



# RMB NIGERIA POLITICALLY EXPOSED PERSONS STANDARD

## Document Control

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## Contents

1. INTRODUCTION .....	4
2. PURPOSE .....	4
3. SCOPE .....	4
4. OWNERSHIP & REVIEW .....	4
5. GOVERNANCE & APPROVAL BODIES .....	4
6. ADOPTION & SUPPORTING OPERATING STANDARDS .....	5
7. PUBLICATION.....	5
8. RELATED POLICIES .....	5
9. ADHERENCE .....	6
10. PEP DEFINITION .....	6
10.1. Politically Exposed Person (PEP).....	6
10.2. Immediate Family Members .....	7
10.3. Known Close Associates .....	7
11. PEP IDENTIFICATION.....	8 - 9
12. PEP SCREENING LISTS .....	9
12.1. Governance of PEP lists .....	9
12.2. Management of PEP lists .....	10
13. PEP SCREENING REQUIREMENTS.....	10
13.1. General screening requirements .....	10
13.2. When must PEP screening take place? .....	10
13.3. Who must be screened? .....	10-12
13.4. Confirming positive matches .....	12-13
14. PEP ENHANCED DUE DILIGENCE (EDD).....	13
15. SENIOR MANAGEMENT APPROVAL .....	14

16. PEP REGISTER & MANAGEMENT INFORMATION ..... 14

17. ENHANCED ON-GOING MONITORING ..... 15

18. REVIEW OF HIGH-RISK PEP RELATIONSHIPS ..... 15

19. REVIEW OF HIGH-RISK PEP RELATIONSHIPS ..... 15

20. DE-CATEGORISATION ..... 15

21. ADDITIONAL REQUIREMENTS ..... 15

21.1. Training..... 15

21.2. Recordkeeping ..... 16

ANNEXURE A: PEP RED FLAGS AND RISK INDICATORS ..... 17 - 19

ANNEXURE B: PEP FORM ..... 20-25

## **1. INTRODUCTION**

Politically exposed persons (PEPs) are individuals who are or have in the past been entrusted with prominent public functions in a particular country.<sup>1</sup> Certain PEPs, as well as their immediate family members and persons known to be close associates, are required to be subject to enhanced financial crime controls and measures, scrutiny and on-going monitoring. This is because domestic and international regulations, as well as international standards issued by the Financial Action Taskforce (FATF) recognise that a PEP may be in a position to abuse their public office for private gain and may use the financial system to launder the proceeds of this abuse. It is important to note that these requirements are preventive (not criminal) in nature and should not be interpreted as stigmatizing PEPs as necessarily being involved in criminal activity.

## **2. PURPOSE**

This standard serves to enable Rand Merchant Bank Nigeria Limited (hereinafter referred to as RMB Nigeria) to comply with the relevant policies and regulatory obligations relating to business relationships with PEPs. This standard therefore sets out the minimum requirements relating to the identification, risk-rating and on-boarding of PEPs, as well as the maintenance of PEP relationships and other risk controls and measures relevant in this regard.

## **3. SCOPE**

This standard applies to RMB Nigeria relation to all PEP relationships established or maintained within RMB Nigeria.

If Nigeria has regulations which make it prohibitive for RMB Nigeria to apply any of the requirements contained in FirstRand Policies and Standards, an application for a waiver must be submitted in accordance with the RMB Nigeria Policy Exemption Standard.

## **4. OWNERSHIP & REVIEW**

This Standard is owned by RMB Nigeria Compliance and Regulatory Risk Management. To ensure the Standards remain current and appropriate for managing RMBNL's financial crime risks, it must be reviewed at least every three years or when the legislative framework, regulations or guidance are amended.

## **5. GOVERNANCE & APPROVAL BODIES**

This Standard is recommended by RMB Nigeria Board Risk and Compliance Committee and approved by same on behalf of the Board.

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<sup>1</sup> Financial Action Task Force *FATF Guidance: Politically Exposed Persons (Recommendations 12 & 22)* 2013

## 6. ADOPTION & SUPPORTING OPERATING STANDARDS

Each FirstRand international operation must adopt its own Politically Exposed Persons Standard, which must align to this standard, unless the higher of home or host principle requires customisation, and which must be approved by their respective in-country risk committees.

Each franchise, segment, subsidiary and international operation must furthermore adopt operating standards and procedures in as far as this is required to give effect to the requirements contained in this standard, which must be approved by their applicable governance forums.

