



CENTRAL BANK OF NIGERIA

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CIRCULAR TO BANKS AND OTHER FINANCIAL INSTITUTIONS

CBN ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM (ADMINISTRATIVE SANCTIONS) REGULATIONS, 2018

Pursuant to the requirements of the Financial Action Task Force (FATF) Recommendation 35 on **effective, proportionate and dissuasive sanctions** and the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) 2007 Mutual Evaluation recommendation that "**Nigeria's AML/CFT sanctions regime should be reviewed and made to be proportionate and dissuasive,**" the Central Bank of Nigeria (CBN) in collaboration with the Office of the Attorney-General of the Federation (OAGF) have developed a robust administrative sanctions regime.

The Administrative Sanctions Regime has been gazetted to give it legal effect and ensure compliance with FATF and GIABA requirements.

Banks and other financial institutions are by this circular, informed of the attached "**CBN AML/CFT Administrative Sanctions Regime**" the application of which comes into effect as at the date of the Gazette.

Kindly ensure compliance, please.

A handwritten signature in blue ink, appearing to read 'Kevin N. Amugo', written over a horizontal line.

KEVIN N. AMUGO

DIRECTOR, FINANCIAL POLICY AND REGULATION DEPARTMENT

Extraordinary



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**MONEY LAUNDERING (PROHIBITION) ACT, 2011
(AS AMENDED)**

**CENTRAL BANK OF NIGERIA ANTI-MONEY LAUNDERING
AND COMBATING THE FINANCING OF TERRORISM
(ADMINISTRATIVE SANCTIONS) REGULATIONS, 2018**



ARRANGEMENT OF REGULATIONS

Regulation :

PART I—OBJECTIVES AND APPLICATION

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2. Application.

PART II—ADMINISTRATIVE SANCTIONS AND PENALTIES

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5. Conditions for the imposition of administrative sanctions.

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S. I. No. 1 of 2018

**MONEY LAUNDERING (PROHIBITION) ACT, 2011
(AS AMENDED)**

**CENTRAL BANK OF NIGERIA ANTI-MONEY LAUNDERING
AND COMBATING THE FINANCING OF TERRORISM
(ADMINISTRATIVE SANCTIONS) REGULATIONS, 2018**

[1st Day of February, 2018]

Commence-
ment.

In exercise of the powers conferred on me by section 23 (2) (e) of the Money Laundering (Prohibition) Act, 2011 (as amended) and all other powers enabling me in that behalf, I, ABUBAKAR MALAMI SAN, Attorney-General of the Federation and Minister of Justice make the following Regulations—

PART I—OBJECTIVES AND APPLICATION

1.—(1) These Regulations are made in furtherance of the Money Laundering (Prohibition) Act, 2011 (as amended) and Central Bank of Nigeria (Anti-Money Laundering and Combating the Financing of Terrorism for Banks and Other Financial Institutions in Nigeria) Regulations, 2013.

Objectives.

(2) These Regulations provide Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) compliance administrative sanctions regime for financial institutions under the supervisory purview of the Central Bank of Nigeria (CBN).

2. These Regulations shall apply to financial institutions under the supervisory purview of the CBN.

Application.

PART II—ADMINISTRATIVE SANCTIONS AND PENALTIES

3. From the commencement of these Regulations and subject to the relevant provisions of the—

Administrative
Sanctions.

(a) Money Laundering (Prohibition) Act, 2011 (as amended) ;

(b) Terrorism (Prevention) Act, 2011 (as amended) ;

(c) Terrorism Prevention (Freezing of International Terrorists Funds and Other Related Measures) Regulations, 2013 ; and

(d) Central Bank of Nigeria (Anti-Money Laundering and Combating the Financing of Terrorism for Banks and Other Financial Institutions in Nigeria) Regulations, 2013,

the Central Bank of Nigeria shall apply the administrative sanctions and penalties for contravening the provisions of these Regulations by financial institutions under the supervisory purview of the CBN as set out under the Schedule to these Regulations.

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Penalties.

4. Without prejudice to the provisions of regulation 3 of these Regulations, the penalties that the CBN shall apply for contraventions of the—

- (a) Money Laundering (Prohibition) Act, 2011 (as amended) ;
- (b) Terrorism (Prevention) Act, 2011 (as amended) ;
- (c) Terrorism Prevention (Freezing of International Terrorists Funds and Other Related Measures) Regulations, 2013 ; and
- (d) Central Bank of Nigeria (Anti-Money Laundering and Combating the Financing of Terrorism for Banks and Other Financial Institutions in Nigeria) Regulations, 2013,

shall include administrative sanctions and penalties as listed out under the Schedule to these Regulations.

Conditions of the imposition of administrative sanctions.

5.—(1) The administrative sanctions under these Regulations shall be imposed consequent upon—

- (a) the examination of a financial institution and observance of contraventions by CBN Examiners ; or
- (b) the recommendation of relevant agencies.

(2) In determining the sanctions to apply, all the circumstances of the case shall be taken into account including the nature and seriousness of the contravention, conduct of the regulated financial institution or person concerned in its management after the contravention, previous record of the financial institution or person concerned and other general considerations.

PART III—CIRCUMSTANCES TO DETERMINE SANCTIONS TO APPLY

Determination of the nature and seriousness of contravention.

6. In determining the nature and seriousness of any contravention observed, the CBN shall consider—

- (a) whether the contravention was deliberate, dishonest or reckless ;
- (b) the duration and frequency of the contravention ;
- (c) the amount of any benefit gained or loss avoided due to the contravention ;
- (d) whether the contravention reveals serious or systemic weaknesses of the management systems or internal rules relating to all or part of the business ;
- (e) the nature and extent of any money Laundering or financing of terrorism crime facilitated, occasioned or otherwise attributable to the contravention ;
- (f) whether there are a number of smaller issues, which individually may not justify administrative sanction, but would apply when taken collectively ; and

(g) any potential or pending criminal proceedings in respect of the contravention which may be prejudiced or barred where a penalty is imposed pursuant to the Schedule to these Regulations.

