

REGULATION FOR THE IMPLEMENTATION OF TARGETED FINANCIAL SANCTIONS ON PROLIFERATION FINANCING



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S.I. No ... of 2022

**REGULATION FOR THE IMPLEMENTATION OF TARGETED
FINANCIAL SANCTION ON PROLIFERATION FINANCING AND
RELATED MEASURES**

In the exercise of powers conferred on me by Section 3 and Section 95 of the Terrorism (Prevention and Prohibitions) Act, 2022 I, ABUBAKAR MALAMI, SAN, Attorney-General of the Federation and Minister of Justice, make the following Regulations—

.....2022 Commencement

PART I-PREAMBLE, PURPOSE, AND APPLICATION

Preamble

(1) Nigeria, being a member of the United Nations and in pursuit of its commitment to international peace and security as enunciated under the United Nations Charter, has enacted the Terrorism (Prevention and Prohibition) Act 2022 which authorizes the Attorney-General to make Regulations for the purpose of implementing the provisions of the Act and relevant United Nations Resolutions.

(2) Recognizing that Article 24 of the United Nations Charter confers on the Security Council the primary responsibility for the maintenance of international peace and security, while Articles 25, 48 & 49 of the United Nations Charter makes it mandatory for all Member States to enforce the resolutions of the UN Security Council.

(3) Recognizing that UNSCRs listed in Schedule 1 of this Regulation and all future successor Resolutions) require all States, including Nigeria, to take and enforce effective measures to prevent the financing of proliferation of nuclear, chemical, or biological weapons of mass destruction and their means of delivery.

(4) Recognizing the binding nature of United Nations Security Council Resolutions (UNSCR) and in conformity with international standards and the Terrorism (Preventions and Prohibition) Act, 2022 , this Regulation is aimed to provide for authorities, measures and procedures necessary for the implementation of the relevant UNSCRs.

Purpose

2. These Regulations -

- (a) prescribe the procedure for the freezing of funds, financial assets or other economic resources of any state, entity or person involved in proliferation of weapons of mass destruction and its financing (in these Regulations referred to as ‘designated person’);
- (b) stipulate the type of financial or other related services which may not be provided to a designated person or entity;
- (c) prescribe the condition and procedure for utilization of frozen funds or economic resources;
- (d) prohibit the making of funds or economic resources available to a designated person or entity;
- (e) provide mechanisms for communicating designations to the financial sector, the DNFBPs and other entities immediately upon such designation and to make reports on actions taken.
- (f) Provide procedure for the delisting and unfreezing the funds or other assets of persons and other entities that no longer meet the criteria for designation.
- (g) Provide measures for monitoring and ensuring compliance by financial institutions, DNFBPs and other entities with the relevant laws or enforceable means governing their obligations;
- (h) Provide mechanisms for consideration of contracts, agreements or obligations that arose prior to the implementation of targeted financial sanctions;
- (i) Provide procedure to enforce appropriate measures against the financing of proliferation of nuclear, chemical and biological weapons and their means of delivery.
- (k) provide guidelines for the effective implementation of United Nations Security Council Resolutions.

Application

3 – (1) These Regulations shall apply to –

(a) designated persons or entities contained in the Consolidated List of the United Nations (on proliferation financing);

(2) These regulations extend to any person or entity listed under sub-regulations (1) of these regulations, notwithstanding any rights granted to or obligations imposed under any existing international agreement or contract made prior to the date of coming into force of these Regulations

PART II – IMPLEMENTATION OF UNSCRs

Procedure for The Implementation Of UNSCRs Relating to Proliferation Financing

4- - (1) The designation of a person or entity by the United Nations Security Council or its Committees, in accordance with UNSCR 1718 and 2231 and their successor resolutions, shall –

- (a) have immediate application in Nigeria, and
- (b) continue in force until its expiration or revocation by the United Nations Security Council, or its Committees.

(2) Upon publication or an update to the United Nations Consolidated List of designated persons or entities, the Nigeria Sanctions Committee shall immediately publish the update in its website and disseminate the update to relevant authorities and sector regulators through electronic alert and hard copies.

(3) Notwithstanding the provision of sub-regulation 4(2), all natural and legal persons who are either Nationals, resident or have physical presence within Nigeria shall update themselves with the UN Consolidated List and the Nigerian List through the websites of the United Nations and the National Sanctions Committee respectively.

Procedure for communicating designations to Financial Institutions, Designated Non-financial Businesses & Professions and Other Entities.

5- (1) The Secretariat of the Nigeria Sanctions Committee shall upon publication or an update to the United Nations Consolidated List of designated persons or entities communicate such update to Financial Institutions, Designated Non-financial Businesses & Professions and other entities through an electronic alert.

(2) Financial Institutions, Designated Non-financial Businesses & Professions and other entities shall subscribe to the alert system.

(3) Sector Regulators shall ensure that entities under their supervision subscribe to the alert system and impose administrative sanctions for non-compliance.

