



INTER-GOVERNMENTAL ACTION GROUP AGAINST  
MONEY LAUNDERING IN WEST AFRICA

# Second Follow-Up Report

## Mutual Evaluation

Anti-Money Laundering and Combating the  
Financing of Terrorism

# NIGERIA

# MAY 2010

This is the 2<sup>nd</sup> Follow Up Report of Nigeria as presented to the Plenary on 04 May 2010. It provides a further update on the measures Nigeria has taken since its last follow-up report in May 2009 to address the deficiencies identified in its mutual evaluation report adopted in May 2008. The country has been placed on the regular (expedited) follow-up process and will submit a 3<sup>rd</sup> follow -up report in May 2011.

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## INTRODUCTION

Nigeria submitted her first AML/CFT Follow-Up Report to GIABA for consideration during GIABA's Plenary in Bamako, Mali in May 2009, highlighting progress made since the adoption of the country's AML/CFT Mutual Evaluation Report in Accra, Ghana in May 2008. This report, therefore, provides a further update on the progress made since the last follow-up report in May 2009. In line with GIABA standards, the update focuses on efforts made by Nigeria since the first follow-up report aimed at addressing the outstanding shortcomings or underlying issues, which gave rise to the various compliance ratings, particularly with respect to Non Compliant (NC) and Partially Compliant (PC) ratings. A summary of the overall ratings as they fall into these two categories is provided in table 1 below for ease of reference:

**Table 1: Summary of NC & PC Ratings**

<b>PARTIALLY COMPLIANT (PC)</b>	<b>NON COMPLIANT (NC)</b>
<b>R2.</b> ML offence – Mental element and corporate liability	<b>R5.</b> Customer Due Diligence
<b>R3.</b> Confiscation and provisional measures	<b>R6.</b> Politically Exposed Persons
<b>R9.</b> Third Parties and Introducers	<b>R7.</b> Correspondent banking
<b>R10.</b> Record Keeping	<b>R8.</b> New Technologies & Non face-to-face business
<b>R13.</b> Suspicious Transaction	<b>R12.</b> DNFBP – R. 5, 6 , 8-11
<b>R14.</b> Protection and no tipping off	<b>R16.</b> DNFBP R. 13-15 & 21
<b>R15.</b> Internal Controls, Compliance & Audit	<b>R18.</b> Shell Banks
<b>R17.</b> Sanctions	<b>R21.</b> Special attention for higher risk countries
<b>R20.</b> Other DNFBPs & Secure Transaction Techniques	<b>R22.</b> Foreign Branches & Subsidiaries
<b>R24.</b> DNFBPs - , Supervision and Monitoring	<b>R23.</b> , Supervision and Monitoring
<b>R26.</b> The FIU	<b>R25.</b> Guidelines & Feedback
<b>R29.</b> Supervisors	<b>SRI.</b> Implement UN Instruments
<b>R30.</b> Resources, Integrity and Training	<b>SRII.</b> Criminalize Terrorist Financing
<b>R31.</b> National Cooperation	<b>SRIII.</b> Freeze & Confiscate Terrorist Assets
<b>R32.</b> Statistics	<b>SRIV.</b> Suspicious Transaction Reporting
<b>R34.</b> Legal Arrangements – Beneficial Owners	<b>SRV.</b> International Cooperation
<b>R35.</b> Conventions	<b>SRVI.</b> AML Requirements for Money / Value Transfer Services
<b>R36.</b> Mutual Legal Assistance (MLA)	<b>SRVII.</b> Wire Transfer Rules
<b>R37.</b> Dual Criminality	<b>SRVIII.</b> Non Profit Organizations
<b>R38.</b> MLA on Confiscation & Freezing	<b>SRIX:</b> Cross Border Declaration & Disclosure

## **SUMMARY OF PROGRESS MADE BY NIGERIA BETWEEN JUNE 2009 AND MARCH 2010**

### **CONSTITUTION OF PRESIDENTIAL INTER-MINISTERIAL / AGENCY COMMITTEE ON FATF**

Following the decision by the Financial Action Task Force (FATF) in 2009 to subject Nigeria to a targeted review on account of the size of her financial system and poor ratings on 13 out of the 16 key/core recommendations of the FATF during the country's 2007 Mutual Evaluation, the Nigerian authorities constituted a high powered Presidential Inter Ministerial/Agency Committee on FATF in June 2009 to engage the FATF's International Cooperation Review Group (ICRG) on Africa / Middle-East. The Committee had three face-to-face meetings with the ICRG as well as provided progress reports /responses to the ICRG prima facie review questionnaire.

The Committee also participated in the ICRG meetings that discussed the report of the Africa/Middle East Review Group as well as in the FATF plenary in Abu Dhabi, UAE in February 2009. The activities of the Committee led to the recognition and better appreciation of Nigeria's efforts at addressing FATF concerns, particularly during its plenary in Abu Dhabi, United Arab Emirate from 17<sup>th</sup> to 19<sup>th</sup> February, 2010.

Specifically, since its inauguration, the Committee has achieved the following:

1. Successfully engaged the ICRG and updated it on progress made since the mutual evaluation of 2007;
2. Produced and submitted to the ICRG, a comprehensive time-table on Nigeria's strategic action plan to address remaining concerns of FATF;
3. Facilitated the process of re-presenting to the National Assembly the Anti Terrorism Bill (ATB) as an Executive Bill as well as facilitated its speedy hearing. The ATB has since gone through its second reading and set for passage before June 2010;
4. Facilitated the submission to the National Assembly of the amended Money Laundering Prohibition Act (MLPA), 2004 as an Executive Bill captioned MLP (A) 2009. Through the efforts of the Committee, the Bill has passed the first reading. The Committee has secured the assurances of the National Assembly to give the bill accelerated hearing.

The Committee meets regularly to review developments and take appropriate actions that would facilitate the implementation of the work plan submitted to the FATF, particularly, the major concerns raised in Nigeria's MER. To avoid duplication as well as provide a coordinated approach, the Committee interfaces with the AML/CFT Inter Ministerial Committee. Membership of the Committee is drawn from key AML/CFT stakeholder institutions, including the NFIU, Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC), National Insurance Commission (NAICOM) and the Ministries of Finance, Interior and Justice.

### **HUMAN CAPACITY DEVELOPMENT**

Human capital development/AML/CFT training across various stakeholders was enhanced during the period under review. Some of these trainings include:

1. Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) Assessors Training for English speaking countries that was held in Accra, Ghana in June 2009.
2. Fraud Detection, Prevention and Control, 9<sup>th</sup> – 12<sup>th</sup> June, 2009.
3. AML/CFT Pre –Assessment Training, 10<sup>th</sup> – 12<sup>th</sup> August, 2009.
4. Criminal Investigation Course at the International Law Enforcement Academy in Gaborone Botswana in September 2009.
5. Bank Fraud Investigation, 14<sup>th</sup> – 16<sup>th</sup> September, 2009.
6. BKA German Criminal Police Investigation Training that was held at the EFCC Training Centre, Abuja.
7. Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) workshop for Investigators in Banjul, the Gambia in December 2009.
8. Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) Typologies Exercise Workshop on laundering the proceeds from illicit trafficking in narcotics drug held in Bissau, Guinea Bissau in January 2010.
9. Intelligence Analysis, 11<sup>th</sup> – 22<sup>nd</sup> January, 2010.
10. Typologies Exercise Workshop on laundering the proceeds from illicit trafficking in narcotics drug.
11. Risk- Based Supervision and Provisions of Money Laundering and Market Abuse in the Nigerian Capital Market,
12. Policy workshop on payment systems and cash transactions 10<sup>th</sup> – 12<sup>th</sup> March, 2010.
13. **Economic Crime & Fraud Prevention: Procedures & Control in the Securities market** (held from September 7 - 8, 2009 at London Corporate Training, UK).
14. **Fraud & Corruption Awareness: Continuous Professional Development Programme in the Securities market** (held from July 6 -17, 2009 at London Global Training Consulting (GTC), UK).
15. **International Workshop on Effective Financing Reporting, Risk-based Auditing & Forensic Accounting in the Securities market** (October 3, 2009), Ghana.
16. **Inter Governmental Action Group against Money Laundering in West Africa (GIABA) & World Bank Regional Workshop in AML/CFT Compliance Supervision** (held from February 8 -12, 2010; in Accra, Ghana).

It is important to state that these trainings cut across critical areas of AML/CFT with participants drawn within the regulatory/ supervisory and reporting entities. This approach is aimed at ensuring synergy in the operations of the stakeholders.

Nigeria acknowledges the support of GIABA in providing or supporting capacity building in Nigeria during the period under consideration. In particular, some of the trainings GIABA sponsored include Assessors Training and Workshop on Laundering the Proceeds from Illicit Trafficking in Narcotics Drug.

## **STAFF RECRUITMENT**

In 2009, some AML/CFT stakeholder agencies, including the Nigeria Custom Service (NCS), Economic and Financial Crimes Commission (EFCC)/NFIU and the Police, recruited additional staff to boost their operational capacity and efficiency. For instance, the Nigeria Custom Service, EFCC and the NFIU recruited 5,000, 244 and 14 officers, respectively, all of whom are dedicated to combating crimes, including money laundering and terrorism financing, while the secret services are at the verge of concluding recruitment of new officers.

## **STAKEHOLDERS CO-OPERATION (DOMESTIC & INTERNATIONAL)**

During the period under review, cooperation amongst domestic stakeholders witnessed significant improvement. Relevant stakeholders continued to exchange information, conduct joint investigation/operations and organized joint trainings. Meetings were also held under the platforms of the AML/CFT Inter-Ministerial Committee and the Advisory Committee Meeting of the Special Control Unit against Money Laundering (SCUML) to discuss critical AML/CFT policy issues.

Similarly, on the international scene, relevant national agencies continued to strengthen their relationship and interface with their overseas counterparts. The NFIU, during the period under review, signed five (5) additional MOUs with counterpart FIUs in United Arab Emirates, The Philippines, Bermuda, Macedonia and Mauritius while the other agencies, including the Independent Corrupt Practices Commission (ICPC), EFCC and NDLEA are also working directly with their counterparts in several countries to investigate cases of corruption, drug trafficking and money laundering. Equally, the Nigeria Customs is collaborating with United States Customs in the area of bulk cash smuggling.

Furthermore, the SEC requested for assistant & collaboration from **foreign agencies like United States Securities and Exchange Commission (SEC) and the Federal Bureau of Investigation (FBI), Financial Services Authority (FSA) and the Metropolitan Police and Serious Fraud Office in the UK and Canadian Securities Regulators** in the spirit of International Organisation of Securities Commission (IOSCO) Multilateral Memorandum of Understanding (MMOU) in locating and bringing to justice, persons who have absconded from the country, following breaches of the securities laws and rules.