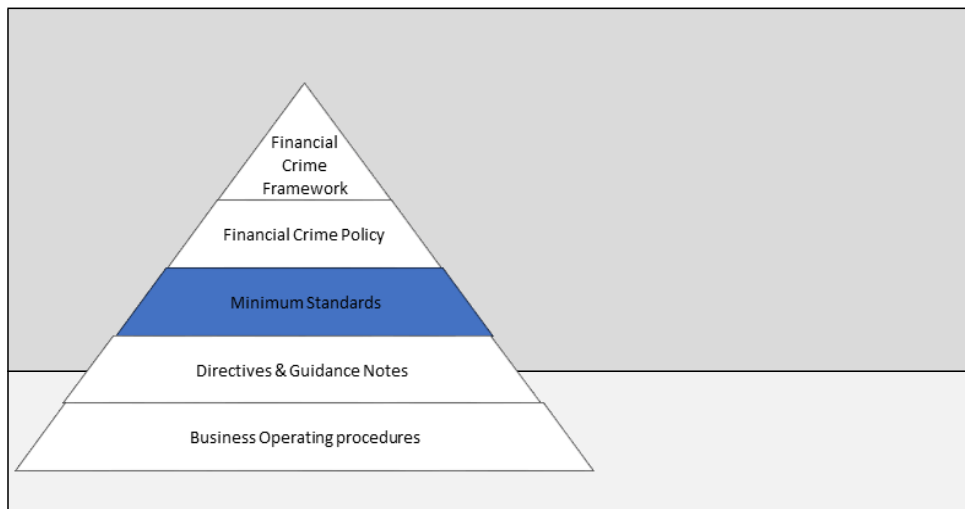
Such standards and operating procedures should specifically set out how the business will determine whether a prospective client is a PEP, as defined below, and how it will assess and mitigate the money laundering and terrorist financing risks associated with business relationships with such persons.

## 7. PUBLICATION

The latest versions of the RMB Nigeria financial crime policies, standards and directives are published on the Shared drive [Y:\Risk and Governance\Compliance](#). It is the responsibility of Compliance and RRM; and business heads to make this policy available to their employees.

## 8. RELATED POLICIES

These standard forms part of the RMB Nigeria Financial Crime Risk Management & Compliance Programme. The FirstRand financial crime policy structure is illustrated below:



This standard must furthermore be read in conjunction with the:

- RMB Nigeria Risk-Based Approach Minimum Standard;
- RMB Nigeria Client Due Diligence Standards;
- RMB Nigeria Adverse Media Standard; and
- any applicable guidance relating to the review of high risk relationships, as issued from time to time.

## **9. ADHERENCE**

The provisions of this standard are mandatory. Willful and deliberate non-compliance with the RMB Nigeria financial crime policies, supporting minimum standards and operating procedures can expose RMB Nigeria to significant regulatory sanction, fines, criminal liability, the suspension of RMB Nigeria's operations, or the withdrawal of RMB Nigeria's banking and operating licenses. The increased reputational risk arising from such non-compliance will furthermore negatively affect RMB Nigeria ability to attract and maintain clients, source funding and participate in international markets. Willful and deliberate non-compliance by RMB Nigeria's employees may therefore result in disciplinary action or dismissal. Current financial crime legislation also provides for the personal liability and imprisonment of negligent employees.

Where the business is informed or discovers on their own accord that the requirements of this standard have not been met, a breach must be recorded on the relevant log or reporting system, as required in terms of the RMB Nigeria Policy Exemption Standard.

## **10. PEP DEFINITION**

This standard applies to the categories of PEPs included below. For ease of reference, this document will refer to PEPs as a collective term for all of these categories, unless indicated otherwise.

### ***10.1. Politically Exposed Person (PEP)***

A Politically Exposed Person (PEP) is defined by FATF (February 2012) as an individual who is or has been entrusted with a prominent public function. Due to their position and influence, it is recognised that many PEPs are in positions that potentially can be abused for the purpose of committing money laundering offences and related predicate offences, including corruption and bribery, as well as conducting activity related to terrorist financing.

From the context of Nigeria, PEPs are individuals who are or have been entrusted with prominent public functions in Nigeria or in foreign countries, and people or entities associated with them (CBN AML/CFT Regulations, 2013, S. 18).

According to the CBN AML/CFT Regulations 2013, PEPs include:

- Heads of State or Government
- State Governors
- Local Government Chairmen;
- Senior politicians
- Senior government officials;
- Judiciary officials or military officers;

- Senior executives of state owned corporations;
- Important political party officials;
- Members of royal families
- Family members or close associates of PEPs; and
- Persons who are or have been entrusted with a prominent function by an international organisation, including members of senior management such as directors, deputy directors and members of the board or equivalent functions other than middle ranking or more junior individuals.

### **10.2. Immediate family members**

The immediate family members of PEPs should be similarly categorised as PEPs and subjected to the same requirements set out in this standard, as applicable. Due to their close proximity to the person entrusted with the prominent public office, the PEP may be able to abuse the position of a family member to undertake illicit activities.

For the purpose of this section, an immediate family member includes –

- i. the spouse, civil partner or life partner;
- ii. the previous spouse, civil partner or life partner, if applicable;
- iii. children and step children and their spouse, civil partner or life partner;
- iv. parents; and
- v. siblings and step siblings and their spouse, civil partner or life partner.

### **10.3. Known close associates**

Known close associates of PEPs should be similarly categorised and subjected to the same requirements set out in this standard, as applicable. The category of “closely associated persons” typically includes close business colleagues and personal advisers / consultants to the PEP, as well as persons who obviously benefit significantly from being close to such a person. Close associates can therefore be individuals who are closely connected to a PEP, either socially or professionally. Due to their close proximity to the person entrusted with the prominent public office, the PEP may be able to abuse the position of an associate to undertake illicit activities.