7. In considering the conduct of the regulated financial institution or person concerned in its management after the contravention, the CBN shall consider—

Conduct of the regulated financial institution or person concerned in its management after the contravention.

(a) how quickly, efficiently and effectively the financial institution or person concerned in its management brought the contravention to the attention of the CBN or any other relevant regulatory authority ;

(b) the degree of co-operation with CBN examiners or other supervisory agency during the examination ;

(c) any remedial step taken when the contravention was identified, including disciplinary action taken against the staff involved, where appropriate, addressing any systemic failure and taking action designed to ensure that similar problem do not arise in the future ;

(d) the likelihood that the same type of contravention will reoccur where no administrative sanction is imposed ; and

(e) whether the contravention was admitted or denied.

8. In considering the previous record of the financial institution or person concerned in its management; the CBN shall consider—

Previous record of the financial institution or person concerned in its management.

(a) whether it has taken any previous action resulting in a settlement, sanction or whether there were relevant previous criminal conviction ;

(b) whether the financial institution or person concerned in its management has previously been requested to take remedial action ; and

(c) the general compliance history of the institution or person.

9.—(1) In addition to the provisions of regulations 6, 7 and 8 of these Regulations, the CBN shall consider—

General considerations.

(a) the prevalence of the contravention ;

(b) the action taken by it in previous similar cases ; and

(c) any other relevant consideration.

(2) Where the Board, a director or officer responsible for ensuring compliance with any relevant provision of these Regulations has been penalized in three consecutive examination cycles and the breach continues, the CBN may suspend or remove the Board, director, or officer of that institution.

(3) The bank shall disclose in detail the penalty paid as a result of the contravention in its published Annual Report.

PART IV—MISCELLANEOUS

Interpretation.

10. In these Regulations—

“*beneficial owner*” means—

- (a) the natural person who ultimately owns or controls a customer ;
- (b) the natural person on whose behalf a transaction is being conducted ; and
- (c) a person who exercises ultimate effective control over a legal person or arrangement ;

“*business relationship*” means a business, professional or commercial relationship between a relevant person and a customer, which is expected by the relevant person, at the time when contact is established, to have an element of duration ;

“*cash*” means notes, coins or travellers’ cheques in any currency ;

“*control*” means a power under the trust instrument or by law, whether exercisable alone, jointly with another person or with the consent of another person, to—

- (a) dispose of, advance, lend, invest, pay or apply trust property ;
- (b) vary the trust ;
- (c) add or remove a person as a beneficiary or to or from a class of beneficiaries ;
- (d) appoint or remove trustees ; or
- (e) direct, withhold consent to or veto the exercise of a power such as is mentioned in paragraphs (a), (b), (c) or (d).

“*Customer due diligence measures*” means—

(a) identifying the customer and verifying the customer’s identity on the basis of documents, data or information obtained from a reliable and independent source ;

(b) identifying, where there is a beneficial owner who is not the customer, the beneficial owner and taking adequate measures, on a risk-sensitive basis, to verify his identity so that the relevant person is satisfied that he knows who the beneficial owner is, including, in the case of a legal person, trust or similar legal arrangement, measures to understand the ownership and control structure of the person, trust or arrangement; and

(c) obtaining information on the purpose and intended nature of the business relationship.

“*Financial Institution*” include banks, body corporates, associations or group of persons, whether corporate or incorporate which carries on the business of investment and securities, a discount house, insurance institution,

debt factorization and conversion firm, bureau de change, finance company, money brokerage firm whose principal business includes factoring, project financing, equipment leasing, debt administration, fund management, private ledger service, investment management, local purchase order financing, export finance, project consultancy, financial consultancy, pension funds management and such other business as the Central Bank or other appropriate regulatory authorities may from time to time designate ;

“*money laundering*” is as defined in the Money Laundering Prohibition Act, 2011 (as amended) ;

“*politically exposed person*” has the meaning given to it under the Money Laundering (Prohibition) Act, 2011 (as amended) and the Terrorism (Prevention) Act, 2011 (as amended) ;

“*shell Company*” means an incorporated company that possesses no significant asset and does not perform any significant operations ; and

“*terrorist financing*” means an offence under Part II of the Terrorism (Prevention) Act, 2011.

11. These Regulations may be cited as the Central Bank of Nigeria Anti-Money Laundering and Combating the Financing of Terrorism (Administrative Sanctions) Regulations, 2018. Citation.

SCHEDULE

ADMINISTRATIVE SANCTIONS AND PENALTIES

A. CORPORATE GOVERNANCE AND ROLE OF THE BOARD/MANAGEMENT

S/No.	Required Action	Infraction	Administrative Sanction/Penalty Deposit Money Banks (DMBs)	Administrative Sanction/Penalty Other Financial Institutions (OFIs)
1.	AML/CFT programme that clearly outlines the AML/CFT policies and procedures of the institution.	* Failure to establish written AML/CFT policies and procedures.	A minimum penalty as follows: * ₦20million on the Deposit Money Bank (DMB).	A minimum penalty on the Other Financial Institutions (OFI) as follows: * ₦300,000 -Unit Micro Finance Bank (MFB). * ₦500,000 - Finance Company (FC)/ Bureau De Change (BDC)/State MFB. * ₦1million - State Primary Mortgage Bank (PMB)/National MFB. * ₦5million - National PMB.
2.	Approval of written AML/CFT policies and procedures.	* Failure to approve the AML/CFT policies and procedures.	A minimum penalty as follows: * ₦1million on each member of the Board. * ₦20million on the DMB.	A minimum penalty each on each member of the Board as follows: * ₦200,000 - Unit MFB * ₦300,000 - FC/BDC/State MFB * ₦500,000 - State PMB/National MFB * ₦1million - National PMB A minimum penalty on the OFI as follows: * ₦300,000 - Unit MFB * ₦500,000 - FC/BDC/State MFB * ₦1million -- State PMB/National MFB * ₦5million - National PMB

