



INTER-GOVERNMENTAL ACTION GROUP AGAINST
MONEY LAUNDERING IN WEST AFRICA

Mutual Evaluation Implementation Action Plan

Anti-Money Laundering and Combating
the Financing of Terrorism

NIGERIA

MAY 5 2011

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Name of the country : NIGERIA

Date of on-site Mutual Evaluation: From 24 September to 5 October, 2007,

Name of Evaluating Institution: GIABA

Date of adoption of last Mutual Evaluation : 7 MAY 2009

Date of Follow-up Report : 9 May 2011

Rating of Core and Key Recommendations

Rec .	1	3	4	5	10	13	23	26	35	36	40	I	II	III	IV	V
	LC	PC	LC	PC	PC	PC	NC	PC	PC	LC	PC	NC	PC	NC	NC	PC

FATF RECOMMENDATIONS & RATING	RECOMMENDED ACTION (AS LISTED IN THE MER)	TIMETABLE FOR ADOPTION OF CORRECTIVE MEASURES	ACTIONS ALREADY TAKEN	REMAINING ACTIONS TO BE TAKEN (WITH TIME LINES, IF KNOWN)	RESPONSIBLE INSTITUTION	TECHNICAL ASSISTANCE REQUIRED
KEY AND CORE RECOMMENDATIONS						
R-3.(PC) Confiscation & Provisional Measures	It is recommended that Nigeria should enact a standalone Asset Recovery and Confiscation law (including civil based confiscation), to address the weakness in the current legal framework;	December 2012	Government has submitted to the National Assembly, Proceeds of Crime Bill, a non conviction-based/civil forfeiture of proceeds and instrumentalities of unlawful conducts/activities. When enacted, the law will complement the existing conviction- based confiscation regime and will significantly	Enactment of the Proceeds of Crime (non conviction-based/civil forfeiture) Bill	Ministry of Justice & National Assembly	

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			<p>address the current loop-holes.</p> <p>However, it is important to state that, Section 31 of the EFCC (Establishment) Act, 2004 provides clear guidelines on final disposal of forfeited property</p>			
	<p>Nigeria should develop a procedure to guide the various Agencies involved in asset recovery efforts to ensure transparent and efficient management of asset recovery processes, compilation of statistics, repatriation and establishment of asset recovery fund.</p>	December 2011	<p>Establishment of Asset Forfeiture Unit at the EFCC to coordinate management of forfeited/recovered assets and maintain statistics</p> <p>Currently, all recovered funds are paid to a Consolidated Fund being managed by the Federal Government</p>	<p>Establishment of Guidelines for management of recovered assets</p>	Ministry of Justice	
<p>R-5 (NC) Customer Due Diligence (CDD)</p>	<p>An explicit statement should be included in the MLP Act that precludes the opening and maintaining of numbered and anonymous accounts in order to increase the effectiveness of the provisions of the law.</p>	June 2011	<p>Proposed amendments to MLPA 2004 provided for the prohibition of opening and maintaining of numbered and anonymous accounts.</p> <p>In addition, Paragraph 1.3 of CBN AML/CFT Regulation 2009 and SEC AML/CFT Regulation 2010 Part B (2) (a)</p>	<p>Harmonization, transmittal and Presidential assent to MLPA 2010</p>	Ministry of Justice	

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			<p>(i) states that " financial institutions are not permitted to keep anonymous accounts or accounts in fictitious names".</p> <p>Both the CBN and SEC AML/CFT Regulations have been gazetted, thus making them Statutory Instruments (SI) with full effect of law.</p>			
	<p>The MLP Act should be reviewed to clearly impose the requirement for FIs to conduct CDD in each of the categories in Criterion 5.2 of the FATF Methodology.</p>	<p>June 2011</p>	<p>The MLPA 2004 has been reviewed with clear requirements for FIs to conduct CDD.</p> <p>Similarly, the CBN AML/CFT Regulation, 2009 (Paragraphs 1.3.1 to 1.3.5); SEC AML/CFT Regulation 2010 Part B (2) and NAICOM AML/CFT Regulation, 2011 (Par. 4.0) placed obligations on FIs to conduct CDD.</p>	<p>Harmonization, transmittal and Presidential assent to MLPA 2010</p>	<p>Ministry of Justice</p>	
	<p>The reporting requirement for occasional transactions that are wire transfers is USD 5,000, which exceeds the FATF standard of USD 1,000. Nigeria should lower the reporting</p>		<p>The reporting requirement for occasional transactions that are wire transfers has been reduced to USD 1,000, in line with FATF standard. See</p>			

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	threshold for such cases in order to comply with the FATF standard.		paragraph 1.26 of the CBN AML/CFT Regulation 2009.			
	FIs and OFIs should be trained to understand how to file correct CTRs to enhance the overall effectiveness of the AML/CFT regime.	Continuous	FIs and OFIs were trained during the period under review, resulting in improved comprehension of reporting entities' responsibility and better quality and quantity of Currency Transaction Reports. See schedule of training attached as appendix I	Enhance capacity building for Reporting institutions (FIs & OFIs)	CBN & NFIU	
	Steps should be taken by BDCs to comply with the MLP Act requirement and FATF Recommendations on the verification of their customers' identification information.	Continuous	The CBN has issued Circular Ref CBN/DIR/GEN/AML/03/009/2 dated March 19, 2009 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. Non compliance is visited with appropriate sanctions In addition, following training provided to the BDCs on AML/CFT and subsequent inspections conducted in 2010, significant improvements have	Enhanced AML/CFT compliance inspection of the BDCs	CBN & NFIU	