For known close associates, examples from FATF guidance include the following types of relationships:

- i. Known sexual partners outside the family unit (e.g. girlfriends, boyfriends, mistresses);
- ii. Prominent members of the same political party, civil organisation, labour or employee union as the prominent person;
- iii. Business partners or associates, especially those that share (beneficial) ownership of legal entities with the prominent person, or who are otherwise connected (e.g., through joint membership of a company board).
- iv. Any individual who has sole beneficial ownership of a legal entity or legal arrangement set up for the actual benefit of the prominent person.



## **11. PEP IDENTIFICATION**

Given that no single comprehensive list of PEPs, their family members and known close associates currently exists, it is accepted that it is not possible to identify all PEPs with complete accuracy; however, reasonable steps must be taken to identify PEPs in order to discharge RMB Nigeria's regulatory obligations.

Although RMB Nigeria cannot place absolute reliance on commercial databases for purposes of PEP identification, the screening of all RMB Nigeria clients against commercially available PEP lists is deemed to be a primary and mandatory risk mitigation measure. See section 13 below in this regard.

In addition to screening, the starting point for the effective implementation of controls relating to PEPs to have effective measures in place to know who the clients are and to understand their clients' business. The following are some of the available controls and measures for PEP identification, according to international best practice and regulator expectations.

### **i. Client due diligence (CDD)**

Client due diligence is a key source of information for the purpose of determining if a client is a PEP. The sourcing of correct and complete client information by the Bank supports both the effective identification of PEPs and the screening process, by allowing for easy and quick investigations into potential matches. For example, a key factor in this on-going process is the client's principle occupation or employment.

### **ii. Internet and media searches**

The Bank can, where possible and appropriate, use the internet and media as sources of information for the determination, monitoring, verification of information in relation to PEPs, although noting that information that is retrieved may not in all cases be comprehensive or reliable. Searching focused sources that could be linked to the client may assist in locating relevant information (for example, (social) media websites in the client's country of origin).

Although a client might not initially (at the commencement of the business relationship) meet the definition of a PEP (or immediate family member or close associate), the Bank should take into account that this position might change over time. The business should, as far as practicable, be alert to public information relating to possible changes in the status of its client.

### **iii. Government issued PEP-lists**

Countries sometimes publish lists of domestic PEPs or prominent public functions. In general, while the inclusion on a list can confirm the fact that a person is a PEP, not being featured on a list does not necessarily exclude the possibility that a person is nevertheless a PEP.

### **iv. In-house databases and information sharing within RMB Nigeria and the FirstRand Group**

For foreign Politically Exposed Persons, RMB Nigeria may not have first-hand knowledge of the person readily at hand. Such information may be available from other institutions within the same financial group which are doing business in the foreign country or, alternatively, through the internet and other relevant sources.

In relation to foreign PEPs, it is therefore best practice for institutions within international financial groups, such as FirstRand, to share information on PEPs for AML purposes, with appropriate client confidentiality and privacy controls in place.

#### **v. Transaction monitoring and on-going monitoring**

As the Bank conducts on-going monitoring of a business relationship, it may come across patterns that are difficult to explain, triggering further research into the client's background. This investigation can lead to the identification of a PEP among existing clients.

#### **vi. Family members and known close associates**

If the Bank finds that a PEP has family members and known close associates, it should search its records to determine whether it may be providing services to such members or associates, and if so, classify them as PEPs and apply the required enhanced due diligence measures. For the purpose of deciding whether a person is a known close associate of a prominent person, the Bank need only have regard to information which is in its possession, or to credible information which is publicly known.

In more practical terms, RMB Nigeria should typically regard a person as a known close associate to a PEP under the following circumstances (although it is important to note that other circumstances could also exist):

- i. Where recurring transactional activity between a PEP and a third person or persons indicates the possible existence of a relationship (of whichever nature); and / or
- ii. where open sources indicate the possible existence of a relationship (of whichever nature) between the PEP and a third person or persons; and / or
- iii. where a third party or parties act as Mandated Person(s) on the account of a PEP, and *vice versa*.

## **12. PEP SCREENING LISTS**

### **12.1. Governance of PEP lists**

The regulatory requirement to identify PEPs and to enforce additional controls at the on-boarding of such clients exists in every jurisdiction in which FirstRand operates. To the extent that it is practicable and justifiable in terms of the FirstRand Financial Crime Risk Management and Compliance Programme, the scope of the FirstRand PEP screening lists should provide global coverage.

The Financial Crime Regulatory Compliance Sub-committee to the FirstRand Compliance and Conduct Risk Committee (CCRC) will determine which PEP lists should be screened against by FirstRand, based on the recommendations of FirstRand Financial Crime Risk Management and FirstRand Financial Crime Regulatory Compliance.