In terms of information exchange, Nigeria through the NFIU, continued to improve on the quality and quantity of intelligence exchange with other FIUs and had, through the NDLEA, attended to requests for Mutual Legal Assistance relating to trafficking in narcotics received from the United Kingdom South Yorkshire Police, the South Africa Authorities, the German

Police and the United States Drug Enforcement Agency. As the National Correspondent Office of GIABA in Nigeria, the NFIU facilitated the operations of GIABA in Nigeria, including trainings/workshops and a Typology Exercise on Laundering the Proceeds from Illicit trafficking in Narcotics Drug and Psychotropic Substances coordinated by the National Drug Law Enforcement Agency (NDLEA).

## INVESTIGATION

During the period under review, relevant authorities in Nigeria investigated and prosecuted several AML/CFT cases. For instance, the NDLEA investigated nineteen (19) cases. These cases relate to the arrest and seizure of large sums of money and assets suspected to be drug related. Details are provided below:

<b>S/ N</b>	<b>NAME</b>	<b>FACT OF CASE</b>	<b>ASSETS INVESTIGATED</b>	<b>REMARK</b>
01	To be provided on request	Arrested for suspected currency smuggling and drug dealing	\$208,900 US Dollars	Case being investigated
02	To be provided on request	Arrested for suspected currency smuggling and drug dealing	\$179,900 US Dollars and £3,000.00 English Pounds	Case transferred to EFCC
03	To be provided on request	Arrested while attempting to smuggle currency	\$37,100.00 US Dollars cash	Case transferred to EFCC
04	To be provided on request	Mutual Legal Assistance Request by the German Police for drug trafficking	1 Property in Nigeria	Response sent to German Police
05	To be provided on request	Arrested while attempting to smuggle currency	\$61,350.00 US Dollars	Case transferred to EFCC
06	To be provided on request	Mutual Legal Assistance Request by South Yorkshire Police UK for drug trafficking	3 Properties in Lagos, several bank accounts	Response sent to the UK Police
07	To be provided on request	Arrested in Abuja in possession of hard drugs	N13,144,069 frozen in bank accounts	Case still being investigated
08	To be provided on request	Mutual Legal Assistance Request by the South African Government for dealing in cocaine,	Bank accounts	Response sent to South African Authorities
09	To be provided on request	Suspects arrested in Bauchi for possession of Hard Drugs	1 Honda CRV, 3 Properties, Bank accounts	Case still being investigated

10	To be provided on request	Suspects investigated for sending E10,000 Euro cash from Spain through DHL	E10,000.00 Euro cash	Investigation completed
11	To be provided on request	Request of Mutual Legal Assistance (MLAT) from South Africa, relating to the arrest of some Nigerians in South Africa.	Bank Account and 1 company	Case being investigated
12	To be provided on request	Suspect was arrested in Abuja for currency trafficking	\$300,000.00 US Dollars	Case transferred to EFCC
13	To be provided on request	Suspect was arrested while attempting to clear consignment with 28KG of heroin	1 Property, some banks accounts	Case being investigated
14	To be provided on request	Arrested in possession of 80 bags of cannabis weighting 748.6kgs	1 Lorry, 1 Motor Cycle and 1 Property	Case being investigated
15	To be provided on request	First Suspect (courier) was arrested in possession of 3.15kg of Heroin, Second Suspect (middle-man) was arrested, this led to the arrest of Third Suspect (baron)	17 properties 2 vehicles and several bank accounts	Case being investigated
16	To be provided on request	Mutual Legal Assistance Request by the United States Drug Enforcement Agency	Companies & Bank accounts	Response has been sent to the US authorities
17	To be provided on request	Arrested in connection with the importation of 2.4kg of heroin	2 vehicles, 1million naira frozen in bank accounts	Case being investigated
18	To be provided on request	Arrested in possession of £50,000 English Pounds	£50,000.00 English pounds	Case being investigated
19	To be provided on request	Arrested in possession of \$916,250.00 US Dollars	\$916,250.00 US Dollars	Case has been concluded

## **AML/CFT COMPLIANCE INSPECTION**

The NFIU carried out AML/CFT examinations/inspections of twenty-one (21) out of Nigeria's twenty-four (24) banks in collaboration with CBN during the period under review, while several other reporting entities have been slated for inspection in the 2010 calendar.

In the capital market sector, seventy (70) Operators were inspected in 2009 (see details of inspection). In a similar vein, between the first and second quarters of 2010, fifty (50) Operators comprising broker-dealers, fund/portfolio managers and trustees were inspected by joint teams made up of staff of SEC and the Nigerian Financial Intelligence Unit (NFIU) while additional fifty (50) Capital Market Operators have been slated for inspection in the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2010. It is worth noting that a risk-based approach was used as criterion for selecting the Capital Market Operators to be inspected.

## **SANCTION REGIME**

Ninety-two (92) Capital Market Operators were penalized and fined the sum of **N56,049,000.00** for various AML/CFT violations in 2009. Similarly, thirty (30) erring Operators were penalized the sum total of **N14,660,000.00** for AML/CFT violations in 2010. In addition to application of fine, fourteen (14) Operators were suspended from participating in capital market activities for various infractions and unethical practices in the Nigerian Capital Market.

Similarly, recommendations have been forwarded to the CBN by the NFIU for enforcement of various sanctions on banks that violated AML/CFT requirements.

## **AML/CFT MANUAL FOR CAPITAL MARKET OPERATORS**

In order to address key deficiencies noted against the Nigerian Capital Market, particularly on recommendation 5, the SEC has developed a comprehensive AML/CFT Manual for Capital Market Operators (CMOs). In this respect, existing Rules on KYC requirements, particularly on Politically Exposed Persons (PEPs), Anonymous Accounts and Non-Face-to-Face Customers have been reviewed in accordance with the FATF requirements/observations. (See copy attached).

## **ADOPTION OF RISK-BASED SUPERVISION IN THE NIGERIAN CAPITAL MARKET**

A Risk Assessment Division was established in the SEC in preparation for the adoption of a risk-based approach to regulation in the Capital Market. An AML/CFT legal frame work on risk identification, management and control has also been established in accordance with IOSCO recommendations and FATF requirements.

## **BILL AMENDING THE MONEY LAUNDERING PROHIBITION ACT, 2004**

The bill amending the MLPA 2004 has been read for the 2nd time and is due for passage to law before June 2010. When passed to law, it will address all the AML/CFT legal weaknesses and concerns raised in Nigeria's Mutual Evaluation Report.

## **MENTORING PROGRAMME FOR SIERRA LEONIAN AND LIBERIAN FIUs**

GIABA has engaged the Nigerian FIU to mentor the Sierra Leonian and Liberian FIUs. This programme will commence in a couple of months and is expected to strengthen capacity and operational efficiencies of these FIUs.

## **GUIDELINE AND FEEDBACK MECHANISM**

Efforts have been made to enhance feedback amongst stakeholders, particularly between the NFIU and reporting institutions through official fora like the Chief Compliance Officers Forum, DNFBP Advisory Council, etc. During the period under review, the NFIU introduced a monthly feedback mechanism between the Unit and reporting entities, focusing on the evaluation of the quantity and quality of reports as well as the outcome of STRs submitted by reporting entities. In the case of the banking sector, the feedback mechanism is effected using the platform of the Chief Compliance Officers Forum while SCUML through the DNFBP Advisory Council has had several meetings with operators in the sector.

Similarly, the scope of the quarterly Newsletters of the NFIU has witnessed significant improvement to include issues on CDD, high risk businesses & statistics on rendition of returns. It is important to state that feedback mechanisms have also been enhanced with other regulatory agencies including the Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC), National Insurance Commission (NAICOM), etc. The NFIU and CBN have also institutionalized a quarterly meeting between them to routinely appraise policy, strategy and operational matters. This is an attempt to address the concern of inadequate feedback raised in the MER.

## **TRAINING, SENSITIZATION AND ENLIGHTENMENT**

In order to improve and build on existing knowledge amongst reporting entities and stakeholders, several trainings and workshop were organized during the period under review. Similarly, the NFIU provided facilitators to key seminars and conferences with focus on awareness creation on AML/CFT as well as provided four (4) trainings for reporting entities during the period under review to enhance their understanding of suspicious transaction. In addition, several AML/CFT stakeholders' workshops, including the AML/CFT Pre-Mutual Evaluation Workshop were organized to sensitize relevant stakeholders of their responsibilities, build synergy and enhance feedback mechanism. These efforts have resulted in significant improvements in:

1. The comprehension and subsequent reporting of suspicious transactions by reporting institutions. For instance, the quantity of STRs received by the NFIU rose from 389 in

2008 to 597 in 2009 with 312 already developed and disseminated to relevant stakeholders.

2. Quality and quantity of Currency Transaction Reports;
3. The comprehension of stakeholders' responsibility and
4. Inter agency cooperation.

## **RESTRUCTURING AT FEDERAL INLAND REVENUE SERVICE**

New dedicated Unit for Special Crimes was recently created in the Criminal Investigation Department of FIRS as part of the renewed efforts to reposition the Service. The Department is to deal mainly with issues of money laundering and other related crimes and interface with relevant stakeholders. This development will enhance coordination in Nigeria's AML/CFT drive and minimize incidences of tax evasion.

## **RESTRUCTURING AT CBN**

As part of the ongoing efforts aimed at improving accountability, communication and efficiency as well as effectiveness in actualizing CBN's strategic objectives, the CBN on 1<sup>st</sup> March, 2010 was restructured into 5 Directorates; 25 Departments; 91 Divisions and 198 Offices. The new structure is the outcome of a detailed exercise that commenced on 1<sup>st</sup> July, 2009. The objectives of which, include:

1. Development of a more functional organisation structure
2. Alignment of the structure in line with the Bank's mandate and strategy
3. Promotion of efficient and effective operations
4. Building synergy with both internal and external stakeholders of the Bank
5. Facilitation of information flow and integrated data management
6. Facilitation of the achievement of key deliverables of Management
7. Conformity with global best practice

## **REFORM OF THE BANKING SECTOR**

In 2009, the CBN continued with banking sector reform which is designed to promote compliance culture and usher in good governance with attendant positive impact on AML/CFT compliance regime. Thus, to sanitise the industry, the chief executive officers and executive directors of eight banks, by the end of December 2009, were removed and prosecuted for poor management of their institutions. To avoid possible systemic effect, a bailout plan has been rolled out by the CBN to bring the ailing banks out of their poor financial conditions.

Similarly, in order to enhance good corporate governance, the CBN has issued a guideline for appointment of Chief Executive Officers of Banks to take effect from 1<sup>st</sup> July, 2010. The Guideline specifies ten years as the maximum number of years a Bank CEO can serve.

Also, during the period under review, the Asset Management Corporation of Nigeria (AMCON) Bill was championed by the CBN. AMCON is the principal vehicle for resolution of the solvency of asset quality problems that have exposed the banking system to more risks in the last two years. It also provides an alternative to the liquidation of distressed banks by purchasing non-performing loans from the banks. It holds the promise of reducing the debt overhang on capital market operators, thus giving the much needed stimulus to the capital market.