Application for Delisting

6.— (1) A designated person, institution, or entity who wishes to have his or its name deleted from the UN Consolidated List, submit an application through the Attorney-General to the UN Sanctions Committee, stating reasons for the application provided that a copy is deposited with the Secretariat of the Nigeria Sanctions Committee.

(2) Where the UN Sanctions Committee refers an application for removal from the UN List to the Attorney-General for comments, the Attorney-General, in consultation with the Nigeria Sanctions Committee, shall within the time specified by the UN Sanctions Committee respond to the request stating reasons for the recommendation for retention or removal from the UN Consolidated List.

(3) The Attorney-General may ask questions or request for any clarification from the applicant in addition to responding to other queries raised by the UN Sanctions Committee.

(4) Where the name of a designated person has been struck out through a judicial or administrative process or the Attorney-General reasonably believes that a designated person is deceased, the Attorney-General shall request the UN Sanctions Committee to delete the name and other details of the designated person.

(5) The Nigeria Sanctions Committee shall develop and implement procedures for applications for submitting delisting requests of persons in the List and for unfreezing of funds or other assets of delisted persons or entities in a timely manner.

(6) The Nigeria Sanctions Committee shall before recommending a person or entity to be delisted or application for unfreezing of funds for the Attorney-General's approval—

- (a) Review the justification for a request for delisting or application for unfreezing of funds;
- (b) Seek additional information, where necessary; or
- (c) Hold consultations with relevant agencies or supervisory authorities.

(7) The Nigeria Sanctions Committee shall give information on the decision taken on the request or application to the concerned persons, group or entities.

(8) The Nigeria Sanctions Committee shall take necessary measures to ensure that names of beneficiaries of frozen funds are not on the Lists to the extent that such beneficiaries are not themselves involved in terrorist activities covered by these Regulations.

(9) A person, group, or entity, who is aggrieved by the decision of the Attorney-General under this regulation may apply to the Court for a review of that decision within a period of thirty days from the date of the decision.

PART III- FREEZING PROCEDURE AND REFERENCE TO LISTS

Freezing funds, assets and other economic resources held by a designated persons and entities

7- (1) Upon the publication or update of the UN Consolidated List of persons and entities designated by the UN in accordance with UNSCR 1718 and 2231 and its successor resolutions, all natural and legal persons in Nigeria, including financial institutions, Designate Non-financial Business and Professions, and other entities in Nigeria shall -

- (a) immediately, identify and freeze, without delay and without prior notice, all funds, assets, and any other economic resources owned or controlled by the designated person or entity in their possession;
- (b) report to the Sanctions Committee any assets frozen or actions taken in compliance with the prohibition requirements of the relevant UNSCRs, including attempted transactions within 24 hours;
- (c) The report in referred to in sub-regulation 7(1)(b) above shall be utilized by the Nigeria Sanctions Committee in line with the Committee's Manual; and
- (d) immediately file a Suspicious Transactions Report to the NFIU, including all cases of name matching in financial transactions prior to or after publication or update of the lists for further analysis.

(2) A Person who, in good faith, freezes funds, denies disposal thereof, or refuses to provide financial services relating to listed individual, group or entity, or declined to perform any other obligation in compliance with the provisions of Terrorism (Preventions and Prohibition) Act, 2022 and this Regulation shall be exempted from any damages or claims, resulting from such actions, including penal, civil, and/or administrative liability.

(3) In determining whether funds, assets or other economic resources are controlled by a designated person or entity, the fact that such funds are held in the name of an associate or relation is immaterial.

(4) Funds, assets and other economic resources frozen under these Regulations shall be recorded against the names of the owners and beneficial owners for proper management.

(5) For the purpose of determining beneficial ownership or control, a designated person or entity is deemed to be the beneficial owner or in control of a legal entity where he or she directly or indirectly, owns or controls, more than 50% of the shares of that entity. Such a company shall be subject to the sanctions' restriction applicable to the designated person or entity.

(6) Subject to the provisions of these Regulations –

(a) frozen funds under Resolution UNSCR 1718 and 2231 and its successor resolutions shall be held and the designated person is prohibited from accessing such funds or be provided with financial services except with the approval of the United Nations Security Council Sanction Committee;

Reference to Lists by Financial Institutions, Relevant Non-Financial Institutions and Law Enforcement and Security Agencies.

8-(1) All natural and legal persons, including financial institutions, Designate Non-financial Business and Professions and other entities within Nigeria shall review the UN Consolidated List prior to conducting any transaction, undertaking any financial Services or entering into any relationship with any person or entity to ascertain whether or not the name of such a person or entity is on the Lists.

(2) Where the name of a person or an entity is confirmed to be on the Lists, the person or entity in possession shall block all funds, assets and any other economic resources, or financial services, identified as;

(a) belonging to or connected with the person or entity on the List, whether or not such funds are tied to a particular act, plot or threat of proliferation.

