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23<sup>rd</sup> May, 2014

**REF: BSD/DIR/GEN/LAB/07/013**

**LETTER TO BANKS AND DISCOUNT HOUSES**

**STATUS AND REPORTING LINE OF CHIEF COMPLIANCE OFFICERS OF BANKS**

Information available to the CBN has revealed that Chief Compliance Officers of some banks and discount houses are below the grade of General Manager without prior approval of the CBN. Equally worrisome, is the fact that most of them do not report directly to the Board of Directors.

This is a flagrant disregard to extant laws and regulations on the subject. For the avoidance of doubt:

- I. The CBN circular ref BSD/2/2002 dated 8<sup>th</sup> August, 2002 and FPR/DIR/GEN/001/022 dated 18<sup>th</sup> July 2013 directed that banks and discount houses should designate Chief Compliance Officers, **not below the grade of a General Manager** to , among other things, apply the provisions of the relevant Acts and circulars on money laundering at various levels of their institutions; and
- II. Section 9(1) of the Money Laundering (Prohibition) Act, 2011(as amended) also requires them to designate, **at management level, Chief Compliance Officers in their Head Offices and branches, who have the relevant competence, authority and independence** to implement their institutions AML/CFT Compliance Programme.
- III. Paragraphs (I) and (II) are reinforced by sections 7(1) and 7(2) of the CBN AML/CFT Regulation, 2013 (as amended).
- IV. Section 7(2) of Central Bank of Nigeria (AML/CFT in Banks and Other Financial Institutions in Nigeria) Regulations, 2013 stipulates that the Chief Compliance Officer shall be appointed at management level and shall report directly to the Board on all matters under the Regulations.

On the basis of the foregoing, all Deposit Money Banks and Discount Houses must ensure:

- that no Chief Compliance Officer in their institutions is below the grade of General Manager without the CBN prior approval
- that he/she reports to the Board of Directors with dotted lines to the MD/CEO without interlocking roles.

Accordingly the particulars of all current CCOs with evidence of the CBN approval of same and reporting line should be forwarded to the Director Banking Supervision within 1(one) week from the date of this letter.

The CBN also observed with concern the lack-lustre attendance of CCOs to the monthly meetings of the Committee of Chief Compliance Officers of Banks in Nigeria (CCCOBIN), resulting in the inability of the forum to form the required quorum necessary to take vital decisions pursuant to its mandate.

Going forward, CBN will monitor the attendance by CCOs at the monthly meetings of the CCCOBIN and will not hesitate to take the appropriate regulatory action to stem the unsatisfactory attendance at this important forum.

K.O.BALOGUN

FOR: DIRECTOR OF BANKING SUPERVISION DEPARTMENT