



Lead Securities & Investment Limited  
(A member of the Nigerian Stock Exchange)

RC 757104

**ANTI-MONEY LAUNDERING AND  
COMBATING FINANCING OF  
TERRORISM MANUAL**

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## **1.1 Foreword**

In March 2009, the Central Bank of Nigeria issued its Anti-Money Laundering/Counter Terrorism Financing (AML/CFT) Compliance Manual. A review and revision of this document was initiated by the CBN in October same year with a call for contributions from the stakeholders.

In December 2009, the CBN released the “CBN AML/CFT REGULATION (2009) “which is the final policy and regulatory document by the bank on Anti-Money Laundering/Combating Financing of Terrorism.

According to the gazette, every financial institution is required to formulate and implement internal controls and other procedures that will deter criminals from using its facilities for money laundering and terrorist financing and to ensure that its obligations are always met. Each financial institution is required to appoint an AML/CFT Chief Compliance Officer with the relevant competence, authority and independence to implement the institution's AML/CFT compliance programme.”

The Investment and Securities Act 2007 empowers the Securities and Exchange Commission to protect the securities market and guide Capital Market Operators on measures towards preventing all forms of abuse, fraudulent and unfair trade practices.

As a result of the above, the SEC issued a circular to all capital market operators to properly document the Anti-Money Laundering policies and procedures in order to create awareness among all staff members and departmental heads about money laundering and the ways of combating the same effectively.

The scope of this document is to put processes in place to prevent any act of money laundering and establish effective controls within the organisation to deter criminals from using the company as a vehicle for money laundering.

This document lays down the Anti Money Laundering Policies and Procedures of the company to be followed by the members of staff and the management. They have been framed to ensure effective practices are implemented to counter the problem of money laundering and that the Company is not used to perpetrate any financial crime.

Changes in laws and regulations relating to money laundering and related issues may trigger a review of this Anti-Money Laundering policy document. Also members of staff are required to report in writing; all suspected money laundering activities to their departmental heads and to the Compliance Officer.

The contents of this manual will be administered by the Compliance Officer. The duties and responsibilities are outlined as an appendix to this manual. The manual is available on the intranet portal and is reviewed and updated on an on-going basis by the Compliance Officer. It is the responsibility of all staff to read this manual, to comply at all times with all the procedures contained herein and to check the updated online version from time to time.

Responsibility for approving the manual lies with the Board of Directors while responsibility for ensuring implementation of the policies and procedures laid down in this manual lies with the Audit and Risk Management Committee of the Board.



## **1.2 Definition of Terms**

For the proper understanding of this Manual, certain terms used in Anti Money Laundering and Terrorism Financing Act are defined as follows:

### **Applicant for Business**

The person or company seeking to establish a business relationship or occasional clients undertaking a one-off transaction whose identity must be verified.

### **Beneficial Owner**

Refers to the natural person(s) who ultimately owns or controls a clients and/or the person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement.

### **Business Relationship**

Business relationship is any arrangement between a firm and the applicant for business which purpose is to facilitate the carrying out of transactions between the parties on a frequent, habitual or regular basis.

### **Capital Market Operator**

Means any person (individual or corporate) duly registered by the Securities and Exchange Commission to perform specific functions in the capital market.

### **Cross-border Transaction**

This refers to where the originator and beneficiary operators are located in different international jurisdictions.

### **Domestic Transfer**

Domestic transfer means any electronic transfer of funds where the originator and beneficiary institutions are both located in Nigeria. This term therefore refers to any electronic transfers that take place entirely within Nigeria's borders, even though the system used to effect the electronic transfer may be located in another jurisdiction.

### **Funds Transfer**

The terms funds transfer refers to any transaction carried out on behalf of an originator (both natural and legal) through a Capital Market Operator by electronic means with a view to making an amount of money available to a beneficiary through another Capital Market Operator. The originator and the beneficiary may be the same person.