3.	<p>Periodic review and update of the AML/CFT policies and procedures at least every three (3) years.</p>	<p>* Failure to review/ update the AML/CFT policies and procedures at least every three (3) years.</p>	<p>A minimum penalty as follows: * ₦750,000 on the Executive Compliance Officer in the first instance and ₦500,000 for each year that the contravention continues. * ₦500,000 on the Chief Compliance Officer in the first instance and ₦500,000 for each year that the contravention continues. * ₦5million on the bank in the first instance and ₦1,000,000 for each year that the contravention continues.</p>	<p>A minimum penalty on the Chief Compliance Officer as follows: * ₦100,000 - Unit MFB * ₦200,000 - FC/BDC/State MFB * ₦300,000 - State PMB/National MFB- * ₦500,000 National PMB A minimum penalty on the OFI in the first instance as follows: * ₦300,000 - Unit MFB * ₦500,000 - FC/BDC/State MFB * ₦1million - State PMB/National MFB * National PMB - ₦2million. A minimum penalty on the OFI for each day the contravention continues as follows: * ₦10,000 - Unit MFB * ₦20,000 - FC/BDC/State MFB * ₦50,000 - PMB/National MFB.</p>
4.	<p>Communication of the AML/CFT program across the institution and ensuring that it is effectively implemented.</p>	<p>* Failure to communicate the AML/CFT program of the organization to employees.</p>	<p>A minimum penalty as follows: * ₦750,000 on the Executive Compliance Officer. * ₦500,000 on the Chief Compliance Officer. * ₦10million on the DMB.</p>	<p>A minimum penalty on the Chief Compliance Officer as follows: * ₦100,000 - Unit MFB. * ₦300,000 - FC/BDC/State MFB. * ₦500,000 - PMB/National MFB. A minimum penalty on the OFI as follows: ₦300,000 - Unit MFB. * ₦500,000 - BDC/FC/State MFB. * ₦1million - State PMB/National MFB. * ₦3million - National PMB.</p>

5.	Supervision of implementation of the AML/CFT program, risk management and reporting requirements by the Board.	* Failure of the Board or its Committee to supervise and ensure the effective implementation of the AML/CFT program.	A minimum penalty as follows: * ₦500,000 on each member of the Board. * ₦10million on the DMB.	A minimum penalty on each member of the Board as follows: * ₦100,000 – Unit MFB. * ₦300,000 - FC/BDC/State MFB. * ₦500,000 - PMB/ National MFB. A minimum penalty on the OFI as follows: * ₦300,000 – Unit MFB * ₦500,000 – BDC/FC/State MFB * ₦1million – State PMB/National MFB * ₦3million –National PMB
6.	Receive, review and provide feedback on periodic reports on AML/CFT issues submitted by senior management.	* Failure of the Board to review and provide feedback to Management on reports that it receives on AML/ CFT issues.	A minimum penalty as follows: * ₦500,000 on each member of the Board. * ₦5million on the DMB.	A minimum penalty on each member of the Board as follows: * ₦100,000 – Unit MFB * ₦300,000 - FC/BDC/State MFB * ₦500,000 - PMB/ National MFB. A minimum penalty on the OFI As follows: * ₦300,000 – Unit MFB * ₦500,000 – BDC/FC/State MFB * ₦1million – State PMB/National MFB * ₦3million –National PMB
7.	Generate periodic reports on AML/CFT issues to the Board or its relevant Committee(s).	* Failure of the Officer to generate periodic reports on AML/CFT issues to the Board or its relevant Committee.	A minimum penalty as follows: * ₦750,000 on the Executive Compliance Officer. * ₦500,000 on the Chief Compliance Officer. * ₦5million on the DMB.	A minimum penalty on the Chief Compliance Officer as follows: * ₦100,000 – Unit MFB * ₦300,000 - FC/BDC/State MFB * ₦500,000 - PMB/ National MFB.

						A minimum penalty on the OFI as follows: * ₦300,000 – Unit MFB- * ₦500,000 – BDC/FC/State MFB * ₦1million – State PMB/National MFB- * ₦2million – National PMB
8.	Formulation and issuance of Code of Conduct/Ethics to staff that include observance of ethical requirements relating to AML/CFT.	* Failure to formulate issue and ensure the observance of a Code of conduct/ethics that includes AML/CFT by staff.	A minimum penalty of ₦5million on the DMB.			A minimum penalty on the OFI as follows: * ₦300,000 – Unit MFB * ₦500,000 – BDC/FC/State MFB * ₦1million – State PMB/National MFB * ₦2million – National PMB
9.	Put in place management information system to monitor, detect, analyze and generate reports on suspicious transactions.	* Failures to put in place an information systems to monitor, detect, analyze and generate reports on suspicious transactions.	A minimum penalty of ₦5million on the DMB.			A minimum penalty on the OFI as follows: * ₦300,000 – Unit MFB * ₦500,000 – BDC/FC/State MFB * ₦1million – State PMB/National MFB * ₦2million – National PMB
B. RISK MANAGEMENT:						
	<i>Required Action</i>	<i>Offence</i>	<i>Sanction/Penalty DMBs</i>	<i>Sanction/Penalty OFIs</i>		
10.	Embedding of ML/TF Risks in overall Risk Management Framework of the financial institution.	* Failure to recognize ML/TF risks in the Risk Management Framework.	A minimum penalty of ₦5 million on the DMB in the first instance and ₦1million for each year that the contravention continues.	A minimum penalty on the OFI in the first instance as follows: * ₦300,000 – Unit MFB * ₦500,000 - FC/BDC/State MFB * ₦1million - State PMB/National MFB. * ₦2million – National PMB		

