



INTER-GOVERNMENTAL ACTION GROUP
AGAINST MONEY LAUNDERING IN WEST
AFRICA

Third Follow Up Report

Mutual Evaluation



MAY 2010

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INTRODUCTION

1. Nigeria's 2nd AML/CFT Follow-Up Report was submitted to GIABA and adopted during GIABA's Plenary in Praia, Cape Verde in May 2010. The 2nd Follow Up Report highlighted progress made since the adoption of the country's 1st Follow-Up Report. This 3rd Follow Up Report, therefore, provides a further update on the progress made by Nigeria since May 2010. In line with GIABA requirements, the 3rd Follow Up Report focuses on efforts made by Nigeria to address the recommendations proffered in the country's Mutual Evaluation Report, particularly with respect to FATF key and core Recommendations rated Non Compliant (NC) and Partially Compliant (PC). 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

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

SUMMARY OF PROGRESS MADE BY NIGERIA BETWEEN MAY 2010 AND MARCH 2011

PASSAGE OF TERRORISM PREVENTION BILL AND MONEY LAUNDERING PROHIBITION BILL, 2011

2. The Terrorism Prevention Bill (TPB) and amendments to the Money Laundering Prohibition Act, 2004 were both passed to law by the National Assembly in 2011. The two bills are awaiting Presidential assent. With this major development, all observed legal weaknesses in Nigeria's AML/CFT regime, as contained in the country's Mutual Evaluation Report have

been adequately addressed. Similarly, this will further deepen the implementation of AML/CFT regime in Nigeria.

TRAINING, SENSITIZATION AND ENLIGHTENMENT /AWARENESS CREATION

3. In order to improve on or bridge existing knowledge gaps amongst stakeholders, several trainings and workshops were organized to sensitize relevant stakeholders of their responsibilities/obligations under the AML/CFT regime, strengthen synergy and enhance feedback mechanism. Furthermore, the NFIU facilitated in a number of training programmes organized by reporting entities where AML/CFT matters, including identifying and reporting suspicious transactions were extensively discussed.

4. Generally, the sensitization, workshop and/or training programmes embarked upon by the Nigerian authorities resulted in significant improvement in:

- i. The comprehension and improved quality and quantity of suspicious transaction reports (STRs) filed by reporting institutions.
- ii. Quality and quantity of Currency Transaction Reports (CTRs).
- iii. The comprehension of stakeholders' responsibility;
- iv. Stronger synergy amongst stakeholders, etc.

5. Some of the sensitizations/training programmes carried out during the period under review include:

(a) Joint NFIU-CBN-UNODC Enlightenment Campaign

6. The project was initiated following observed deficiencies associated with customer data held by banks resulting in poor data quality or insufficient customer information on returns (CTRs & STRs) filed to the NFIU. The project was aimed at creating public awareness on the need for customers to update their account records with banks in line with the requirements of the relevant AML/CFT laws and regulations. Following completion of this exercise in January 2011, the NFIU has observed enhanced customer identification information being provided by the banks with attendant positive impact on quality of intelligence generated by the NFIU, and indeed, the implementation of Nigeria's AML/CFT regime.

(b) AML/CFT Training Programme for Managing Directors and Directors of Banks and Discount Houses.

7. CBN and the NFIU organized a training programme under the theme *Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Compliance and Corporate Governance* for all the Managing Directors and Chief Executive Officers as well as Executive/Non Executive Directors of Deposit Money Banks and Discount Houses in Nigeria from 28th July to 2nd September, 2010. The programme was aimed at further deepening awareness of the top management of all banks and discount houses and enhanced their commitment to the implementation of AML/CFT programmes in their various institutions. It was also aimed at creating an interactive platform to address some of the challenges the NFIU/CBN have been facing, particularly from the banking subsector.

Since the conclusion of the programme, the CBN and NFIU have observed appreciable level of further cooperation from banks top management as well as improved level of AML/CFT compliance.

(c) Training of Vendors and Bank Officials on goAML Application

8. This training programme was organized by the NFIU to broaden and deepen vendors and relevant bank officials knowledge of goAML application and also to resolve technical challenges that the vendors and banks were facing with the XML reporting system. Since the conclusion of the programme, the NFIU has witnessed reduced complaints on technical hitches and appreciable improvement on quality of reports filed using the XML Schema. goAML is the analytical software use by the NFIU.