### **Non-Profit Organisations**

The term non-profit organisation/non-governmental organisations refers to a legal entity or organisation that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of good works with no intention to make profit.

### **Originator**

The originator is the account holder, or where there is no account, the person (natural or legal) that places an order with a capital market operator to perform a capital market transaction.

### **One-off Transaction**

A one-off transaction means any transaction carried out other than in the course of an established business relationship. It is important to determine whether an applicant for business is undertaking a one-off transaction or whether the transaction is or will be a part of a business relationship as this can affect the identification requirements.

### **Physical Presence**

Means company management and personnel located within a country. The existence simply of a local agent or low level staff does not constitute physical presence.

### **Proceeds**

Refer to any 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 immoveable, tangible or intangible, and legal documents or instruments evidencing title to, or interest in such assets.

### **Relevant Authority**

Means any person or organization that has mandate over your activity as an individual.

### **Risk**

All references to risk in this Manual refer to the risk of money laundering and/or terrorist financing.

### **Settlor**

Settlers are persons or companies who transfer ownership of their assets to trustees by means of a trust deed. Where the trustees have some discretion as to the investment and distribution of the trust's assets, the deed may be accompanied by a non-legally binding letter setting out what the settlor wishes to be done with the assets.

### **Shell bank:**

Shell bank means a bank that has no physical presence in the country in which it is incorporated and licensed, and which is unaffiliated with a regulated financial services group that is subject to effective consolidated supervision.

### **Suspicious Transaction**

For the purpose of this manual, a suspicious transaction may be defined as one which is unusual because of its size, volume, type or pattern suggestive of known money laundering methods. It includes transactions that are inconsistent with a client's known, legitimate business or personal activities or normal business for that type of account or that lacks an obvious economic rationale.

### **Terrorist:**

It refers to any natural person who:

- i. Commits, or attempts to commit, terrorist acts by any means, directly or indirectly, unlawfully and wilfully.
- ii. Participates as an accomplice in terrorist acts.
- iii. Organises or directs others to commit terrorist acts.

- iv. Contributes to the commission of terrorist acts by a group of persons acting with a common purpose where the contribution is made intentionally and with the aim of furthering the terrorist act or with the knowledge of the intention of the group to commit a terrorist act.

### **Terrorist Act**

Any act intended to cause death or serious bodily injury to a civilian, or to any other person or taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a Government or an international organisation to do or to abstain from doing any act.

### **Terrorist Financing**

Terrorist Financing includes the financing of terrorist acts, and of terrorists and terrorist organisations.

### **Terrorist Organisation**

Refers to any group of terrorists that:

- i. Commits, or attempts to commit, terrorist acts by any means, directly or indirectly, unlawfully and willfully.
- ii. Participates as an accomplice in terrorist acts
- iii. Organises or directs others to commit terrorist acts
- iv. Contributes to the commission of terrorist acts by a group of persons acting with a common purpose where the contribution is made intentionally and with the aim of furthering the terrorist act or with the knowledge of the intention of the group to commit a terrorist act.

### **Trustee**

Trustees include paid professionals or companies or unpaid persons who hold the assets in a trust fund separate from their own assets. They invest and dispose of them in accordance with the settlor's trust deed, taking account of any letter of wishes. There may also be a protector who may have power to veto the trustees their proposals or remove them, and/or a custodian trustee, who holds the assets to the order of the managing trustees.