<p>II.</p>	<p>Put in place ML/TF risk classification system.</p>	<p>* Failure to classify ML/TF risk in the bank. * Failure to put in place guidelines for risk assessment and profiling of customers in the institutions' AML/CFT board approved program. * Failure to carry out risk assessment and profiling of each account.</p>	<p>* A minimum of ₦1million on the Chief Risk Officer of the DMB. * A minimum penalty of ₦3million on the DMB for failure to put in place guidelines for risk assessment and profiling of customers in the AML/CFT program. * A minimum of ₦100,000 per account for failure to carry out risk assessment and profiling of the account.</p>	<p>A minimum penalty on the OFI for each year the contravention continues as follows: ₦200,000 – Unit MFB. ₦500,000 – FC/BDC/State MFB. ₦1million – PMB/National MFB.</p>
				<p>A minimum penalty on the Managing Director or the Head of Risk Management of the OFI as follows: * ₦100,000 – Unit MFB. * ₦300,000 – FC/BDC/State MFB. * ₦500,000 – PMB/National MFB.</p> <p>A minimum penalty on the OFI for failure to put in place guidelines for risk assessment and profiling of customers in the AML/CFT program as follows: * ₦300,000 – Unit MFB. * ₦500,000 – FC/BDC/State MFB. * ₦1million – State PMB/National MFB. * ₦2million – National PMB.</p> <p>A minimum penalty per account on the OFI for failure to carry out risk assessment of the account, as follows: ₦20,000 – Unit MFB. ₦30,000 – FC/BDC. ₦50,000 – State/National MFB/PMB.</p>

12.	Put in place policy for the prohibition of numbered accounts, anonymous accounts, or accounts in fictitious names and shell companies.	Non-existence of policy on prohibition of numbered accounts, anonymous accounts, accounts in fictitious names, and shell companies, from doing business with the bank.	A minimum penalty as follows : * ₦1million on each member of the Board * ₦15million on the DMB.	A minimum penalty on each member of the Board as follows : * ₦100,000 – Unit MFB. * ₦300,000 - FC/BDC/State MFB * ₦500,000 - PMB/National MFB. A minimum penalty on the OFI as follows : * ₦300,000 – Unit MFB * ₦500,000 – BDC/FC/State MFB. * ₦1million – State PMB/National MFB * ₦3million –National PMB
13.	Establishment of screening mechanism for PEPs, UN sanctioned persons/entities list, other official lists, and internally generated lists of high risk customers.	* Failure to establish screening mechanism for PEPs, UN sanctioned persons/entities list, other official lists, and internally generated lists of high risk customers.	A minimum penalty of ₦15million on the DMB.	A minimum penalty on the OFI as follows:- * ₦300,000 – Unit MFB * ₦500,000 – BDC/FC/State MFB * ₦1million – State PMB/National MFB- * ₦3million –National PMB.
14.	Consideration of ML/TF risks in approving expansion of business e.g. new branches, and markets (domestic and foreign), new products/ services.	* Failure of the Board and Management to consider and document ML/TF risks as part of the approval process for the expansion of business (including introduction of new products and services).	A minimum penalty of ₦2million on the DMB.	A minimum penalty on the OFI as follows : * ₦100,000 – Unit MFB. * ₦200,000 – BDC/FC/State MFB. * ₦300,000 – State PMB/National MFB. * ₦500,000 –National PMB.

C. POLICIES AND PROCEDURES ON CUSTOMER DUE DILLIGENCE (CDD):				
	Required Action	Offence	Sanction/Penalty DMBs	Sanction/Penalty OFIs
15.	Establishment of written and Board-approved policies and procedures on CDD/KYC requirements.	* Failure to establish written policies and procedures on CDD/KYC requirements.	A minimum monetary penalty as follows: * ₦1million on each member of the Board. * ₦15million on the DMB. * Where the contravention persists after three consecutive penalties, the Board may be suspended or removed.	A minimum penalty on each member of the Board as follows: * ₦100,000—Unit MFB * ₦200,000—BDC/FC/State MFB * ₦300,000 – State PMB/National MFB * ₦500,000—National PMB. A minimum penalty on the OFI As follows: * ₦300,000—Unit MFB * ₦500,000—BDC/FC/State MFB * ₦1million – State PMB/National MFB * ₦3million—National PMB.
16.	Implementation of AML/CFT policies and procedures in all branches including, foreign branches and subsidiaries, if applicable.	* Failure to implement AML/CFT policies and procedures in all branches (including foreign branches and subsidiary).	A minimum of ₦1,250,000 on the Executive Compliance Officer. A minimum penalty of ₦1,000,000 on the Chief Compliance Officer. A minimum penalty of ₦20million on the DMB.	A minimum penalty on the Chief Compliance Officer as follows: * ₦100,000 - Unit MFB * ₦200,000 - FC/BDC/State MFB * ₦500,000 - PMB/National MFB. A minimum penalty on the OFI as follows: * ₦500,000—Unit MFB * ₦1million – BDC/FC/State MFB * ₦3million – National MFB/State PMB * ₦5million National PMB.

17.	Implementation of CDD measures for Customer Identification (whether permanent or occasional, natural or legal persons, or legal arrangements, etc.).	* Failure to implement CDD measures for Customer Identification.	* A minimum of ₦750,000 on the Executive Compliance Officer. * A minimum penalty of ₦500,000 on the Chief Compliance Officer. * A minimum penalty of ₦1 million per customer.	A minimum penalty on the Chief Compliance Officer as follows: * ₦100,000 - Unit MFB. * ₦200,000 - FC/BDC/State MFB. * ₦300,000 - PMB/National MFB. A minimum penalty on the OFI as follows: * ₦200,000 - Unit MFB. * ₦300,000 - BDC/FC/State MFB. * ₦500,000 - National MFB/State PMB. * ₦1 million - National PMB
18.	Implementation of CDD measures for Verification of Customer Identification using reliable, independent source documents, data or information.	* Failure to implement CDD measures for Verification of Customer Identification.	* A minimum of ₦750,000 on the Executive Compliance Officer. * A minimum penalty of ₦500,000 on the Chief Compliance Officer. * A minimum penalty of ₦1 million per customer.	A minimum penalty on the Chief Compliance Officer as follows: * ₦100,000 - Unit MFB * ₦200,000 - FC/BDC/State MFB- * ₦300,000 - PMB/National MFB. A minimum penalty on the OFI as follows: * ₦300,000 - Unit MFB- * ₦500,000 - BDC/FC/State MFB- * ₦1 million - National MFB/State PMB * ₦3 million - National PMB.
19.	Obtain information on the beneficial owner of accounts, where a customer is an intermediary or authorized representative of another party, including	* Failure to obtain information on the beneficial owner where a customer is an intermediary or authorized representative of another party.	* A minimum penalty of ₦1,250,000 on the Executive Compliance Officer. * A minimum penalty of ₦1 million on the Chief Compliance Officer; * A minimum penalty of ₦1 million per customer.	A minimum penalty on the Chief Compliance Officer as follows: * ₦200,000 - Unit MFB. * ₦300,000 - FC/BDC/State MFB. * ₦500,000 - PMB/National MFB.