## 12.2. Management of PEP lists

FirstRand Financial Crime Risk Management is responsible for the management of the PEP lists. This specifically includes, but is not limited to:

- ensuring that the RMB Nigeria and FirstRand-approved PEP lists (if any such list is maintained) form part of the screening convention;
- implementing adequate controls to ensure that the most recent versions of the lists are incorporated into the screening solutions;
- implement clear controls to ensure that PEP screening is taking place against all the RMB Nigeria and FirstRand approved PEP screening lists and the content thereof;
- ensuring technical optimisation of the applicable screening solutions; and
- incorporating adequate controls and governance processes for the management of false positive rules and exceptions.

## 13. PEP SCREENING REQUIREMENTS

The following minimum requirements pertain to PEP screening:

### 13.1. General screening requirements

With regard to client screening, the following requirements must be met:

- All relevant client data must be sent by the respective business to the screening solution for screening to identify PEPs.
- The screening solution must maintain a record showing that a client record has been successfully screened and that the client is either positively, potentially or negatively matched against the PEP screening list.
- If the solution indicates that there has been a positive match, the respective business must conduct the requisite on-boarding procedures in respect of the identified PEP, as set out below.

### 13.2. When must PEP screening take place?

PEP screening must at a minimum take place:

- i. in real-time prior to the establishment of a business relationship with a prospective client; and
- ii. on a daily basis after the establishment of the business relationship with the client for the duration of the business relationship.

It is important to continuously conduct adequate PEP screening for the following reasons:

- i. PEP screening lists are updated and amended daily; and
- ii. client details change on an on-going basis.

### 13.3. Who must be screened?

The following individuals and entities should be screened against the PEP screening lists:

PRIMARY CLIENTS	
<b>Prospective clients</b>	A prospective client is a juristic person seeking to establish a new business relationship with RMB Nigeria, which prospective client has been approved by RMB Nigeria as eligible for a RMB Nigeria service, product or transaction, and where RMB Nigeria has obtained information from that person or their Mandated Persons to create a profile on a primary system of record for RMB Nigeria (but which information has not yet necessarily been verified). When the prospective client is approved by RMB Nigeria as eligible for a RMB Nigeria service or product, the prospective client must be

	<p>screened.</p> <p>Single transactions are <b>excluded</b> from the scope of this standard, unless a client conducts single transactions on a <i>recurring basis</i> in which case a business relationship will have been established and the requirements contained in this standard will apply.</p>
<b>Existing clients</b>	<p>An existing client is a juristic person with whom RMB Nigeria has established a business relationship.</p> <p>A business relationship means an arrangement between RMB Nigeria and a client for the purpose of concluding transactions on a regular basis or which entails an on-going relationship in line with the nature of a product or service offering.</p> <p>A business relationship is created at the point at which the client is enabled by RMB Nigeria to transact, deposit, receive funds or accept products or services offered by RMB Nigeria.</p> <p>Not included are closed accounts where the client has been fully exited and no further obligations exist between RMB Nigeria and the client.</p>

### MANDATED PERSONS

<p>Where the client is acting on behalf of another person, or where another person is acting on behalf of the client, such a person is referred to as a <b>Mandated Person</b>, in terms of the RMB Nigeria Client Due Diligence Standard.</p> <p>The category of Mandated Persons includes, but is not necessarily limited to, persons acting on behalf of primary clients on the basis of a power of attorney; mandate; resolution duly executed by authorised signatories; any written contractual arrangement between the business and the account holder; or a court order authorising the third party to conduct business on behalf of another person.</p> <p>Mandated Persons could therefore include:</p> <ul style="list-style-type: none"> <li>• persons with administrative permissions (persons with the authority to grant either themselves or another person authority to transact (account-based permissions) on behalf of the primary client);</li> <li>• persons with account-based permissions (persons with the authority to transact on behalf of the primary client where they have been formally mandated to do so); and</li> <li>• persons duly authorised to act on behalf of the client, where the primary client has limited legal capacity (e.g. parents / guardians of minors; legal curators).</li> </ul> <p>RMB Nigeria must screen all Mandated Persons. However, in line with the risk-based approach, certain secondary users of the primary client's banking facilities, systems or services may be excluded from the Mandated Persons definition. In such instances, such exclusions will also apply in terms of screening.</p> <p>Mandated Persons to single transactions are also <b>excluded</b> from the scope of this standard, unless a client conducts single transactions on a <i>recurring</i> in which case a business relationship will have been established and the requirements contained in this standard will apply.</p>	
<b>Note on sureties and guarantors</b>	<p>A surety or guarantor will be regarded as a Mandated Person at inception of the relationship with the customer, at which point screening must be conducted. However, the Bank may require screening prior to the establishment of the business relationship where this is required to effectively manage its risks.</p>

## RELATED PARTIES

A **Related Party** is a person linked to a client that is a corporate vehicle (legal persons, partnerships, trusts, or similar arrangements) on the basis of *ownership* of or *control* over the corporate vehicle, but who is not necessarily authorised to act as a Mandated Person on behalf of the client. This category includes, but is not necessarily limited to:

- the Beneficial Owners of legal persons, including the founder, trustees and named beneficiaries of trusts, and the members of partnerships; and
- the directors, members and senior management of legal entities.

