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CIRCULAR TO BANKS, OTHER FINANCIAL INSTITUTIONS, AND PROMOTERS OF FINANCIAL INSTITUTIONS UNDER THE REGULATORY PURVIEW OF THE CENTRAL BANK OF NIGERIA

GUIDELINES FOR LICENSING OF BANKS AND OTHER FINANCIAL INSTITUTIONS IN NIGERIA ON ANTI-MONEY LAUNDERING, COMBATING THE FINANCING OF TERRORISM AND COUNTERING PROLIFERATION FINANCING OF WEAPONS OF MASS DESTRUCTION

In furtherance of efforts towards promoting compliance with Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF) laws and regulations, the Central Bank of Nigeria (CBN) hereby issues this Guidelines for use by individuals and entities applying for licence to operate as banks or other financial institutions.

This Guidelines represents the minimum AML/CFT/CPF requirements for licensing of new financial institutions and should be read in conjunction with applicable AML/CFT/CPF laws, regulations and other CBN licensing requirements applicable to the institution-type for which the licence is sought.

The scope of this Guidelines covers both new and pending applications (including those awaiting final approval).

This circular takes immediate effect.

A handwritten signature in blue ink, appearing to read "Chibuzo A. Efobi".

CHIBUZO A. EFOBI
DIRECTOR, FINANCIAL POLICY AND REGULATIONDEPARTMENT

CENTRAL BANK OF NIGERIA

GUIDELINES FOR LICENSING OF BANKS AND OTHER FINANCIAL INSTITUTIONS



ANTI-MONEY LAUNDERING, COMBATING THE FINANCING
OF TERRORISM AND COUNTERING PROLIFERATION
FINANCING OF WEAPONS OF MASS DESTRUCTION

FINANCIAL POLICY AND REGULATION DEPARTMENT

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1.0	FPRD	Initial Publication	2022

APPROVED

ACRONYMS

AML	Anti-Money Laundering
BO	Beneficial Owner
BOFIA	Banks and Other Financial Institutions Act
BOI	Beneficial Ownership Information
CFT	Combating the Financing of Terrorism
CPF	Countering Proliferation Financing
CDD	Customer Due Diligence
WMD	Weapons of Mass Destruction
ML	Money Laundering
TF	Terrorism Financing
PEPs	Politically Exposed Persons
PF	Proliferation Financing
OFAC	Office of Foreign Assets Control
UNSCR	United Nations Security Council Resolution

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1. INTRODUCTION

In accordance with the powers conferred on the Central Bank of Nigeria (CBN) by Section 66 of the Banks and Other Financial Institutions Act, 2020 (BOFIA), the CBN hereby issues the Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation of Weapons of Mass Destruction (AML/CFT/CPF) Guidelines for Licensing of Banks and Other Financial Institutions (hereinafter referred to as “Guidelines”).

The Guidelines will assist promoters¹ of financial institutions to comply with AML/CFT/CPF requirements while applying for operational licences.

The provisions specified in this Guidelines are minimum requirements and shall be read in conjunction with AML/CFT/CPF laws and regulations.

2. OBJECTIVES

The objectives of this Guidelines are to:

- i. Guide promoters in complying with AML/CFT/CPF requirements in licence applications for banks and other financial institutions.
- ii. Ensure that proceeds of crimes are not used to establish financial institutions.
- iii. Ensure that criminals do not own or control financial institutions in Nigeria.
- iv. Identify and verify the beneficial owners of financial institutions.
- v. Ensure that promoters of financial institutions put in place appropriate and effective measures to mitigate ML/TF/PF risks.

3. SCOPE AND APPLICABILITY

This Guidelines covers the minimum AML/CFT/CPF requirements for licence applications for banks and other financial institutions under the regulatory purview of the CBN.

4. REQUIREMENTS FOR LICENCE APPLICATION

Promoters of financial institutions are required, in addition to complying with other licensing requirements specified in relevant institution-type Guidelines, to submit the following with the application for Approval-in-Principle:

- a. Completed and personally signed Beneficial Owners Declaration Form.
- b. Notarised statement of net-worth for all Beneficial Owners.

¹ Promoters are persons involved in setting up and funding a new financial institution.

