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CIRCULAR TO BANKS, DISCOUNT HOUSES AND OTHER FINANCIAL INSTITUTIONS

STATUS AND REPORTING LINE OF CHIEF COMPLIANCE OFFICERS

We refer to our circular referenced BSD/2/2002 and dated 8th August, 2002 which directed banks and other financial institutions to appoint Chief Compliance Officers (CCOs) not below the grade of a General Manager and compliance officers (COs) at managerial level in their branches; and our reminder of 23rd May, 2014 referenced BSD/DIR/GEN/LAB/07/013.

Representations from banks as well as the issuance of the New Banking Model have necessitated the need for a review of our circular of August, 2002. Accordingly, the required minimum grades for the appointment of CCOs and COs have been reviewed as provided herein:

Category of Institution	Educational and Experience Requirements	Minimum Status	Recommended Additional Certification
Banks/Specialised Banks with international authorisation, Systemically Important Financial Institutions (SIFIs), and Foreign Banks	As provided in the Fit and Proper (Approved Persons) Framework for	General Manager	International Compliance Association Certificate (ICA), or Certified Anti Money Laundering Specialists (CAMS), or Certified Fraud Examiner (CFE)

Category of Institution	Educational and Experience Requirements	Minimum Status	Recommended Additional Certification
Commercial Banks/Specialised Banks with national authorisation that are not SIFIs	As provided in the Fit and Proper (Approved Persons) Framework for Deputy General Managers	Deputy General Manager	ICA, CAMS, CFE
Commercial Banks/Specialised Banks with regional authorisation that are not SIFIs; all merchant banks and discount houses	As provided in the Fit and Proper (Approved Persons) Framework for Required Regulatory Function (Chief Compliance Officer)	Assistant General Manager	ICA, CAMS, CFE
Microfinance Banks (Units, State and National)	-do-	Head, Compliance for State and National Head of Department for Units	ICA, CAMS, CFE
Primary Mortgage Banks (PMBs)	-do-	Assistant General Manager for National PMBs Head of Department for State PMBs	ICA, CAMS, CFE
Bureaux De Change	-do-	Manager Operations	ICA, CAMS, CFE
Finance Companies	-do-	Head of Department	ICA, CAMS, CFE

Category of Institution	Educational and Experience Requirements	Minimum Status	Recommended Additional Certification
Development Finance Institutions (NEXIM, BOI, BOA, FBMB, NARFUND and IB)	-do-	Assistant General Manager	ICA, CAMS, CFE

The CBN has also noted the onerous challenge of having dedicated Compliance Officers (CO) at each branch of a bank and has given dispensation that banks may elect to operate a cluster structure, whereby a designated CO would be responsible for a cluster of branches instead of having a CO at each branch, as earlier advised in the circular under reference. Consequently, the CBN has approved the establishment of Zonal Compliance Officers for banks, who must at a minimum, be on the same level with the management of the Zones where they work. Branch /Cash Centres, therefore, need not have Compliance Officers, provided the Compliance Officer at the Zone that controls the Branch/Cash Centre, effectively performs compliance functions at the Branch/Cash Centre. Where a bank or a financial institution decides to operate the cluster arrangement, details of such arrangement must be sent to the Director, Banking Supervision Department, or Director, Other Financial Institutions Department CBN, as the case may be, for prior approval.

The cluster structure must however take into cognisance, the size, number and proximity to each branch as well as the level of automation of the compliance function, without compromising compliance. It is important to note that, the function of Compliance Office(r) must be clearly separated from that of internal Control/Audit. Compliance Officers of Banks, Discount Houses and Other Financial Institutions should meet the criteria specified for the category of their institutions.

All banks and other financial institutions are hereby enjoined to comply strictly with the requirements of this circular.


KEVIN N. AMUGO

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