(c) Sensitization of DNFI's

9. SCUML intensified its strategy of door-to-door sensitization exercise during the period under consideration. Also, SCUML in collaboration with Hotel Owners Forum Association (HOFA), Abuja, organized an awareness campaign programme aimed at enlightening HOFA members on their AMI/CFT obligations. This has greatly improved the awareness of DNFI's, especially about their KYC/CDD and reporting obligations among other statutory requirements. Furthermore, SCUML embarked on intensive mentoring of DNFI compliance officers to enhance better understanding on the AML/CFT regime and consequently propagate compliance culture side by side with implementation of the sanction regime.

ENHANCEMENT OF THE REPORTING REGIME

10. The NFIU commenced migration from XML Reporting Schema version 1.9 to Version 3.1 as part of the efforts to streamline the AML/CFT reporting regime. The XML Version 3.1 simplifies the complexity inherent in XML version 1.9, provides only one schema for all report types (CTRs and STRs) and enhances the data quality of reports.

11. Similarly, the NFIU launched a secured web portal for online reporting of renditions by banks and other reporting entities. The initiative (on-line reporting) has tremendously save time, resources and enhances the compliance culture in the banks.

TECHNICAL ASSISTANCE FROM THE INTERNATIONAL MONETARY FUND (IMF)

12. IMF approved a Technical Assistance (TA) to Nigeria in 2010. Consequently, IMF Team visited Nigeria from 13th – 24th September, 2010. The Mission Visit was largely diagnostic and provided an opportunity for the IMF and Nigeria to discuss and agree on the specific parameters and timing of the various components of the project.

13. The TA approved for Nigeria has further strengthened international cooperation and partnership between IMF and Nigeria in Nigeria's efforts against money laundering and terrorism financing. On completion, the TA would have further enhanced the capacity of targeted institutions, including the NFIU, CBN, SEC, NAICOM and SCUML in combating money laundering and terrorism financing as well as addressed some systemic weaknesses in Nigeria's AML/CFT regime.

TECHNICAL ASSISTANCE FROM THE UNITED KINGDOM

14. The United Kingdom Government through its Department For International Development (DFID) graciously approved a Technical Assistance (TA) for Nigeria under its Justice for All Programme. The TA, which is ongoing, focuses on how to enhance information sharing between the NFIU and selected anti corruption agencies in support of Nigeria's AML/CFT regime. On 3rd March, 2011, beneficiaries of the TA met with the DFID and the project consultant, where useful discussions were made on how to build synergy and enhance information sharing between the NFIU and the stakeholders. On completion, the TA would have deepened cooperation amongst the stakeholders and the effectiveness of the benefiting institutions in addressing the challenges of corruption and money laundering. The TA will span over a period of about four years.

CURRENCY AND MONETARY INSTRUMENTS REPORTS (CMIR) INITIATIVE

15. This initiative is part of the NFIU-FinCEN Analyst Exchange Programme and is aimed at addressing the challenges associated with illicit cross border cash movement from Nigeria to the United States.

16. This initiative has helped the NFIU to keep track of movement of potential illicit funds from Nigeria to the U.S as well as enriched the intelligence developed and disseminated by the NFIU. Also, it has added to the resource pool of the Unit in support of real time analysis.

17. The NFIU is working closely with the Nigeria Customs Service (NCS) on this project. The NCS provides the NFIU with export transaction/other relevant records which are used to corroborate the CMIR data from the United States. This has proved very useful in the analysis of the United States CMIR Data and the generation of robust intelligence packages.

STREAMLINING OF CUSTOMS DECLARATION FORMS REPORT SUBMISSION PROCESS

18. The NCS in collaboration with the NFIU streamlined the process for the submission of Customs Declaration Forms (CDF) reports to the NFIU. Hitherto, the CDF reports were submitted to the NFIU vide diskettes and CDs. Now, the NCS has moved from electronic to online reporting. This has reduced the bureaucracies associated with the filing of such returns as well as enhanced the turn-around time

HUMAN CAPACITY DEVELOPMENT

19. Human capital development or AML/CFT training across various stakeholders was enhanced during the period under review. The trainings cut across critical areas of AML/CFT with participants drawn within the regulatory/ supervisory and reporting entities.