(b) wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities;

(c) being derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities;

(d) Belonging to persons or entities acting on behalf of or at the direction of, designated person or entities

(3) The person or entity in possession of the funds referred to in sub-regulation 8(2) above shall within 24 hours file a “Suspicious Transaction Report” including reports or information on all actions taken to freeze the funds and other economic resources to the Nigeria Financial Intelligence a Unit (“NFIU”) who shall make it available to the Nigeria Sanctions Committee.

Update to relevant UN Security Council Committees

9- Pursuant to the action taken under section 61 of the Terrorism (Preventions and Prohibition) Act, 2022, the Attorney General shall, in respect of actions taken under UNSCR 1718 and 2231 and its successor resolutions freezing measures, communicate to the relevant United Nations Sanctions Committee through the Ministry of Foreign Affairs.

Monitoring compliance by sector regulators

10(1) Sector regulators shall -

- (a) provide clear guidance to financial institutions, Designate Non-financial Business and Professions, and other entities on their obligation to take freezing action in accordance with this regulation;
- (b) Monitor implementation of freezing obligations to ensure compliance through on-site and off-site inspection and provide quarterly report to the Nigeria Sanctions Committee.
- (c) Identify any funds related to a Listed Person that have been detected and frozen by FIs and DNFBPs, and whether or not relevant reports were submitted to the Nigeria sanctions Committee and the Nigerian Financial Intelligence Unit in line with the provisions of this regulation.
- (d) provide guidance to financial institutions and other persons or entities, including DNFBPs, that may be holding targeted funds or other assets, on their obligations to respect a de-listing or unfreezing action.
- (e) impose administrative sanctions against a financial institution, Designate Non-financial Business and Professions, and other entities in breach of immediate freezing obligation and rules against tipping off.

PART IV – FUNDS HELD BY DESIGNATED PERSONS

Dealing with funds held by a designated person

11.-(1) A person shall not deal with funds, assets or other economic resources owned, held or controlled directly or indirectly by a designated person save as provided under these Regulations

(2) A person contravenes the provision of sub-regulation 11(1) of the Regulation where he deals with the funds, assets or other economic resources-

(i) Knowing: or

(ii) having reasonable cause to suspect,

that the funds, assets or economic resources were owned, held or controlled by a designated person.

(3) In this regulation, a “person” includes a customer, staff, associate or affiliate of the relevant institution or any person or entity connected with the designated person.

Report by an institution to the NFIU

12.- (1) Where the institution makes a report to the NFIU under sub-regulations 8(1) and 12(3) of these Regulation, it shall state-

(a) the information or other matter on which knowledge or suspicion is based;

(b) any information it holds about the person by which the knowledge the person can be identified; and

(c) the nature and amount or quantity of funds or economic resources held by the institution for the person at any time up to 5 years prior to the designation being made.

(2) Where an institution credits a frozen account in accordance with regulation 17 of these Regulations, it shall promptly report the transaction or financial services provided to the NFIU which shall inform the Nigeria Sanctions Committee.

(3) An Institution that fails to comply with the provisions of regulation 17(2) of these Regulations commits an offence.

(4) In this Part, “deal with” means-

(a) In relation to funds-

(i) Use, alter, move, allow access to or transfer:

(ii) Deal with in any other way that would result in any change in volume, amount, location, ownership, possession, character or destination; or

(b) In relation to other economic resources exchanged or used to obtain funds, goods, properties or services in any way including by selling, hiring or mortgaging the resources.

- (5) Upon receipt of report from relevant institutions, the NFIU shall conduct further analysis and disseminate intelligence Report to relevant law enforcement agencies for investigation and prosecution, where applicable.

PART V – MAKING FUNDS, FINANCIAL SERVICES OR ECONOMIC RESOURCES AVAILABLE TO DESIGNATED PERSON

Prohibition of making funds, financial services or economic resources available to designated persons

13.-(1) A person or entity shall not make available, directly or indirectly, funds or other assets, economic resources, or financial or other related services, available, directly or indirectly, wholly or jointly, for the benefit of designated persons and entities; entities owned or controlled, directly or indirectly, by designated persons or entities; and persons and entities acting on behalf of, or at the direction of, designated persons or entities, unless licensed, authorised or otherwise notified in accordance with the relevant UNSCRs

(2) A person or entity who contravenes the provisions of sub-regulation (1) of this Regulation commits an offence where-

(a) in the case of funds or financial services, that person knows or ought to have reasonably suspected that the funds or financial services were being made available directly or indirectly, to or for the benefit of a designated person; or

(b) in the case of other economic resources, that person knows or ought to have reasonably suspected that the-

(i) economic resources were being made available, directly or indirectly, to or for the benefit of a designated person; and

(ii) designated person would be likely to exchange the economic resources or use them in exchange for funds, good, or services.