	<p>but not limited to the following information listed in Regulation 15 of CBN AML/CFT Regulations, 2013 :</p> <p>(a) Legal relationship and authority, such as evidence of assignment, power of attorney, resolution and similar mandates.</p> <p>(b) Information on the source of funds/wealth of the ultimate beneficial owner.</p> <p>(c) Identity of management and principal owners/controllers of a company being represented.</p> <p>(d) Similar information on the procedure for acceptance of individual customers.</p>			<p>A minimum penalty on the OFI as follows:</p> <ul style="list-style-type: none"> * ₦300,000 – Unit MFB * ₦500,000 – BDC/FC/State MFB * ₦1million – National MFB/State PMB * ₦3million - National PMB.
<p>20.</p>	<p>Classification of customers into designated risk categories and apply customer due diligence (CDD) accordingly.</p>	<p>* Failure to classify customers into designated risk categories and apply CDD accordingly.</p>	<p>* A minimum penalty of ₦750,000 on the Executive Compliance Officer.</p> <p>* A minimum penalty of ₦500,000 on the Chief Compliance Officer;</p> <p>* A minimum penalty of ₦7million on the DMB</p>	<p>A minimum penalty on the Chief Compliance Officer as follows:</p> <ul style="list-style-type: none"> * ₦100,000 - Unit MFB. * ₦200,000 - FC/BDC/State MFB. * ₦300,000 - PMB/ National MFB.

					A minimum penalty on the OFI as follows:- * ₦300,000 – Unit MFB * ₦500,000 – BDC/FC/State MFB * ₦1million – National MFB/State PMB * ₦3million - National PMB
D. POLICIES AND PROCEDURES ON MAINTENANCE OF RECORDS:					
	<i>Required Action</i>	<i>Offence</i>	<i>Sanction/Penalty DMBs</i>	<i>Sanction/Penalty OFIs</i>	
21.	Maintenance of CDD and transaction records (in electronic/ paper form, onsite/offsite storage) for at least 5 years.	* Failure to maintain records obtained through CDD measures and transaction records for at least 5 years after cessation of relationship in hard and soft copies.	A minimum penalty of ₦10million on the DMB.	A minimum penalty on the OFI as follows: * ₦300,000 – Unit MFB * ₦500,000 – BDC/FC/State MFB- * ₦1million – National MFB/State PMB- * ₦3million - National PMB.	
22.	Establish a record keeping system that is easy to retrieve on a timely basis.	* Failure to establish a record-keeping system that facilitates easy retrieval of records on a timely basis	A minimum penalty of ₦5million on the DMB.	A minimum penalty on the OFI as follows: * ₦200,000 – Unit MFB * ₦300,000 – BDC/FC/State MFB * ₦500,000 – National MFB/State PMB * ₦1million - National PMB.	

E. MONITORING OF SUSPICIOUS TRANSACTION REPORTING					
	<i>Required Action</i>	<i>Reporting Offence</i>	<i>Sanction /Penalty DMBs</i>	<i>Sanction/Penalty OFIs</i>	
23.	Maintenance of an internal system (automated/manual) for detecting and reporting unusual and suspicious activities.	* Failure to maintain an internal system for detecting and reporting unusual and suspicious activities.	A minimum penalty of ₦10million on the DMB.	A minimum penalty on the OFI as follows: * ₦200,000 – Unit MFB. * ₦500,000 – BDC/FC/State MFB. * ₦1million – National MFB/State PMB. * ₦2million - National PMB.	
24.	Rendition of Suspicious transaction reports to relevant authorities.	* Failure to render report on suspicious transactions to the NFIU.	* A minimum penalty as follows: * ₦2,500,000 on the Executive Compliance Officer. * ₦2,000,000 on the Chief Compliance Officer. * ₦20million on the DMB.	A minimum penalty on the Chief Compliance Officer as follows: * ₦200,000 - Unit MFB * ₦300,000 - FC/BDC/State MFB. * ₦500,000 - PMB/National MFB. A minimum penalty on the OFI as follows: * ₦500,000 – Unit MFB. * ₦1million – BDC/FC/State MFB. * ₦3million – National MFB/State PMB. * ₦5million - National PMB.	
25.	Rendition of other AML/ CFT Reports (such as CTRs, FTRs) to relevant authorities, such as NFIU and CBN.	Failure to render AML/ CFT Reports (other than STR) to the relevant authorities.	* A minimum penalty as follows: * ₦1,250,000 on the Executive Compliance Officer. * ₦1,000,000 on the Chief Compliance Officer. * ₦15million on the DMB.	A minimum penalty on the Chief Compliance Officer as follows: * ₦200,000 - Unit MFB * ₦300,000 - FC/BDC/State MFB * ₦500,000 – State PMB/National MFB. National PMB – ₦1 million.	