Some of these trainings include:

- Training on bulk cash smuggling detection and electronic reporting of currency declarations by the Nigeria Customs Service
- A basic training course on AML/CFT was organized by the EFCC in conjunction with FBI for officers of the Nigeria Police, NDLEA, DSS and EFCC between 30th August and 3rd September, 2010.

- Advance training programme on AML/CFT was organized by the EFCC in collaboration with FBI for officers from the Nigeria Police, NDLEA, DSS and EFCC from 6th to 10th September, 2010.
- A training programme on hostage crisis negotiation was organized with participants from the Police, DSS and EFCC in attendance between 29th November and 3rd December, 2010.

20. Nigeria acknowledges the support of GIABA and other development partners in providing or supporting human capacity building in Nigeria during the period under consideration.

INVESTIGATION

21. During the period under review, relevant authorities in Nigeria investigated and prosecuted several AML/CFT cases. For instance, the NDLEA Within the period under review investigated (25) twenty-five cases relating to the seizures of \$1,072,447 (one million and seventy-two thousand four hundred and forty-seven US Dollars), N44,724,357 (forty four million seven hundred and twenty four thousand three hundred and fifty seven naira), £50,000 (fifty thousand English Pounds), (63) sixty-three properties and (19) nineteen vehicles.

AML/CFT COMPLIANCE INSPECTION

22. Series of joint AML/CFT examinations were carried out by the financial sector regulators and NFIU to enhance AML/CFT compliance and implementation as well as effectiveness.

23. 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

24. Similarly, inspection (Spot-Check) of DNFI's were carried out in Abuja, Kano, Kaduna, Lagos and Port Harcourt during the period under review. Also, SCUML's Door-to-door supervision operations were intensified to implement dissuasive sanction on non-compliant DNFI's. Within the period under review a list of non-compliant DNFI's were identified and recommendation for further investigation and prosecution forwarded to the law enforcement agency for proportionate or dissuasive sanction.

25. As fallout of the inspections, some reporting entities were sanctioned for various AML/CFT violations. For instance,

- Eighteen 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 Million.
- Forty-three 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. This confirms the intra-vires and competency of joint operations between the EFCC and SCUML to impose sanctions on non-compliant DNFI's.

26. Collectively, this exercise has enhanced AML/CFT compliance, including improved quantity and quality of CTRs and STRs while the application of sanction has further strengthened the commitment of reporting entities.

REVIEW/DEVELOPMENT OF AML/CFT REGULATIONS FOR THE INSURANCE SECTOR

27. As a step toward strengthening the implementation of AML/CFT regime in the Insurance sector, Nigeria reviewed and upgraded the KYC Guidelines for the Insurance Sector and gazetted same in February 2011, thus given it the full force of law. With this significant development, the legal weaknesses in the sector have been addressed while the tone for AML/CFT inspection has been set.

STAKEHOLDERS CO-OPERATION (DOMESTIC & INTERNATIONAL)

28. 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, the National Focal Point and the DNFI Advisory Council to discuss critical AML/CFT policy issues.

29. For instance, in pursuit of a holistic approach to regulating the DNFIs, SCUML, is collaborating with complementary Government agencies and departments such as the Federal Inland Revenue Service (FIRS), Vehicle Inspection Office (VIO), Land Registry (AGIS & State Land Registries), Corporate Affairs Commission (CAC), Nigerian Accounting Standard Board (NASB) etc. This is to facilitate broader and more effective regulation of the DNFIs. Furthermore, 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 DNFIs at its meeting held on 25th November 2010. This has further broadened and strengthened synergy between SCUML and the Advisory Council and is expected to impact positively on the regulation of the DNFIs and ultimately, the implementation of AML/CFT regime.

30. 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, including the United Arab Emirates, The Philippines, Bermuda, Macedonia and Mauritius. Also, the NFIU, through the support of GIABA Secretariat mentored the Sierra Leonean FIU as well as supported the bid of some West African FIUs to join the Egmont Group.