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			been observed in BDCs compliance level to AML/CFT requirements, especially identification and verification of customers' information			
	FIs should ensure that they maintain updated CDD information on their customers, by conducting regular CDD reviews.	Continuous	<p><input type="checkbox"/> The NFIU-CBN in collaboration with the UNODC embarked on a sensitization campaign on account information update between December 2010 and January 2011 to address observed deficiencies and breaches relating mostly to CDD.</p> <p><input type="checkbox"/> CBN and NFIU undertook on-the-spot assessment of compliance in March 2011 to check compliance to the account information update directives and found significant compliance</p> <p><input type="checkbox"/> It is important to state that, since completion of the sensitization campaign, the NFIU has observed enhanced customer identification</p>	Enhanced and continuous AML/CFT compliance inspection of FIs	CBN, SEC, NAICOM & NFIU	

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			information on STRs & CTRs being filed by banks with attendant positive impact on the implementation of Nigeria's AML/CFT regime.			
	Nigeria should issue further guidance to clarify FIs responsibilities in determining beneficial ownership		AML/CFT Regulations, 2009 issued by CBN (Par. 1.4.3-1.4.4), SEC (2010) and NAICOM (2011) provided specific guidance to FIs in determining beneficial ownership. This has deepened FIs understanding, improved compliance and facilitated determination of beneficial ownership.			
	Nigerian authorities should provide clear guidance on how to identify high risk customers, and an appropriate monitoring and reporting procedures to apply for such customers.	Continuous	Clear guidance on how FIs can identify and monitor high risk customers is provided for in paragraph 1.5.1 of the CBN AML/CFT Regulation of 2009 as well as in AML/CFT Regulations issued by SEC and NAICOM.	Enhanced AML/CFT compliance inspection to ensure full compliance	CBN, SEC, NAICOM & NFIU	
	The recently agreed upon definition of PEPs by the Nigerian regulatory authorities should be formally issued in legislation or guidance for FIs to determine whether their existing	June 2011	☐ Addressed in CBN (Par. 1.10.1- 1.10.5), SEC (Part B (3) and NAICOM (Par. 8.0) AML/CFT Regulations	Harmonization, transmittal and Presidential assent to MLPA, 2010	Ministry of Justice & National Assembly	

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	<p>customers, potential customers, or any beneficial owners are PEPs.</p> <p>Additionally, clear enhanced CDD procedures should be developed and provided to FIs in order to increase the effectiveness of their risk monitoring for PEP accounts</p>		<p><input type="checkbox"/> Addressed in amendment to MLPA, 2004</p>			
	<p>Supervisory authorities should define a correspondent banking relationship in law or regulation. It is further recommended that Nigeria provide clear guidance to FIs for determining the suitability of correspondent banks, as well as for monitoring and maintaining such correspondent banking relationships.</p>		<p>Addressed in CBN AML/CFT Regulation, 2009 (Par. 1.11)</p>			
	<p>It is recommended that the CBN Guidance on E-Banking be revisited to include clear guidance for conducting ongoing due diligence and enhanced CDD measures.</p>		<p>FIs are required to conduct ongoing due diligence on all business relationships. See paragraphs 1.4.6 to 1.4.7 of the CBN AML/CFT Regulation, 2009.</p>			
<p>R-10 (PC)</p> <p>Record Keeping</p>	<p>Preservation of the information and records of FIs and OFIs should be improved</p>	<p>Continuous</p>	<p>CBN Circular Ref CBN/DIR/GEN/AML/03/009/2, dated March 19, 2009 reminds FIs on the requirement to comply with statutory requirements in</p>	<p>Enhanced and continuous AML/CFT compliance inspection to ensure full compliance</p>	<p>CBN, SEC, NAICOM & NFIU</p>	

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			respect of record keeping.			
	Information being preserved should be uniform across the financial system of Nigeria.	Continuous	Type of information, including customer data and transaction records required to be kept by reporting institutions are same across all sectors.	Enhanced and continuous AML/CFT compliance inspection to ensure full compliance	CBN, SEC, NAICOM & NFIU	
R-13. (PC) Suspicious Transaction Reporting	NFIU should provide further training and guidance on STRs reporting to ensure uniform reporting	Continuous	The NFIU in the past one year trained all the Management Directors and Chief Executive Officers/Directors and Non Executive Directors of all FIs and Discount Houses, trained relevant ICT officers of FIs and AML/CFT solutions vendors on goAML Application, officers of Oceanic Bank, Bank PHB, Union Bank, members of ABCON (Association of Bureau De change), Marina Securities and Aso Savings. The NFIU also facilitated in several seminars & conferences where serious awareness on AML/CFT was created. These have improved	Enhance capacity building for reporting institutions	CBN, SEC, NAICOM & NFIU	

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			tremendously the knowledge of suspicious transactions.			
	The authorities should consider either including in the AML legislation or in a regulation a clear definition of the term “suspicious” to enhance proper Reporting from FIs and OFIs.		Definition of “suspicious transaction” has been provided in MLPA 2004 S6. In addition, this has also been adequately addressed in CBN (Par. 1.16.1), SEC (Definition of terms) and NAICOM (Par. 4.3.1) AML/CFT Regulations			
	Guidelines should be made more Consistent and streamlined to improve the quality of STRs reported by reporting entities.		The NFIU streamlined the reporting format by migrating from XML Schema version 1.9 to 1.3 to ensure uniform reporting. In addition, Guidelines issued to reporting institutions are based on sector peculiarity and consistent with international best practices			
	An explicit legal protection for reporting institutions and their employees should be included in	June 2011	Addressed in CBN (Par. 1.18.8.2) and SEC AML/CFT Regulations.	Harmonization, transmittal and Presidential assent to	Ministry of Justice & National	