				<p>A minimum penalty on the OFI as follows:</p> <ul style="list-style-type: none"> * ₦300,000 – Unit MFB * ₦500,000 – BDC/FC/State MFB. * ₦1million – National MFB/State PMB * ₦3million - National PMB.
26.	<p>Timely rendition of AML/CFT reports to the relevant authorities.</p>	<p>* Late rendition of AML/CFT Reports/Returns to the relevant authorities.</p>	<p>A minimum penalty as follows:</p> <ul style="list-style-type: none"> * ₦750,000 on the Executive Compliance Officer. * ₦500,000 on the Chief Compliance Officer. * ₦5million on the DMB in the first instance. * ₦200,000 for each day that the contravention continues. 	<p>A minimum penalty on the Chief Compliance Officer as follows:</p> <ul style="list-style-type: none"> * ₦100,000 - Unit MFB; * ₦200,000 - FC/BDC/State MFB * ₦300,000 – State PMB/National MFB * ₦500,000 - National PMB <p>A minimum penalty on the OFI in the first instance as follows :</p> <ul style="list-style-type: none"> * ₦300,000 – Unit MFB * ₦500,000 – BDC/FC/State MFB * ₦2million – National MFB/State PMB * ₦3million National PMB. <p>A minimum penalty on the OFI for each day that the contravention continues as follows :</p> <ul style="list-style-type: none"> * ₦20,000 – Unit MFB * ₦30,000 – BDC/FC/State MFB * ₦50,000 – National MFB/State PMB * ₦100,000 - National PMB.
27.	<p>Maintenance of monitoring systems for terrorism finance.</p>	<p>Failure to maintain specific monitoring systems for terrorism finance.</p>	<p>A minimum penalty as follows:</p> <ul style="list-style-type: none"> * ₦1,250,000 on the Executive Compliance Officer. * ₦1,000,000 on the Chief Compliance Officer. * ₦10 million on the DMB. 	<p>A minimum penalty on the Chief Compliance Officer as follows:</p> <ul style="list-style-type: none"> * ₦100,000 - Unit MFB * ₦200,000 - FC/BDC/State MFB * ₦300,000 – State PMB/National MFB * ₦500,000 - National PMB.

					<p>A minimum penalty on the OFI as follows:</p> <ul style="list-style-type: none"> * ₦300,000 – Unit MFB * ₦500,000–BDC/FC/State MFB * ₦1 million–National MFB/State PMB * ₦2million National PMB.
28.	<p>Analysis of reports from the operational units by the AML Compliance unit/department and generate appropriate Management Report.</p>	<p>* Failure of the AML Compliance officer/unit to analyze reports from the operational units for management consideration.</p>	<p>A minimum penalty as follows:</p> <ul style="list-style-type: none"> * ₦750,000 on the Executive Compliance Officer. * ₦500,000 on the Chief Compliance Officer. * ₦800,000 on the MD/CEO. 	<p>A minimum penalty each on the Chief Compliance Officer and MD/CEO as follows:</p> <ul style="list-style-type: none"> * ₦100,000 - Unit MFB * ₦200,000 - FC/BDC/State MFB * ₦300,000–State PMB/National MFB * ₦500,000–National PMB. 	
29.	<p>Put in place and observe confidentiality procedures and security measures to prevent the disclosure of information on unusual and suspicious transactions to unauthorized parties, intentionally or unintentionally.</p>	<p>* Failure to put in place and observe confidentiality procedures and security measures to prevent disclosure of information on unusual and suspicious transactions to unauthorized parties.</p>	<p>A minimum penalty as follows:</p> <ul style="list-style-type: none"> * ₦500,000 on any officer that breaches the confidentiality procedures and security measures put in place by the DMB. * ₦2million on the DMB for failure to put in place appropriate measures and procedures. 	<p>A minimum penalty on any officer that breaches the confidentiality procedures and security measures put in place as follows:</p> <ul style="list-style-type: none"> * ₦100,000 - Unit MFB * ₦200,000 - FC/BDC/State MFB * ₦300,000 – State PMB/National MFB * ₦500,000 - National PMB. <p>A minimum penalty on the OFI for failure to put in place appropriate measures and procedures as follows:</p> <ul style="list-style-type: none"> * ₦200,000 – Unit MFB * ₦300,000 million–BDC/FC/State MFB * ₦500,000 – National MFB/State PMB * ₦1 million National PMB. 	

30.	Put in place a mechanism to monitor Politically Exposed Persons (PEPs).	* Failure to put in place specific monitoring mechanisms for PEPs.	A minimum penalty of ₦2 million on the DMB.	A minimum penalty on the OFI as follows: * ₦200,000 – Unit MFB. * ₦300,000 million – BDC/FC/State MFB. * ₦500,000 – National MFB/State PMB. * ₦1 million National PMB.
31.	Put in place policy to protect employees when they report suspicious transactions, in good faith.	* Failure to put in place policy to protect employees when they report suspicious transactions in good faith.	A minimum penalty of ₦2 million on the DMB.	A minimum penalty on the OFI as follows: * ₦200,000 – Unit MFB * ₦300,000 million – BDC/FC/State MFB * ₦500,000 – National MFB/State PMB * ₦1 million National PMB.
32.	Imposition of sanctions on employees that do not adhere to the monitoring and reporting policies and procedures of the financial institution.	* Failure to sanction employees that do not adhere to the monitoring and reporting policies and procedures.	A minimum penalty of ₦2 million on the DMB.	A minimum penalty on the OFI as follows: * ₦200,000 – Unit MFB * ₦300,000 million – BDC/FC/State MFB. * ₦500,000 – National MFB/State PMB. * ₦1 million National PMB.
F. INTERNAL AUDIT/CONTROL AND EXTERNAL AUDIT				
	<i>Required Action</i>	<i>Offence</i>	<i>Sanction/Penalty DMBs</i>	<i>Sanction/Penalty OFIs</i>
33.	Internal Audit department/unit should have the competency to conduct oversight on AML/CFT compliance function of the financial institution.	* Failure of the Internal Audit department/unit to competently oversee the compliance function of the financial institution.	A minimum penalty of ₦5 million on the DMB.	A minimum penalty on the OFI as follows: * ₦200,000 – Unit MFB * ₦500,000 million – BDC/FC/State MFB * ₦1 million – National MFB/State PMB * ₦1.5 million - National PMB.