31. Similarly, 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. For instance, the United States gave the NDLEA intelligence on an illicit shipment of 450.4kg of cocaine from Chile, the shipment was monitored for three months before it finally entered the Nigeria through the Tin Can Port, Apapa, Lagos. It was intercepted, while those alleged to have imported the consignment were apprehended.

32. Nigeria also strengthened its relationship as well as worked closely with her development partners, including GIABA, Egmont Group and the FATF. Nigeria continued to engage with the International Cooperation Review Group (Africa-Middle East Review Group) of the FATF in continuation of the country's targeted review process during the period under review with the aim of addressing outstanding weaknesses on her AML/CFT regime.

33. In terms of information exchange, Nigeria through the NFIU, continued to improve on the quality and quantity of intelligence exchange with other FIUs. For instance, between May 2010 and March 2011, fifty-eight (58) requests were made to the NFIU while thirteen (13) requests were made by the NFIU to other jurisdictions. Also, Nigeria through the NDLEA, attended to Five (5) requests for Mutual Legal Assistance relating to trafficking in narcotics received from various countries. Furthermore, an officer of the Agency was released to travel to the United Kingdom to give evidence in the case of Mutual Legal Assistance involving a suspect arrested in London for drug trafficking and money laundering, he was found guilty on charges of Money Laundering and sentenced to seven (7) years imprisonment. Assets were also confiscated by the Southwark Crown Court, London. The agency also supported the United States Government to convict a Nigerian drug trafficker based in the U.S.

CONCLUSION

34. Nigeria has continued to demonstrate strong commitment to combat money laundering and terrorism financing. This is evident in the significant efforts made within the period under review to address outstanding deficiencies and implement the recommendations contained in the MER. In spite of the modest success that have been recorded in the implementation of AML/CFT regime in Nigeria, the Federal Government is determined to attend to all outstanding issues with a view to building a more robust AML/CFT regime in the country.

FATF RECOMMENDATIONS & RATING	RECOMMENDED ACTION (AS LISTED IN THE MER)	ACTIONS ALREADY TAKEN	REMAINING ACTIONS TO BE TAKEN (WITH TIME LINES, IF KNOWN)	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;	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 address the current loop-holes. However, it is important to state that, Section 31 of the EFCC (Establishment) Act, 2004 provides clear guidelines on final disposal of forfeited property	Enactment of the Proceeds of Crime (non conviction-based/civil forfeiture) Bill	
	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.	Establishment of Asset Forfeiture Unit at the EFCC to coordinate management of forfeited/recovered assets and maintain statistics Currently, all recovered funds are paid to a Consolidated Fund being managed by the Federal Government	Establishment of Guidelines for management of recovered assets	
R-5 (NC) Customer Due Diligence (CDD)	An explicit statement should be included in the MLP Act that precludes the opening and maintaining of numbered and anonymous accounts in	Proposed amendments to MLPA 2004 provided for the prohibition of opening and maintaining of numbered and anonymous accounts.	Legislative actions and Presidential assent to MLPA 2010	

FATF RECOMMENDATIONS & RATING	RECOMMENDED ACTION (AS LISTED IN THE MER)	ACTIONS ALREADY TAKEN	REMAINING ACTIONS TO BE TAKEN (WITH TIME LINES, IF KNOWN)	TECHNICAL ASSISTANCE REQUIRED
	order to increase the effectiveness of the provisions of the law.	<p>In addition, Paragraph 1.3 of CBN AML/CFT Regulation 2009 and SEC AML/CFT Regulation 2010 Part B (2) (a) (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>		
	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>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>	Legislative actions and Presidential assent to MLPA 2010	
	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 threshold for such cases in order to comply with the FATF standard.	The reporting requirement for occasional transactions that are wire transfers has been reduced to USD 1,000, in line with FATF standard. See 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.	FIs and OFIs were trained during the period under review, resulting in improved comprehension of reporting entities’ responsibility and better quality	Enhance capacity building for Reporting institutions	