(3) All persons shall also ensure that the accounts, properties or assets are not operated and no financial services are provided to the designated persons or entities.

Circumventing prohibitions

14.- (1) It is an offence for a person to knowingly participate in activities the object or effect of which is, directly or indirectly to –

(a) circumvent the prohibition in sub-regulation 13 of these Regulations; or

(b) enable or facilitate the contravention of the provisions of sub-regulations (1) and (2) of regulation 18 of these Regulations.

(2) A person upon being aware of a violation of the provisions of sub-regulations (1) and (2) of regulation 18 of these Regulations shall immediately report the violation to the appropriate law enforcement agency which shall in turn transmit the report to the National Sanctions Committee.

(3) It is an offence under these Regulations to warn or in any other way, disclose to a designated person or owner or controller of funds that are subject to the measures in Parts III and V of these Regulation about-

(a) the report that a person is required to make under sub-regulation (2) of this Regulation; or

(b) any action taken on the report or any other action taken by relevant government institutions pursuant to these Regulations and the Act.

PART VI – CONDITIONS AND PROCEDURE FOR UTILIZATION OF FROZEN FUNDS

Condition for Approval for usage of frozen funds by designated persons and entities under the UN Consolidated List

15. (1) No payments should be made to any designated person or entity except where authorised by Nigeria Sanctions Committee.

(2) Authorisation for basic expenses requests shall require the absence of a negative decision by the UN Security Council (for Iran)/Sanctions Committee (for DPRK), and extraordinary expenses, it shall require prior approval by the Security Council (for Iran)/Sanctions Committee (for DPRK).

Procedure Approval for usage of frozen funds by designated persons and entities

16. – (1) An application to utilize monies from frozen funds shall be made to the Nigeria Sanctions Committee by a designated person or his authorized representative with supporting documents.

(2) The Nigeria Sanctions Committee, where necessary, may approve the utilization of the frozen funds, assets or any part thereof or of other economic resources –

(a) to meet the basic needs and expenses of a designated person or entity whose funds have been frozen including the amounts required to meet expenditures on food, medical needs and such other general expenses as the Nigeria Sanctions Committee may approve, from time to time;

(b) for reasonable professional fees and settlement of expenses, including legal services, bank and related charges; or

(c) for any other exceptional expenses that the Nigeria Sanctions Committee is of the view are permitted expenses in accordance with procedures under UNSCR 1718(2006) and 2231(2015).

(3) The Nigeria Sanctions Committee shall consider the application and may grant, reduce or refuse the request made in the application as considered reasonable in the circumstance.

(4) The Attorney-General through the Minister of Foreign Affairs shall notify the Security Council of the intention to make such payments or to authorize access to the specified amount ten working days prior to such authorization.

(5) Where an approval is obtained, the Financial Institution, Designated Non-financial Institution or any other person in custody of the frozen funds shall be informed in writing to implement the approval and furnish a report to the Nigeria Sanctions Committee of the action taken.

(6) Where an approval is obtained from the UN Sanctions Committee, the Minister of Foreign Affairs shall transmit the approval to the Attorney General who shall, through the Nigeria Sanctions Committee, inform the Financial Institution or any other person in custody of the frozen funds in writing to implement the approval and furnish a report to the Nigeria Sanctions Committee of the action taken.

(7) A designated person or entity on either of the Lists or his representative is entitled to be informed of the approval or rejection of his application in writing.

(8) A person or entity whose funds or assets have been frozen may challenge the measure with a view to having the frozen funds or assets reviewed by a court.

(9) Without prejudice to the provisions of this regulation, the procedure set out in UNSCR 1718 and 2231 and its successor resolutions shall be observed.

Receipt of additional funds into frozen accounts

17. – (1) Any sum of monies or funds accruing to the frozen account, including –

(a) interests or other earnings due on the account;

(b) payments due under contracts, agreements or obligations that were concluded or arose before the account became a frozen account shall be received and credited into the frozen account.

(c) the relevant Institution shall file a report of the receipt of such additional funds with the NFIU which shall inform the Nigeria Sanctions Committee accordingly.

(2) Monies or funds received or credited into a frozen account shall be subject to the provisions and measures contained in Parts III and V of these Regulations.

(3) Where there is no existing account for the receipt of funds as provided under this regulation, the Institution shall inform the Attorney-General for appropriate action to be taken in this respect including the creation of an *escrow* account in appropriate cases.

(4) in this Regulation “frozen account” means funds or other economic resources-

(a) affected by the provisions and measures under Parts III and V of these Regulations; and

(b) held in an account with an Institution by or under the control of a designated person.

Application to unfreeze where funds were frozen in error

18. – (1) Where funds or other economic resources were frozen as a result of similarity in names or as a result of any other error, the person or entity affected may apply to the Nigeria Sanctions Committee to unfreeze the funds.

(2) The Nigeria Sanctions Committee shall determine the application not later than 15 working days from the date of receipt of the application.