## **Abbreviations**

AML/CFT	Anti-Money Laundering and Counter Terrorism Financing
ARMC	Audit & Risk Management Committee
ATM	Automated Teller Machine
CAC	Corporate Affairs Commission
CBN	Central Bank of Nigeria
CDD	Customer Due Diligence
CO	Compliance Officer
CSCS	Central Securities Clearing Systems
CTC	Certified True Copy
ED	Executive Director
FATF	Financial Action Task Force
FT	Terrorist Financing
HOD	Head of Department
HOO	Head of Operations
IA	Internal Auditor
ISA	Investment and Securities Act
LSI	Lead Securities and Investment Limited
KYC	Know Your Customer
MD	Managing Director
NFIU	Nigerian Financial Intelligence Unit
NSE	Nigerian Stock Exchange
NCCT	Non-Cooperative Countries and Territories
PEP	Politically Exposed Persons
RM	Relationship Manager
RO	Relationship Officer
SEC	Securities and Exchange Commission
SPV	Special Purpose Vehicles

### **1.3. Relevant Legislations and Reference Manuals**

- 1 Central Bank of Nigeria - Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) Compliance Manual.
- 2 Securities and Exchange Commission Nigeria - Anti-Money Laundering/ Combating Financing of Terrorism (AML/CFT) Compliance Manual.
- 3 Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) Regulation 2009
- 4 Economic and Financial Crimes Commission Establishment Act (2004)
- 5 The Money Laundering Act 1995
- 6 The Money Laundering (Prohibition) Act 2003
- 7 Investment and Securities Act 2007
- 8 Advanced Fee Fraud and Other Related Offences Act 2006
- 9 National Drug Law Enforcement Agency Act 1989 & 1990 amendment
- 10 The Nigerian Stock Exchange Rules and Regulations

## **1.4 Relevant Agencies and Roles**

### **i. The Central Bank of Nigeria**

The Central Bank of Nigeria is responsible for the registration, regulation and supervision of Banks and other financial institutions in the Country.

In March 2009, the Bank issued its Anti-Money Laundering/Combating of Terrorism Financing (AML/CTF) Compliance Manual. A review and revision of this document was initiated by the CBN in October same year with a call for contributions from the stakeholders.

The Federal Government on the 28<sup>th</sup> day of December 2009 released the official Gazette described as the “CBN AML/CFT REGULATION (2009) “which gave legal strength to the fight against money laundering and terrorism financing.

According to the gazette, every financial institution is requested to formulate and implement internal controls and other procedures that will deter criminals from using its facilities for money laundering and terrorist financing and to ensure that its obligations in this regard are always effectively discharged.

Each financial institution is required to designate an AML/CFT Chief Compliance Officer with the relevant competence, authority and independence to implement the institution's AML/CFT compliance programme.

### **ii. The Securities and Exchange Commission of Nigeria**

The Securities and Exchange Commission in July 2010 as part of its regulatory duties issued the Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) Compliance Manual for Capital Market Operators.

The manual which has the same contents as the CBN released guidelines provided the framework for development of Compliance Manual by Capital Market Operators using the Federal Republic of Nigeria Official Gazette.

Specifically, the manual outlined expected standards and practices from financial institutions, their employees and the designated Compliance Officer as follows:

#### **1. Institutional Policy**

Every Capital Market Operator shall;

- i. have a written policy framework
- ii. designate an officer appropriately as the AML/CFT Compliance Officer
- iii. be alert to the various patterns of conduct that have been known to be suggestive of money laundering and maintain a checklist of such transactions which shall be disseminated to the relevant staff.
- iv. When any staff of a Capital Market Operator detects any “red flag” or suspicious money laundering activity, the operator is required to promptly institute a “Review Panel” under the supervision of the AML/CFT Compliance Officer. Every action taken must be recorded. The operator and

its staff shall maintain confidentiality in respect of such investigation and any suspicious transaction report that may be filed with the relevant authority.

- v. Capital Market Operators, their directors, officers and employees (permanent and temporary) are prohibited from disclosing the fact that a report is required to be filed with the relevant authorities. This is in compliance with the provisions of the money laundering law that criminalise tipping off (i.e. doing or saying anything that might tip off someone else that he is under suspicion of money laundering).
- vi. A Capital Market Operator that suspects or has reason to suspect that funds are the proceeds of a criminal activity or are related to terrorist financing shall promptly report its suspicions to the NFIU. All suspicious transactions, including attempted transactions are to be reported regardless of the amount involved. This requirement applies regardless of whether the transactions involve tax matters or other things. .