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	the AML legislation.		Also addressed in the amendment to MLPA, 2004	MLPA, 2010	Assembly	
	A sizeable informal sector that are not covered in the reporting requirement (large informal exchange bureau - unlicensed by CBN) and DNFBPs should be included either through the issuing of a regulation or through the amendment of the MLP Act.	Continuous	<p>Efforts are being made by the CBN/NFIU and ABCON leadership to ensure that agents of licensed BDCs operating in an unregulated manner are properly controlled. As a preparatory step, members of BDCs were trained in 2010.</p> <p>Since the completion of the training, the NFIU has observed appreciable level of compliance with respect to reporting by BDCs</p> <p>Similarly, SCUML is identifying informal sectors within the DNFI's vulnerable to ML/TF and to organize them to SROs in order to bring them under the ambit of the AML/CFT regime</p>	Enhanced and continuous AML/CFT compliance inspection to ensure full compliance	CBN, SEC, NAICOM & NFIU	
	Authorities should reduce the reporting threshold for corporate entities, which is currently		Nigeria operates a free system of foreign exchange regime. This makes it difficult to stick			

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	N5 million (equivalent to USD 43,000), as it exceeds the FATF threshold of USD 15,000.		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			
	There should be an explicit requirement in the law for STRs related to terrorism financing	June 2011	Amendments to the MLPA 2004 have addressed this. Furthermore, in addition to earlier circulars issued by the CBN to Banks to report STRs relating to terrorism financing, CBN AML/CFT Regulation, 2009 (par. 1.18.4.2) and NAICOM AML/CFT Regulation 2011, par. 4.3.2 require FIs to render STRs in respect of terrorism financing to the NFIU.	Harmonization, transmittal and Presidential assent to MLPA, 2010	Ministry of Justice & National Assembly	
	It is recommended that other supervisory institution should issue further directives or guidance on the reporting of terrorism financing STRs.		SEC in its AML/CFT Regulation, 2010 (Par. 11) (b), and NAICOM AML/CFT Regulation 2011 provided further directives and/or guidance on STRs reporting relating to terrorism financing to the capital market and insurance operators			

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			respectively.			
R-23 (NC) Supervision & Monitoring	It is strongly recommended that the relevant competent authorities should enhance the supervisory framework including the number of onsite inspections and off-site monitoring arrangements	Continuous	<p>Several routine off-site examinations were carried out by the NFIU during the period under review. This is in addition to joint NFIU & CBN, NFIU & SEC and NFIU & NAICOM inspection of financial Institutions.</p> <p>For instance, between April 2010 and October 2010, 25 Capital Market Operators were inspected jointly by SEC and NFIU, 2 primary mortgage institutions were inspected jointly by CBN and NFIU while 15 insurance institutions were jointly inspected by NAICOM and NFIU in 2010 besides special inspection carried out by NAICOM. This is in addition to inspection (Spot-Check) of DNFIIs carried out in Abuja, Kano, Kaduna, Lagos and Port Harcourt by SCUML</p>	Enhanced and continuous AML/CFT compliance inspection to ensure full compliance	CBN, SEC, NAICOM & NFIU	

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	It is recommended that CBN, NAICOM and SEC give serious consideration towards developing a more active role in AML/CFT focused inspections, thus having less overall reliance on the limited resources within the NFIU.	Continuous	<p>The special AML/CFT Units established by the CBN, SEC & NAICOM are taken up a lot of responsibilities thereby significantly reducing the workload hitherto assumed by the NFIU.</p> <p>For instance, 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. Similarly, sufficient officers have been deployed to AML/CFT Units in SEC and NAICOM who are actively collaborating with the NFIU on AML/CFT examination and other related issues.</p>	Continuous collaboration	CBN, SEC, NAICOM & NFIU	
	It is recommended that supervision should be extended to include all sectors that have not been covered. A large section of the Insurance sector and the BDCs that currently remain unsupervised for AML/CFT purposes should be included in the supervision plan.	Continuous	The CBN/NFIU stepped up efforts in 2010 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). Similarly, NAICOM issued a	Continuous review	CBN, SEC, NAICOM & NFIU	

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			comprehensive AML/CFT regulation in 2011 as well as organized sensitization/awareness programme for operators in the industry as part of the preparatory steps to strengthen AML/CFT inspection and compliance within the insurance subsector.			
	More resources should be deployed towards supervision visits and training of staff in the supervision departments across the relevant agencies.	Continuous	Resources allocated to various AML Units across regulatory / supervisory institutions were enhanced in 2010 while sufficient budgetary allocations have been made for 2011. Similarly staff were trained locally and internationally on AML/CFT related programmes	Continuous and enhanced allocation of resources	All stakeholders	
R-26. (PC) The NFIU	It is recommended that the AML regime should be reviewed to provide clear operational autonomy to the NFIU taking into consideration the weaknesses identified in the current legal framework		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.			

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	The NFIU should establish a management structure that will address issues related to transparency, accountability and confidence building amongst all stakeholders only	December 2011	The NFIU has a clear management structure. 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 to ensure proper accountability.	Sensitization of stakeholders to change perception and boost their confidence	NFIU & EFCC	
	The AML regime should include a legal provision that requires the NFIU to ensure that the information it holds is securely protected and disseminated only in accordance with the law disseminated		Information maintain by the NFIU are securely protected. 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 breached. NFIU information are disseminated only to competent authorities or institutions in need of it and under strict procedure.			