The Bank must determine, on the basis of a risk-based approach, which Related Parties must be subjected to screening to sufficiently mitigate any PEP risk and to meet the PEP compliance requirements of the business. However, at a minimum all **Beneficial Owners**, as defined in the RMB Nigeria KYC Manual, must be screened against the approved PEP lists.

Related Parties to single transactions are also **excluded** from the scope of this standard, unless a client conducts single transactions on a *recurring* in which case a business relationship will have been established and the requirements contained in this standard will apply.

### Note on **beneficiaries**

All **beneficiaries** should at a minimum be screened prior to the pay-out of any benefit to the beneficiary. However, the business may require screening prior to the establishment of the business relationship and on a continuous basis thereafter where this is required to effectively manage its risks.

### 13.4. Confirming positive matches

Screening could result in the potential identification of a 'listed' individual, i.e. a potential match. A potential match against an entry on a screening list must be confirmed / validated (i.e. as a true or positive match) or eliminated (as a false positive) before any further action is taken.

Confirmation of true matches or elimination of false positives should be done on the basis of primary and secondary elements. The primary elements are always considered first. The following primary and secondary elements are to be used for purposes of confirmation, to the extent that this information is available when validation takes place:

Type	Primary Elements	Secondary Elements
<b>Individuals</b>	Full names, to the extent that it is available	Gender
	Date of birth	Position / role / title
	Nationality	
	Country of residence	
<b>Entities</b>	Name	Nature of business
	Country of operation	
	Company registration number	

If an existing client subsequently becomes a PEP, the client's risk rating must be amended and the requirements for PEPs, as set out below, must be complied with.

## 14. PEP ENHANCED DUE DILIGENCE (EDD)

Once a PEP has been positively identified, PEP EDD must be performed on the prospective or existing relationship, in addition to the standard CDD requirements. The purpose of the PEP EDD exercise is to source additional information to that which is obtained during the CDD process on high risk clients. The output of the PEP EDD process must enable senior management to determine if the PEP should either be

on-boarded as a client, or the client relationship exited, as the case may be.

PEP ENHANCED DUE DILIGENCE	
PEP	EDD Requirements
<b>Prospective client</b>	<p>The following requirements must be met before senior management can consider approving the on- boarding of a PEP:</p> <ol style="list-style-type: none"> <li>i. All applicable <b>CDD requirements</b> (for natural persons and corporate vehicles respectively) must be fulfilled, as set out in the and the supporting RMB Nigeria Client Due Diligence standard.</li> <li>ii. The client's <b>source of wealth</b> must be established. Source of wealth means the origin of the client's total wealth, which includes, for example inheritance or savings. When determining the source of wealth, the Bank should look at the activities that have generated the total net worth of the client (i.e. the activities that produced the client's funds and property). The wealth of a person could be the result of several different activities over a period of time. The Bank is not required to verify the information about the client's source of wealth.</li> <li>iii. Conduct an <b>adverse media review</b>, in accordance with the RMB Nigeria Adverse Media Standard.</li> </ol>
<b>Existing client</b>	<p>The following requirements must be met before senior management can consider maintaining a relationship with a PEP:</p> <ol style="list-style-type: none"> <li>i. All applicable CDD requirements (for natural persons and corporate vehicles respectively) must be fulfilled, as set out in the RMB Nigeria Client Due Diligence standard.</li> <li>ii. The client's <b>source of wealth</b> must be established, as per the above.</li> <li>iii. Conduct an <b>adverse media review</b>, in accordance with the RMB Nigeria Adverse Media Standard.</li> <li>iv. Conduct a <b>transactional review</b> of the client's accounts for a specific review period, in accordance with the Bank's risk-based approach.</li> </ol>
<b>Beneficial Owners</b> <i>(Related Party)</i>	<p>The same requirements that pertain to prospective clients and existing clients respectively will apply to clients of which the beneficial owner is a PEP.</p>

## 15. SENIOR MANAGEMENT APPROVAL

The RMB Nigeria Chief Risk Officer has been empowered to review and append senior management approval on all PEPs identified in the Bank. In his absence, any executive director in the Bank can approve.

As part of the risk assessment, the senior management approving PEP relationship should ensure that reasonable steps have been taken, as part of the enhanced due diligence process to establish:

- the source of wealth involved;
- the source of funds to be used in the relationship;
- the services / products required;
- the nature of the PEPs public position;
- Any adverse news related to the PEP;
- that the client identification and verification requirements have been fully completed; and
- the PEPs involvement in the corporate entity client / prospective client, where applicable, and the nature of the relationship with the PEP (where the prospective client / client is a family member / close associate of the PEP).

Where gaps are evident, additional information should be obtained to enable an informed decision to be made. See **annexure A** for further guidance on PEP red flags.

## **16. PEP REGISTER & MANAGEMENT INFORMATION**

The Chief Compliance Officer (CCO) is responsible for maintaining the RMB Nigeria consolidated central PEP register which is populated by:

- automated population of the register based on true PEP matches clients identified through automated screening;
- manual population of the register where businesses identify true PEP client matches which are not listed on the commercial PEP lists subscribed to.

The PEP register is therefore a register or listing of all known PEP clients that RMB Nigeria has business relationships with.