As part of the ongoing restructuring exercise and in order to improve operational efficiency, the CBN created a new department called Financial Policy and Regulation Department out of the existing Banking Supervision Department. It also established AML/CFT Unit in this new Department. The establishment of the AML/CFT Unit has ensured that AML/CFT issues are elevated to the policy making level. The Unit is required to interface more efficiently with the NFIU and other stakeholders in AML/CFT matters. CBN has also gazetted AML/CFT Compliance Regulation, thus making it a Statutory Instrument (SI) with full effect of law. These reforms are beginning to impact positively on the AML/CFT regime in Nigeria in terms of coordination with other stakeholders, improved documentation, retrieval and dissemination of AML/CFT data/statistics and greater efficiency in overall regulation.

### **CIRCULATION OF TERRORIST WATCH LIST**

As part of efforts to strengthen our anti terrorist financing drive, the CBN issued a circular dated 27th October, 2009 titled “Terrorist Individuals and Organizations” to all banks and other financial institutions, drawing their attention to the updated UN terrorist watch list as well as advising them to take proactive steps to visit the appropriate UN website [www.un.org/sc/committees/1267/delisting.shtml](http://www.un.org/sc/committees/1267/delisting.shtml) for regular updates. Copy of the Circular is attached.

### **VISIT OF UN SECURITY COUNCIL MONITORING TEAM ON TERRORISM**

The United Nations Security Council Monitoring Team on Terrorism (UNSCMTT) visited Nigeria from 12th to 13th October, 2009. The purpose of the visit of the UNCSMTT was to evaluate Nigeria’s level of compliance with extant UN Resolutions with respect to terrorism and terrorism financing, particularly issues pertaining to asset freezing, arms embargo and travel ban.

The Team has since submitted its report to the UNSC, in which Nigeria’s significant progress and commendable level of compliance in the implementation of the relevant UNSC Resolutions were duly acknowledged.

### **CONCLUSION**

Nigeria has continued to demonstrate strong commitment to combat money laundering and terrorism financing. This is evident in the significant efforts so far made since June 2008 to address the observations and implement the recommendations contained in the MER, particularly during the period under review. The Federal Government of Nigeria is determined to attend to all outstanding issues with a view to building a robust AML/CFT

regime in the country. Furthermore, with the ongoing reform in the financial sector, the entrenchment of AML/CFT culture within the DNFI sector and the strengthening of relevant institutions involved in the implementation of AML/CFT programme, the fight against money laundering would continue to record greater success.

**NIGERIA'S MUTUAL EVALUATION 2<sup>ND</sup> FOLLOW-UP REPORT, 2010**

Forty Recommendations	Rating	Summary of Factors Underlying Rating	Whether Identified Deficiency has been Resolved	Description of Action Taken or Being Taken to Resolve Deficiency
1. ML offence	LC	<input type="checkbox"/> The reference to predicate offence as constituting “all illegal acts or crimes” is too broad and requires further definition in order to make it less ambiguous	Yes	<ul style="list-style-type: none"> <li>• The new CBN Regulation which has the force of law has specifically identified the twenty (20) designated serious offences, thereby addressing the earlier noted ambiguity on account of the all-crimes approach.</li> <li>• In addition, a bill amending the MLPA 2004 has addressed the ambiguity occasioned by the all-crimes approach as the twenty designated offences are clearly defined in the amendment.</li> <li>• Other observed legal loopholes in the existing Act have also been addressed.</li> <li>• The bill has passed the first reading at the National Assembly.</li> </ul>
2. ML offence – Mental element & Corporate Liability	PC	<input type="checkbox"/> The Sanctions regimes are not proportionate and dissuasive	Yes	<ul style="list-style-type: none"> <li>• The new CBN Regulation has significantly improved on the sanctions regime, which is already being effectively enforced in the overall administration of AML/CFT regime in the country.</li> <li>• Besides the application of administrative / financial sanctions by CBN, financial institutions are now under obligation to publish all breaches and the attendant</li> </ul>

Forty Recommendations	Rating	Summary of Factors Underlying Rating	Whether Identified Deficiency has been Resolved	Description of Action Taken or Being Taken to Resolve Deficiency
		<input type="checkbox"/> The law on plea bargain which allows the EFCC to compound any offence by accepting such sum of money as they think fit can significantly undermine the entire AML sanctions regime, because in theory and in practice they have the potential of whittling down the deterrent effect of the sanctions		<p>penalties in their annual financial reports. This is a recent initiative by the CBN to give full effect to the dissuasive component of the sanction regime.</p> <ul style="list-style-type: none"> <li>• All other issues with regards to the sanction regime have been covered in the amendment to the MLPA 2004 currently at the National Assembly.</li> <li>• Plea bargain has never been applied in any money laundering case in Nigeria at present. It must also be noted that plea bargain is an internationally acknowledged procedure that is in practice in the Commonwealth, US and other jurisdictions. Practice of plea bargain will not undermine AML sanctions regime.</li> </ul>
3. Confiscation & Provisional Measures	PC	<input type="checkbox"/> Significant legal gaps exist in the confiscation regime in terms of:  <input type="checkbox"/> Property of corresponding	No	<ul style="list-style-type: none"> <li>• Government has submitted to the National Assembly, Proceeds of Crime Bill, a non conviction-based/civil forfeiture of</li> </ul>

Forty Recommendations	Rating	Summary of Factors Underlying Rating	Whether Identified Deficiency has been Resolved	Description of Action Taken or Being Taken to Resolve Deficiency
		<p>value and instrumentalities intended for use in TF are not covered and it may be difficult to obtain confiscation orders in relation to those properties.</p> <p><input type="checkbox"/> Lack of definition of important concepts such as freezing, seizure, forfeiture and confiscation as well as inconsistency in the laws relating to freezing of assets makes the regime ambiguous.</p> <p><input type="checkbox"/> Insufficient legal protection for bona fide third parties.</p> <p><input type="checkbox"/> Absence of rules to manage and dispose of confiscated properties.</p> <p><input type="checkbox"/> Absence of comprehensive F</p>		<p>proceeds and instrumentalities of unlawful conducts/activities. When enacted, the law will complement the existing conviction-based confiscation regime. This Bill will significantly address the current loop-holes</p> <ul style="list-style-type: none"> <li>• The EFCC Establishment Act of 2004 criminalizes terrorism financing in the country. Efforts are being intensified to pass the Prevention of Terrorism Bill (PTB) before the National Assembly. Also, the proposed PTB currently awaiting passage at the national assembly, provides for the freezing / confiscation, seizure, investigation and forfeiture of assets of terrorist suspects</li> <li>• Addressed by the AML/CFT Inter Ministerial Committee and the DNFI Advisory Council. Activities of these Committees have completely eliminated the</li> </ul>

Forty Recommendations	Rating	Summary of Factors Underlying Rating	Whether Identified Deficiency has been Resolved	Description of Action Taken or Being Taken to Resolve Deficiency
		<p>legislation</p> <p><input type="checkbox"/> <input type="checkbox"/> Weak coordination in the AML/CFT regime.</p> <p><input type="checkbox"/> <input type="checkbox"/> No centralized statistical data on ML and FT investigations, freezing, seizure, forfeiture and confiscation.</p> <p><input type="checkbox"/> <input type="checkbox"/> Absence of statutory provisions to void or pre-empt actions that render confiscation nugatory.</p>	Yes	<p>hitherto seeming lack of coordination among AML/CFT stakeholders. There is now proper coordination both at the policy and operational levels on account of the activities of the Inter Ministerial Committee.</p> <ul style="list-style-type: none"> <li>• Being addressed at the AML/CFT Inter Ministerial Committee level</li> <li>• As the centralised database is evolving, the NFIU data base serves as a stop-gap measure.</li> </ul>
<b>R-5 Customer Due Diligence (CDD)</b>	NC	<ul style="list-style-type: none"> <li>• There is <b>no statement in the law</b> (MLP Act 2004) that explicitly prohibits the opening or maintaining of numbered</li> </ul>	<b>YES</b>	<ul style="list-style-type: none"> <li>• In 2009, the CBN reviewed all its AML Regulatory Circulars and produced <b>CBN new AML/CFT Compliance Regulation, which is now in force.</b></li> </ul>

Forty Recommendations	Rating	Summary of Factors Underlying Rating	Whether Identified Deficiency has been Resolved	Description of Action Taken or Being Taken to Resolve Deficiency
		or anonymous accounts.		<ul style="list-style-type: none"> <li>• <b>SEC has also developed a new AML/CFT compliance manual for the Securities Market in Nigeria.</b></li> <li>• <b>Paragraph 1.3 of CBN AML/CFT Compliance Regulation of 2009 states that” financial institutions are not permitted to keep anonymous accounts or accounts in fictitious names”.</b></li> <li>• <b>Part B (page15) of SEC AML/CFT manual states that Capital market Operators shall not be permitted to keep anonymous accounts or accounts in fictitious names.</b></li> <li>• <b>By the authority of S. 55 of BOFIA, 1991 (as amended), the Governor of CBN has power to make rules &amp; regulations for the operations and control of financial institutions in the country. It states that “<i>the Governor may make, published in the Gazette, to give full effect to the objects and objectives of this Act. Without prejudice to the above provisions, the Governor may make rules and</i></b></li> </ul>

Forty Recommendations	Rating	Summary of Factors Underlying Rating	Whether Identified Deficiency has been Resolved	Description of Action Taken or Being Taken to Resolve Deficiency
				<p><i>regulations for the operation and control of all institutions under the supervision of the bank”.</i></p> <p>CBN AML/CFT Compliance Regulation was gazetted in December 2009, thus making it a Statutory Instrument (SI) with full effect of law.</p>
		<ul style="list-style-type: none"> <li>The requirement by law to conduct <b>CDD is not extended to all of the situations required by the FATF Recommendations</b>, particularly where doubts arise as to previously obtained <b>CDD</b> information for occasional transactions above USD 5,000 that are not cash, when there is a suspicion of terrorist financing, and for occasional transactions that are wire transfers.</li> </ul>	<b>YES</b>	<ul style="list-style-type: none"> <li>This observation has also been addressed in <b>Paragraphs 1.3.1 to 1.3.5</b> of the new CBN AML/CFT Compliance Regulation of 2009.</li> <li><b>A draft copy of suggested provisions to the Committee on Review of BOFIA is attached here for reference.</b></li> </ul>