FATF RECOMMENDATIONS & RATING	RECOMMENDED ACTION (AS LISTED IN THE MER)	ACTIONS ALREADY TAKEN	REMAINING ACTIONS TO BE TAKEN (WITH TIME LINES, IF KNOWN)	TECHNICAL ASSISTANCE REQUIRED
		and quantity of Currency Transaction Reports. <i>See schedule of training attached as appendix I</i>		
	Steps should be taken by BDCs to comply with the MLP Act requirement and FATF Recommendations on the verification of their customers' identification information.	<p>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</p> <p>In addition, following training provided to the BDCs on AML/CFT and subsequent inspections conducted in 2010, significant improvements have been observed in BDCs compliance level to AML/CFT requirements, especially identification and verification of customers' information</p>	Enhanced AML/CFT compliance inspection of the BDCs	
	FIs should ensure that they maintain updated CDD information on their customers, by conducting regular CDD reviews.	<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>	Enhanced and continuous AML/CFT compliance inspection of FIs	

FATF RECOMMENDATIONS & RATING	RECOMMENDED ACTION (AS LISTED IN THE MER)	ACTIONS ALREADY TAKEN	REMAINING ACTIONS TO BE TAKEN (WITH TIME LINES, IF KNOWN)	TECHNICAL ASSISTANCE REQUIRED
		<input type="checkbox"/> It is important to state that, since completion of the sensitization campaign, the NFIU has observed enhanced customer identification 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.	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	
	<p>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 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</p>	<input type="checkbox"/> Addressed in CBN (Par. 1.10.1- 1.10.5), SEC (Part B (3) and NAICOM (Par. 8.0) AML/CFT Regulations <input type="checkbox"/> Addressed in amendment to MLPA, 2004		

FATF RECOMMENDATIONS & RATING	RECOMMENDED ACTION (AS LISTED IN THE MER)	ACTIONS ALREADY TAKEN	REMAINING ACTIONS TO BE TAKEN (WITH TIME LINES, IF KNOWN)	TECHNICAL ASSISTANCE REQUIRED
	effectiveness of their risk monitoring for PEP accounts		Legislative actions and Presidential assent to MLPA, 2010	
	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.	Addressed in CBN AML/CFT Regulation, 2009 (Par. 1.11)		
	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.	FIs are required to conduct on-going due diligence on all business relationships. See paragraphs 1.4.6 to 1.4.7 of the CBN AML/CFT Regulation, 2009.		
R-10 (PC) Record Keeping	Preservation of the information and records of FIs and OFIs should be improved	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 respect of record keeping.	Enhanced and continuous AML/CFT compliance inspection to ensure full compliance	
	Information being preserved should be uniform across the financial system of Nigeria.	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	
R-13. (PC)	NFIU should provide further training and guidance on STRs reporting to	The NFIU in the past one year trained all the Management Directors and Chief Executive Officers/Directors and Non Executive Directors	Enhance capacity building for reporting institutions	

FATF RECOMMENDATIONS & RATING	RECOMMENDED ACTION (AS LISTED IN THE MER)	ACTIONS ALREADY TAKEN	REMAINING ACTIONS TO BE TAKEN (WITH TIME LINES, IF KNOWN)	TECHNICAL ASSISTANCE REQUIRED
Suspicious Transaction Reporting	ensure uniform reporting	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 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	Legislative actions and Presidential assent to MLPA 2010	
	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 the AML legislation.	Addressed in the amendment to MLPA, 2004, CBN (Par. 1.18.8.2) and SEC (Par. ...) AML/CFT Regulations.	Legislative actions and Presidential assent to MLPA, 2010	

FATF RECOMMENDATIONS & RATING	RECOMMENDED ACTION (AS LISTED IN THE MER)	ACTIONS ALREADY TAKEN	REMAINING ACTIONS TO BE TAKEN (WITH TIME LINES, IF KNOWN)	TECHNICAL ASSISTANCE REQUIRED
	<p>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.</p>	<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 DNFBs vulnerable to ML/TF and to organize them to SROs in order to bring them under the ambit of the AML/CFT regime</p>	<p>Enhanced and continuous AML/CFT compliance inspection to ensure full compliance</p>	
	<p>Authorities should reduce the reporting threshold for corporate entities, which is currently N5 million (equivalent to USD 43,000), as it exceeds the FATF threshold of USD 15,000.</p>	<p>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</p>		
	<p>There should be an explicit requirement in the law for STRs related to terrorism financing</p>	<p>Amendments to the MLPA 2004 have addressed this.</p> <p>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</p>	<p>Legislative actions and Presidential assent to MLPA, 2010</p>	