34.	Periodically review and test compliance with the AML/CFT program, CDD/KYC policies and follow up on findings.	* Failure of the internal audit unit to review and test compliance with the AML/CFT program, CDD/KYC policies and procedures and follow-up on findings.	A minimum penalty as follows : * N1million on the Internal Auditor. * N5million on the DMB.	A minimum penalty on the Internal Auditor as follows : * N100,000 - Unit MFB * N200,000 - FC/BDC/State MFB- * N300,000 – State PMB/National MFB * N500,000 - National PMB. A minimum penalty on the OFI as follows : * N300,000 - Unit MFB * N500,000 - FC/BDC/State MFB * N1million - State PMB/National MFB * N2million - National PMB.
35.	Review the AML/CFT Program document within every 3 years from the last review.	* Failure to review the AML/CFT program periodically as prescribed.	A minimum penalty as follows : * N1,250,000 on the Executive Compliance Officer * N1million on the Chief Compliance Officer. * N5million on the DMB.	A minimum penalty on the Chief Compliance Officer as follows : * N100,000 - Unit MFB. * N200,000 - FC/BDC/State MFB- * N300,000 - State PMB/National MFB * N500,000 - National PMB A minimum penalty on the OFI as follows : * N300,000 - Unit MFB * N500,000 - FC/BDC/State MFB * N1million - State PMB/National MFB * N2million - National PMB
36.	Review of the audit reports on AML/CFT by the Board.	* Failure of the Board to review the AML/CFT audit reports.	A minimum penalty as follows : * N500,000 on each member of the Board. * N5million on the DMB.	A minimum penalty on each member of the Board as follows : * N100,000 - Unit MFB * N200,000 - FC/BDC/State MFB * N300,000 – State PMB/National MFB * N500,000 - National PMB

				<p>A minimum penalty on the OFI as follows: ₦300,000 - Unit MFB ₦500,000 - FC/BDC/State MFB ₦1million - State PMB/National MFB ₦2million - National PMB.</p>
<p>37.</p>	<p>Risk-based internal audit and specific review of compliance with policies and procedures for PEPs and other high risk clients and activities.</p>	<p>* Failure to conduct specific review of compliance with policies and procedures for PEPs and other high risk clients.</p>	<p>A minimum penalty as follows: * ₦500,000 on the Internal Auditor. * ₦5million on the DMB</p>	<p>A minimum penalty on the Internal Auditor as follows: * ₦100,000 - Unit MFB * ₦200,000 - FC/BDC/State MFB * ₦300,000 - State PMB/National MFB * ₦500,000 - National PMB</p> <p>A minimum penalty on the OFI as follows: * ₦200,000 - Unit MFB * ₦500,000million - BDC/FC/State MFB * ₦1million - National MFB/State PMB * ₦2million National PMB</p>
<p>38.</p>	<p>Ensure that the internal audit staff possess the requisite professional/academic qualification, experience and competence.</p>	<p>* Failures to put in place qualified, experienced and competent internal audit staff as stipulated in the Approved Persons Regime.</p>	<p>A directive to the DMB to take immediate steps to appoint a suitably qualified internal auditor within a reasonable time frame to be determined by the CBN. Failure of the DMB to comply with the CBN directive shall attract a minimum penalty as follows: * ₦5million one-off fine on the DMB at the expiration of the CBN deadline.</p>	<p>A directive to the OFI to take immediate steps to appoint a suitably qualified internal auditor within a reasonable time frame to be determined by the CBN. Failure of the OFI to comply with the CBN directive shall attract a minimum penalty as follows: * ₦200,000 - Unit MFB * ₦500,000million - BDC/FC/State MFB * ₦1million - National MFB/State PMB * ₦2million National PMB.</p>

					* ₦100,000 on the DMB for each day the contravention continues.	A minimum penalty on the OFI for each day the contravention continues as follows : * ₦10,000 – Unit MFB * ₦20,000 – FC/BDC/State MFB * ₦50,000 – PMB/National MFB.
G. COMPLIANCE FUNCTION						
					<i>Sanction/Penalty DMBs</i>	<i>Sanction/Penalty OFIs</i>
39.	Appointment of a chief compliance officer of appropriate status within the organization with clearly defined roles and responsibilities.	<i>Offence</i>	* Failure to appoint an AML/CFT compliance officer of appropriate status with clearly defined roles and responsibilities.		A minimum penalty as follows : * ₦500,000 on each member of the Board. * ₦10million on the DMB.	A minimum penalty on each member of the Board as follows : * ₦100,000 – Unit MFB * ₦200,000 - FC/BDC/State MFB * ₦300,000- State PMB/National MFB * ₦500,000 - National PMB A minimum penalty on the OFI as follows : * ₦300,000 – Unit MFB * ₦500,000 – BDC/FC/State MFB * ₦2million- National MFB/State PMB * ₦5million National PMB
40.	Adequacy of resource allocation to the compliance function such as budgetary allocation and number of staff skilled in AML/CFT.	<i>Offence</i>	* Failure to allocate adequate resources to the AML/CFT compliance function.		* ₦1m penalty on each Board member. * ₦2million on the DMB.	* ₦100,000 penalty on each Board member. * ₦200,000 on the OFI.

41.	Appointment of an AML/CFT compliance officer in each office/branch/subsidiary or cluster thereon (as approved by the CBN).	* Failure to appoint an AML/CFT compliance officer in each office/branch/subsidiary or cluster area.	A minimum penalty as follows : * ₦500,000 on each member of the Board. * ₦10million on the DMB.	A minimum penalty on each member of the Board as follows : * ₦100,000 - Unit MFB * ₦200,000 - FC/BDC/State MFB * ₦300,000 – State PMB/National MFB * ₦500,000 - National PMB. A minimum penalty on the OFI as follows : * ₦300,000 - Unit MFB * ₦500,000 - BDC/FC/State MFB * ₦2million - National MFB/State PMB * ₦5million National PMB.
42.	Establishment of Group compliance function that has clearly defined relationship with the subsidiary(ies)	* Absence of group compliance function with clearly spelt out relationship with the subsidiaries.	A minimum penalty as follows : * ₦500,000 on each member of the Board. * ₦10million on the DMB.	A minimum penalty on each member of the Board as follows : ₦300,000 –National MFB. ₦500,000 - National PMB. A minimum penalty on the OFI as follows : * ₦2million – National MFB * ₦5million National PMB.

