request to close a Principal Collection Account, it shall immediately give the Refinancer notice of such request and the Principal Collection Account shall not be closed without the prior written consent of the Refinancer.</p> <p>g. Promptly notify the Refinancer of any circumstances within its knowledge and notice which are likely to result in an event of default under any of the Transaction Documents.</p> <p>h. Adhere to all its obligations as stated in the relevant Transaction Documents to which it is a party.</p> |
| 14. | <b>REPAYMENT</b>             | <p>a. Repayment of CBN-NEMSF shall be in accordance with the repayment schedule to be set out in the Amended and Restated DISCO Disbursement Agreement.</p> <p>b. All transfers to be made by the Principal Collection Banks to the Refinancer in repayment of the CBN-NEMSF shall be made without setoff, deductions or counterclaim.</p>   |
| 15. | <b>DEFAULT INTEREST</b>      | <p>If the Collection Banks or the Principal Collection Banks fail to transfer or remit any amount under a Transaction Document as at the due date of such transfer or remittance, interest shall accrue on the overdue amount from the due date up to the date of actual transfer or remittance at the defaulting Bank's prevailing maximum lending rate and payable by the defaulting Bank. This cost shall not be passed on to the DISCO.</p>  |
| 16. | <b>TRANSACTION DOCUMENTS</b> | <p>Disbursement of the CBN-NEMSF shall be subject to the satisfactory negotiation, execution and exchange of the Transaction Documents, in all respects to all parties concerned in the CBN-NEMSF. The Transaction Documents include but are not limited to the following:</p> <p>i. Deed of Debenture;</p> <p>ii. Participation Agreement;</p>  |

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|     |  | <ul style="list-style-type: none"> <li>iii. The Disbursement Agreements;</li> <li>iv. DISCO Disbursement Refinance Agreement;</li> <li>v. Accounts Administration Agreement;</li> <li>vi. Liability Transfer and Debt Settlement Agreement;</li> <li>vii. Administration Agreement</li> </ul> <p>any other document designated as a Transaction Document by the Refinancer.</p>  |
| 17. | <b>SECURITY</b>                                  | The security to be provided for the CBN-NEMSF shall be by way of a declaration of trust as set out in the Amended and Restated DISCO Disbursement Agreement over the line item in the invoices issued by the DISCOs representing the collection of the facility which has been provided in the MYTO 2.1 for repayment of the Facility and an obligation on the DISCOs to ensure such collections.  |
| 18. | <b>APPLICATION OF THESE TERMS AND CONDITIONS</b> | In addition to these Terms and Conditions, each of the Mandate Banks, the Collection Banks, the Principal Collection Bank shall execute a Participation Agreement substantially in the form annexed to these Terms and Conditions as Schedule A.   |
| 19. | <b>CHANGES IN MANDATE BANKS</b>                  | <ul style="list-style-type: none"> <li>a. A Mandate Bank may terminate its participation in the CBN-NEMSF by giving 10 Business Days' notice to the Refinancer in which case the Refinancer shall appoint a bank licensed in accordance with BOFIA as a successor Mandate Bank.</li> <li>b. In the event of a breach by a Mandate Bank of any of its obligations as set out in these Guidelines or under a Transaction Document or in the event of a revocation of the banking licence of a Mandate Bank or on the appointment of a liquidator or other similar processes evidencing a winding up or liquidation of the Mandate Bank, CBN may immediately terminate the participation of the Mandate Bank in the CBN-NEMSF and CBN shall appoint a bank licensed in accordance with BOFIA as a successor Mandate Bank.</li> <li>c. The terminating Mandate Bank under (a) above and the Mandate Bank whose participation is terminated under (b) above, shall make available to</li> </ul> |



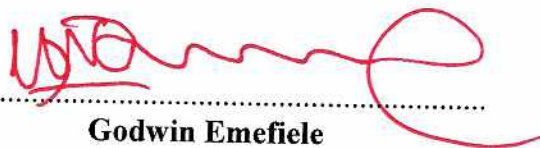
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|     |                                    | <p>the successor Mandate Bank such documents and records and provide such assistance as the successor Mandate Bank may reasonably request for the purposes of performing its functions as Mandate Bank under the Transaction Documents.</p> <p>d. A termination notice by the Mandate Bank or CBN shall only take effect upon the appointment of a successor Mandate Bank. CBN shall appoint a successor Mandate Bank no later than 30 days from the date of the termination notice under (a) or (b) above.</p> <p>e. A Mandate Bank who ceases to participate in the CBN-NEMSF by virtue of (a) or (b) above shall, notwithstanding that a successor Mandate Bank has not been appointed within 30 days from the date of termination notice, be discharged from further obligation in respect of the Transaction Documents, provided that the removed Mandate Bank shall still be liable to the Refinancer for any accrued obligations prior to such termination.</p> <p>f. Any successor Mandate Bank and each of the other parties under the Transaction Documents shall have the same rights and obligations amongst themselves as they would have had if such successor Mandate Bank had been an original party to the Transaction Documents.</p> |
| 20. | <b>CHANGES IN COLLECTION BANKS</b> | <p>a. Upon receipt of any notice of termination from a DISCO, a Collection Bank shall immediately notify the Refinancer but in any event within 2 Business Days and the termination shall not be effective until a successor Collection Bank (licensed in accordance with BOFIA) is duly appointed.</p> <p>b. In the event of a revocation of the banking licence of a Collection Bank or on the appointment of a liquidator or other similar processes evidencing a winding up or liquidation of a Collection Bank, a Collection Bank shall no longer be eligible to act as a Collection Bank and its participation in the CBN-NEMSF shall immediately be terminated without more.</p>  |