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		<ul style="list-style-type: none"> <li>There is no legal requirement to conduct risk assessment in order to determine the risks posed by existing customers.</li> </ul>	YES	<ul style="list-style-type: none"> <li>This observation has been addressed in paragraph <b>1.9.1</b> of the <b>CBN AML/CFT Compliance Regulation of 2009</b>.</li> <li><b>A draft copy of suggested provisions to the Committee on Review of BOFIA is attached for reference.</b></li> <li><b>Also addressed in SEC new AML/CFT manual in part B(g) page 22.</b></li> </ul>
		<ul style="list-style-type: none"> <li>The reporting requirement for occasional transactions that are wire transfers is USD 5,000, which exceeds the FATF standard of USD 1,000.</li> </ul>	YES	<ul style="list-style-type: none"> <li>The reporting requirement for occasional transactions that are wire transfers is now reduced to USD 1,000, in line with FATF standard and provided for in <b>paragraph 1.26</b> of the new CBN AML/CFT Compliance Regulation of 2009.</li> </ul>
		<ul style="list-style-type: none"> <li>BDCs do not currently take steps to verify the identification information obtained from their customers, which does not comply with CDD requirements in the MLP Act and FATF Recommendations.</li> </ul>	YES	<ul style="list-style-type: none"> <li>The CBN has issued <b>Circular Ref CBN/DIR/GEN/AML/03/009/2 dated March 19, 2009</b> reminding the BDCs to verify the identification information obtained from their customers and to comply with CDD requirements as contained in the MLP Act and FATF Recommendations.</li> <li>Non compliance is visited with appropriate sanctions</li> </ul>

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		<ul style="list-style-type: none"> <li>There is no clear obligation to identify and take reasonable measures to verify the beneficial owner for all customers, including determining whether the customer is acting on his/her own behalf, understanding the ownership/control structure of the legal entity, and determine the natural persons who exercise ultimate control over the entity.</li> </ul>	YES	<ul style="list-style-type: none"> <li>This observation has been fully addressed in paragraphs <b>1.4.3 and 1.4.4</b> of the CBN AML/CFT Compliance Regulation of 2009.</li> <li>Also addressed in SEC new manual in Part C, 23 (d), Page 29.</li> </ul>
		<ul style="list-style-type: none"> <li>Paragraph 9 of the KYCM allows for some full exemptions from CDD, rather than merely simplified or reduced due diligence.</li> </ul>	YES	<ul style="list-style-type: none"> <li>This observation has been fully addressed in <b>Paragraph 1.5.2</b> of the <b>CBN AML/CFT Compliance Regulation of 2009</b> and SEC AML/CFT Manual in Part B (d), page20 on Lower Risk Clients, Transactions or products, to allow for only simplified or reduced due diligence on low risk customers, transactions or products. No full exemptions from CDD were provided for in paragraph 9 of the old KYCM (2003).</li> </ul>

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		<ul style="list-style-type: none"> <li>The quality of FIs' regular reviews of their customer accounts is questionable since sufficient guidance to help distinguish among the various levels of risk is lacking. Clear guidance has not been provided to FIs to help them correctly identify and monitor high risk customers.</li> </ul>	YES	<ul style="list-style-type: none"> <li>Clear guidance on how FIs can identify and monitor high risk customers is provided for in paragraph <b>1.5.1</b> of the <b>CBN AML/CFT Compliance Regulation of 2009 and in part (B) pages 18-19 of SEC AML/CFT Manual of 2010.</b></li> </ul>
		<ul style="list-style-type: none"> <li>There is no requirement to conduct ongoing due diligence on the business relationship.</li> </ul>	YES	<ul style="list-style-type: none"> <li>FIs are required to conduct on-going due diligence on the business relationship as contained in <b>paragraphs 1.4.6 to 1.4.7</b> of the CBN AML/CFT Compliance Regulation of 2009 and enhanced CDD in the SEC new AML/CFT manual of 2010.</li> </ul>
<b>R-6 Politically Exposed Persons (PEPs)</b>	NC	There is no requirement in Nigerian law that relates to PEPs, and no statement that clearly defines PEPs according	YES	<ul style="list-style-type: none"> <li>A comprehensive guidance on PEPS which took cognizance of FATF standards has been provided for FIs in Paragraphs <b>1.10.1 to 1.10.6</b> of the <b>CBN AML/CFT Compliance Regulation (2009).</b></li> </ul>

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		to FATF standards.		<ul style="list-style-type: none"> <li>• A comprehensive guidance on PEPS was also provided for FIs in part B (3) pages 23-24 in the SEC new AML/CFT manual of 2010 in accordance with the FATF requirements.</li> <li>• <b>A draft copy of suggested provisions to the Committee on Review of BOFIA is attached for reference.</b></li> </ul>
		<ul style="list-style-type: none"> <li>• There is no clear guidance that states what enhanced CDD measures FIs must take for those customers or beneficial owners who become PEPs subsequent to establishing a business relationship.</li> </ul>	<b>YES</b>	<ul style="list-style-type: none"> <li>• This observation is specifically addressed in paragraphs <b>1.10.4 to 1.10.6</b> of the <b>CBN AML/CFT Compliance Regulation (2009)</b> and in part B (3) of the SEC new AML/CFT manual of 2010.</li> </ul>
<b>R-7 Correspondent Banking</b>	<b>NC</b>	<ul style="list-style-type: none"> <li>• There is no clear definition of correspondent banking either in law or .</li> </ul>	<b>YES</b>	<ul style="list-style-type: none"> <li>• Correspondent banking has now been clearly defined in paragraph <b>1.11</b> of the <b>CBN AML/CFT Compliance Regulation (2009)</b> as “<b>the provision of banking services by one bank (the correspondent bank), to another bank (the respondent bank).</b> Large</li> </ul>

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				<p>international banks typically act as correspondents for thousands of other banks around the world. Respondent banks may be provided with a wide range of services, including cash management (e.g. interest-bearing accounts in a variety of currencies), international wire transfers of funds, cheque clearing, payable-through-accounts and foreign exchange services.”</p>
		<ul style="list-style-type: none"> <li>The current guidance on correspondent banking does not provide how to determine the suitability of correspondent banks before FIs establish such a relationship.</li> </ul>	<p><b>YES</b></p>	<ul style="list-style-type: none"> <li>This observation has been addressed in paragraphs <b>1.11.1 to 1.11.2</b> of the CBN AML/CFT Compliance Regulation (2009).</li> </ul>
		<ul style="list-style-type: none"> <li>There is no obligation that requires senior management approval before FIs establish a correspondent relationship, or document the respective AML/CFT responsibilities of each institution.</li> </ul>	<p><b>YES</b></p>	<ul style="list-style-type: none"> <li>This observation is addressed in paragraph <b>1.11.1 (bullet point 3)</b> of CBN AML/CFT Compliance Regulation (2009) as follows: <b>“Obtain approval from senior management before establishing correspondent relationships.”</b></li> </ul>

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		<ul style="list-style-type: none"> <li>There is no guidance provided to FIs for monitoring and maintaining a correspondent banking relationship.</li> </ul>	YES	<ul style="list-style-type: none"> <li>FIs are guided to monitor and maintain a correspondent banking relationship in <b>paragraphs 1.11.1, 1.11.2 (stated above) and 2.7.9.1-6</b> of the CBN AML/CFT Compliance Regulation (2009).</li> </ul>
<b>R-8 New Technologies and Non Face-to-Face Business</b>	NC	<ul style="list-style-type: none"> <li>The measures for mitigating risks in technology and for establishing non face-to-face businesses are not fully developed.</li> </ul>	YES	<ul style="list-style-type: none"> <li>Full guidance on measures for mitigating risks in technology and for establishing non face-to-face businesses is provided for FIs in <b>paragraphs 1.12.1 to 1.12.4</b> of the <b>CBN AML/CFT Compliance Regulation (2009)</b> and Part B(4) Page 24 of the SEC new AML/CFT manual</li> </ul>
		<ul style="list-style-type: none"> <li>The guidance for enhanced CDD and ongoing due diligence procedures for non face-to-face customers is not effectively applied by FIs (particularly the banking and securities sector).</li> </ul>	YES	<ul style="list-style-type: none"> <li>The CBN had issued <b>Circular Ref CBN/DIR/GEN/AML/03/009/2, dated March 19, 2009</b> reminding financial institutions of the need to effectively apply the guidance in respect of enhanced CDD and ongoing due diligence procedures for non face-to-face customers.</li> <li>Full guidance on enhanced CDD and</li> </ul>

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				ongoing due diligence procedures for non face-to-face customers has been provided for FIs in <b>paragraphs 1.12.2</b> of CBN AML/CFT Compliance Regulation (2009).
<b>R-9 Third Parties and Introducers</b>	<b>PC</b>	<ul style="list-style-type: none"> <li>Nigeria does not have a prohibition against the usage of third parties or intermediaries by its FIs for obtaining and verifying customer information.</li> </ul>	<b>YES</b>	<ul style="list-style-type: none"> <li>The CBN AML/CFT Compliance Regulation (2009) and SEC AML/CFT compliance Regulation of 2010 requires FIs to take certain measures when using third parties or intermediaries for obtaining and verifying customer information (<b>in line with FATF Recommendation 9</b>) rather than prohibiting it altogether.</li> <li>These measures are contained in <b>paragraph 1.13.1</b> of the CBN AML/CFT Compliance Regulation (2009) and part B (25) of the SEC new AML/CFT Regulation.</li> </ul> <p><b>However, the ultimate responsibility for customer identification and verification remains with the financial institution relying on the third party.</b></p>
		<ul style="list-style-type: none"> <li>BDCs rely on their agents to obtain and verify CDD information,</li> </ul>	<b>YES</b>	<ul style="list-style-type: none"> <li><b>CBN Circular Ref CBN/DIR/GEN/AML/03/009/2, dated March 19, 2009</b> reminds BDCs to</li> </ul>

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		but do not conduct any verification measures themselves as required in the KYC Regulation.		always conduct verification measures themselves on CDD information obtained by their agents.
		<ul style="list-style-type: none"> <li>FIs have not demonstrated that proper due diligence is conducted to satisfy themselves that a third party which is a foreign country effectively applies the FATF standards for CDD requirements.</li> </ul>	<b>YES</b>	<ul style="list-style-type: none"> <li><b>CBN Circular Ref BSD/3/2009/002, dated March 19, 2009</b> reminds FIs on the requirement of paragraph 1.18.4.1 of the CBN AML/CFT Compliance Regulation (2009) to conduct proper due diligence to satisfy themselves that a third party which is in a foreign country effectively applies the FATF standards for CDD requirements.</li> </ul>
<b>R-10 Record Keeping</b>	<b>PC</b>	<ul style="list-style-type: none"> <li>The manner of preservation of information by some FIs does not meet required industry standard. There is concern that some sectors are not meeting record keeping requirements.</li> </ul>	<b>YES</b>	<ul style="list-style-type: none"> <li><b>CBN Circular Ref CBN/DIR/GEN/AML/03/009/2, dated March 19, 2009</b> reminds FIs on the requirement to comply with statutory requirements in respect of record keeping.</li> <li>Existing requirements (Rule 47) of SEC Rules and Regulations on record keeping are rigorously being enforced. Meanwhile, the new manual has addressed the issue of record keeping in part B(6).</li> </ul>