#### Internal controls, compliance and audit

- i. Capital Market Operators shall establish and maintain internal procedures, policies and controls to prevent money laundering and financing of terrorism and to communicate these to their employees. These procedures, policies and controls shall cover the CDD, record retention, the detection of unusual and suspicious transactions, the reporting obligation, among other things.
- ii. The AML/CFT Compliance Officer and appropriate staff shall have timely access to clients' identification data, CDD information, transaction records and other relevant information.
- iii. Capital Market Operators shall develop programs against money laundering and terrorist financing which shall include:
  - a. The development of internal policies, procedures and controls, including appropriate compliance management arrangement and adequate screening procedures to ensure high standards when hiring employees;
  - b. Periodic employee training program to ensure that employees are kept informed of new developments, including information on current AML and CFT techniques, methods and trends; and that there is a clear explanation of all aspects of AML/CFT laws and obligations, and in particular, requirements concerning CDD and suspicious transaction reporting; and
  - c. Adequately resourced and independent audit function to test compliance with the procedures, policies and controls.
- iv. A Capital Market Operator shall also put in place a structure that ensures the operational independence of the Compliance Officer (CO).

## **2.1 Board of Directors' Responsibilities and Ownership**

The ultimate responsibility for AML/CFT compliance as stipulated by the AML/CFT compliance manual is placed on the Board of Directors of every financial institution in Nigeria.

This responsibility is discharged through the Audit and Risk Management Committee (ARMC) of the board. The Board of Directors is the primary owner of the AML/CFT Compliance Manual.

Specifically, the Board of Directors' responsibilities for compliance are stated below:

The Board ensures that a comprehensive operational AML/CFT manual is formulated by the Management and presented to the Board for approval

- i. It is the responsibility of the Board to consider and approve the compliance manual by the management.
- ii. It is the responsibility of the Board through the ARMC to consider the quarterly reports on compliance. The quarterly report will contain details and summary of all statutory returns rendered during the quarter and other compliance related issues.
- iii. The Board must ensure through the ARMC that copies of the approved manual are forwarded to the CBN and NFIU.
- iv. The Board through the ARMC is responsible for the review of the internal auditor' findings and reports on compliance by the Compliance Officer.

## **2.2 Responsibilities and Duties of the Compliance Officer**

The Federal Government's gazette and operational manuals released by the CBN and SEC emphatically specifies the implementation of the AML/CFT regulations through a Compliance Officer.

In the event of a conflict between the AML/CFT regulation and any secrecy and confidential laws of a financial institution, the AML/CFT Act shall take precedence.

Each financial institution is required to designate a Compliance Officer with the relevant competence, authority and independence to implement the firm's compliance programmes.

Furthermore, the Security and Exchange Commission directed all firms to separate the functions of Internal Auditor from Compliance Officer to allow for adequate independence for the two watchdogs.

The duties and responsibilities of the Compliance Officer/Money Laundering Reporting Officer as contained in the Federal Government Gazette are as follows:

- i. Developing an AML/CFT compliance programme for approval by the Board of Directors.
- ii. Implementation of the Board approved compliance programme.
- iii. Training the members of staff in AML/CFT awareness, detection methods and reporting requirements. Annual Training programme to be submitted to SEC and CBN before 31 December each year.
- iv. Receiving and vetting of suspicious transaction reports from staff.
- v. Reporting suspicious transactions to the Nigerian Financial Intelligence Unit within 7 days of the discovery of the suspicious transaction.
- vi. Rendering nil reports to the NFIU where necessary to ensure compliance.
- vii. Ensuring that the compliance programme is implemented across the Organisation.
- viii. Serving as the liaison officer between the firm and relevant authorities (CBN, SEC, NSE and NFIU).
- ix. Serving as a point of contact for all employees on issues relating to money laundering and terrorism financing.
- x. Vetting and endorsing the monthly statutory returns being made by the financial control department to the CBN, SEC, NSE and the NFIU.
- xi. Ensuring that the records of proof of identification, monetary transactions completed and regulatory reports are kept for a minimum of 5 years.