Where businesses identify a new PEP, or there is a change to an existing PEP relationship, the relevant business must notify the CCO immediately to ensure that the PEP register remains accurate and up to date.

## **17. ENHANCED ON-GOING MONITORING**

Where PEP relationships are established and maintained, regular oversight activities on the accounts in question should be undertaken, with a view to identify any potential causes for concern. Evidence of any unusual features, such as the receipt of large sums from government bodies, state owned activities or government and central bank accounts, should be the subject of particular scrutiny. See **annexure A** for further guidance in this regard.

RMB Nigeria has further implemented triggers that call for a review of relationship risk levels, e.g. where adverse media is found on a PEP.

## **18. REVIEW OF PEP RELATIONSHIPS**

In terms of the RMB Nigeria Financial Crime Policy and the RMB KYC Manual, all high-risk clients must be subject to an annual high-risk review at least annually after the completion of the first mandatory high-risk review.

This requirement pertains to all client relationships that are high risk – either by virtue of the applicable risk models or as an automatic high-risk relationship due to a single risk factor, as set out in the Risk-Based Approach Standard. This review will ensure that enhanced on-going monitoring is conducted on all high-risk clients.

Deceased, dormant, restricted and closed accounts are to be excluded from the scope of annual review.

## **19. DE-CATEGORISATION**

In terms of the PEP definition in the Money laundering (Prohibition) Act of 2011 (As amended) and regulation 18 of the Central Bank of Nigeria (Anti-money laundering and Combating the Financing of Terrorism in Banks and Other Financial Institutions in Nigeria) Regulations 2013, PEPs in Nigeria cannot be de-categorised, PEPs become PEPs for life.

## **20. ADDITIONAL REQUIREMENTS**

### **20.1. Training**

Staff members are the first line of defence in preventing and detecting Money Laundering and terrorist financing, and also have a crucial role to play in identifying clients and potential clients who are PEPs. The Bank must identify relevant individuals who must be trained in the application of this policy together with

more detailed information on Money Laundering Control relating to their particular business or sphere of operation.

All staff, management and board members involved in the prevention or detection of financial crime must be made aware of this policy statement and its contents. ‘

Human Capital together with Compliance must ensure training is completed as required by policy standards and Management Information must be retained by the business to document it has taken place. This information should be reported to the CCO and relevant regulators.

## **20.2. Recordkeeping**

All PEP records, including screening results, EDD records and decisions by senior management, must be fully documented and retained for a period of a minimum of 5 years from the date of the last transaction or the ending of the business relationship. The audit trail to be maintained will include physical and electronic records and the results and rationale for any decision.

These requirements must be read together with the requirements contained in Principle 6 (“Recordkeeping and document retention”) of the Financial Crime Policy, as well as any applicable RMB Nigeria recordkeeping and retention policies, standards as guides as issued and updated from time to time.



## **ANNEXURE A: PEP RED FLAGS AND RISK INDICATORS**

The FATF has developed a collection of red flags / indicators that can be used to assist in the detection of misuse of the financial systems by PEPs during a client relationship. Matching one or more of these red flags or indicators may raise the risk of doing business with a client.

### **i. PEPs attempting to shield their identity**

Examples of ways in which this is done are:

- Use of corporate vehicles (legal entities and legal arrangements) to obscure the beneficial owner.
- Use of corporate vehicles without valid business reasons.
- Use of intermediaries when this does not match with normal business practices or when this seems to be used to shield the identity of a PEP.
- Use of family members or close associates as legal owners.

### **ii. The PEP's behaviour**

- Use of corporate vehicles (legal entities and legal arrangements) to obscure i) ownership, ii) involved industries or iii) countries.
- The PEP makes inquiries about the institution's financial crime policy or PEP policy.
- The PEP seems generally uncomfortable to provide information about source of wealth or source of funds.
- The information that is provided by the PEP is inconsistent with other (publicly available) information, such as asset declarations and published official salaries.
- The PEP is unable or reluctant to explain the reason for doing business in the country of the financial institution.
- The PEP provides inaccurate or incomplete information.
- Funds are repeatedly moved to and from countries to which the PEP does not seem to have ties with.
- The PEP is or has been denied entry to the country (visa denial).
- The PEP is from a country that prohibits or restricts its/certain citizens to hold accounts or own certain property in a foreign country.

### **iii. The PEP's position or involvement in business**

- The PEP has a substantial authority over or access to state assets and funds, policies and operations.
- The PEP has control over regulatory approvals, including awarding licences and concessions.
- The PEP has the formal or informal ability to control mechanisms established to prevent and detected financial crime.
- The PEP (actively) downplays the importance of his/her public function.
- The PEP does not reveal all positions (including those that are ex officio).
- The PEP has access to, control or influence over, government or corporate accounts.
- The PEP (partially) owns or controls financial institutions, either privately or ex officio.
- The PEP (partially) owns or controls the financial institution (either privately or ex officio) that is a counter part or a correspondent in a transaction.
- The PEP is a director or beneficial owner of a legal entity that is a client of a financial institution.