FATF RECOMMENDATIONS & RATING	RECOMMENDED ACTION (AS LISTED IN THE MER)	ACTIONS ALREADY TAKEN	REMAINING ACTIONS TO BE TAKEN (WITH TIME LINES, IF KNOWN)	TECHNICAL ASSISTANCE REQUIRED
		STRs in respect of terrorism financing to the NFIU.		
	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 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	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. 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 DNFI's carried out in Abuja, Kano, Kaduna, Lagos and Port Harcourt by SCUML	Enhanced and continuous AML/CFT compliance inspection to ensure full compliance	
	It is recommended that CBN, NAICOM and SEC give serious consideration towards developing a more active role in AML/CFT focused	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.	Continuous collaboration	

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	inspections, thus having less overall reliance on the limited resources within the NFIU.	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.		
	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.	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 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.	Continuous review	
	More resources should be deployed towards supervision visits and training of staff in the supervision departments across the relevant agencies.	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	
R-26. (PC) The NFIU	It is recommended that the AML regime should be reviewed to provide clear operational autonomy to the	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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	NFIU taking into consideration the weaknesses identified in the current legal framework			
	The NFIU should establish a management structure that will address issues related to transparency, accountability and confidence building amongst all stakeholders only	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	
	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.		
	NFIU should work closely with other agencies in the proper coordination of AML/CFT	The AML/CFT Inter Ministerial Committee and National Focal Point	Conclusion of DFID TA	

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	related matters in Nigeria	<p>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>		
	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 designating a Compliance Help Desk whose functions includes maintaining Statistics of renditions filed to the Unit.</p>		
	NFIU should issue public reports and annual reports containing all required information, and statistics on STRs and CTRs, or trends and	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	

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	typologies on ML/TF			
	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	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.	Legislative actions and Presidential assent to ATB 2010	
	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.	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 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			

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	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	Drafting and presentation to the parliament of a non conviction based forfeiture bill. Bill was declined by the parliament.	Enactment of the Proceeds of Crime (non conviction-based/civil forfeiture) Bill	
	A comprehensive TF legislation should be enacted as soon as possible.	ATB passed to law by both Senate and House of Representatives	Legislative actions and Presidential assent to ATB 2010	
R-36. (PC) Mutual Legal Assistance (MLA)	There is no comprehensive MLA legislation	Nigeria has a Legislation on Mutual Legal Assistance within the Commonwealth which domesticated Mutual Legal Assistance (within the Commonwealth) Treaty. The issue of MLA and extradition is based on treaty and reciprocity which is regulated by principles of international law.		
	Lack of comprehensive TF legislation does not permit effective international cooperation for terrorist financing cases.	ATB passed to law by both Senate and House of Representatives	Legislative actions and Presidential assent to ATB 2010	

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	Due to lack of comprehensive legislation, guidance and policy on MLA, requests may be delayed.	ATB passed to law by both Senate and House of Representatives	Establishment of guidance on MLA	TA needed in development of MLA Guidelines
	Lack of statistics on MLA requests.		Establishment of database on MLA statistics	
	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 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.		Establishment of database for statistics on international cooperation related matters	
SRI. (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.	Comprehensive/standalone ATB passed to law by both Senate and House of Representatives meets the requirements of relevant UN & FATF convention/recommendations	Legislative actions and Presidential assent to ATB 2010	
	<input type="checkbox"/> A comprehensive terrorist financing bill is yet to be passed into law.	ATB has been passed to law by both Senate and House of Representative	Legislative actions and Presidential assent to ATB 2010	

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SR II. (NC) Criminalize Terrorist Financing	<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.	Comprehensive/standalone ATB passed by both Senate and House of Representatives meets the requirements of relevant UN & FATF convention/recommendations	Legislative actions and Presidential assent to ATB 2010	
	The existing law does not state that TF is a predicate offence for money laundering.	Addressed in amendment to MLPA 2004	Legislative actions and Presidential assent to MLP bill 2010	
	<input type="checkbox"/> 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.	ATB has been passed to law by both Senate and House of Representative	Legislative actions and Presidential assent to ATB 2010	
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	Addressed by the ATB passed to law by both Senate and House of Representative	Legislative actions and Presidential assent to ATB 2010	
	No procedure or guideline has been issued to LEAs and FIs on the		Establishment of procedure for management of terrorist related assets	