Other duties of the Compliance Officer are;

- xii. The CO shall maintain a list of PEP and report appropriately on their transactions.

- xiii.** Where a customer has been accepted or has an ongoing relationship with and the Customer or beneficial owner is subsequently found to be or becomes a PEP, the CO will obtain the approval of senior management for a waiver to allow continuation of business relationship with the client.

## **2.3 Employees Responsibilities**

In ensuring proper implementation of compliance programmes initiated by the firm, all employees should ensure that they;

- i. Behave with integrity, exercise skill, care, professionalism and diligence.
- ii. Exercise care in the execution of their job responsibilities so as to ensure the firm's interest and the interest of its clients are not jeopardised.
- iii. Avoid any action that gives rise to or might reasonably be presumed to give rise to a conflict of interest between the staff and a client or any breach of the statutory provisions governing money laundering.
- iv. Comply with regulations governing money laundering activities.
- v. New employees to complete the reputation and character questionnaire before resumption (appendix 4.2). The form will be completed by existing staff and submitted to the CO.

## **2.4 Management Responsibilities**

The management responsibilities as set out in the AML/CFT regulation are as follows:

- i. To ensure compliance with all laws and regulations issued by the Government and regulatory authorities on money laundering and financing of terrorism.
- ii. To ensure appointment of a Compliance Officer by the firm.
- iii. To ensure the filing the compliance manual approved by the Board with the CBN, SEC, NSE and NFIU within six months of its approval. The Management will issue a one off letter with the manual addressed to the NFIU to confirm that it will comply promptly with the AML/CFT law.
- iv. To have appropriate systems and controls to forestall and prevent money laundering terrorism financing.
- v. To report actual and suspected cases of money laundering.
- vi. To ensure that the Compliance Officer is accredited or registration is obtained and maintained at all times and renewed as and when due.
- vii. To facilitate the training of all employees on AML/CFT.
- viii. AML/CFT performance review will be part of employee's annual performance appraisal.
- ix. To provide the CO with necessary access to systems and records to enable him to investigate and validate internal suspicious reports discovered by him and those reported to him by other employees.
- x. To institute a review panel under the supervision of the CO to investigate any red flag or suspicious money laundering activity.
- xi. To ensure confidentiality in respect of suspicious transactions filed with the relevant authority.
- xii. To ensure proper KYC and CDD is carried out before clients' accounts become operational.
- xiii. To note that contravention of any of the provision of the AML/CFT Regulation by the firm or its officers shall attract the following penalties:
  - i. **The Company:**
    - a. Penalty not exceeding ₦2 million from the first to the fifth instances on each offence.
    - b. On the sixth instance, the CBN shall set up an investigation panel to: examine the company's operations and identify the role of the Board, Management and Officers in respect of the malpractice.

**ii. The Employees:**

- a. It is a criminal offence to aid money laundering. On conviction, the culprit will be sentenced to 25 years (maximum) or 15 years (minimum). The culprit can also be banned from practicing his profession.
  - b. Laundering activities attracts a fine of between ₦250,000 to ₦1 million is imposed or a term of imprisonment or both if convicted.
- xiv. To ensure that submits an annual AML/CFT employee training program for the next year to the CBN and NFIU not later than the 31<sup>st</sup> of December of every financial year.
- xv. To ensure that the compliance manual is reviewed to identify new areas of potential money laundering vulnerabilities and risks. The update and contingent actions taken must be communicated to the CBN and NFIU before 31<sup>st</sup> December every year including the contingent actions taken to mitigate the risks.

### **3.1 Money Laundering**

Money laundering is the process by which money, which is illegally obtained, is made to appear to have been legally gained. The criminal activity from which the proceeds are derived can be of any kind, ranging from tax evasion to drug trafficking. A regulated firm is obliged to have appropriate systems and controls to deter criminals from using the firm as a vehicle for money laundering.