(3) Where it has determined and verified that the funds or other economic resources are frozen in error, the Nigeria Sanctions Committee shall direct the person or entity in custody of the funds frozen to unfreeze immediately and report same to the Committee.

(4) The Nigeria Sanctions Committee shall inform the applicant and the relevant authorities of any decision taken on the application in writing.

(5) The Nigeria Sanctions Committee shall inform the UNSC of such determination and unfreezing action.

Payment due under a contract entered into prior to the listing

19 (1) freezing action taken pursuant to section 61 of the Terrorism (Preventions and Prohibition) Act, 2022 and Regulation 7 of this Regulation should not prevent a designated person or entity from making any payment due under a contract entered into prior to the listing of such person or entity.

(2) A person or entity may apply to the Nigeria Sanctions Committee for authorization to make such payments provided that:

(i) The Nigeria Sanctions Committee has determined that the contract is not related to any of the prohibited items, materials, equipment, goods, technologies, assistance, training, financial assistance, investment, brokering or services referred to in UNSCR 2231 and any future successor resolutions;

(ii) The Nigeria Sanctions Committee has determined that the payment is not directly or indirectly received by a person or entity subject to the measures in paragraph 6 of Annex B to UNSCR 2231; and

(iii) The Nigeria Sanctions Committee has submitted prior notification to the Security Council of the intention to make or receive such payments or to authorise,

where appropriate, the unfreezing of funds, other financial assets or economic resources for this purpose, ten working days prior to such authorisation.

(3) The Nigeria Sanctions Committee shall through the Ministry of Foreign Affairs notify the UN Security Council of their intention to authorise payments due under prior contracts 10 working days before issuing an authorisation.

PART VIII—INFORMATION AND REPORTING OBLIGATIONS

Dissemination of Lists and issuance of guidelines

20.— (1) The Secretariat of the Nigeria Sanctions Committee shall upon publication or an update to the United Nations Consolidated List of designated persons or entities communicate such update to Financial Institutions, Designated Non-financial Businesses & Professions and other entities through an electronic alert.

(2) Financial Institutions, Designated Non-financial Businesses & Professions and other entities shall subscribe to the alert system.

Information on measures taken pursuant to these Regulations

21.—(1) The Nigeria Sanctions Committee shall upon the application of measures under these Regulations, inform the Attorney-General who shall transmit the same to the United Nations Ombudsman or Sanctions Committee through the Ministry of Foreign Affairs.

Information on the Lists

22.—(1) The Consolidated List to which these Regulations apply shall be the UNSCRs mentioned in the first schedule of this regulation.

Channel of Communication with the United Nations

23.— (1) All communications with the UN Sanctions Committee or the UN Ombudsman shall be by the Attorney General through the Minister of Foreign Affairs.

(2) The Nigeria Sanctions Committee shall prepare and submit necessary reports to the Attorney-General who shall forward same to the UN Sanctions Committee or other Authorities through the Minister for Foreign Affairs.

(3) The Attorney-General shall prepare and submit necessary reports at such intervals as may be agreed between Nigeria, the United Nations and relevant

Institutions on the measures taken in Nigeria in the course of application of the United Nations Security Council Resolutions relating to Proliferation Financing.

Power to Request for Information

24.— (1) The Nigeria Sanctions Committee may request a designated person to provide information concerning—

- (a) Funds and economic resources owned, held or controlled by the designated person; or
- (b) Any disposal of such funds or economic resources, whether the disposal occurred before or after the person became a designated person.

(2) Where the Nigeria Sanctions Committee believes that it is necessary for the purpose of monitoring compliance with or detecting circumvention of these Regulations, he may request a designated person to provide information about expenditure—

- (a) by or on behalf of the designated person; and
- (b) for the benefit of the designated person.

(3) The Nigeria Sanctions Committee may request any person in or resident in Nigeria, to provide such information as he may reasonably require for the purpose of—

- (a) monitoring compliance with, or detecting evasion of these Regulations;
- (b) obtaining evidence of the commission of an offence under these Regulations;
- (c) establishing—
 - (i) the nature and amount or quantity of any funds or economic resources owned, held or controlled by a designated person;
 - (ii) the nature and amount or quantity of any funds or economic resources made available directly or indirectly to or for the benefit of a designated person.
 - (iii) the nature of any financial services provided to, or financial transactions entered into by a designated person. .

(4) A request may include a continuing obligation to keep the Nigeria Sanctions Committee informed as circumstances change or on such regular basis as he may specify.

Co-operation with domestic or international investigations

25. The Attorney-General may take such steps as he considers appropriate to co-operate with any investigation in Nigeria or elsewhere, relating to the funds, economic resources or financial service or financial transactions of a designated person.