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	implementation of the SR III freezing mechanisms			
	There is no mechanism in place for the enforcement of UN Security Council Resolutions 1267 and 1373.	Addressed by the ATB passed by both Senate and House of Representative	Legislative actions and Presidential assent to ATB 2010	
	There is no central authority with the responsibility for the implementation of TF freezing and confiscation measures.	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.	Legislative actions and Presidential assent to ATB 2010	
SRIV. (NC) Suspicious Transactions Reporting	There is no explicit requirement in the laws for reporting relating to terrorism financing or terrorist acts.	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	Legislative actions and Presidential assent to MLP bill 2010	
	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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<p>SR V. (NC)</p> <p>International Cooperation</p>	<p><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</p> <p>A comprehensive TF legislation should be enacted as soon as possible</p>	<p>ATB has been passed to law by both Senate and House of Representatives.</p> <p>It is important to state that, Nigeria is already granting requests on TF even in the absence of a comprehensive legislation and guideline</p>	<p>Legislative actions and Presidential assent to ATB 2010</p>	
OTHER RECOMMENDATIONS				
<p>R-2 (PC)</p> <p>ML offence – Mental Element & Corporate Liability</p>	<p>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.</p> <p>The sanction regime should be reviewed and made to be proportionate and dissuasive.</p>	<p>Addressed in the amendment to the MLPA 2004. Also addressed in CBN, SEC and NAICOM AML/CFT Regulations</p> <p>Amendment to the MLPA 2004 has comprehensive provisions for appropriate and dissuasive penalties. Also addressed in CBN, SEC and NAICOM AML/CFT Regulations.</p> <p>Plea bargaining is an internationally recognized 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</p>	<p>Legislative actions and Presidential assent to MLP bill 2010</p>	

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	The authorities should develop a procedure or guideline to check the abuse of the plea bargaining or compounding of offences by LEAs.	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.	Standard Operating Procedure on Plea Bargain	
R-6 (NC) Politically Exposed Persons (PEPs)		PEP has been clearly defined in CBN (par. 1.10.1), SEC (Par.3) and NAICOM (par. 8) AML/CFT Regulations. Also addressed in amendment to MLPA 2004	Legislative actions and Presidential assent to MLP bill 2010	
		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).	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 non face-to-face customers. 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).	Continuous AML/CFT inspection to ensure compliance	
R-9 (PC)	Nigeria does not have a prohibition against the usage of third parties or	The CBN AML/CFT Regulation (2009) paragraph 1.13.1 requires FIs to take certain measures when using third parties or		

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Third Parties and Introducers	intermediaries by its FIs for obtaining and verifying customer information.	intermediaries for obtaining and verifying customer information rather than prohibiting it altogether. However, the ultimate responsibility for customer identification and verification remains with the financial institution relying on the third party.		
	BDCs rely on their agents to obtain and verify CDD information, but do not conduct any verification measures themselves as required in the KYC Regulation.	CBN Circular Ref CBN/DIR/GEN/AML/03/009/2, dated March 19, 2009 reminds BDCs to always 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 DNFBPs understand their CDD obligations as provided under the MLP Act. Stronger CDD measures as recommended under Recommendation 5.	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 greatly improved the awareness of DNFI about their KYC/CDD obligations among other statutory requirements.		Technical Assistance to develop RBA Manual for DNFI Regulation and Supervision.

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	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.	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.		
	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 & no tipping off	An explicit legal protection for reporting institutions and their employees should be included in the AML legislation.	Addressed in the bill amending the MLPA, 2004 Also addressed in CBN AML/CFT Regulation, 2009 par. 1.18.8.2	Legislative actions and Presidential assent to MLP bill 2010	
R-15 (PC) Internal Controls, Compliance and Audit	Supervisory authorities should be trained on how to monitor and ensure compliance with AML/TF regime.	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	
	FIs and OFIs should be required to put adequate framework for internal control policies, and audit in compliance with the AML regime.	Addressed in various CBN circulars and CBN, SEC and NAICOM AML/CFT Regulations	AML/CFT inspection to ensure continuous adequacy of these measures.	
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	Addressed in SCUML Regulatory Guidance. The Guidance deals with observance of internal control procedures, development of training programmes in respect of AML/CFT and		