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		<ul style="list-style-type: none"> <li>The on-site supervision by the competent authorities is inconsistent and covers only a small percentage of the financial sector.</li> </ul>	YES	<ul style="list-style-type: none"> <li>Resident Examination concept took –off on 1/1/09 to enhance supervision of FIs by the CBN. It was called off in February, 2010.</li> <li>Routine/Target inspections are carried out regularly on Capital market Operators.</li> <li>RBS on special areas of banking operations is conducted on site.</li> <li>Spot checks are carried out based on observations made off-site.</li> </ul>
11. Unusual Transactions	LC	<input type="checkbox"/> <input type="checkbox"/> No special attention are paid monitoring of unusual transactions	Yes	<ul style="list-style-type: none"> <li>During AML/CFT examinations, Bank Examiners and Capital Market Regulators pay special attention to unusual transactions. Enforcement is also being applied to erring reporting entities resulting in significant improvement in compliance.</li> </ul>
12. DNFBPs – R.5, 6, 8-11	NC	<input type="checkbox"/> <input type="checkbox"/> Beyond basic custom identification and record keeping requirements the DNFBP sector appear unclear as to their wider CDD obligations  <input type="checkbox"/> <input type="checkbox"/> Limited practice of Casino	Yes	<ul style="list-style-type: none"> <li>SCUML has conducted seminars and lectures in two regions of the country (Kano and Port-Harcourt) where the problem of understanding the CDD have been most prevalent. Appreciable improvement has been recorded.</li> </ul>

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		<p>performing enhanced due diligence for higher risk customers, nor is there adequate procedures in place for verification of customer's identity</p> <p><input type="checkbox"/> The same deficiencies and comments made previously for action by Nigeria with respect to Recommendations 5,6 to 8 - 11 are also applicable for the DNFBP</p>		<ul style="list-style-type: none"> <li>• SCUML has issued specific instructions on wider CDD requirements for casinos, especially at the points of purchase of chips and at the redemption of winnings or unused chips.</li> <li>• SCUML Officers have been assigned with responsibility for day to day supervision of each of the DNFI's in each sub-sector. This has helped greatly in improving the awareness of DNFI's CDD obligations and their other statutory obligations.</li> </ul>
13. Suspicious Transaction Reporting	PC	<input type="checkbox"/> Limited STR Reporting – lack of knowledge of suspicious transaction by reporting entities	Yes	<ul style="list-style-type: none"> <li>• The NFIU in the past one year has trained some reporting entities including Finland bank, Unity Bank, Aso Savings and Loans Ltd and Kundila Finance Stockbrokers as well as facilitated in seminars &amp; conferences where serious awareness was created. These have improved tremendously the knowledge of suspicious transactions.</li> <li>• SEC has made AML/CFT training</li> </ul>

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		<input type="checkbox"/> STRs are being substituted for CTRs  <input type="checkbox"/> Lack of definition of what is suspicious transaction  <input type="checkbox"/> No consistency in guidelines issued to all reporting institutions		<p>mandatory for Chief compliance officers and senior management of the Securities Firms.</p> <ul style="list-style-type: none"> <li>• Currently, quality of STRs has improved significantly. In 2009 alone, the NFIU received 597 STRs as against 389 in 2008</li> <li>• The awareness in 1 above has reduced this incidence</li> <li>• MLPA 2004 S 6 (1) clearly defines “suspicious transaction”</li> <li>• Guidelines issued to reporting institutions are based on sector peculiarity and consistent with international best practices</li> </ul>
14. Protection & no tipping off	PC	No explicit legal protection of reporting institutions	No	<ul style="list-style-type: none"> <li>• Addressed in the bill amending the MLPA, 2004.</li> </ul>

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<b>R-15</b> <b>Internal Controls, Compliance and Audit</b>	<b>PC</b>	<ul style="list-style-type: none"> <li>There is no specific provision indicating that the compliance officer must have timely access to customer identification and other CDD information, transaction records, and other relevant information.</li> </ul>	<b>YES</b>	<ul style="list-style-type: none"> <li>This observation is addressed in <b>paragraph 1.17.2</b> of the CBN AML/CFT Compliance Regulation (2009).</li> </ul>
		<ul style="list-style-type: none"> <li>There is no broad requirement to have screening procedures to ensure high standards when hiring all employees.</li> </ul>	<b>YES</b>	<ul style="list-style-type: none"> <li><b>Paragraph 1.17.3 (a)</b> of the CBN AML/CFT Compliance Regulation (2009) requires FIs to have screening procedures to ensure high standards when hiring all employees.</li> </ul>
		<ul style="list-style-type: none"> <li>There is no framework to establish the adequacy and appropriateness of the internal policies.</li> </ul>	<b>YES</b>	<ul style="list-style-type: none"> <li><b>Paragraph 1.17.3 (c) and 1.21</b> of the CBN AML Compliance Regulation (2009) requires FIs to develop an adequately resourced and independent audit function to test compliance with and adequacy of the procedures, policies and controls.</li> </ul>
		<ul style="list-style-type: none"> <li>Compliance officers are not independent.</li> </ul>	<b>YES</b>	<ul style="list-style-type: none"> <li><b>Circular Ref CBN/DIR/GEN/AML/03/009/2, dated March 19, 2009</b> reminds FIs on the</li> </ul>

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				<p>need to ensure the CCOs are operationally independent as possible. See also <b>Paragraph 1.17.3 of the CBN AML/CFT Compliance Regulation (2009)</b></p>
16. DNFBPs – R.13-15 & 21	NC	<p><input type="checkbox"/> <input type="checkbox"/> There is no legislative provision explicitly protecting persons who report in good faith.</p> <p><input type="checkbox"/> <input type="checkbox"/> There is no provision in the law requiring DNFBPs to observe internal control, appoint compliance officer or develop training programmes</p> <p><input type="checkbox"/> <input type="checkbox"/> There is no effective supervision of DNFBPs yet in the prevention of ML/TF.</p>	Yes	<ul style="list-style-type: none"> <li>• The CBN AML/CFT Compliance Regulation has addressed this. Please see para 1.18.8 of the Regulation</li> <li>• SCUML has issued regulatory guidance on observance of internal control procedures, development of training programmes in respect of AML\CFT and appointment of Compliance Officers, which are legally binding on the DNFBPs.</li> <li>• SCUML has adopted a risk-based approach in determining its scope of supervisory coverage of the DNFI sector.</li> <li>• Offices have been opened in high risk zones, with particular attention to high</li> </ul>

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				<p>risk customers and products of the reporting entities.</p> <ul style="list-style-type: none"> <li>• SCUML is collaborating with other stakeholder agencies and departments such as the Federal Inland Revenue Service (FIRS), Vehicle Inspection Office (VIO), Federal Road Safety Commission (FRSC), Land Registry (AGIS &amp; State registries), Corporate Affairs Commission (CAC), Nigerian Accounting Standard Board (NASB) etc. This is to facilitate a broader and more effective supervision of the DNFIs.</li> </ul>
17. Sanctions	PC	<p><input type="checkbox"/><input type="checkbox"/> Low number of compliance monitoring carried out in some sectors.</p> <p><input type="checkbox"/><input type="checkbox"/> It is also unclear how the regime of administrative and criminal sanction is articulated in practice.</p> <p><input type="checkbox"/> The range of available</p>	Yes	<ul style="list-style-type: none"> <li>• The level of compliance monitoring is being stepped up with joint inspection by officials of NFIU and other regulators.</li> <li>• See paragraph 1.18.1 of the CBN AML/CFT Compliance Regulation, 2009</li> <li>• The range of sanctions in Nigeria are</li> </ul>

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		<p>sanctions should be made more comprehensive in order to reflect the FATF requirements.</p> <p><input type="checkbox"/> <input type="checkbox"/> The number of the overall sanctions implemented to date is very low.</p> <p><input type="checkbox"/> <input type="checkbox"/> Applied sanctions are not considered to be effective, proportionate or dissuasive.</p> <p><input type="checkbox"/> <input type="checkbox"/> No sanctions have been implemented in the capital market sectors</p>		<p>comprehensive, including withdrawal of operating licences, suspension, fines, winding up of companies etc</p> <p>Sanctions are frequently imposed in cases of failure to ensure compliance with the requirements of the relevant laws and guidelines.</p> <p>In 2008, thirty two (32) Capital Market Operators were penalized a fine of N32,020,000.00 for AML/CFT violations.</p> <p>In 2009, Ninety-two (92) Capital Market Operators</p>

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				<p>were penalized and fined the sum of <b>N56,049,000.00</b> for various AML/CFT violations in 2009. Similarly, thirty (30) erring Operators were penalized the sum total of <b>N14,660,000.00</b> for AML/CFT violations in 2010. In addition to application of fine, various Operators were suspended from participating in capital market activities and their Companies sealed for various infractions and unethical practices in the Nigerian Capital Market.</p>
<b>R-18 Shell Banks</b>	NC	<ul style="list-style-type: none"> <li>There is no requirement by law that prohibits the establishment or operation of shell banks in Nigeria.</li> </ul>	YES	<ul style="list-style-type: none"> <li><b>Paragraph 1.18.2</b> of the CBN AML/CFT Compliance Regulation (2009) prohibits the operation of shell banks in Nigeria.</li> </ul>
		<ul style="list-style-type: none"> <li>There is no legal requirement for FIs to ensure that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks.</li> </ul>	YES	<ul style="list-style-type: none"> <li><b>This has been addressed in Paragraph 1.18.2</b> of the CBN AML/CFT Compliance Regulation (2009)</li> </ul>

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19. Other Forms of Reporting	LC	<input type="checkbox"/> <input type="checkbox"/> A sizeable informal sector not covered in the reporting requirement (large informal exchange bureau - unlicensed by CBN) and DNFBPs  <input type="checkbox"/> <input type="checkbox"/> Nigeria's reporting threshold for corporate entities is N5 million (equivalent to USD 43,000), which exceeds the FATF threshold of USD 15,000.	No	<ul style="list-style-type: none"> <li>• Efforts are being made to identify informal sectors within the DNFBs vulnerable to ML/TF and to organize them to SROs in order to bring them under the ambit of the AML/CFT regime</li> <li>• Nigeria operates a free system of foreign exchange regime. This makes it difficult to stick to the FATF threshold of USD \$15,000. Also, any threshold lower than the present will put a high burden on the NFIU attending to CTRs</li> </ul>
20. Other DNFBPs & Secure Transaction Techniques	PC	<input type="checkbox"/> <input type="checkbox"/> Nigeria has not implemented modern secure transaction techniques for use by non-financial businesses and professions	Yes	<ul style="list-style-type: none"> <li>• Nigeria currently operates an e-payment system. Under this system, all payments for government businesses are done through the financial system. This mode of payment promotes transparency, allows for easy monitoring and reporting which curtails incidences of corruption and other financial crimes.</li> </ul>
<b>R-21 Special Attention for Higher Risk Countries</b>	NC	<ul style="list-style-type: none"> <li>• No provision for special attention on countries not applying FATF recommendations.</li> </ul>	YES	<ul style="list-style-type: none"> <li>• The CBN AML Compliance Regulation (2009) in paragraph <b>1.18.4.1 requires</b> FIs to give special attention to countries not applying FATF recommendations.</li> </ul>

