



INTER-GOVERNMENTAL ACTION GROUP
AGAINST MONEY LAUNDERING IN WEST AFRICA

Sixth Follow Up Report

Mutual Evaluation

NIGERIA



MAY 2014

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I. INTRODUCTION

1. The 6th Follow up Report of Nigeria provides an update on the progress made by Nigeria since the adoption of the country's 5th AML/CFT Follow-Up Report during the 19th GIABA Plenary in Accra Ghana, in May 2013. Keeping in line with GIABA requirements and follow up reporting standard, the 6th 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).

2. 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 (Core & Key Recommendations)

PARTIALLY COMPLIANT (PC)	NON COMPLIANT (NC)
R3. Confiscation and provisional measures	R5. Customer Due Diligence
R10. Record Keeping	R23. , Supervision and Monitoring
R13. Suspicious Transaction	SRI. Implement UN Instruments
R26. The FIU	SRII. Criminalize Terrorist Financing
R35. Conventions	SRIII. Freeze & Confiscate Terrorist Assets
R36. Mutual Legal Assistance (MLA)	SRIV. Suspicious Transaction Reporting
	SRV. International Cooperation

SUMMARY OF PROGRESS MADE BY NIGERIA BETWEEN APRIL 2013 AND MARCH 2014

2012 AMENDMENTS TO THE MONEY LAUNDERING PROHIBITION ACT 2011 AND 2013 AMENDMENT TO TERRORISM PREVENTION ACT 2011 TO ADDRESS OBSERVED DEFICIENCIES

3. The Nigerian Government and competent authorities having observed deficiencies in the Money Laundering Prohibition Act 2011 and the Terrorism Prevention Act 2011 deployed a holistic stakeholders engagement process of the various competent authorities in Nigeria to address those areas of the law that required amendments to ensure that country's legislations on AML/CFT were in tandem with international standards and best practices. The amendments to these laws were predicated on the invaluable need for a good platform for a coordinated approach to the implementation of AML/CFT regime in Nigeria. These amendments are expected to help key players to understand better their respective roles and at the same time locate a central authority to issue further regulations to enhance effectiveness in AML/CFT implementation. The two Acts has sufficiently addressed observed legal weaknesses in Nigeria's AML/CFT regime, particularly recommendations contained in Nigeria's Mutual Evaluation Report as well as other AML/CFT international standards.

4. In addition to the above mentioned Money Laundering Prohibition Act 2011 as amended and Terrorism Prevention Act 2011 as amended, Nigeria has reviewed and updated various sector regulations to keep them in tandem with the amendments to the principal AML/CFT legislation in Nigeria (MLPA 2011 as amended & TPA 2011 as amended)

5. Some specific areas covered under the amendments to the MLPA, TPA and specific sector regulations include but not limited to the following :

- The definition of the acts of Terrorism – Section 1
- The definition and criminalization of the act of financing of Terrorism for both individual terrorist and terrorist group
- Soliciting of Terrorist Funds – Section 13
- Timely Reporting of Suspicious Transactions related to Financing terrorism
- Clear procedure for the implementation of UNSCRs 1267 and UNSCRs 1373 and successor resolutions
- The process of issuing the Nigerian List of terrorists and terrorist organizations
- Domestic collaboration and international cooperation in matters of money laundering and terrorists financing/freezing measures for terrorists funds/assets or economic resource
- Nigeria has an effective mechanism of having the UN Consolidated List circulated. The Foreign Affairs Ministry circulates this list to all competent authorities in Nigeria, including the National Focal Point, Nigerian Financial Intelligence Unit, Central Bank of Nigeria, Securities and Exchange Commission, National Insurance Commission and the Ministry of Justice.
- The regulatory authorities in turn regularly issue circulars to all reporting entities drawing their attention to the UNSC Consolidated List for implementation and the need to visit appropriate UN website for further guidance.
- Further guidance and red flags indicators have been issued and transmitted to reporting entities to enhance knowledge and reporting. These guidance and indicators have also been published on the NFIU website.
- Reporting entities in Nigeria are complying with the requirement of reporting any transaction involving any entity on the UN Consolidated List to the NFIU.
- . Reporting entities are also required to report on measures taken to freeze any funds connected to persons and entities on the list.
- Enhancing timely judicial review of freezing measures related to terrorist funds and properties
- Effective sanctions regime: and
- Strengthening of the jurisdiction of courts in terrorist and terrorist financing cases
- The definition of the money laundering offence
- The strengthening of Customer Due Diligence
- Enhancing the declaration regime of cash at the borders