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	special attention to businesses and transactions involving jurisdictions that do not apply FATF Recommendations	appointment of Compliance Officers, among others. Dissemination of more copies of SCUML Regulatory Guidance to newly-identified and registered DNFIs was intensified in 2010. The Guidance is legally binding on DNFIs		
R-17 (PC) Sanctions	The range of available sanctions should be made more comprehensive in order to reflect the FATF requirements	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 regulations as well as legislations		
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	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	Legislative actions and Presidential assent to MLP bill 2010	
R-20. (PC) Other DNFBPs & Secure Transaction Techniques	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 transacting with government establishments have been the most affected thus curtailing incidences of payments in cash and cheques on transactions with DNFIs.		

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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- , Supervision & Monitoring	SCUML should ensure that there are adequate measures and national procedures in place for the licensing and ownership of casinos.	Association of Casino Operators of Nigeria (ACON) was in January 2011 formally incorporated by the Corporate Affairs Commission. Constitution of ACON is attached as appendix II. This has streamlined the process for licensing and ownership of Casinos	Centralized licensing 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 National Advisory Council of DNFI – a body of the DNFI’s trade association and		

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	the STRs could help raise the level of compliance amongst the various sectors.	professional bodies continued to impact positively on DNFI compliance		
	The sanction regime should be utilized and applied to enhance compliance by this sector.	SCUML's implementation of sanction on non-compliant DNFI 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 in the two sectors have been investigated 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.	Feedbacks on the observed deficiencies in both FIs and DNFI 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.		
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.	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 Million. 	Continuous inspection and application of sanctions on erring reporting entities.	

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		<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. 		
R-30 (PC). Resources, Integrity & Training		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.		
		Although training needs differ inter alia among law enforcement agencies, the EFCC having established a cutting-edge Training and Research Institute, has continued to organize trainings for other stakeholders. For instance, <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 		

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		organized with participants from the Police, DSS and EFCC in attendance.		
R-31 (PC) National Cooperation	The EFCC should institutionalize the inter-agency committee to enable it meet more frequently to develop policies and issue guidelines on the coordination of AML/CFT measures in Nigeria.	The AML/CFT Inter Ministerial Committee was 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.	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	
R-32 (PC) Statistics		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. Similarly, the NETLAW initiative is being strengthened to facilitate the process of data collation and centralization	Establishment of a central National Criminal Database (NCD)	Support in the automation of disparate databases to facilitate establishment of a NCD
R-34 (PC) Legal Arrangement &	The authorities are advised to draft a separate and comprehensive trust law to clear any existing ambiguities.		Enactment of a trust law	

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Beneficial Owners				
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 a 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.	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	
	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			
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	Non conviction-based asset forfeiture bill presented to the parliament but was declined	Enactment of non conviction-based asset forfeiture law	

FATF RECOMMENDATIONS & RATING	RECOMMENDED ACTION (AS LISTED IN THE MER)	ACTIONS ALREADY TAKEN	REMAINING ACTIONS TO BE TAKEN (WITH TIME LINES, IF KNOWN)	TECHNICAL ASSISTANCE REQUIRED
	transparent management of forfeited assets			
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 adequately provide guideline regarding the details of information in wire transfers to be preserved.	Guidelines provided in CBN AML/CFT Regulation, 2009 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.	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.		
SR. IX (PC)	A comprehensive sanctions regime should be included in the CEMA	Addressed in amendment to MLPA 2004	Enactment of amended CEMA	

FATF RECOMMENDATIONS & RATING	RECOMMENDED ACTION (AS LISTED IN THE MER)	ACTIONS ALREADY TAKEN	REMAINING ACTIONS TO BE TAKEN (WITH TIME LINES, IF KNOWN)	TECHNICAL ASSISTANCE REQUIRED
Cross Border Declaration & Disclosure				
	Customs staff should be trained on detection of cash smuggling, money laundering and terrorist financing	30 and 20 Customs Officers have been trained on bulk cash smuggling detection and 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		