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| 21. | <b>CHANGES IN PRINCIPAL COLLECTION BANKS</b> | <ul style="list-style-type: none"> <li>a. ADISCO may only terminate a Principal Collection Banks' participation upon giving 10Business Days prior notice of such termination to the Refinancer and ensuring that a successor Principal Collection Bank (licensed in accordance with BOFIA) accedes to these Terms and Conditions.</li> <li>b. In the event of a revocation of the banking licence of a Principal Collection Bank or on the appointment of a liquidator or other similar processes evidencing a winding up, a Principal Collection Bank shall no longer be eligible to act as a Principal Collection Bank and its participation in the CBN-NEMSF shall immediately be terminated without more.</li> </ul>  |
| 22. | <b>EVENTS OF DEFAULT BY BANKS</b>            | <p>A Bank shall be said to be in default upon the occurrence of any of the events listed below;</p> <ul style="list-style-type: none"> <li>a. Opening and maintaining unauthorized accounts on behalf of any DISCO. Any account opened or maintained on behalf of a DISCO which is not designated a Transaction Account under the Accounts Administration Agreement is an unauthorized account.</li> <li>b. Late or non-disbursement by the Lenders of sums due to the Beneficiaries.</li> <li>c. Late or non-remittance of repayment sums due under the CBN-NEMSF and held by the Collections Banks and the Principal Collection Bank in breach of the provisions of the applicable Transaction Documents.</li> <li>d. Carrying out rights of set-off with respect to any existing obligation or liability in relation to any monies received under the CBN-NEMSF.</li> <li>e. Breach of any of the terms of these Terms and Conditions.</li> <li>f. Breach of warranties, undertakings and covenants under applicable Transaction Documents.</li> </ul> <p>In addition to the terms of paragraph 21, where a Bank allows the opening of an unauthorized account, the Bank</p> |

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|     |   | <p>holding such account shall immediately transfer all credit balances in the account to the Principal Collection Account and close the unauthorised account within 2 Business Days upon notification by the Refinancer. CBN may terminate the participation of the relevant Bank in the CBN-NEMSF and the Refinancer shall not incur any liability for such termination.</p> <p>Further, on the occurrence of an event of default under this paragraph, the Bank shall be liable to pay a fine in an amount to be decided by CBN.</p>   |
| 23. | <b>DELEGATION OF POWERS BY THE REFINANCER</b> | <p>a. The Refinancer shall permit the Administrator appointed by the CBN as the Refinancer's duly authorized representative to exercise all rights and powers duly exercisable by the Refinancer under these Terms and Conditions in the name and on behalf of the Refinancer without prejudice to the Refinancer's right to exercise same.</p> <p>b. The Banks hereby acknowledge the delegation hereby made and covenant to cooperate with the Administrator in the exercise by the Administrator of any of the rights or powers of the Refinancer under these Terms and Conditions.</p> |
| 24. | <b>TERMINATION</b>                            | <p>Termination of a Bank's participation in the CBN- NESMF shall be on the occurrence of any of the following events;</p> <p>a. Repayment in full of the amount owed by each DISCO under the Facility in accordance with the Transaction Documents;</p> <p>b. An event of default stated under paragraph 23 and under the relevant Transaction Document;</p> <p>c. A change of such Bank in accordance with paragraphs 20, 21, and 22.</p>   |
| 25. | <b>DURATION</b>                               | <p>These Terms and Conditions shall remain effective until full repayment of the Facility.</p>   |
| 26. | <b>TRANSFERABILITY/ ASSIGNMENT</b>            | <p>a. The Refinancer shall have the right to transfer to one or more Persons the rights and obligations of the Refinancer.</p>   |

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|     |                  | b. The Mandate Banks, the Collection Banks and the Principal Collection Banks shall not assign, charge, encumber or otherwise deal with any of their rights or obligations set out in these Terms and Conditions or the Transaction Documents, or attempt or purport to do so, without the prior written consent of the Refinancer. |
| 27. | <b>AMENDMENT</b> | These Terms and Conditions shall be subject to amendment from time to time as may be deemed necessary by the CBN.   |

ISSUED THIS      DAY OF DECEMBER, 2014

  
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**Godwin Emefiele**  
**Governor of the Central Bank of Nigeria**