- Enhanced the NFIU’s capability to receive STRs
- Enhanced the measures related to internal control, policies and procedures of Financial Institutions and Non-Financial Institutions
- Prohibition of anonymous and numbered accounts and shell banks
- The strengthening of tipping off/disclosure prohibition provisions
- The establishment of AML regulatory powers under the Attorney General of the Federation’s Office
- Definition of terms/new words in line with international standards.

CONTINUOUS AND SUSTAINED STRENGTHENING OF AML/CFT UNITS IN STAKEHOLDER-INSTITUTIONS

6. As part of efforts to strengthen cooperation and coordination amongst domestic competent authorities, the Nigerian authorities created and/or strengthened AML/CFT Units in all the stakeholder-institutions. At present, all financial sector regulatory agencies, law enforcement, anti-corruption and securities and intelligence agencies in Nigeria have well established AML/CFT Units. The AML/CFT Units serve as contact points in all matters relating to AML/CFT regime in the various institutions. This development has significantly impacted on implementation of AML/CFT leading to improved utilization of intelligence produced by the NFIU. The interface between the NFIU and other stakeholder agencies in Nigeria is now anchored more effectively through the creation of these units and designation of officers as Authorised Officers to handle matters of AML/CFT issues and relate with the NFIU for safe, secured and speedy information exchange. The NFIU has continued to conduct refresher programmes for designated officers of these agencies to help deepen knowledge of AML/CFT issues as well as talk on matters of security and confidentiality of information handling and dissemination

ESTABLISHMENT OF FORUM FOR CHIEF EXECUTIVES OF ANTI-CORRUPTION AGENCIES IN NIGERIA

7. In efforts to further deepen implementation of AML/CFT regime, Nigerian authorities established operational platforms tagged “Inter agency task teams on anti-corruption IATT” to bring together relevant law enforcement agencies, and other institutions with a mandate to combat corruption . Also with the support of the Justice for All (J4A) under DFID UK the chief executives of the anti-corruption agencies in Nigeria meet to discuss issues as it relates to corruption and other matters that bear on the Country’s AML/CFT regime.

NATIONAL RISK ASSESSMENT

8. Nigeria is currently carrying out its AML/CFT national risk assessment in line with the requirement of Financial Action Task Force (FATF) Recommendations. This assessment is targeted at clear understanding of the AML/CFT vulnerabilities and the

deployment of resources and attentions to areas that are more vulnerable using the AML/CFT RBA Framework.

9. The process of the National Risk Assessment in Nigeria is been supported by the World Bank and other West Africa Countries would be able to leverage on the Nigeria experience at the end of the process.

TRAINING, SENSITIZATION AND ENLIGHTENMENT /AWARENESS CREATION FOR REPORTING ENTITIES

10. During the period under review, Nigerian authorities organized series of sensitization programmes, workshops and seminars for reporting institutions. This was aimed at improving on and/or bridging existing knowledge gaps amongst reporting entities, strengthen synergy and enhance feedback mechanism between regulators and reporting entities. Furthermore, officers of regulatory institutions facilitated in a number of AML/CFT training programmes organized by reporting entities and other stakeholders. These trainings covered customer identification (customer due diligence/know your customers); suspicious transaction reporting and reporting regime; risk-based approach; and roles and responsibilities of reporting institutions management.