H. TRAINING			
<i>Required Action</i>	<i>Offence</i>	<i>Sanction/Enalty DMBs</i>	<i>Sanction/Penalty OFIs</i>
43. Implement an approved annual AML/CFT Training Plan for all categories of employees.	* Failure to implement an approve annual training Programme for employees.	A minimum penalty as follows : * ₦750,000 on the Executive Compliance Officer. * ₦500,000 on the Chief Compliance Officer. * ₦5million on the DMB.	A minimum penalty each on the Chief Compliance Officer as follows : * ₦100,000 - Unit MFB * ₦200,000 - FC/BDC/State MFB. * ₦300,000 - State PMB/National MFB * ₦500,000 - National PMB. A minimum penalty on the OFI as follows : * ₦300,000 - Unit MFB * ₦500,000 - FC/BDC/State MFB * ₦1million - State PMB/National MFB * ₦2million - National PMB.
44. Render quarterly returns on level of compliance with approved annual AML/CFT Training programme (containing categories, frequency and types of trainings) for employees to the CBN and NFIU.	* Failure to render quarterly returns on training to the CBN and NFIU.	A minimum penalty as follows : * ₦750,000 on the Executive Compliance Officer * ₦500,000 on the Chief Compliance Officer for failure to prepare the AML/CFT training budget. * ₦5million on the DMB for failure to approve and conduct AML training and render returns to the CBN.	A minimum penalty each on the Chief Compliance Officer for failure to prepare the AML/CFT training budget as follows : * ₦100,000 - Unit MFB. * ₦200,000 - FC/BDC/State MFB. * ₦300,000 - State PMB/National MFB * ₦500,000 - National PMB. A minimum penalty on the OFI for failure to approve and conduct AML training and render returns to the CBN as follows : * ₦300,000 - Unit MFB * ₦500,000 - FC/BDC/State MFB * ₦1million - State PMB/National MFB * ₦2million - National PMB.

45.	Board and Management participation in AML/CFT Training.	* Failure of Board and management to participate in AML/CFT training.	<p>A directive to the DMB to take immediate steps to sponsor or organize the training within a reasonable time frame to be determined by the CBN.</p> <p>Failure of the DMB to comply with the CBN directive shall attract a minimum penalty as follows:</p> <ul style="list-style-type: none"> * ₦5million one-off fine on the DMB at the expiration of the CBN deadline. * ₦1million on the DMB for each day the contravention continues. 	<p>A directive to the OFI to take immediate steps to sponsor or organize the training within a reasonable time frame to be determined by the CBN.</p> <p>Failure of the OFI to comply with the CBN directive shall attract a minimum penalty as follows:</p> <ul style="list-style-type: none"> * ₦200,000 – Unit MFB * ₦500,000 million – BDC/FC/State MFB * ₦1million – National MFB/State PMB * ₦2million National PMB. <p>A minimum penalty on the OFI for each day the contravention continues as follows:</p> <ul style="list-style-type: none"> * ₦10,000 – Unit MFB * ₦20,000 – FC/BDC/State MFB * ₦50,000 – PMB/National MFB.
46.	Organize or sponsor professional AML/CFT trainings for Chief Compliance Officer/ Compliance Officer.	* Failure to expose Chief Compliance Officers to professional training/ courses on AML/CFT.	<p>A directive to the DMB to take immediate steps to sponsor or organize the training within a reasonable time frame to be determined by the CBN.</p> <p>Failure of the DMB to comply with the CBN directive shall attract a minimum penalty as follows:</p> <ul style="list-style-type: none"> * ₦5million one-off fine on the DMB at the expiration of the CBN deadline. * ₦100,000 on the DMB for each day the contravention continues. 	<p>A directive to the OFI to take immediate steps to sponsor or organize the training within a reasonable time frame to be determined by the CBN.</p> <p>Failure of the OFI to comply with the CBN directive shall attract a minimum penalty as follows:</p> <ul style="list-style-type: none"> * ₦200,000 – Unit MFB * ₦500,000 million – BDC/FC/State MFB * ₦1million – National MFB/State PMB * ₦2million National PMB.

					<p>A minimum penalty on the OFI for each day the contravention continues as follows:-</p> <p>₦10,000 – Unit MFB-</p> <p>₦20,000 – FC/BDC/State MFB-</p> <p>₦50,000 – PMB/National MFB.</p>
47.	Ensure attendance of AML/CFT trainings by all staff.	* Failure to put in place mechanism for ensuring attendance at AML/CFT trainings for all staff.	A minimum penalty of ₦5million on the DMB.	<p>A minimum penalty on the OFI as follows:</p> <p>* ₦200,000 – Unit MFB</p> <p>* ₦500,000million – BDC/FC/State MFB</p> <p>* ₦1million - National MFB/State PMB</p> <p>* ₦2million - National PMB.</p>	
48.	Communicating new AML/CFT laws/policies to employees.	* Failure to communicate or educate employees on new AML/CFT laws/policies.	<p>A minimum penalty as follows:</p> <p>* ₦750,000 on the Executive Compliance Officer.</p> <p>* ₦500,000 on the Chief Compliance Officer.</p> <p>* ₦5million on the DMB.</p>	<p>A minimum penalty on the Chief Compliance Officer as follows:</p> <p>* ₦100,000 - Unit MFB</p> <p>* ₦200,000 - FC/BDC/State MFB</p> <p>* ₦300,000 – State PMB/National MFB</p> <p>* ₦500,000 - National PMB.</p> <p>A minimum penalty on the OFI as follows:</p> <p>* ₦300,000 - Unit MFB</p> <p>* ₦500,000 - FC/BDC/State MFB</p> <p>* ₦1million - State PMB/National MFB</p> <p>* ₦2million - National PMB.</p>	

MADE at Abuja this 1st day of February, 2018.

ABUBAKAR MALAMI, SAN
*Attorney-General of the Federation
and Minister of Justice*

EXPLANATORY NOTE

*(This note does not form part of the above Regulations but is
intended to explain its purport)*

These Regulations provide Administrative sanctions on Anti-money Laundering and Combating the Financing of Terrorism (AM/CFT) infractions by financial institutions under the regulatory purview of the Central Bank of Nigeria.