#### **iv. Industry / sector within which the PEP is involved**

- Arms trade and defence industry;
- Banking and finance;
- Businesses active in government procurement, i.e., those whose business is selling to government or state agencies;
- Construction and (large) infrastructure;
- Development and other types of assistance;
- Human health activities;
- Mining and extraction;
- Privatisation; and
- Provision of public goods or utilities.

#### **v. Business relationship / transaction, purpose of business relationship**

- (Consistent) use of rounded amounts, where this cannot be explained by the expected business.
- Deposit or withdrawal of large amounts of cash from an account, use of bank cheques or other bearer instruments to make large payments, or use of large amounts of cash in the business relationship.
- Other financial institutions have terminated the business relationship with the PEP.
- Other financial institutions have been subject to regulatory actions over doing business with the PEP.
- Personal and business-related money flows are difficult to distinguish from each other.
- Financial activity is inconsistent with legitimate or expected activity. Funds are moved to or from an account or between financial institutions without a business rationale.
- The account shows substantial activity after a dormant period; or over a relatively short time; or shortly after commencing the business relationship.
- The account shows substantial flow of cash or wire transfers into or out of the account.
- Transactions between non-client corporate vehicles and the PEP's accounts.
- A PEP is unable or reluctant to provide details or credible explanations for establishing a business relationship, opening an account or conducting transactions.
- A PEP receives large international funds transfers to a gaming account. The PEP withdraws a small amount for gaming purposes and withdraws the balance by way of cheque.
- A PEP uses third parties to exchange gaming chips for cash and *vice versa* with little or minimal gaming activity.
- A PEP uses multiple bank accounts for no apparent commercial or other reason.

#### **vi. Products, services, transaction or delivery channels**

- Anonymous transactions (including cash).
- Non-face-to-face business relationships or transactions.
- Payments received from unknown or un-associated third parties.
- Businesses that cater mainly to (high value) foreign clients.
- Trust and company service providers.
- Wire transfers to and from a PEP account that cannot be economically explained, or that lack relevant originator or beneficiary information.
- Correspondent and concentration accounts.
- Dealers in precious metals and precious stones, or other luxury goods.
- Dealers in luxury transport vehicles (such as cars, sports cars, boats, helicopters and planes).
- High end real estate dealers.

## **vii. Country-specific indicators**

- The PEP is from a higher risk country. Additional risks occur if a PEP from a higher risk country would in his/her position have control or influence over decisions that would effectively address identified shortcomings in the AML/CFT system.
- PEPs from countries identified by credible sources as having a high risk of corruption.
- PEPs from countries that have not signed or ratified or have not or insufficiently implemented relevant anti-corruption conventions, such as the UNCAC, and the OECD Anti-Bribery Convention.
- PEPs from countries with mono economies (economic dependency on one or a few export products), especially if export control or licensing measures have been put in place.
- PEPs from countries that are dependent on the export of illicit goods, such as drugs.
- PEPs from countries (including political subdivisions) with political systems that are based on personal rule, autocratic regimes, or countries where a major objective is to enrich those in power, and countries with high level of patronage appointments.
- PEPs from countries with poor and/or opaque governance and accountability.
- PEPs from countries identified by credible sources as having high levels of (organised) crime.

## ANNEXURE B: PEP FORM

2014 POLITICIALLY EXPOSED PERSON ACCEPTANCE FORM (PEP) V3.3

CLIENT DETAILS	
Name of Client	
Name of PEP	
Unique Customer Number	
Customer Type	
Registration number/ Id Number (passport)	
Brand / Segment / OWS Source	
Branch & Region	
Relationship Manager (Where applicable)	
Reason for PEP Status (Select all that apply)	
<input checked="" type="checkbox"/> Significant* P Associate	<input type="checkbox"/> Immediate Family M
<input type="checkbox"/> Adverse Findings on the PEP	<input type="checkbox"/> Previous role as a PEP
<input type="checkbox"/> Close	
WC UID	
Explanation (Reason for PEP classification above selection):	
BIPGRAPHY:	

\*A "Significant PEP" would be a: Head of State/Minister or Cabinet ranked member of government/ Senior military officers or Law enforcement officials (generally with the rank of General or above)/High ranking political party official/State owned entities... etc.....

BIOGRAPHY AND ADDITIONAL INFORMATION / NOTES e.g. Is the PEP linked to any additional PEPs or Persons of Interest that may influence the relationship with the Bank

Where the client is considered a PEP as a result of being a family member, close associate or beneficial controller of a PEP please provide the following information on the linked PEP profile

Name of PEP	n/a
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Reason for PEP Classification	n/a
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FNB Client	Y	N	WesBank Client	Y	N	RMB Client	Y	N
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Complete either section A or B or C dependent on the Client Relationship

Primary Client (complete section A)		Related Party (complete section B for related party and associated linked party)		Other: i.e. Issuer /RMA(complete section C)	
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A. Primary Client – EDD Review