REVIEW AND GAZETTE OF SEC'S AML/CFT REGULATIONS.

11. With particular reference to Securities and Exchange Commission in Nigeria, The SEC has successfully reviewed and gazetted its AML/CFT Regulations for Capital Market Operators in 2013. The review was carried out in order to align same with the amendments made to the Money Laundering (Prohibition) Act 2012 (as amended),the Terrorism (Prevention) Act 2013(as amended) and Terrorism Prevention (freezing of international Terrorists fund and other related matters) Regulations, 2013.

REVIEW OF RISK-BASED SUPERVISION FRAMEWORK

12. The SEC reviewed its framework for RBS to align same with the amendments made to the AML/CFT Regulations and also give clear guidelines on the implementation of the United Nations Security Council Resolutions (UNSCRs).

IMPLEMENTATION OF THE UNITED NATIONS' SECURITY COUNCIL RESOLUTIONS (UNSCRs)s

13. The SEC Placed on its website and also issued circulars to all CMOs and registered Trade Groups information with respect to the implementation of the UNSCRs.

INAUGURATION OF THE COMMITTEE OF CHIEF COMPLIANCE OFFICERS OF THE CAPITAL MARKET IN NIGERIA (CCOCIN)

14. The SEC inaugurated the CCOCIN as a forum to ensure compliance with all Rules and Regulations and effective implementation of AML/CFT requirements in the Nigerian Capital Market.

15. Formal requests for assistance made or received by supervisors relating to or including AML/CFT, including whether the request was granted or refused, inspection Plan for 2014

16. The SEC has scheduled all Capital Market Operators (CMOs) with multiple functions to be inspected in 2014. The inspection is aimed at extending Risk-Based Supervision to other functions of regulated entities in the Capital Market which include Trustees, Issuing Houses, Rating Agencies etc.

CENTRAL BANK OF NIGERIA (CBN)

17. Find below some activities embarked upon by the Central Bank of Nigeria

The Central Bank of Nigeria:

Examinations conducted by CBN- 2013-2014

A) Banks-21

B) Other Financial Institutions (OFIs):

1,204 OFIs were examined during the period as follows:

MFBs	792
PMBs	82
FCs	65
BDCs	260
DFIs	<u>5</u>
Total	<u>1, 204</u>

Sanctions imposed By CBN In 2013 and 2014

A. Banks:

i) N122.5 million in 2012

ii) N36.8 million in 2013

B. Other Financial Institutions (OFIs):

i) Withdrawal of licenses of 101 Bureaux de Change (BDCs). Out of the 101 affected BDCs, 97 were in breach of record keeping requirements for funds purchased from autonomous sources while 4 BDCs were culpable for not being located at the registered addresses provided to the Bank.

ii) Withdrawal of licence of 83 Microfinance Banks.

C. The CBN received requests as follows:

- i) Granted the Office of the National Security Adviser's (ONSA)'s request in respect of US Government Executive Order 13556 on several United Nations Security Council Resolutions (UNSCRs).
- ii) Granted ONSA's requests for input to the review of the Nigeria's National Security Strategy/Plan and production of National Counter-Terrorism Strategy (NALTEST).
- iii) Granted SCUML's request to request FIs to obtain additional KYC information from their DNFBPs customers.
- iv) Granted PCoF's requests for input to the amendment of MLPA and TPA.
- v) Granted bank of Ghana's request to undertake a study visit.
- vi) Granted Financial Intelligence Centre (FIC), Ghana's request for working visit.
- vii) Granted EU Delegation on Expert Mission' request on "Cocaine Route: Anti-Money Laundering in West Africa (Ghana, Nigeria, Senegal) and Cape Verde", under Instrument for Stability.
- viii) Granted International Islamic Liquidity Management Corporation (IILM)'s request for input to the draft manual on "Know Your Customer (KYC) and Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) Policy".