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	NFIU should work closely with other agencies in the proper coordination of AML/CFT related matters in Nigeria	December 2015	<p>The AML/CFT Inter Ministerial Committee and National Focal Point Initiative are platforms that brought relevant stakeholders together to deal with matters of AML/CFT implementation. This has enhanced coordination /synergy amongst stakeholders in recent times.</p> <p>Similarly, the DFID is currently providing technical support to Nigeria to further enhance information sharing between the NFIU and some select LEAs and anticorruption agencies. This has strengthened interagency cooperation and positively impacting on coordination in relations to AML/CFT matters.</p>	Conclusion of DFID TA	NFIU	
	NFIU should maintain comprehensive statistics on STRs and CTRs, including FT related statistics		<p>NFIU currently has a robust database of all CTRs and STRs it receives.</p> <p>NFIU has established appropriate framework, including creating and/or</p>			

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			designating a Compliance Help Desk whose functions includes maintaining Statistics of renditions filed to the Unit.			
	NFIU should issue public reports and annual reports containing all required information, and statistics on STRs and CTRs, or trends and typologies on ML/TF	Continuous	NFIU has issued annual reports and Periodic Newsletter since inception. These reports contain relevant information and are available to the public	Continuous issuance of reports	NFIU	
	The NFIU should increase the number of analysts' staff, including the provision of specialized to all categories of staff to enhance the efficiency of the agency.		More Analysts/staff were deployed to the Monitoring and Analysis Department as part of re-engineering to strengthen the operational efficiency of the Unit.			
R-35. (PC) Conventions	Nigeria should fully implement Terrorist Financing Convention	June 2011	Anti terrorism bill was passed to law in February 2011 by the parliament. This sets the stage for full implementation of all relevant Terrorism Financing Conventions.	Harmonization, transmittal and Presidential assent to ATB 2010	Ministry of Justice & National Assembly	
	Nigeria's Constitution and criminal legal principles does not permit granting of MLA request in all cases where dual criminality is required.	March 2012	Anti terrorism bill was passed to law in February 2011 by the parliament. This sets the stage for granting of MLAs.	Enactment of a comprehensive mutual legal assistance legislation	Ministry of Justice & National Assembly	

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	This principle is applicable to all criminal offences. The authorities should enact comprehensive mutual legal assistance legislation, in addition to issuing guidance to all relevant agencies to ensure efficient and prompt coordination of MLA requests and uniform application of MLA treaties.			and establishment of appropriate guidance		
	It is recommended that Nigeria should waive the application of dual criminality to non-coercive measures and requests from other countries as the current regime is too restrictive and does not comply with FATF standards					
	Nigeria should review its asset recovery and confiscation regime to permit asset sharing and the establishment of an asset fund. The fund will be used in the strengthening of various weaknesses existing in the AML/CFT regime and lead to transparent management of forfeited assets	March 2012	Review done and need for Non conviction-based asset forfeiture law identified. Non conviction-based asset forfeiture Bill presented to the parliament but was declined	Enactment of the Proceeds of Crime (non conviction-based/civil forfeiture) Bill	Ministry of Justice & National Assembly	
	A comprehensive TF legislation should be enacted as soon as possible.	June 2011	ATB passed to law by both Senate and House of Representatives	Harmonization, transmittal and Presidential assent to ATB 2010	Ministry of Justice & National Assembly	

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R-36. (PC) Mutual Legal Assistance (MLA)	There is no comprehensive MLA legislation		<p>Nigeria has a Legislation on Mutual Legal Assistance within the Commonwealth which domesticated Mutual Legal Assistance (within the Commonwealth) Treaty.</p> <p>The issue of MLA and extradition is based on treaty and reciprocity which is regulated by principles of international law.</p>			
	Lack of comprehensive TF legislation does not permit effective international cooperation for terrorist financing cases.	June 2011	ATB passed to law by both Senate and House of Representatives	Harmonization, transmittal and Presidential assent to ATB 2010	Ministry of Justice & National Assembly	
	Due to lack of comprehensive legislation, guidance and policy on MLA, requests may be delayed.	February 2012	ATB passed to law by both Senate and House of Representatives	Establishment of guidance on MLA	Ministry of Justice	TA needed in development of MLA Guidelines
	<p>Lack of statistics on MLA requests.</p>	December 2011		<p>Establishment of database on MLA statistics</p>	Ministry of Justice	
	Lack of effective implementation of international cooperation mechanisms available in the country.		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			

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			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).			
R-40. (LC) Other Forms of Cooperation	There is limited statistics and information on the types of international cooperation granted.	December 2011		Establishment of database for statistics on international cooperation related matters	Ministry of Justice	
SR I. (NC) Implement UN Instruments	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.	June 2011	Comprehensive/standalone ATB passed to law by both Senate and House of Representatives meets the requirements of relevant UN & FATF convention/recommendations	Harmonization, transmittal and Presidential assent to ATB 2010	Ministry of Justice & National Assembly	
	A comprehensive terrorist financing bill is yet to be passed into law.	June 2011	ATB has been passed to law by both Senate and House of Representative	Harmonization, transmittal and Presidential assent to ATB 2010	Ministry of Justice & National Assembly	
SR II. (NC) Criminalize Terrorist	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	June 2011	Comprehensive/standalone ATB passed by both Senate and House of Representatives meets the requirements of relevant UN & FATF	Harmonization, transmittal and Presidential assent to ATB 2010	Ministry of Justice & National Assembly	