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		<ul style="list-style-type: none"> <li>There are no counter measures being applied to countries that do not apply FATF recommendations.</li> </ul>	YES	<ul style="list-style-type: none"> <li>The CBN AML/CFT Compliance Regulation (2009) paragraphs <b>1.18.4.2 to 1.18.4.3</b> provide full guidance to FIs on countries not applying FATF recommendations.</li> </ul>
<b>R-22 Foreign Branches and Subsidiaries</b>	NC	<ul style="list-style-type: none"> <li>There is no requirement on the part of FIs to inform the home country supervisor about their inability to observe appropriate AML/CFT measures because the host country's laws do not permit its application.</li> </ul>	YES	<ul style="list-style-type: none"> <li><b>Paragraph 1.18.5.3</b> of the CBN AML Compliance Regulation (2009) requires FIs to inform the CBN about their inability to observe appropriate AML/CFT measures because the host country's laws do not permit its application.</li> </ul>
<b>R-23 Supervision and monitoring</b>	NC	<ul style="list-style-type: none"> <li>There are significant numbers of informal currency exchange providers operating in an open and unregulated manner.</li> </ul>	YES	<ul style="list-style-type: none"> <li>The so called informal FX providers are members of staff of licensed BDCs which are sufficiently supervised by the CBN.</li> <li><b>Circular Ref CBN/DIR/GEN/AML/03/009/2, dated March 19, 2009</b> reminds BDCs on the need to stop allowing their members operating in an unorthodox manner.</li> <li><b>A task force was established in Jan. 2010 to enforce compliance</b></li> </ul>

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		<ul style="list-style-type: none"> <li>• CBN/SEC: the number of inspections specifically focused on AML/CFT is very low, and a significant number of sectors seemed to have escaped supervision of compliance with its AML/CFT obligations.</li> </ul>	YES	<ul style="list-style-type: none"> <li>• In addition to the routine examinations jointly carried out with NFIU, the <b>AML Unit</b> of the CBN and SEC carries out inspections of institutions under their purview.</li> <li>• Joint inspection of reporting entities between the CBN / NFIU and SEC/NFIU improved tremendously during the period under review. For instance, 21 deposit banks and 50 Capital Market Operators were inspected during the period under consideration.</li> </ul>
		<ul style="list-style-type: none"> <li>• CBN/SEC: there appears to be an over reliance on the NFIU for delivery of ongoing onsite AML/CFT supervisory programmes, a factor which may be negatively influencing the effectiveness of the overall AML/CFT framework.</li> </ul>	YES	<ul style="list-style-type: none"> <li>• The special AML/CFT Division established by the CBN has taken up a lot of responsibilities thereby significantly reducing the workload hitherto assumed by the NFIU. A total of 150 staff of the CBN are currently engaged in AML/CFT matters and effectively collaborating with the NFIU and other core stakeholders.</li> <li>• SEC has a dedicated/active Unit for AML / CFT created since 2006 that has been actively collaborating with the NFIU on AML/CFT examination and other related issues.</li> </ul>

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		<ul style="list-style-type: none"> <li>• CBN/ABCON: the current supervisory programme for BDCs raises serious doubts in terms of the number of inspections carried out for AML/CFT purposes and overall effectiveness.</li> </ul>	YES	<ul style="list-style-type: none"> <li>• The CBN has stepped up efforts within the last two years to improve the supervision of the BDCs. More staff have been deployed to the OFID (the department in charge of the supervision of the BDCs in the CBN).</li> </ul>
		<ul style="list-style-type: none"> <li>• CBN: the determination of supervisory oversight beyond the commercial banks does not adequately take into account AML/CFT risks, and therefore there are serious concerns about the adequacy of supervisory arrangements for community banks and other financial institutions such as PMIs and BDCs.</li> </ul>	YES	<ul style="list-style-type: none"> <li>• The CBN developed special annual schedule/programme for AML/CFT inspection of institutions under its purview in addition to the routine examination jointly carried out with NFIU.</li> <li>• The CBN uses the same schedule/programme to enhance the scope of its inspections of AML/CFT in Microfinance banks (community banks).</li> </ul>
		<ul style="list-style-type: none"> <li>• NAICOM: due to recapitalization and consolidation within the insurance sector there</li> </ul>	YES	

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		<p>have been no AML/CFT specific inspections since 2006. Uncertainty over a timetable for future inspections remain and therefore the effectiveness of current and future measures cannot yet be assessed</p>		
24. DNFBPs- , Supervision and Monitoring	PC	<p><input type="checkbox"/> <input type="checkbox"/> The number of compliance inspections for the DNFBP sector is extremely low and the current focus appears to be on publicity visits on AML/CFT awareness programs. Therefore, for the moment, there are no effective systems in place for the oversight and supervision of compliance with AML/CFT obligations in most of the non-financial sector.</p> <p><input type="checkbox"/> <input type="checkbox"/> There is need to enhance the SRO sector which would in turn raise the level of compliance in all sectors</p>	Yes	<ul style="list-style-type: none"> <li>• Based on risk-based approach, SCUML has opened zonal offices in three geopolitical zones. AML/CFT inspections have improved significantly with the coming on board of these offices. Recent compliance inspections have emphasized critical compliance issues such as Customer Due Diligence, record keeping and statutory reporting.</li> <li>• Inauguration of the national DNFI Advisory Council has been fixed for second quarter of 2009. DNFI Contact groups have also been constituted in two</li> </ul>

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		<input type="checkbox"/> The sanctions regime has yet to be implemented and therefore remains untested in relation to effectiveness and operational independence.		<p>zones (Kano and Port-Harcourt), with the ultimate aim of constituting local/state chapters of DNFI Advisory Councils. This will raise the level compliance.</p> <ul style="list-style-type: none"> <li>• SCUML has embarked on intensive mentoring of the DNFI Compliance Officers to enhance better understanding of the AML\CFT regime and consequently propagate compliance culture before the sanction regimes could be pursued at full length.</li> </ul>
25. Guidelines & Feedback	NC	<input type="checkbox"/> The guidelines in place are limited in scope and do not address some essential areas of the FATF Recommendations  <input type="checkbox"/> Consideration could be given to further utilizing the NFIU Newsletter to include more system feedback in the form of	Yes	<ul style="list-style-type: none"> <li>• The scope of Newsletters issued by the NFIU has been enhanced to include issues on CDD, high risk businesses &amp; statistics on renditions. Efforts are being constantly made to enhance feedback between regulators and reporting institutions through official fora like the</li> </ul>

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		<p>statistics and typologies as they relate to Nigeria</p> <p><input type="checkbox"/>The sector specific feedback is weak and ineffective</p> <p><input type="checkbox"/>There is insufficient feedback on STR received and regular information on typologies provided to reporting entities</p>		<p>Chief Compliance Officers Forum etc.</p> <ul style="list-style-type: none"> <li>Furthermore, all renditions are acknowledged while outcomes of STRs are sometimes communicated to the reporting entities as a way of feedback. Feed-back mechanisms have also been improved with other regulatory agencies including CBN, SEC, NAICOM etc</li> </ul>
26. The NFIU	PC	<input type="checkbox"/> The law is unclear regarding the operational autonomy of the NFIU	Yes	<ul style="list-style-type: none"> <li>In practice, the NFIU is operationally autonomous and only domiciled in the EFCC. It has a reporting obligation to the EFCC Board which is made of representatives of the core stakeholders institutions of Nigeria's AML/CFT regime.</li> </ul>

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		<input type="checkbox"/> The extend of the Director's powers under the EFCC and its Board is ambiguous  <input type="checkbox"/> There is no legal provisions that requires the NFIU to ensure that the information it holds is securely protected and disseminated only in accordance with the law  <input type="checkbox"/> FIU statistics on CTRS / STRs received, analyzed and disseminated were either not provided or inconsistent and could not be accurately verified  <input type="checkbox"/> Public reports issued by the		<ul style="list-style-type: none"> <li>• The Director assumes ultimate responsibility for operational and administrative matters of the NFIU while the EFCC Board performs an oversight function purely on policy matters accountability.</li> <li>• The NFIU is guided by international best practices in the management of information at its disposal. As a member of the Egmont Group, all guidelines on confidentiality of information are binding on it. The oath of secrecy taken by all staff has legal force if bridged.</li> <li>• The NFIU maintains a comprehensive database of all renditions it receives (both soft and hard copies). This information is available for verification. Equally, there are records of intelligence disseminated to competent authorities. During the period under review the NFIU disseminated 51 intelligence</li> </ul>

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		<p>FIU do not contain all required information and statistics on STRs/CTRs, trends and typologies on ML/TF</p>		<p>packages to relevant authorities</p> <ul style="list-style-type: none"> <li>The scope of the NFIU quarterly Newsletters and other public documents have been enhanced to significantly include all required information and statistics on STRs, CTRs etc</li> </ul>
<p>27. Law Enforcement Authorities</p>	<p>LC</p>	<p><input type="checkbox"/> <input type="checkbox"/> The law does not clearly state whether the EFCC, DSS or the Attorney General is the proper authority responsible for prosecuting terrorist financing cases.</p> <p><input type="checkbox"/> <input type="checkbox"/> Specialized training is not available across all the LEAs and judicial bodies on ML/TF issues.</p>	<p>Yes</p>	<ul style="list-style-type: none"> <li>All prosecutions are done in the name of the Attorney General and prosecution of terrorist financing cases is no exception. The EFCC has powers under the law to prosecute terrorist financing cases but does so in the name of the Attorney General.</li> <li>In 2009, AML/CFT trainings were extended to LEAs and Judicial bodies including the Nigeria Customs Service, the Nigeria Police Force by the EFCC / NFIU, as well as joint training programmes with members of the intelligence and security services on AML/CFT. Some of these trainings were supported by GIABA</li> </ul>

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29. Supervisors	PC	<input checked="" type="checkbox"/> Supervisory bodies have the powers to conduct compliance inspections; however AML/CFT compliance inspections for a number of sectors are rarely conducted thus the existing powers remain untested and ineffective  <input type="checkbox"/> The number of AML/CFT inspections conducted and the number of sanctions detected are very low considering the size and vulnerability of covered institutions to money laundering	Yes	<ul style="list-style-type: none"> <li>• Efforts have since been stepped up to cover several of the institutions and sectors not covered in previous exercises leading to several sanctions on erring entities and re-enforcement of the AML/CFT culture.</li> <li>• NFIU has drawn up an action plan to cover most of these institutions in 2010.</li> </ul>
30. Resources, Integrity & Training	PC	<input type="checkbox"/> <input type="checkbox"/> The structure of law enforcement agencies in Nigeria allows for operational independence in the investigation of ML/TF and other organized crime. However, the legal framework is often ambiguous with regards to supervisory line of authority	Yes	<ul style="list-style-type: none"> <li>• The EFCC by its Establishment Act, 2004, is the coordinating agency for all economic and financial crimes matters.</li> <li>• The establishment and inauguration of the AML/CFT Inter Ministerial Committee (which draws its membership from all relevant AML/CFT stakeholders institutions) will further enhance this coordination.</li> </ul>