D. The CBN made the following requests (some not granted):

- i) Requests for study tours to South Africa and Mexico on tiered KYC (granted).
- ii) Requests for study tours to India (not yet granted).

HUMAN CAPACITY DEVELOPMENT

18. AML/CFT training across various stakeholders -institutions was enhanced during the period under review. The trainings, which were aimed at further enhancing the capacity of stakeholders-institutions and deepening their implementation of AML/CFT in the country, cut across critical areas of AML/CFT.

19. Some of the key seminars, workshops or trainings programmes either organized by or participated in by regulatory authorities, law enforcement and other relevant agencies both at home and abroad during the period under consideration, include:

- Workshop for reporting entities on their reporting obligations under the MLPA 2011 as amended IN 2012 and TPA 2011 as amended IN 2013 and the relevant regulations.
- Refresher Training for Authorised Officers AOs
- Workshop on AML/CFT strategy and sanitization of businesses and professions;
- Workshop on the Development of a National Anti – Corruption Strategy/Action Plan;
- Fraud Prevention, Investigation & Prosecution Training;
- Workshop on freezing measures by Law Enforcement Agencies

- Criminal Intelligence Analysis Course
- Interview & interrogation;

20. Generally, these programmes have helped to further deepen stakeholders' capacity and understanding of their responsibilities/obligations under the AML/CFT regime, enhanced synergy, improved customer identification process and quality, and quantity of suspicious transaction reports (STRs) and Currency Transaction Reports (CTRs).

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

22. All of these efforts put together by the relevant Nigerian Institutions have culminated in significant progress made by Nigeria in the implementation of global AML/CFT standards lead to the delisting of Nigeria from FATF's High-risk and non-cooperative jurisdictions list. (See FATF and NFIU website).

FATF RECOMMENDATIONS & RATING	RECOMMENDED ACTION IN THE MER	ANALYSIS OF ACTIONS TAKEN TO ADDRESS DEFICIENCIES IN THE RECOMMENDATIONS	FUTURE ACTIVITIES TO ADDRESS DEFICIENCIES IN THE RECOMMENDATIONS	TECHNICAL ASSISTANCE NEED
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.	The Nigerian authority is in the process of finalizing work on a comprehensive Regulation on Asset Recovery which will meet all the requirements of the FATF Rec. 3. This is in addition to on-going effort to conclude work on the Proceeds of Crime (non conviction-based/civil forfeiture) Bill. The Federal Executive Council will forward this relevant bill to the parliament (National Assembly) for quick passage into law	Issuance of the Regulation on Asset Recovery 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.	Nigeria is at the completion stage of a generic AML/CFT Regulation under the authority of the Honourable Minister of Justice and Attorney General of the Federation that will provide a basis for various agencies to develop internal procedures for compilation of statistics, repatriation, preservation and establishment of asset recovery fund.	Issuance of relevant regulation and guidelines for regulation asset recovery and related matters	
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 order to increase the effectiveness of the provisions of the law.	Whereas the MLPA 2011 and Amendment Act 2012 took into cognizance measures to discourage anonymous accounts by requesting detailed and verifiable details of customers before banker/customers relationship is created; It must be NOTED Under Sec 3 (1) a-c, the Money Laundering Amendment Act 2012, There		

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		is now a direct requirement for FIs to identify their customers. The Money Laundering (Prohibition) Amendment Act 2012 has clearly precluded the opening and maintaining of numbered and anonymous accounts under Section 11 of the Money Laundering Prohibition Amendment Act 2012		
	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.	The Money Laundering Prohibition Amendment Act 2012 under Section 3 (3) &(4) and Reg 26 & 27 of the Central Bank of Nigeria (Anti-Money and Combating the Financing of Terrorism in Banks and Other Institutions in Nigeria) Regulations, 2013		
	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.	<p>This has been addressed under Section 3(5) of the Money Laundering Amendment Act 2012 and also addressed in CBN Reg 2013 Particularly Reg 23 (2) which requires CDD for every wire transfer of USD 1,000 or More (occasional transaction above \$1000 or above covers \$15000</p> <p>It should be note that Under Section 3 and 11 the Money Laundering Amendment Act 2012, There is now a direct requirement for FIs to identify their customers while in addition to that, CBN Regulation and MLPA . prohibit FIs from keeping a/cs in fictitious names</p> <p>S3(1)(a) of MLPA 2012 mandates FIs & DNFI to verify, identity their customers. Additionally,</p>		