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Financing	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.		convention/recommendations			
	The existing law does not state that TF is a predicate offence for money laundering.	June 2011	Addressed in amendment to MLPA 2004	Harmonization, transmittal and Presidential assent to MLP bill 2010	Ministry of Justice & National Assembly	
	There are significant gaps in the existing law in terms of its scope and implementation. The draft Terrorist Prevention bill submitted to the National Assembly is not a law and therefore not enforceable.	June 2011	ATB has been passed to law by both Senate and House of Representative	Harmonization, transmittal and Presidential assent to ATB 2010	Ministry of Justice & National Assembly	
SR.III. (NC) Freeze and Confiscate Terrorist Assets	The existing EFCC provision on the freezing of terrorist funds and assets does not cover terrorist organizations and entities	June 2011	Addressed by the ATB passed to law by both Senate and House of Representative	Harmonization, transmittal and Presidential assent to ATB 2010	Ministry of Justice & National Assembly	
	No procedure or guideline has been issued to LEAs and FIs on the implementation of the SR III freezing mechanisms	December 2011		Establishment of procedure for management of terrorist related assets	Ministry of Justice	

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	There is no mechanism in place for the enforcement of UN Security Council Resolutions 1267 and 1373.	June 2011	Addressed by the ATB passed by both Senate and House of Representative	Harmonization, transmittal and Presidential assent to ATB 2010	Ministry of Justice & National Assembly	
	There is no central authority with the responsibility for the implementation of TF freezing and confiscation measures.	June 2011	EFCC is the central authority. It is the coordinating agency for all matters relating to economic and financial crimes in Nigeria. This has also been comprehensively addressed in the ATB passed to law by the parliament.	Harmonization, transmittal and Presidential assent to ATB 2010	Ministry of Justice & National Assembly	
SRIV. (NC) Suspicious Transactions Reporting	There is no explicit requirement in the laws for reporting relating to terrorism financing or terrorist acts.	June 2011	CBN, SEC and NAICOM AML/CFT Compliance Regulations require FIs to render STRs in respect of terrorist financing to the NFIU. Also, addressed in the amendments to MLPA 2004	Harmonization, transmittal and Presidential assent to MLP bill 2010	Ministry of Justice & National Assembly	
	Other supervisory bodies have not issued any directives on terrorism financing or terrorism acts.		CBN, SEC and NAICOM. AML/CFT Regulations contain clear directives on terrorism financing			

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SR V. (NC) International Cooperation	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 A comprehensive TF legislation should be enacted as soon as possible	June 2011	ATB has been passed to law by both Senate and House of Representatives. It is important to state that, Nigeria is already granting requests on TF even in the absence of a comprehensive legislation and guideline	Harmonization, transmittal and Presidential assent to ATB 2010	Ministry of Justice & National Assembly	
OTHER RECOMMENDATIONS						
R-2 (PC) ML offence – Mental Element & Corporate Liability	A comprehensive definition of predicate offences and other terms should be included in the AML legislation. At a minimum, the country should include a list of FATF 20 minimum offences criminalized under the Nigerian law.	June 2011	Addressed in the amendment to the MLPA 2004. Also addressed in CBN, SEC and NAICOM AML/CFT Regulations	Harmonization, transmittal and Presidential assent to MLP bill 2010	Ministry of Justice & National Assembly	
	The sanction regime should be reviewed and made to be proportionate and dissuasive.	June 2011	Amendment to the MLPA 2004 has comprehensive provisions for appropriate and dissuasive penalties. Also addressed in CBN, SEC and NAICOM AML/CFT Regulations.	Harmonization, transmittal and Presidential assent to MLP bill 2010	Ministry of Justice & National Assembly	
	The authorities should develop a procedure or guideline to check the	December 2011	Plea bargaining is an internationally recognized	Standard Operating Procedure on Plea	EFCC	

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	abuse of the plea bargaining or compounding of offences by LEAs.		approach to take profit out of crime in the Commonwealth Nations, United States and other countries. Although plea bargain is not a policy of first recourse in our approach to the war against corruption, a Standard Operating Procedure is being developed to ensure that its applicability in rare situations does not diminish the deterrent effect of the laws. So far, application of plea bargain has only being tried in consonance with Section 14 (2) of the EFCC (Establishment) Act, 2004 which empowers the Commission to compound any offence punishable under the Act by accepting such sums as it thinks fit not exceeding the amount of the maximum fine to which that person would have been liable if he had been convicted of that offence.	Bargain		
R-6 (NC)		June 2011	PEP has been clearly defined in CBN (par. 1.10.1), SEC (Par.3) and NAICOM (par. 8)	Harmonization, transmittal and Presidential assent to	Ministry of Justice & National	

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Politically Exposed Persons (PEPs)			AML/CFT Regulations. Also addressed in amendment to MLPA 2004	MLP bill 2010	Assembly	
			FIs are under obligations to conduct CDD on PEPs. A comprehensive guidance has been provided for FIs in Paragraphs 1.10.1 to 1.10.6 of the CBN AML/CFT Regulation (2009), paragraph 3 and 8 of SEC & NAICOM AML/CFT Regulations respectively			
R-7 (NC) Correspondent Banking	There is no clear definition of correspondent banking either in law or regulation		Correspondent banking has been clearly defined in paragraph 1.11 of the CBN AML/CFT Regulation (2009)			
	The current guidance on correspondent banking does not provide how to determine the suitability of correspondent banks before FIs establish such a relationship.		Paragraphs 1.11.1 to 1.11.2 of the CBN AML/CFT Regulation (2009) provide a comprehensive guidance on how to determine the suitability of a correspondent bank as well as monitor and maintain such relationship.			