General power to disclose information

26. The Attorney-General may disclose any information obtained in the exercise of his powers under these Regulations (including any document so obtained and any copy or extract made of any document so obtained) to the—

- (a) relevant authorities in Nigeria; and
- (b) competent authority in any foreign State concerned with measures taken under these Regulations.

Unlawful disclosure of Information

27.— (1) A person who in the course of his duties, knows or is in possession of any information submitted or exchanged pursuant to the provisions of these Regulations, shall not disclose such information in any form whatsoever, including the disclosure of the source of the information except for the purpose of implementing these Regulations.

(2) the prohibition on disclosure in sub-regulation (1) of this Regulation shall continue even after the termination of the duties of the person.

PART IX—PENALTIES AND SANCTIONS

Penalties

28.— (1) The following penalties shall be imposed by sector regulators where entities under their supervision are in violation of any of the provisions of this Regulation:

- a. Administrative penalties of no less than 1,000,000 (One Million Naira) and 25,000,000 (Twenty-Five Thousand Naira) for each day of violation.
- b. Banning the violator from working in the sector related to the violation for the period determined by the Sector Regulator.
- c. Constraining the powers of the Board members, supervisory or executive management members, managers or owners who are proven to be responsible of the violation including the appointment of temporary inspector.
- d. Suspend Managers, board members and supervisory and executive management members who are proven to be responsible of the violation for a period to be determined by the Supervisory Authority or request their removal.
- e. Suspend or restrict the activity or the profession for a period to be determined by the supervisory authority.
- f. Cancel the License.

(2) Notwithstanding the provisions of sub-Regulation (1) of this Regulation, Sector Regulators shall apply penalties provided in the Money Laundering (Prevention and Prohibition) Act, 2022, Terrorism (Prevention and Prohibition) Act 2022 and any other applicable Law or Regulations issued by the Attorney-General of the Federation or the sector regulators.

Sanctions

29.— (1) In the case of repeated violations of any of the provisions of these Regulations by an Institution, entity or body corporate, the Attorney-General, on the recommendation of the Nigeria Sanctions Committee shall apply sanctions as may be deemed appropriate in furtherance of the Terrorism (Preventions and Prohibition) Act, 2022 (as amended) and the Money Laundering (Prevention and Prohibition) Act, 2022(as amended).

(2) Where any reporting Institution is in breach of any of the provisions of these Regulations and it is shown that the breach is not deliberate, the Nigeria Sanctions Committee through the Nigerian Financial Intelligence Unit shall impose such administrative sanctions as may be deemed necessary and the sanction shall be enforced in collaboration with the relevant regulatory or supervisory authority of the reporting institution.

PART X—MISCELLANEOUS

30. The provisions of the Schedule to these Regulations (Guidelines for Effective Implementation of United Nations Security Council Resolutions on Proliferation and Proliferation Financing) shall be complied with by all relevant regulatory and reporting Institutions.

31. In these Regulations—

“*Account*” means a facility or arrangement by which a Financial Institution—

- (a) accepts deposits of currency;
- (b) allows withdrawals of currency or transfers into or out of the account;
- (c) pays cheques or payment orders drawn on a Financial institution or cash dealer by a person or collect cheques or payment orders on behalf of a person; or
- (d) supplies a facility or any arrangement for a safe deposit box;

“*Attorney-General*” means the Attorney-General of the Federation and Minister of Justice;

“*Beneficiary*” includes a natural or legal person or any other form of legal arrangement identified by the originator as the receiver of the requested wire transfer:

“*Beneficial owner*” refers to –

- (a) the natural person who ultimately owns or controls a customer;
- (b) the natural person on whose behalf a transaction is being conducted;

and

- (a) a person who exercises ultimate effective control over a legal person or arrangement;

“*Business relationship*” means an arrangement between a person and a Financial Institution or Designated Non-Financial Institution for the purpose of concluding a transaction;

“*Central Bank*” means the Central Bank of Nigeria;

“*Competent Authority*” means the body or person designated by a member State of the United Nations for the purpose of enforcing Resolution UNSCR 1718 and

2231 and its successor resolutions related Resolutions of the UN Security General;

“ *United Nations Consolidated List* ” has the same definition as defined in the Terrorism (Preventions and Prohibition) Act, 2022.

“ *Correspondent banking* ” means the provision of banking services by one bank (the correspondent bank) to another bank (the respondent bank);

“ *Designated Non-Financial Businesses and Professions* ” has the same meaning as defined in the Money Laundering (Prevention and Prohibition Act), 2022

“ *designated person* ” means a person referred in Regulation 2 (a) of these Regulations;

“ *designee* ” means a designated person;

“ *economic resources* ” means assets of whatever type; whether tangible or intangible, movable or immovable, real or personal, including assets which are not considered as money but can be used to obtain any monies, commodities or services;