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		specific obligation to identify and verify customers by FIs is provided for in CBN Reg.		
	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 on customer identification (customer due diligence/know your customers); suspicious transaction reporting/reporting regime; risk-based approach; and roles and responsibilities of reporting institutions management during the period under review. Generally, this has resulted in improved comprehension of reporting entities' responsibility and better quality and quantity of Currency Transaction Reports. Also, analysis of Annual AML/CFT Employee Training Programme Report filed to the CBN and NFIU during the period under review showed that both senior and management officers of financial institutions were trained on various AML/CFT issues while some joint trainings were organized for compliance officers of financial and DNFI. These were in addition a special session of interaction and training jointly organized by the Committee of Chief Compliance Officers of Banks in Nigeria (CCCOBIN) in 2013.	Enhance capacity building for Reporting institutions	
	Steps should be taken by BDCs to comply with the MLP Act requirement and FATF Recommendations on the verification of their customers' identification information.	BDCs have been inspected during the period under consideration by both the CBN and NFIU. Their operations were reviewed to show their compliance with CDD requirements as contained in the MLP Act and FATF Recommendations. Reports of several others examined during the period are available.	Enhanced AML/CFT compliance inspection of the BDCs	

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		<p>Significant improvements have been observed in BDCs compliance level to AML/CFT requirements, especially identification and verification of customers' information during the inspection.</p> <p>Non compliant BDCs have been sanctioned and some have their licenses revoked. the NFIU and CBN have continued to embark on continuous sensitization and training programmes for the BDCs to deepen their knowledge of AML/CFT, create further awareness and entrench the AML/CFT culture in their business processes</p>		
	<p>FIs should ensure that they maintain updated CDD information on their customers, by conducting regular CDD reviews.</p>	<p>Financial sector regulators undertook sensitization of the reporting entities to further reiterate the need to conduct regular CDD. Recent inspection of the financial institutions has shown improved level of compliance to customer identification.</p> <p>Similarly, the NFIU has observed incremental improvement on customer information on STRs & CTRs being filed by reporting entities with attendant positive impact on the implementation of Nigeria's AML/CFT regime. This submission is same with the 5th Follow up Report because the process is continuous and the expected outcome remain constant</p>	<p>Enhanced and continuous AML/CFT compliance inspection of FIs</p>	

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	Nigeria should issue further guidance to clarify FIs responsibilities in determining beneficial ownership	AML/CFT Regulations, issued by CBN in 2013 particularly under Reg 15 of the CBN AML/CFT Regulations 2013, provision is made for specific guidance to FIs in determining beneficial ownership. This has deepened FIs understanding, improved compliance and facilitated determination of beneficial ownership. The same applies under 2013 NAICOM and SEC Regulations		
	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 the AML/CFT RBS Framework, by the CBN and the SEC This is in addition to provisions under Part IV of the CBN AML/CFT Regulation of 2013 as well as in AML/CFT Regulations issued by SEC and NAICOM providing for clear guidance on how to identify high risk customers, and an appropriate monitoring and reporting procedures	Enhanced AML/CFT compliance inspection to ensure full compliance	
	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. Additionally, clear enhanced CDD procedures should be developed and provided to FIs in order to increase the	<input type="checkbox"/> The recently agreed upon definition of PEPs has been formally defined under the definition Section of the Money Laundering Prohibition Amendment Act 2012 <input type="checkbox"/> Addressed in section 3 of MLPA, 2011 as amended in 2012		