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			Similar guidance is provided in NAICOM AML/CFT Regulation 2011, Par. 7			
	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.		Paragraph 1.11.1 (bullet point 3) of CBN AML/CFT Regulation, 2009 requires FIs to obtain approval from senior management before establishing correspondent relationships			
R-8 (NC) New Technologies and Non Face-to-Face Business	The measures for mitigating risks in technology and for establishing non face-to-face businesses are not fully developed.		Full guidance on measures for mitigating risks in technology and for establishing non face-to-face businesses is provided for FIs in paragraphs 1.12.1 to 1.12.4 of the CBN AML/CFT Regulation, 2009.			
	The guidance for enhanced CDD and on-going due diligence procedures for non face-to-face customers is not effectively applied by FIs (particularly the banking and securities sector).	Continuous	The CBN had issued Circular Ref CBN/DIR/GEN/AML/03/009/2, dated March 19, 2009 reminding financial institutions of the need to effectively apply the guidance in respect of enhanced CDD and ongoing due diligence procedures for	Continuous AML/CFT inspection to ensure compliance	CBN, SEC, NAICOM & NFIU	

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			<p>non face-to-face customers.</p> <p>Full guidance on enhanced CDD and ongoing due diligence procedures for non face-to-face customers has been provided for FIs in paragraphs 1.12.2 of CBN AML/CFT Regulation (2009).</p>			
<p>R-9 (PC)</p> <p>Third Parties and Introducers</p>	<p>Nigeria does not have a prohibition against the usage of third parties or intermediaries by its FIs for obtaining and verifying customer information.</p>		<p>The CBN AML/CFT Regulation (2009) paragraph 1.13.1 requires FIs to take certain measures when using third parties or intermediaries for obtaining and verifying customer information rather than prohibiting it altogether.</p> <p>However, the ultimate responsibility for customer identification and verification remains with the financial institution relying on the third party.</p>			
	<p>BDCs rely on their agents to obtain and verify CDD information, but do not conduct any verification measures themselves as required in the KYC</p>		<p>CBN Circular Ref CBN/DIR/GEN/AML/03/009/2, dated March 19, 2009 reminds BDCs to always</p>			

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	Regulation.		conduct verification measures themselves on CDD information obtained by their agents.			
	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.		CBN Circular Ref BSD/3/2009/002, dated March 19, 2009 reminds FIs on the requirement of paragraph 1.18.4.1 of the CBN AML/CFT 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.			
R-12. (NC) DNFBPs – R.5, 6, 8-11	Nigerian authorities should ensure that DNFBPs understand their CDD obligations as provided under the DNFBPs understand their CDD obligations as provided under the MLP Act. Stronger CDD measures as recommended under Recommendation 5.	Continuous	SCUML conducted two training programs in Lagos and Abuja in 2010 where issues of KYC/CDD were exhaustively discussed. SCUML intensified its strategy of door-to-door sensitization/inspection exercise aimed at monitoring and ensuring implementation of AML preventive measures among DNFI. This has	Capacity building and continuous inspections of DNFBPs	SCUML	Technical Assistance to develop RBA Manual for DNFI Regulation and Supervision.

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			greatly improved the awareness of DNFI's about their KYC/CDD obligations among other statutory requirements.			
	Casinos should be required to perform enhanced due diligence for higher risk customers, and put adequate procedures in place for verification of Customer's identity.	Continuous	SCUML Regulatory Guidance requires Casinos to conduct CDD on higher risk customer. Association of Casino Operators of Nigeria (ACON), Real Estate Developers Association of Nigeria (REDAN) and Hotel Forum of Abuja (HOFA) were identified and integrated into the National Advisory Council of DNFI's at its Meeting held on 25th November 2010 to strengthen the regulation of these subsectors.	Continuous inspections of Casinos	SCUML	
	The same recommendations made previously for action by Nigeria with respect to Recommendations 6, 8 - 11 are also applicable for the DNFBP.					
R-14. (PC) Protection &	An explicit legal protection for reporting institutions and their employees should be included in the AML legislation.	June 2011	Addressed in the bill amending the MLPA, 2004 Also addressed in CBN AML/CFT Regulation, 2009	Harmonization, transmittal and Presidential assent to MLP bill 2010	Ministry of Justice & National Assembly	

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no tipping off			par. 1.18.8.2			
R-15 (PC) Internal Controls, Compliance and Audit	Supervisory authorities should be trained on how to monitor and ensure compliance with AML/TF regime.	Continuous	Officers of Supervisory authorities were trained on AML/CFT Compliance examination and other Bank examination programmes during the period under review	Continuous training for officers of regulatory authorities	CBN, SEC, NAICOM, SCUML & NFIU	
	FIs and OFIs should be required to put adequate framework for internal control policies, and audit in compliance with the AML regime.	Continuous	Addressed in various CBN circulars and CBN, SEC and NAICOM AML/CFT Regulations	AML/CFT inspection to ensure continuous adequacy of these measures.	CBN, SEC, NAICOM & NFIU	
R-16. (NC) DNFBPs – R.13-15 & 21	Nigeria should include a statement in the AML legislation requiring DNFBPs to strengthen their internal control and audit systems and to pay special attention to businesses and transactions involving jurisdictions that do not apply FATF Recommendations		Addressed in SCUML Regulatory Guidance. The Guidance deals with observance of internal control procedures, development of training programmes in respect of AML/CFT and appointment of Compliance Officers, among others. Dissemination of more copies of SCUML Regulatory Guidance to newly-identified and registered DNFBPs was intensified in 2010. The Guidance is legally binding on DNFBPs			