“ *Financial Institutions* ” means banks, body, association or group of persons whether corporate or incorporate which carries the business of investments and securities, a discount house, insurance institutions, debt factorization and conversion firms, *bureau de Change*, finance company money brokerage firms whose principal business includes factoring, project financing, equipment leasing, debt administration, fund management, private ledger services, investment services, local purchase order financing, export finance, project consultancy, pension funds management and other business as the Central Bank or other appropriate regulatory authorities may from time to time designate;

“ *Financial Services* ” are the economic services provided by the finance industry, which encompasses a broad range of organizations that manage money, including credit unions, banks, credit card companies, insurance companies, accountancy companies, consumer finance companies, stock brokerages, investment funds and some government sponsored enterprises;

“Financial transactions” are transactions which involves money or payment, such as the act of depositing money into a bank account, borrowing money from a lender, or buying or selling goods or property;

“Freeze” means to prohibit the transfer, conversion, disposition, alteration, use of dealing with funds in any way that would result in change of volume, amount or location, ownership or possession, character, destination or movement of funds or other assets on the basis of and of the duration of or the validity of an action initiated by a competent authority or a court under a freezing mechanism. The frozen funds or other assets remain the property of the person or entity that held an interest in the specified funds or other assets at the time of the freezing and may continue to be administered by the financial institution or other arrangements designated by such person or entity prior to the institution of an action under a freezing mechanism; and *“frozen”* shall be similarly construed;

“Financial Institution” include banks, body corporates, associations or group of persons, whether corporate or incorporate which carries on the business of investment and securities, virtual asset service providers, 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;

“Funds” or *“other assets”* means any assets, of every kind, whether corporeal or incorporeal, tangible or intangible, physical or virtual, movable or immovable, however acquired, and legal documents or instruments in any form, including electronic or digital, evidencing title to, or interest in the assets; including financial assets, economic resources, property of every kind, bank credits, travellers cheques, bank cheques, money orders, shares, securities, bonds, drafts, or letters of credit, and any interest, dividends or other income on or value accruing from or generated by such funds or other assets;

“Immediately” means spontaneous, instantly, rapid, straightaway, take action in a timely manner, without delay but not later than 24 hours;

“Institution” means financial institutions and designated non-financial institutions as defined in these Regulations or any other law;

“International Resolutions” means the United Nations Security Council Resolutions No. UNSCR 1718 and 2231 and its successor resolutions and other relevant successor Resolutions;

“May” includes *“shall”* for the purpose of the implementation of the United Nations Security Council Resolutions UNSCR 1718 and 2231 and its successor resolutions;

“Money Service Business” includes currency dealers, money transmitters, cheque cashers, and issuers of travelers’ cheques, money orders or stored value;

“Nigerian Financial Intelligence Unit” or *NFIU* *“Nigerian Financial Intelligence Unit (NFIU)”* refers to the central unit responsible for the receiving, requesting, analyzing and disseminating to the competent authorities disclosures of financial information concerning the suspected proceeds of crime and potential financing of terrorism;

“Ombudsman” means the person appointed by the Secretary- General of the United Nations to provide assistance to the Sanctions Committee upon reviewing the applications for deleting the names of persons or entities from the Consolidated List;

“Other Entities” Include Non-Profit Organisations, Virtual Asset Service Providers.

“Persons” include all legal and natural persons, including financial Institutions, Designated Non-financial Businesses and Professions, Non-Profit Organisations, Virtual Asset Service Providers.

“Politically exposed persons (‘PEPs’)” includes –

- (a) individuals who are or have been entrusted with prominent public functions by a foreign country, for example Heads of State or Government, senior politicians; senior government, judicial or military officials; senior executives of State owned corporations and important political party officials;
- (b) individuals who are or have been entrusted domestically with prominent public functions, for example Heads of State or of Government, senior politicians; senior government, judicial or military officials; senior executives of State owned corporations and important political party officials; and
- (c) persons who are or have been entrusted with a prominent function by an international organization and includes 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;

“Proceeds” means property derived from or obtained, directly or indirectly through the commission of an offence;

“Property” means assets of every kind, whether corporeal or incorporeal, moveable or immovable, tangible or intangible and legal documents or instruments evidencing title to or interest in such assets’

“Public Officers” means individuals who are or have been entrusted with prominent public function, both within and outside Nigeria and those associated with them;

“Regulators” means competent regulatory authorities responsible for ensuring compliance of Financial Institutions and Designated Non-Financial Institutions with requirements to combat money laundering, terrorism financing and proliferation financing;

“regulatory or supervisory authority” means the regulatory body in relation to any institution or sphere of activity regulated by law and where

there are more than one such bodies, it means the regulatory body with the mandate to sanction or punish erring institutions or persons engaged in the activity;

“relevant authorities” includes appropriate regulatory authorities, law enforcement agencies, the Federal Ministry of Justice, Ministry of Interior, Ministry of Defence, Ministry of Foreign Affairs, the Nigerian Immigration Service and any other person or entity that has responsibility under the Act, any law, rule, regulations or directions for carrying out counter terrorism activities;

“UN Sanctions Committee” means the committee established according to the UN Security Council Resolution No. UNSCR 1718 and 2231 and their successor resolutions and other successor or future resolutions with respect to the terrorist activities of groups, individuals and entities mentioned in the resolutions and all persons and entities linked with them.