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		<p><input type="checkbox"/> <input type="checkbox"/> The AG's power over criminal prosecution is too broad. As a political appointee and also the Minister for Justice, there are concerns that this power may be used to hinder effective administration of justice in the country.</p> <p><input type="checkbox"/> <input type="checkbox"/> With the exception of EFC the other agencies are not adequately funded. Resource – human and material resources are limited across all the other enforcement agencies.</p> <p><input type="checkbox"/> <input type="checkbox"/> Training opportunities are not evenly distributed despite the presence of specialized training Units in EFCC and NDLEA.</p>		<ul style="list-style-type: none"> <li>• The AG's powers are Constitutional but he is under legal and professional obligation to exercise them judiciously. The powers are also subject to judicial review in cases where they were improperly exercised to defeat justice</li>   <li>• Funding for most agencies improved in 2009 while some agencies have recruited more officers to strengthen their human resources.</li>   <li>• Training needs are not equal. Training needs of core AML/CFT agencies are not the same for support agencies. Therefore, training opportunities cannot be evenly distributed. Nonetheless, opportunities for training within the core AML/CFT agencies is well focused and fairly even.</li> </ul>

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		<input type="checkbox"/> ICPC is not aware of best practices notes on PEPs and have not developed any risk analysis strategy.  <input type="checkbox"/> There is a lack of information sharing between the ICPC and the NFIU.  <input type="checkbox"/> There is no legal requirement defining the maximum length of time that a case may remain open		<ul style="list-style-type: none"> <li>Relations with ICPC has tremendously improved during the period under review. There is a free flow of information exchange between the ICPC and NFIU though, strictly on needs basis.</li> <li>It is difficult to put timelines because cases differ and some are prone to complexities which may not be tagged to time lines.</li> </ul>
31. National Cooperation	PC	<input type="checkbox"/> While there is a framework in place for cooperation, the committee does not meet regularly  <input type="checkbox"/> The LEAs and FIs committees	Yes	<ul style="list-style-type: none"> <li>Both the AML/CFT Inter Ministerial Committee and DNFIU Advisory Committee meet regularly to discuss fundamental issues and proffer solutions to critical AML/CFT issues.</li> </ul>

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		<p>seems to be working well but the LEAs lack considerable cooperation and thus both lack the synergy required to combat ML and TF</p> <p><input type="checkbox"/>The EFCC have not institutionalized the inter agency committee to enable it meet more frequently to develop policies and issue guidelines as the need arises</p> <p><input type="checkbox"/>AML/CFT intelligence is not widely shared across relevant LEAs. EFCC is not often willing to share information on intelligence when requested to do so</p>		<ul style="list-style-type: none"> <li>• AML/CFT intelligence are widely shared. See intelligence disseminated by the NFIU. Also, the EFCC exchanges intelligence frequently with all competent authorities on need basis.</li> </ul>

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32. Statistics	PC	<p><input type="checkbox"/> <input type="checkbox"/> Statistics on ML/TF prosecution and investigation, including asset forfeited or confiscated are not centrally coordinated.</p> <p><input type="checkbox"/> <input type="checkbox"/> It is difficult to determine who is responsible for collating data on ML/TF. Though the EFCC Act empowers the EFCC and the NFIU to maintain statistics on money laundering, this is not the case in practice, as each agency involved in the formulation of ML/TF policy maintains separate records.</p> <p><input type="checkbox"/> <input type="checkbox"/> No statistics were provided by the Police regarding investigations on money laundering and terrorist financing, workforce training, or fiscal year financial statements.</p>	No	<ul style="list-style-type: none"> <li>• These issues are being addressed at the level of the Inter Ministerial Committee and affected agencies have committed to aggregate the otherwise disparate statistics into the national data base on AML/CFT.</li> <li>• The current NETLAW initiative is also geared towards facilitating the process of data collation and centralization</li> </ul>

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		<input type="checkbox"/> Statistics concerning the total number of money laundering and terrorism and terrorist financing cases under investigation or prosecution in Nigeria are not centralized and not readily available for use.		
33. Legal Persons – Beneficial Owners	LC	<input type="checkbox"/> While the investigative powers are sound, there are limited measures in place to ensure that there is adequate, accurate and timely information on the beneficial ownership and control of legal persons that can be obtained or accessed in a timely fashion by competent authorities.  <input type="checkbox"/> Information on the company registrar pertains only to legal ownership/control (as opposed to beneficial ownership), is not verified, and is not necessarily reliable.	Yes	<ul style="list-style-type: none"> <li>• Section 94 CAMA empowers public companies to require any member by notice in writing to indicate in what capacity he / she is holding shares in the company and if he / she hold them otherwise then the beneficial owners must be disclosed.</li> <li>• The Corporate Affairs Commission has recommended an amendment to the provision of Section 94 by extending it to private companies and such information disclosed to the Commission and to the company at the time of incorporation or within 14 days of the acquisition of the shares. Such</li> </ul>

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				information will also be verified by the Commission from time to time.
34. Legal Arrangement – Beneficial Owners	PC	<input type="checkbox"/> <input type="checkbox"/> Nigeria does not have a comprehensive trust law, thus inhibiting the level of information available in respect of trusts.  <input type="checkbox"/> <input type="checkbox"/> Information regarding BOs is not always available in a timely and accurate manner.  <input type="checkbox"/> <input type="checkbox"/> There are no guidelines regarding the management of trusts and beneficial owners.	No	<ul style="list-style-type: none"> <li>• Efforts are being made to enact a trust law</li> </ul>
35. Conventions	PC	<input type="checkbox"/> <input type="checkbox"/> The FT Convention has not been fully implemented, as it requires a comprehensive legislation, or guidance that complies with the provisions of FT Convention and FATF Special Recommendations on terrorist financing	No	<ul style="list-style-type: none"> <li>• Adequately addressed in the ATB pending passage</li> </ul>
36. Mutual Legal Assistance (MLA)	PC	<input type="checkbox"/> <input type="checkbox"/> There is no comprehensive MLA legislation  <input type="checkbox"/> <input type="checkbox"/> Lack of comprehensive TF	No	<ul style="list-style-type: none"> <li>▪ Nigeria has a Legislation on Mutual Legal Assistance within the Commonwealth which domesticated Mutual Legal Assistance (within the</li> </ul>

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		<p>legislation does not permit effective international cooperation for terrorist financing cases.</p> <p><input type="checkbox"/> Due to lack of comprehensive legislation, guidance and policy on MLA, requests may be delayed.</p> <p><input type="checkbox"/> Lack of statistics on MLA requests.</p> <p><input type="checkbox"/> Lack of effective implementation of international cooperation mechanisms available in the country.</p>		<p>Commonwealth) Treaty.</p> <ul style="list-style-type: none"> <li>▪ The issue of MLA and extradition is based on treaty and reciprocity which is regulated by principles of international law.</li> <li>▪ Nigeria has both the MLA and Extradition Treaties with a number of countries which are binding and operational on the basis of which the country is cooperating with a number of countries like the USA, UK, and other European and Western countries on AML and other organized crimes. (Statistics to be supplied by Federal Ministry of Justice).</li> </ul>
37. Dual Criminality	PC	<input type="checkbox"/> Nigeria's Constitution and criminal legal principles does not permit granting of MLA request in all cases where dual criminality is required.	Yes	<ul style="list-style-type: none"> <li>• MLA is not a Constitutional matter and the Constitution does not spell out exceptions in granting MLA in cases of dual criminality. MLAs are governed by law in the case of the Commonwealth States and by Treaty or MOU with other countries.</li> </ul>

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		<input type="checkbox"/> <input type="checkbox"/> In the absence of ML legislation and guidance, it was not possible to determine if Nigeria would grant MLA requests for extradition and other matters if it was related to less intrusive and non-compulsory measures.		<ul style="list-style-type: none"> <li>This is dependent on reciprocity. Nigeria will oblige an MLA request to a country if such a country will oblige her in similar circumstances</li> </ul>
38. MLA on Confiscation and Freezing	PC	<input type="checkbox"/> <input type="checkbox"/> The Nigerian legislation on freezing, seizure and confiscation is applicable to the requests for international cooperation.  <input type="checkbox"/> <input type="checkbox"/> This power is limited with regard to SR.V because there is no legislation or guideline specifying that international cooperation may be granted to TF related freezing and confiscation requests.  <input type="checkbox"/> <input type="checkbox"/> The existing law is not clear	No	<ul style="list-style-type: none"> <li>Nigeria is a signatory to all relevant UN Conventions on Terrorism and Terrorist Financing. She has granted international cooperation on terrorist activities and took steps to freeze assets of suspected terrorists.</li> </ul>

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		<p>on time limits for execution of MLA and extradition requests when there is need to freeze assets.</p> <p><input type="checkbox"/> There is no legal requirement to share assets which are proceeds of joint confiscation actions</p> <p><input type="checkbox"/> The law does not permit the establishment of asset recovery funds</p>		<ul style="list-style-type: none"> <li>• This is being taken care of by the proposed Bill on non Conviction-based asset recovery</li> </ul>
39. Extradition	LC	<input type="checkbox"/> Extradition cannot be applied to terrorist financing offences.	No	
40. Other Forms of Cooperation	LC	<input type="checkbox"/> There is limited statistics and information on the types of international cooperation granted.	No	

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SR I. Implement UN Instruments	NC	<input type="checkbox"/> Section 15 of the EFCC Act which seeks to criminalize terrorist financing in Nigeria is not comprehensive and does not meet the requirements of 1999 FT Convention and FATF SR 1, and the UN Security Council Resolutions.  <input type="checkbox"/> A comprehensive terrorist financing bill is yet to be passed into law.	No	<ul style="list-style-type: none"> <li>To be addressed when the ATB is passed by the National Assembly.</li> </ul>
SR II. Criminalize Terrorist Financing	NC	<input type="checkbox"/> The existing provision under Section 15 of the terrorist financing EFCC Act does not criminalize TF as required under Article 2 of the UN Convention on the Suppression of Terrorist Financing and the FATF SR. II in relation to provision/collection of funds to be used for terrorist acts or by terrorist organizations or individual terrorists.  <input type="checkbox"/> The existing law does not state that TF is a predicate offence for money laundering.  <input type="checkbox"/> There are significant gaps	No	<ul style="list-style-type: none"> <li>To be addressed when the ATB is passed by the National Assembly.</li> </ul>