- c. Completed and personally signed Politically Exposed Persons (PEP) Declaration Form.
- d. AML/CFT/CPF Compliance policy, which shall at a minimum cover:
 - Compliance structure including designation and status of compliance officer;
 - Employee screening and monitoring.
 - Customer identification and verification.
 - Customer due diligence measures;
 - ML/TF/PF Risk Assessment;
 - AML/CFT/CPF Training of the board, senior management and other employees;
 - Independent assessment of the AML/CFT/CPF Programme;
 - Suspicious transaction monitoring, reporting and record keeping;

4.1 AML/CFT/CPF Conditions for Rejection of Application for Licence or Parties to the application²

The conditions for rejection of an application for licence or a party to an application shall include:

- a) Failure to demonstrate understanding of the ML/TF/PF risks inherent in the business;
- b) Inability to address the AML/CFT/CPF licensing requirements satisfactorily, especially during the capital verification exercise;
- c) Misrepresentation of facts and false declaration;
- d) Criminal record of a party to the application indicating conviction or any other offence that constitutes financial crime;
- e) Opaque ownership structure;
- f) Discovery that a party to the application is on the sanctions lists:
 - i. United Nations Security Council (“UNSC”);
 - ii. United States Office of Foreign Assets Control (“OFAC”);
 - iii. Her Majesty’s Treasury, United Kingdom (“HMT”);
 - iv. European Union (“EU”);
 - v. French Ministry of Economy, Finance and Industry (MINEFI);
 - vi. Nigerian sanctions list; and

² Parties to an application include beneficial owners, shareholders, proposed directors, proposed senior management staff and related entities.

- vii. Any other sanctions list as may be advised from time to time
- g) Inability to address observed deficiencies in licencing application within specified timeline.
- h) Any other condition that the CBN may specify.

5. BENEFICIAL OWNERSHIP INFORMATION

The promoters of financial institutions are required to provide the following information/documents for the identification and verification of beneficial owners:

- i. Shareholding structure of the institution for which licence is sought.
- ii. Where a shareholder or prospective shareholder is a legal person or legal arrangement, relevant incorporation documents, detailing current shareholding structure and directorship/trustee/fiduciary information.
- iii. Curriculum vitae of the Beneficial Owners.
- iv. Completed Beneficial Ownership Declaration Form. (**Appendix 1**).

6. SCREENING OF CUSTOMERS AND TRANSACTIONS

The proposed financial institution shall demonstrate capability for screening customers and transactions for ML/TF/PF risks.

7. TRANSACTION MONITORING AND REPORTING

The proposed financial institution shall demonstrate capability for monitoring, collating, and filing of suspicious transactions reports (STRs) and other regulatory returns.

APPENDIX 1

BENEFICIAL OWNERS DECLARATION FORM

To be completed by each Beneficial Owner of an existing or proposed institution

1. BIO DATA

Name:

(First Name)

(Middle Name)

(Last/Surname)

Date of Birth:

Place of Birth:

Nationality:

Bank Verification Number:

Address of Residence:

.....
Country of Residence:

2. IDENTIFICATION DOCUMENTS

(International Passport/National Identity/Drivers Licence/Voters Card)

Means of Identification:

Issuing Authority:

Identity Number:

Date of Issuance:

Expiry Date:

3. OWNERSHIP DETAILS

Name of Company Owned

Effective Date of Ownership:

Percentage of Ownership:

State the nature of control:

Direct/Indirect:

4. SOURCES OF WEALTH AND FUND

Kindly provide details of source of wealth and fund for the investment in proposed institution:

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.....

5. PEP STATUS

1. Have you held (or holds) any appointment with any agency of government, tiers of government or international organization?

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Declaration:

I, hereby declare that all information provided on this form is true and factual.

I undertake to promptly [or within a reasonable period and in any event not less than two weeks] inform the Central Bank of Nigeria in writing about any changes in the information provided above.

I understand that it is a criminal offense to provide false information on this form (BOFIA 2020)

Signature:

Date:

The beneficial owner undertakes to promptly [or within a reasonable period and in any event not less than two weeks] inform the Central Bank of Nigeria in writing about any changes in the information provided above.

It is a criminal offense to provide false information on this form [insert applicable criminal law and penalty in bold type].

Signature:

Name:

Date:

Title:

*Beneficial Owner includes [the natural person(s) who ultimately owns or controls a customer and/or the person on whose behalf the transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement and relevant third parties].