Date relationship was established	Refer to part B
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Business purpose for opening the account / establishing a relationship (intended nature)	Transactional
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What is the client's occupation / business activity?	Trading in energy resources
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Is the client a FirstRand staff member (Y/N)	N
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Client Identification and Verification (CIV / KYC) Documentation (if No is selected from question iii to vi, the PEP Review must not proceed until the client is compliant. Standard business procedures must be followed to ensure active, compliant PEP relationships are approved)

i. Is all the KYC documentation retrievable?	Refer to part B
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ii. Has client CIV fulfilment been met using an applicable exemption notice	Refer to part B
---	-----------------

iii. Is all the KYC documentation complete, accurate and valid? (this includes the primary client and all associated parties)	Refer to part B
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iv. Is the Clients profile KYC compliant?	Refer to part B
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v. Have you verified that the details on the documents correspond with the information captured on the client systems?	Refer to part B
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vi. Has the client information been re-confirmed	Refer to part B
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vii. Please provide the date when client information was re-confirmed (date client particulars were updated must be within one year of this review)	Refer to part B
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iii. Have you reviewed the other client data attributes on the client system and ensured the information is correct, valid and true e.g. occupation, SIC Code	Refer to part B
ix. Ultimate Beneficial Ownership <ul style="list-style-type: none"> <li>• Have you identified the Ultimate Beneficial Owner (UBO)?</li> <li>• Is the UBO PEP?</li> <li>• Does the UBO have a relationship with the Bank</li> </ul>	Refer to part B
<b>Client Activity</b>	
Source of Wealth e.g., investments, dividends (Definition: Initial capital injection to start the business)	
Source of Funds e.g. income (Definition: Ongoing funding for the business)	
How was the source of funds and source of wealth verified? For example: Copy of the annual financial statements, letter from the client	
What is the banks financial exposure to the client (does client have any outstanding debt owed to the bank)?	
What is the annual turnover for the client?	
Is the transactional activity in line with the type of account?	
Have you complied with your Suspicious Transaction Reporting obligations?	

<b>B. Related Party classified as a PEP</b>	
Date the relationship with the client was established	
Capacity of the related party with the client?	
What are the related parties occupation / business activity?	
What is the name of the client?	
What is the client's customer number?	
Business purpose for opening the account / establishing a relationship with the client ( <i>intended nature</i> )	
What is the client's occupation / business activity?	
Client Identification and Verification (CIV / KYC) Documentation for Related Party and Associated Linked Client ( <i>if No is selected from question xii to xiv, the PEP Review must not proceed until the client is compliant. Standard business procedures must be followed to ensure active, compliant PEP relationships are approved</i> )	

x.	Are all the KYC documentation retrievable for the related party and the client?	
xi.	Has the required CIV fulfilment of the client been met using an applicable exemption notice?	
xii.	Is all the KYC documentation complete, accurate and valid? <i>(this includes the primary client and all associated linked parties)</i>	
iii.	Is the client KYC compliant?	
iv.	Have you verified that all details on the documents correspond with the information captured on the client systems?	
xv.	Please provide the date when all client information was re-confirmed (date client particulars were updated must be within one year of this review)	
vi.	Have you reviewed the other client data attributes on the client system and ensured the information is correct, valid and true e.g. occupation, SIC Code	
vii.	<p>Ultimate Beneficial Ownership</p> <ul style="list-style-type: none"> <li>• Have you identified the Ultimate Beneficial Owner (UBO)?</li> <li>• Name of the UBO?</li> <li>• Is the UBO PEP?</li> <li>• Does the UBO have a relationship with the Bank</li> </ul>	
Client Activity for the Primary Client		
	Source of Wealth e.g., investments, dividends (Definition: Initial capital injection to start the business)	
	Source of Funds e.g. income (Definition: Ongoing funding for the business)	
	How was the source of funds and source of wealth verified? For example: Copy of the annual financial statements, letter from the client	
	What is the banks financial exposure to the client (does client have any outstanding debt owed to the bank)?	
	What is the annual turnover for the client?	
	Is the transactional activity in line with the type of account? ( Y/N)	

Have you complied with your Suspicious Transaction Reporting obligations? ( Y/N)		
C. Other: i.e. Issuer / RMA / Funds		
Date relationship was established		
Brief Deal Description / Brief Client Relationship Purpose		
Escalate PEP to Business CRO/ Head of Compliance	Y/N	Date

I/We, the undersigned (acting on behalf of business) are mandated to declare that we understand the potential risk associated with dealing with this PEP. We have considered all information above which is true and correct and the business agrees to abide by the enhanced measures as defined in the FirstRand Politically Exposed Persons Policy. Record the decision taken on the client

Decision to Continue Relationship	Terminate	Maintain/ Establish
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*Relationship Manager*

Business Area within FirstRand	
Full names:	
F number:	
Designation:	
Have you completed the PEP training and annual AML refresher?	
Signature:	
Date:	

*Senior Relationship Manager*

Business Area within FirstRand	
Full names:	
F number:	
Designation:	
Have you completed the PEP training and annual AML refresher?	
Signature:	
Date:	

*Compliance Officer sign off*

Business Area within FirstRand	
Full names:	
F number:	
Designation:	
Signature:	



Additional Notes			
CRO and Head of Compliance Notes:	Date:		