“Sector regulators” means the Government regulatory authorities or bodies designated to oversee, monitor and control the activities of a Financial Institutions, Designated Non-Financial Businesses and Professions and Other Entities;

“Shell bank” means a bank that is not physically located in country in which it is incorporated and licensed and which is unaffiliated with a regulated financial Group that is subject to effective consolidated supervision;

“Suspected international terrorist” means a person declared by the president under section 9 of the act be a suspected international terrorist;

“Suspicious” means a matter which is beyond mere speculations and is based on some foundation;

“Terrorism”, “terrorist” and “Terrorist Organization” shall have the respective meanings ascribed to them under the Act;

“Proliferation Financing” shall have the meaning ascribed to it under the Terrorism Prevention Act;

“Transaction” Means –

- (a) Acceptance of deposit and other repayable funds from the public;
- (b) Lending;
- (c) Financial leasing ;
- (d) Money Transmission service ;
- (e) Issuing and managing means of payment (for example, credit and debit cards, cheques, travelers cheque and banker's drafts, etc);
- (f) Financial guarantees and commitment ;
- (g) Trading for account of customer (spot-forward, swaps, future options, etc.) in
 - (i) Money market instrument (cheques, bills CDs, etc);
 - (ii) Foreign exchange;
 - (iii) Exchange interest rate and index instruments;
 - (iv) Transferable securities; and
- (v) Commodity future trading;
 - (h) Participation in capital markets activities and provision of financial service related to such issue;
 - (i) Individual and collective portfolio management;
 - (j) safe-keeping and administration of cash or liquid securities on behalf of clients;
 - (k) Life insurance and all other insurance related matter; and
 - (l) Money Changing

“*The Act*” means the terrorism (prevention) Act, 2022;

“*third part*” includes regional organizations”

“ *UNSC* ” means United Nations Security Council ; and

“Wire Transfer “means any transaction carried out on behalf of a natural person or legal originator through a financial institution by electronic means with a view to making an amount of money available to a beneficiary person at another financial institution, irrespective of whether the originator and the beneficiary are the same person.

32. These Regulations may be cited as the Regulation for the Implementation of Targeted Financing Sanctions on Proliferation Financing.

Schedule 1

United Nations Security Council Resolutions on counter-proliferation

United Nations Security Council Resolutions on the proliferation of nuclear, chemical and biological weapons and their means of delivery:

Resolution 1540 (2004) of the Security Council, adopted on 28 April 2004.

Successor resolutions to the above Resolution.

United Nations Security Council Resolutions on Democratic People's Republic of Korea:

Resolution 1718 (2006) of the Security Council, adopted on 14 October 2006

Resolution 1874 (2009) of the Security Council, adopted on 12 June 2009

Resolution 2087 (2013) of the Security Council, adopted on 22 January 2013

Resolution 2094 (2013) of the Security Council, adopted on 7 March 2013

Resolution 2270 (2016) of the Security Council, adopted on 2 March 2016

Resolution 2321 (2016) of the Security Council, adopted on 30 November 2016

Resolution 2371 (2017) of the Security Council, adopted on 5 August 2017

Resolution 2375 (2017) of the Security Council, adopted on 11 September 2017

Resolution 2397 (2017) of the Security Council, adopted on 22 December 2017

Successor resolutions to any of the above Resolutions

United Nations Security Council Resolutions on Iran:

Resolution 1737 (2006) of the Security Council, adopted on 27 December 2006

Resolution 2231 (2015) of the Security Council, adopted on 20 July 2015

Successor resolutions to any of the above Resolutions

United Nations Security Council Resolutions related to Iran

Resolution 1737 (2006) of the Security Council, adopted on 27 December 2006

Resolution 2231 (2015) of the Security Council, adopted on 20 July 2015

Successor resolutions to any of the above Resolutions

United Nations Security Council Resolutions related to DPRK

Resolution 1718 (2006) of the Security Council, adopted on 14 October 2006

Resolution 1874 (2009) of the Security Council, adopted on 12 June 2009

Resolution 2087 (2013) of the Security Council, adopted on 22 January 2013

Resolution 2094 (2013) of the Security Council, adopted on 7 March 2013
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Resolution 2397 (2017) of the Security Council, adopted on 22 December 2017
Successor resolutions to any of the above Resolutions

Made in Abuja thisday of2022



ABUBAKAR MALAMI, SAN
*Honourable 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 prescribe the procedure for the freezing of funds, financial assets or other economic resources of any designated person or entity related to proliferation financing of weapons of mass destruction and procedure for utilization of frozen funds, or economic resources within the framework of the Nigeria legal regime.