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		<p>the existing law in terms of its scope and implementation.</p> <p><input type="checkbox"/> <input type="checkbox"/> The draft Terrorist Prevention bill submitted to the National Assembly is not a law and therefore not enforceable.</p>		
<p>SRIII. Freeze and Confiscate Terrorist Assets</p>	<p>NC</p>	<p><input type="checkbox"/> <input type="checkbox"/> The existing EFCC provisions on the freezing of terrorist funds and assets does not cover terrorist organizations and entities</p> <p><input type="checkbox"/> <input type="checkbox"/> No procedure or guideline has been issued to LEAs and FIs on the implementation of the SR III freezing mechanisms</p> <p><input type="checkbox"/> <input type="checkbox"/> There is no mechanism in place for the enforcement of UN Security Council Resolutions 1267 and 1373.</p> <p><input type="checkbox"/> <input type="checkbox"/> There is no central authority with the responsibility for the implementation of TF freezing and confiscation measures.</p>	<p>No</p>	<ul style="list-style-type: none"> <li>To be addressed when the ATB is passed by the National Assembly.</li> </ul>

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<b>SRIV</b> <b>Suspicious Transactions Reporting</b>	NC	<ul style="list-style-type: none"> <li>• There is no explicit requirement in the laws for reporting relating to terrorism financing or terrorist acts.</li> </ul>	YES	a) CBN AML/CFT Compliance Regulation (2009) requires FIs to render STRs in respect of terrorist financing to the NFIU.
		<ul style="list-style-type: none"> <li>• Other supervisory bodies have not issued any directives on terrorism financing or terrorism acts.</li> </ul>	NO	
SR V. International Cooperation	NC	<input type="checkbox"/> <input type="checkbox"/> In the absence of comprehensive legislation and a guideline on international cooperation requests on TF cases the authorities cannot provide MLA to other countries as required by SR V	No	<ul style="list-style-type: none"> <li>• To be addressed when the ATB is passed by the National Assembly. In the interim, Nigeria is already granting requests on TF</li> </ul>
<b>SRVI</b> <b>AML Requirements for money/value transfer services</b>	PC	<ul style="list-style-type: none"> <li>• Legal requirement exists to ensure that FIs that offer money or value transfer services are registered with the CBN. However, how the CBN determines FIs' overall level of compliance with the law is unclear.</li> </ul>	YES	<ul style="list-style-type: none"> <li>• The CBN AML/CFT Compliance Regulation (2009) has provided requirements to be complied with by FIs on money or value transfer services in <b>paragraphs 1.25.1 to 1.25.3</b> of the Regulation.</li> <li>• The level of compliance with these requirements is determined vide the returns rendered, on the spot checks conducted and during routine examination.</li> </ul>

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		<ul style="list-style-type: none"> <li>Guidance on how to ensure compliance with the FATF standards for money or value transfer services is unclear.</li> </ul>	YES	<ul style="list-style-type: none"> <li>The CBN AML/CFT Compliance Regulation (2009) has provided full guidance on money or value transfer services as contained in <b>paragraphs 1.25.1 to 1.25.3.</b></li> </ul>
		<ul style="list-style-type: none"> <li>It is unclear if any sanctions, penalties or fines have been enforced upon FIs for any instances of non compliance with the FATF standards.</li> </ul>	YES	<ul style="list-style-type: none"> <li>The CBN had enforced penalties and sanctions on FIs for breaches of FATF standards (especially CDD requirements).</li> </ul>
<b>SRVII</b> <b>Wire Transfer Rules</b>	NC	<ul style="list-style-type: none"> <li>No explicit requirement in the laws for wire transfers.</li> </ul>	YES	<ul style="list-style-type: none"> <li><b>A draft copy of suggested provisions to the Committee on Review of BOFIA</b></li> <li><b>Paragraph 1.26</b> of the AML/CFT Compliance Regulation provides for wire transfer.</li> </ul>
		<ul style="list-style-type: none"> <li>The provisions in the FX Act and Circular on e-banking do not adequately provide guidelines regarding the details of information in wire transfers to be preserved.</li> </ul>	YES	<ul style="list-style-type: none"> <li>The CBN AML/CFT Compliance Regulation (2009) has provided full guidance on wire transfers as contained in <b>paragraphs 1.26.1 to 1.26.11.</b></li> </ul>
		<ul style="list-style-type: none"> <li>The threshold of US\$10,000 is too high compared to US\$1,000</li> </ul>	YES	<ul style="list-style-type: none"> <li>CBN had reviewed the amount to US\$1,000 in compliance with FATF's requirement in the CBN AML</li> </ul>

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		set by FATF.		Compliance Regulation (2009) as contained in <b>paragraphs 1.26.1 to 1.26.11</b> of the Regulation.
SR VIII. Non Profit Organizations	NC	<input type="checkbox"/> <input type="checkbox"/> Few outreach programmes have been conducted to educate NPOs and religious organizations about threats from launderers and terrorists, thus they remain largely vulnerable.  <input type="checkbox"/> <input type="checkbox"/> Information on financial transactions, ownership and management structure are limited and may be different from what is filed at CAC unless they are compelled by the court to provide further information on ownership.  <input type="checkbox"/> <input type="checkbox"/> Since there is no monitoring reporting or accounting mechanism in place, it is difficult to determine who has the controlling power over finance and administration of NPOs in Nigeria  <input type="checkbox"/> <input type="checkbox"/> Transaction and accounti	No	<ul style="list-style-type: none"> <li>• SCUML has extensively covered NGOs in its past and on-going sensitization programmes.</li> <li>• The Corporate Affairs Commission is reviewing its regulations to make it mandatory for non-profit organization to submit their Audited Financial Statements to the Commission every year.</li> <li>• A comprehensive amendment has also been proposed in the on-going review of the Companies and Allied Matters Act initiated by the Law Reform Commission</li> </ul>

NINE SPECIAL RECOMMENDATIONS	RATING	SUMMARY OF FACTORS UNDERLYING RATINGS	WHETHER IDENTIFIED DEFICIENCY HAS BEEN RESOLVED	DESCRIPTION OF ACTIONS TAKEN OR BEING TAKEN TO RESOLVE DEFICIENCY
		<p>records are not available to anybody except the NPOs themselves. They are accountable to themselves and this can be abused by some of them who rely on donations from funding sources that may be illicit.</p> <p><input type="checkbox"/> Court order would be required to compel NPOs to provide information to law enforcement agencies.</p> <p><input type="checkbox"/> Information available to the public and for international cooperation is limited as the NPO determines what information to share with other people nationally or internationally. At most, they are only answerable to those who provide funds to them.</p>		
SR. IX Cross Border Declaration & Disclosure	<b>PC</b>	<input type="checkbox"/> The system does not specifically cover bearer negotiable instruments, (BNI) or currency and BNI transported through containerized cargo or by mail.	Yes	<ul style="list-style-type: none"> <li>• Import Guidelines under the Destination Inspection Scheme mandates all importers and exporters of containerized goods to declare the contents on the prescribed SGD Form 2010.</li> <li>• Pursuant to sections 37, 71, 72 and 161 of the Customs Act, non-declaration of</li> </ul>

NINE SPECIAL RECOMMENDATIONS	RATING	SUMMARY OF FACTORS UNDERLYING RATINGS	WHETHER IDENTIFIED DEFICIENCY HAS BEEN RESOLVED	DESCRIPTION OF ACTIONS TAKEN OR BEING TAKEN TO RESOLVE DEFICIENCY
		<p><input type="checkbox"/> <input type="checkbox"/> NCS does not cover the country's port of entries and as such a significant amount of travelers are not covered under the declaration system.</p> <p><input type="checkbox"/> <input type="checkbox"/> NCS staff members are not well spread out and still lack the requisite skills to manage the data base for the declaration system.</p>		<p>Bearer Negotiable Instruments (BNIs) on the prescribed Currency Declaration Form (CDF) is an offence.</p> <ul style="list-style-type: none"> <li>• The Common External Tariff (CET) covers the importation of bank notes, cheques, stocks certificates and other BNIs under the Harmonised System (HS) Code 4907.0000.</li> <li>• Nigeria Customs Service receives declaration reports from 108 entry and exit points grouped into 13 designated Area Commands out of the 25 Area Commands in the Federation. It is pertinent to note that the sea ports do not report cross border transportation of currency or Bearer Negotiable Instruments (BNIs) as no international or regional passenger Traffic is recorded, except the crew who remain on transit for a short period on their means of conveyance.</li> <li>• More officers have been deployed to cover new and existing entry /exit points, especially with the new boundary adjustment between Nigeria and Cameroon. The recent recruitment</li> </ul>

NINE SPECIAL RECOMMENDATIONS	RATING	SUMMARY OF FACTORS UNDERLYING RATINGS	WHETHER IDENTIFIED DEFICIENCY HAS BEEN RESOLVED	DESCRIPTION OF ACTIONS TAKEN OR BEING TAKEN TO RESOLVE DEFICIENCY
		<ul style="list-style-type: none"> <li>• NCS staff still lack the requisite skills to manage the database for the declaration system</li>   <li>• There are currently no specific sanctions for failure to disclose or for making a false declaration.</li> </ul>		<p>of 5,000 officers and men in the Service provided additional staff strength.</p> <ul style="list-style-type: none"> <li>• Staff of the Service participated in several trainings some of which were supported by GIABA including Policy Workshop on Payment systems and cash transactions. These in addition to earlier trainings have helped to provide officers with requisite skills to manage the database for the declaration system.</li>   <li>• Sanctions are provided under section 161 (1-4) (untrue declaration) of Customs and Excise Management Act (CEMA). However, the section is under review to explicitly criminalize the offences of non-declaration, under declaration and / or any form of misrepresentation for AML/CFT purposes.</li>   <li>• Furthermore, a comprehensive sanctions regime is included in the new bill for the Customs Act (CEMA) before the National Assembly for amendment</li> </ul>

## SUMMARY OF STATISTICS: JUNE 2009 TO APRIL 2010

### AML/CFT INSPECTION

S/N	SECTOR	NO INSPECTED
1	Banking Sector	21
2	Capital Market	120
3	Insurance Sector	10

### STATISTICS OF STATUTORY REPORTS (CTRs /STRs)

CTR	STR	INTELLIGENCE GENERATED	INTELLIGENCE DISSEMINATED
10,401,807*	714**	51**	51**

\*June 2009 to February 2010

\*\*June 2009 to March 2010

### MEMORANDUM OF UNDERSTANDING (NFIU ONLY): JUNE 2009-APRIL 2010

Nigerian FIU signed five (5) new MOUs.

1. United Arab Emirates,
2. The Philippines,
3. Bermuda,
4. Macedonia and
5. Mauritius

Please, note that five additional MOUs including, Japan, Barbados and Arusa are at various stage of completion.