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	effectiveness of their risk monitoring for PEP accounts			
	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.	Correspondent banking has been clearly defined under the Money Laundering Prohibition Amendment Act 2012 Also spelt out under the law MLPA 2011 as amended in 2012 and the CBN Regulation 2013 are guidance on determining suitability of correspondent banking relationships	Enhanced and continuous AML/CFT compliance inspection of FIs	
	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 Reg.13 of the CBN AML/CFT Regulation, 2013.		
R-10 (PC) Record Keeping	Preservation of the information and records of FIs and OFIs should be improved	AML/CFT inspections carried out following earlier Circular Ref CBN/DIR/GEN/AML/03/009/2, issued by CBN on record keeping has revealed improvement in information maintained by FIs and OFIs. Also the requirement for record keeping is spelt out under Section 11 of the Money Laundering Prohibition Amendment Act 2012 and Reg.29 of the 2013 CBN AML/CFT Regulation	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	The NFIU in collaboration with financial sector regulators provided or facilitated separate	Enhance capacity building for reporting institutions	

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Suspicious Transaction Reporting	and guidance on STRs reporting to ensure uniform reporting	trainings to various reporting entities cutting across the financial and DNFI sectors on suspicious transaction reporting. These trainings have cut accros capital market operators, insurance brokers , BDCs etc		
	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.	<p>Definition of “suspicious transaction” has been provided in MLPA 2011 S6 as amended More particularly under the definition Section of the Money Laundering Prohibition Amendment Act 2012, the word “SUSPICIOUS” has been clearly defined</p> <p>This is in addition, definitions provided for in CBN ,SEC and NAICOM AML/CFT Regulations all of 2013</p>		
	Guidelines should be made more Consistent and streamlined to improve the quality of STRs reported by reporting entities.	<p>The NFIU streamlined the reporting format by migrating from XML Schema version 3.1 to 4.0 to ensure uniform reporting.</p> <p>In addition, Guidelines issued to reporting institutions are based on sector peculiarity and consistent with international best practices</p>		
	An explicit legal protection for reporting institutions and their employees should be included in the AML legislation.	Protection for reporting institutions and their employees has been provided for in Section 6 (10) of the MLPA, 2011 as amended. Protection also exists in AML/CFT Regulations issued by financial sector regulators.		

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	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.	Renewed efforts were made by the CBN/NFIU and ABCON leadership to ensure that agents of licensed BDCs operating in an unregulated manner are Properly controlled. As part of the follow up most of BDCs were inspected by the CBN/NFIU during the period. And currently on-going is a sensitization programme to achieve high compliance level in the aforesaid issue .	Enhanced and continuous AML/CFT compliance inspection to ensure full compliance	
	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.	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. The situation is further cushioned by the CBN Cashless Policy.		
	There should be an explicit requirement in the law for STRs related to terrorism financing	MLPA 2011 and PTA 2011 as amended explicitly provide for reporting of terrorism financing related STRs.		
	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, 2013. and NAICOM AML/CFT Regulation 2013 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	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 on-site examinations of financial institutions.	Enhanced and continuous AML/CFT compliance inspection to ensure full compliance	

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	arrangements			
	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.	After the IMF TA, financial sector regulators are now taking a greater responsibility for AML/CFT inspection while the NFIU focuses on its core function of analysis.	Continuous collaboration	
	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 and SEC/NFIU have continued in 2013 of previous efforts to include some sectors that have not been covered and improve the supervision of the BDCs, capital market operators as well as the insurance brokers and operators respectively. Similarly, these regulators also organized sensitization/ awareness programme for operators in the financial sector as part of the efforts to deepen AML/CFT compliance.	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 2013 while sufficient budgetary allocations were made for 2014. 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 NFIU taking into consideration the weaknesses identified in the current legal framework	Whilst under the clear letters of the law the EFCC is the designated FIU for Nigeria, we have NFIU within the EFCC administrative framework as an operationally autonomous unit with unhindered capacity to receive suspicious transaction reports, analyze such reports and disseminate intelligence derivable therefrom. The NFIU share intelligence		