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R-17 (PC) Sanctions	The range of available sanctions should be made more comprehensive in order to reflect the FATF requirements	June 2011	The range of sanctions in Nigeria have been enhanced and made more comprehensive, including withdrawal of operating licences, suspension, fines, winding up of companies etc. These sanctions are clearly reflected in relevant AML/CFT regulations as well as legislations, including. Also addressed in MLP Bill 2010	Harmonization, transmittal and Presidential assent to MLP bill 2010	Ministry of Justice & National Assembly	
R-18 (NC) Shell Banks	Nigerian authorities should establish a legal framework that prohibits the establishment or operation of shell banks in Nigeria and to require FIs to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks	June 2011	Addressed in Paragraph 1.18.2 of the CBN AML/CFT Regulation (2009), SEC and NIACOM AML/CFT Regulations. Also addressed in the amendment to MLPA 2004	Harmonization, transmittal and Presidential assent to MLP bill 2010	Ministry of Justice & National Assembly	
R-20. (PC) Other DNFBPs & Secure	It is recommended that Nigeria should implement modern secure transaction techniques for use by non-financial businesses and professions		Implementation of the Federal Government directives on 1st January, 2009 introducing e-payment system for all payments and transactions has been intensified. DNFI sector			

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Transaction Techniques			transacting with government establishments have been the most affected thus curtailing incidences of payments in cash and cheques on transactions with DNFIs.			
R-21 (NC) Special Attention for Higher Risk Countries	A framework to deal with non-compliant countries with FATF standards should be developed. The NFIU and CBN should establish a mechanism of providing information to FIs on countries that do not apply FATF recommendation.		Guidance provided in Par. 1.18.4.3 of the CBN AML/CFT Regulation Attention of FIs has been drawn to the FATF website for appropriate guidance			
	In addition appropriate counter measures should be developed for application by the FIs in dealing with such countries that do not apply FATF Standards.		Guidance provided in Par. 1.18.4.3 of the CBN AML/CFT Regulation			
R-22 (NC) Foreign Branches and Subsidiaries	Nigeria should adopt more specific rules relating to foreign branches and monitoring of transactions from non-compliant countries		Addressed in Par 1.18.5.1-1.18.5.4 of CBN AML/CFT Regulations, 2009.			
R-24 (PC) DNFBPs-	SCUML should ensure that there are adequate measures and national procedures in place for the licensing and ownership of casinos.	February 2012	Association of Casino Operators of Nigeria (ACON) was in January 2011 formally incorporated by the Corporate	Centralized licensing of Casinos	SCUML	

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Supervision & Monitoring			Affairs Commission. Constitution of ACON is attached as appendix II. This has streamlined the process for licensing and ownership of Casinos			
	The robustness of 'fit and proper' tests and general market entry requirements should be reviewed		Addressed in the Constitution of ACON in appendix II.			
	Enhancement of relationship between DNFBPs supervisory authorities with the STRs could help raise the level of compliance amongst the various sectors.		The National Advisory Council of DNFI's – a body of the DNFI's trade association and professional bodies continued to impact positively on DNFI compliance			
	The sanction regime should be utilized and applied to enhance compliance by this sector.	Continuous	SCUML's implementation of sanction on non-compliant DNFI's is carried out through their Self Regulatory bodies and the Law Enforcement Agency (EFCC). The sanction exercise was based on typology studies carried out, which identified the car dealership and estate surveyors as being the most vulnerable to money laundering. Non-compliant DNFI's in the two sectors have been investigated	Continuous collaboration between SCML & DNFI SROs on the application of appropriate sanction	SCUML	

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			and inspection reports on them forwarded to EFCC for further investigation. Please see attached statistics.			
R-25 (NC) Guidelines & Feedback	The authorities are advised to enhance feedback mechanism. Further guidance should be issued in this regard to ensure a coherent and consistent approach to feedback to the sector.	Continuous	Feedbacks on the observed deficiencies in both FIs and DNFI's that were inspected and/or sensitized were sent to the reporting entities with instructions giving them timeline to correct and forward evidence of compliance to the NFIU/Relevant Regulators and SCUML.	Continuous feedback between regulators and reporting entities	CBN, SEC, NAICOM, NFIU & SCUML	
R-29 (PC). Supervisors	Available sanction should be effectively utilized, applied and recorded so as to improve overall compliance among those sectors that have major deficiencies.	Continuous	Various sanctions were applied during the period under review on reporting institutions that violated AML/CFT requirements. For instance: <ul style="list-style-type: none"> • 18 deposit money banks were sanctioned by the CBN for various AML/CFT breaches noted during the 2009/2010 compliance examinations totalling a fine of N95 	Continuous inspection and application of sanctions on erring reporting entities.	CBN, SEC, NAICOM, NFIU & SCUML	

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			<p>Million.</p> <ul style="list-style-type: none"> • 43 capital market operators were penalised for various AML/CFT infractions to the tune of N27 Million in 2010. • SCUML/EFCC is currently prosecuting a car dealer for AML/CFT non compliance in the DNFI sector. 			
<p>R-30 (PC).</p> <p>Resources, Integrity & Training</p>		<p>Continuous</p>	<p>Human and financial capacities for most agencies improved in 2010. Some agencies have recruited more officers to strengthen their human resources while others are at the verge of concluding such exercises.</p> <p>Staff are continuously vetted to ensure that only officers of high integrity are retained</p>	<p>Continuous training and vetting of officers and enhancement of resources allocated to stakeholders</p>	<p>All stakeholders</p>	
			<p>Although training needs differ inter alia among law enforcement agencies, the EFCC having established a cutting-edge Training and Research Institute, has</p>			

