

**FINANCE UPDATE**  
**HIGHLIGHTS OF THE**  
**CIRCULARS ISSUED IN**  
**THE FINANCE INDUSTRY**  
**IN APRIL 2022**



Dear Esteemed Client,

### Introduction

The Central Bank of Nigeria (CBN) and the Securities and Exchange Commission (SEC) issued the following Circulars in April 2022. We hope that you find some of the information useful in your operations.

- **FPR/DIR/PUB/CIR/001/042 GUIDANCE NOTE ON ANTI-MONEY LAUNDERING AND COMBATING FINANCING OF TERRORISM REGULATIONS FOR OTHER FINANCIAL INSTITUTIONS**
- **COD/DIR/INT/CIR/001/006 TREATMENT ON COMPOSED BANK NOTES**
- **EXPOSURE OF PROPOSED GUIDELINES ON MINIMUM OPERATING STANDARDS FOR INFORMATION TECHNOLOGY FOR CAPITAL MARKET OPERATORS (CMOS)**

### 1. **FPR/DIR/PUB/CIR/001/042 GUIDANCE NOTE ON ANTI-MONEY LAUNDERING AND COMBATING FINANCING OF TERRORISM REGULATIONS FOR OTHER FINANCIAL INSTITUTIONS**

The CBN has issued a Guidance Note to assist Other Financial Institutions (OFIs) in complying with the measures contained in its Anti-Money Laundering & Combating the Financing of Terrorism (AML/CFT) Regulation 2013 (as amended), other relevant AML/CFT laws and to meet the CBN's governance and control expectations. The Guidance Note aims to

assist OFIs to identify, assess and mitigate Money Laundering and Terrorism Financing ML/TF risks that may arise from customers, product and services, business practices, delivery methods, jurisdictions or geographical presence and vests the responsibility for AML/CFT compliance on an OFI's Board of Directors and Senior Management who are required to establish an AML/CFT programme that is consistent with AML/CFT legislations and ensure the daily implementation of the AML/CFT programme.

Among other provisions, the Guidance Notes mandates the development and implementation of a board approved policy and procedure for Customer Due Diligence/ Know Your Customer (CDD/KYC) by every OFI. OFIs are further required in all instances to satisfy themselves that, customers' accumulated funds or wealth appears to be reasonable and consistent with the information provided based on its CDD/KYC policy. All OFIs are to establish a risk management unit; a monitoring system that reports suspicious transactions; an internal audit to review and test their AML/CFT programme, CDD/KYC policies and procedures; and an external audit that reviews AML/CFT issues.



This Guidance Note will go a long way in securing the OFIs customers by reducing and mitigating the Money Laundering and Financial Terrorism risk while ensuring that suspected transactions are reported to the Nigerian Financial Intelligence Unit.

For more information on the circular, please refer [here](#)

**2. COD/DIR/INT/CIR/001/006 TREATMENT ON COMPOSED BANK NOTES**

In a bid to reduce the increasing deposit of composed bank notes by Deposit Money Banks (DMBs), the CBN has announced the imposition of 400% of the value of any composed bank notes found in the deposit of DMBs. This penalty took effect April 01, 2022

Composed bank notes are bank notes that comprise of several parts of different banknotes of the same denomination put together with the intention of receiving value and according to the CBN falsifies the true value of the currency and could also be an avenue for fraud. Imposition of a stringent penalty by the CBN is commendable but it may be prudent for the CBN to go a step further by introducing a measure to withdraw composed bank notes from circulation.



For more information on the circular, please refer [here](#)

**UPDATES FROM THE SECURITIES AND EXCHANGE COMMISSION**

**1. EXPOSURE OF PROPOSED GUIDELINES ON MINIMUM OPERATING STANDARDS FOR INFORMATION TECHNOLOGY FOR CAPITAL MARKET OPERATORS (CMOS)**

In view of the need for Capital Market Operators (CMOs) to adopt Information Technology (IT) to drive business operations and ensure the security, confidentiality, integrity and reliability of Information Systems, the SEC has published a proposed guideline on minimum operating standards for IT for CMOs.



Among other things, the guideline requires CMOs to own and manage private data centers, rent rack spaces in a colocation data center facility, or employ the services of a public cloud service provider (CSP) for their computing, storage and networking requirements. However, CMOs that

engage the services of colocation data center facility must conduct due diligence before subscribing to the Data center's service. The guideline also provides that CMOs are to develop an IT policy approved by its Board, which should set out the organization's policy for the management and governance of IT and information systems, and which must be reviewed every five (5) years.

The guideline also provides that an internal Information Technology/Information Security audit be in place with a risk-based audit approach and mandates CMOs to have a documented business continuity plan and a disaster recovery plan that will ensure that operations continue at an acceptable level in the event of any unforeseen IT service disruptions. The proposed guideline although long overdue remains a very welcome development.

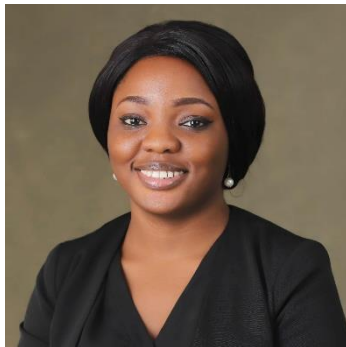
For more Information on the proposed guidelines, please refer [here](#).

**For further enquiries, please contact:**



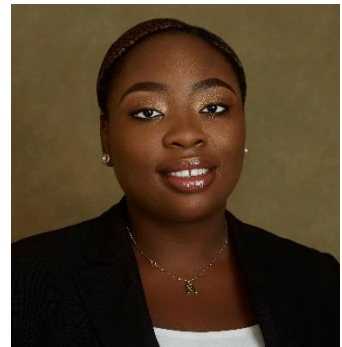
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