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		<p>and information with others FIU s without recourse to any other administrative or ministerial authority. The NFIU also enters/signs MOUs with domestic and international counterparts or stakeholders on the principles. International best practices and reciprocity. However, efforts are on going to have a clear legal framework to specifically put to rest all grey areas concerning the operational autonomy of the NFIU. There is an Establishment Bill for FIU before the parliament in Nigeria. The process of the passage of this bill into an act of parliament has reached an advance stage. This bill when passed into law is expected to enhance the operational autonomy and independence of the NFIU</p>		
	<p>The NFIU should establish a management structure that will address issues related to transparency, accountability and confidence building amongst all stakeholders only</p>	<p>The NFIU has a clear management structure. The Unit's management structure is further streamlined following the need to have a dedicated team to handle issues of strategic analysis and bring out patterns, trends and typologies of criminal activities. The creation of AML/CFT Units in stakeholder institutions is to improve the stake of stakeholders in the NFIU as well as strengthen synergy and coordination. Furthermore, several visits have been made by the leadership of the NFIU to various stakeholders to improve domestic collaboration and cooperation. These efforts have significantly improved confidence building amongst stakeholders.</p>		

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	<p>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</p>	<p>Information maintained by the NFIU is securely protected. The NFIU is guided by international best practices in the management of information at its disposal. The NFIU developed an operational manual for authorized officers in the various stakeholder agencies with clear guidelines on issues of confidentiality and security of information</p> <p>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. Then more importantly under the Money Laundering Prohibition Amendment Act 2012, it is a criminal offence to breach confidentiality and tip off any party, this offence can be leveled against a reporting entity, employees of reporting entity and/or staff of the NFIU. All of these measures are designed to ensure that information are handled and disseminated only in accordance to with the law</p> <p>NFIU information are disseminated only to competent authorities or institutions in need of it and under strict procedure.</p>		
	NFIU should work closely with other	In addition to existing cooperative platforms like	Continuous collaboration	

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	agencies in the proper coordination of AML/CFT related matters in Nigeria	<p>the AML/CFT Inter Ministerial Committee and National Focal Point, the Nigerian authorities established and/or strengthened AML/CFT Units in all stakeholder-institutions, as further steps to enhance cooperation and coordination in all AML/CFT matters.</p> <p>These initiatives have improved interagency cooperation and positively impacted on coordination in 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 received.</p> <p>NFIU has established appropriate framework, including creating and/or designating a Compliance Help Desk whose functions include 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 typologies on ML/TF	NFIU has been issuing annual reports and Periodic Newsletter since inception. These reports contain relevant information and are available to the public		
	The NFIU should increase the number of analysts' staff, including the provision of specialized to all categories of staff to enhance the	The NFIU has been reorganized with focus on its core function of analysis. Consequently, additional Analysts/staff were deployed to the Monitoring and Analysis Department in 2013-14		

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	efficiency of the agency.	to strengthen its operational efficiency as well as meet increasing demands from competent authorities.		
R-35. (PC) Conventions	Nigeria should fully implement Terrorist Financing Convention	Nigerian authorities have enacted the anti-terrorism act and issued the guideline for the implementation of UNSCR 1267 & 1373. These set the stage for full implementation of Terrorism Financing Conventions.		
	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.	A draft bill on this is undergoing final review and in a short while it shall be forwarded to the National Assembly to undergo the parliamentary action for it to be passed in to law as an act of parliament. It is expected that the bill will address all the requirements	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 the current regime is too restrictive and does not comply with FATF standards			