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			<p>continued to organize trainings for other stakeholders. For instance:</p> <ul style="list-style-type: none"> • Between 30th August and 3rd September, 2010, a basic course on AML/CFT was organized by the EFCC in conjunction with FBI for the Nigeria Police, NDLEA, DSS and EFCC officers • From 6th to 10th September, 2010, advance course on AML/CFT was organized by the EFCC in collaboration with FBI for officers from the Nigeria Police, NDLEA, DSS and EFCC. • Between 29th November and 3rd December, 2010, a training programme on hostage crisis negotiation was organized with participants from the Police, DSS and EFCC in attendance. 			
R-31 (PC)	The EFCC should institutionalize the inter-		The AML/CFT Inter Ministerial Committee was			

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National Cooperation	agency committee to enable it meet more frequently to develop policies and issue guidelines on the coordination of AML/CFT measures in Nigeria.		established and inaugurated by the Government with the EFCC as a member. The Committee meets periodically to address amongst other things, policy issues relating to AML/CFT.			
	It is recommended that the NFIU should play a significant role in the coordination process and that it should ensure that ML/FT intelligence is widely shared across relevant law enforcement agencies.	December 2011	The NFIU is the coordinating agency for AML/CFT and has since been playing key role. Its intelligence is shared to all competent authorities reactively and proactively.	Sensitization programme for chief executive officers of all stakeholders to enhance awareness of top management of stakeholders to effectively optimize resources of the NFIU	NFIU & National Security Adviser (NSA)	
R-32 (PC) Statistics		December 2013	Establishment of Statistics Unit at the EFCC to enhance the coordination and maintenance of statistics on ML/TF prosecution and investigation, including assets recovered from convicted individuals and organizations. Adequate personnel and resources have been deployed to this Unit.	Establishment of a central National Criminal Database (NCD)	All law enforcement agencies	Support in the automation of disparate databases to facilitate establishment of a NCD

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			Similarly, the NETLAW initiative is being strengthened to facilitate the process of data collation and centralization			
R- 34 (PC) Legal Arrangement & Beneficial Owners	The authorities are advised to draft a separate and comprehensive trust law to clear any existing ambiguities.	October 2012		Enactment of a trust law	Corporate Affairs Commission & National Assembly	
R-37 (PC) Dual Criminality	Nigeria's Constitution and criminal legal principles does not permit granting of MLA request in all cases where dual criminality is required. This principle is applicable to all criminal offences. The authorities should enact comprehensive mutual legal assistance legislation, in addition to issuing guidance to all relevant agencies to ensure efficient and prompt coordination of MLA requests and uniform application of MLA treaties.	February 2012	Nigeria has a Legislation on Mutual Legal Assistance within the Commonwealth which domesticated Mutual Legal Assistance (within the Commonwealth) Treaty.	Establishment of guidance on MLA	Ministry of Justice	
	It is recommended that Nigeria should waive the application of dual				Ministry of Justice	

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	criminality to non-coercive measures and requests from other countries as the current regime is too restrictive and does not comply with FATF standards					
R-38 (PC) MLA on Confiscation & Freezing	Nigeria should review its asset recovery and confiscation regime to permit asset sharing and the establishment of an asset fund. The fund will be used in the strengthening of various weaknesses existing in the AML/CFT regime and lead to transparent management of forfeited assets	March 2012	Review done and need for Non conviction-based asset forfeiture law identified. Non conviction-based asset forfeiture Bill presented to the parliament but was declined	Enactment of non conviction-based asset forfeiture law Establishment of Asset Fund	Law enforcement agencies, Ministry of Justice and National Assembly	
SRVI (PC) AML Requirements for money/ value transfer services	It is recommended that clearer guidelines be provided to financial institutions to ensure that their operations for MVT services, are in compliance with the FATF standards		Clear guidance on money or value transfer services has been provided in paragraphs 1.25.1 to 1.25.3 of the CBN AML/CFT Regulation (2009)			
SRVII (NC) Wire Transfer Rules	Authorities should include explicit requirement in the laws for wire transfers generally and especially on terrorist financing.		Addressed in Par. 1.26.1-1.26.11 of CBN AML/CFT Regulation, 2009.			
	The provisions in the Foreign Exchange Act and Circular on e-banking should		Guidelines provided in CBN AML/CFT Regulation, 2009			

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	adequately provide guideline regarding the details of information in wire transfers to be preserved.		Par. 1.26.1. Information required to be preserved include originator's name, account or reference number, address etc			
	The threshold of US\$10,000 is too high compared to US\$1,000.00 set by FATF and should be amended		Threshold of US\$10,000 has been reduced to US\$1,000 in compliance with FATF's requirement in the CBN AML/CFT Regulation (2009) paragraphs 1.26.1 to 1.26.11.			
SR VIII (NC) Non-Profit Organisations	SCUML should develop a more strategic program to enhance interaction with NPOs for the purpose of fulfilling their AML/CFT obligations.	Continuous	SCUML has extensively covered NGOs in its past and on-going sensitization programmes about NGOs vulnerabilities to money laundering and terrorist financing and their obligations under the AML/CFT regime.	Continuous interaction between SCML & NPOs	SCUML	
SR. IX (PC) Cross Border Declaration & Disclosure	A comprehensive sanctions regime should be included in the CEMA	March 2012	Addressed in amendment to MLPA 2004	Enactment of amended CEMA	Nigeria Customs Service & National Assembly	
	Customs staff should be trained on detection of cash smuggling, money laundering and terrorist financing	Continuous	30 and 20 Customs Officers have been trained on bulk cash smuggling detection and	Continuous training	Nigeria Customs Service	

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			electronic reporting of currency declarations respectively.			
	Ensure that all entry and exit points in the country are covered as soon as possible		Currently, all the entry/exit points are manned by experienced officers who administer currency declarations to inbound and outbound travellers			