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	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	Efforts are being made to review the Proceeds of Crime (non conviction-based/civil forfeiture) Bill already before the NASS and represent same to the parliament. This bill sets out asset recovery and confiscation regime.	Enactment of the Proceeds of Crime (non conviction-based/civil forfeiture) Bill	
	A comprehensive TF legislation should be enacted as soon as possible.	This has been fully addressed by Terrorism Prevention Act 2011 as amended in 2013		
R-36. (PC) Mutual Legal Assistance (MLA)	There is no comprehensive MLA legislation	A draft bill is presently undergoing final review and in a short while a comprehensive mutual legal assistance bill will be passed into law in Nigeria.	Enactment of a comprehensive mutual legal assistance legislation	
	Lack of comprehensive TF legislation does not permit effective international cooperation for terrorist financing cases.	This has been fully addressed by Terrorism Prevention Act 2011 as amended in 2013	Implementation for effectiveness	
	Due to lack of comprehensive legislation, guidance and policy on MLA, requests may be delayed.	The enactment of TPA 2011 as amended has set the stage for the issuance of guidance and policy on MLA Nigeria authority has established a unit at the MOJ which promptly responds to MLA and Extradition requests.		

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		<p>Regulation has been issued on the prevention of terrorism act which provides prompt response to any request regarding 1267 and 1373.</p> <p>Regulation on Asset Recovery and Tracing in and outside Nigeria is being finalized.</p>		
	Lack of statistics on MLA requests.	Statistics on MLA currently exist and is being managed by the 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. It is on this basis that 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.		
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	
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.	The TPA 2011 as amended comprehensively criminalizes terrorist financing in Nigeria and meets the requirements of relevant UN & FATF convention/recommendations		
	<input type="checkbox"/> A comprehensive terrorist financing bill is yet to be passed into law.	TPA 2011 as amended has fully addressed this issue		
SR II. (NC)	<input type="checkbox"/> The existing provision under Section 15 of the terrorist financing EFCC Act	The TPA 2011 as amended has comprehensively criminalized terrorist financing as required under		

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Criminalize Terrorist Financing	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.	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.		
	The existing law does not state that TF is a predicate offence for money laundering.	Addressed in Section 15 (6)MLPA 2011 as amended in 2012 has identified as a predicate offence to money laundering		
	<p><input type="checkbox"/> There are significant gaps in the existing law in terms of its scope and implementation.</p> <p>The draft Terrorist Prevention bill submitted to the National Assembly is not a law and therefore not enforceable.</p>	TPA was enacted in 2011 and has been in force since then, it has even had an amendment in 2013.		
SRIIL. (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 TPA 2011 as amended and guidelines in the implementation of UNSCRs 1267 & 1373 issued in 2011		
	No procedure or guideline has been issued to LEAs and FIs on the implementation of the SR III freezing mechanisms	Addressed in the Terrorism Prevention (Freezing of International Terrorists Funds and Other Related Measures) Regulations, 2011.		

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	There is no mechanism in place for the enforcement of UN Security Council Resolutions 1267 and 1373.	Mechanism provided for in the TPA 2011 as amended and Terrorism Prevention (Freezing of International Terrorists Funds and Other Related Measures) Regulations, 2013.		
	There is no central authority with the responsibility for the implementation of TF freezing and confiscation measures.	Office of the Attorney General and Minister of Justice has been designated as central authority with the responsibility for the implementation of TF freezing and confiscation measures as contained in the Terrorism Prevention (Freezing of International Terrorists Funds and Other Related Measures) Regulations, 2013.		
SRIV. (NC) Suspicious Transactions Reporting	There is no explicit requirement in the laws for reporting relating to terrorism financing or terrorist acts.	Explicitly addressed in MLPA 2011 as amended and TPA 2011 as amended		
	Other supervisory bodies have not issued any directives on terrorism financing or terrorism acts.	Ministry of Justice in collaboration with other relevant stakeholder-institutions issued the Terrorism Prevention (Freezing of International Terrorists Funds and Other Related Measures) Regulations, 2013 as part of directives on terrorism financing or terrorism acts.		

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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>The enactment of PTA 2011 amended in 2013 has set the stage for the provision of MLA on TF cases as required by SR V.</p>		