One of the greatest risks faced by the Firm is the failure of its AML procedures, leading to criminal or civil penalties which could lead to financial loss and also a dent to the Firm's reputation.

1. It is a criminal offence for the Firm and/or its staff to assist the laundering of money whether by action or omission. Conviction carries a maximum prison sentence of 25 years and a minimum of 15 years. The convict can also be banned indefinitely from practising his/her profession. Where a Director or employee of a financial institution launders money, such a person shall be fined between ₦250,000 to ₦1 million or awarded the imprisonment term.
2. It is mandatory for the firm to report suspected cases of money laundering. It is a crime for any person to acquire posses or benefit from criminal property. As a result of this the firm is required by law to have appropriate systems and controls to forestall and prevent money laundering. Specifically, it is an offence to:
  - i. Assist or facilitate the retention of illegally gained funds.
  - ii. Conceal or transfer the proceeds of a criminal act.
  - iii. Acquire, possess, use or benefit from the proceeds of an illegal fund.
  - iv. Fail to report knowledge or suspicion of money laundering when reasonable grounds exist for knowing or suspecting that another is engaged in money laundering.
  - v. Alert the person under suspicion or investigation or disclose to third parties any information that might prejudice investigation.
  - vi. Destroy or dispose of documents relevant to an investigation.
3. AML/CFT Regulation stipulates that certain documents and information must be obtained from customers for transfers in excess of \$1,000 (One Thousand United States Dollars).

These include:

- i. The name of the originator.
- ii. The originator's accounts details.
- iii. Originator's address.

### **3.2 Suspicious Transactions**

A suspicious transaction can be defined as one which is unusual because of its size, volume, type or pattern suggestive of known money laundering methods.

Suspicious transactions can also be described as those that are inconsistent with a customer's known legitimate business or personal activities or normal business for that type of account or which lack obvious economic rationale.

Suspicious transaction means a transaction which:

- i. gives rise to a reasonable suspicion that it may involve the laundering of money or the proceeds of any crime or funds linked or related to, or to be used for, terrorism or acts of terrorism or by proscribed organisations, whether or not the funds represent the proceeds of a crime.
- ii. is made in circumstances of unusual or unjustified complexity.
- iii. appears to have no economic justification or lawful objective.
- iv. is made by or on behalf of a person whose identity has not been established to the satisfaction of the person with whom the transaction is made.

has a duty under the law to make a report to the NFIU of any transaction which we have reason to believe may be a suspicious transaction.

The report will contain the following:

- i. The identification of the party or parties to the transaction;
- ii. The amount of the transaction, the description of the nature of the transaction and all the circumstances giving rise to the suspicion;
- iii. The business relationship of the suspect to the financial institution.
- iv. Where the suspect is an insider, any information as to whether the suspect is still affiliated with the financial institution.
- v. Any voluntary statement as to the origin, source or destination of the proceeds.
- vi. The impact of the suspicious activity on the financial soundness of the reporting institution or person.
- vii. The names of all the officers, employees or agents dealing with the transaction.

Transactions may be considered as suspicious if they have the following characteristics:

- i. Originated from high risk countries
- ii. Shell bank's involvement
- iii. Involve high risk individuals
- iv. Involve large transactions
- v. Many transactions just below the reporting threshold
- vi. Suspicious KYC
- vii. Where transactions are not logical and there are multiple accounts by same customer.
- viii. Employee failure to comply with approved operating guidelines.
- ix. Where employee is reluctant to take a vacation.
- x. Employee exhibits a lavish lifestyle that cannot be justified by his/her salary.

Capital Market Operators shall report on monthly basis all securities transactions in any currency above a threshold of ₦5,000,000.00 for individual and ₦10,000,000 for corporate person to the NFIU.

### 3.3. Policies and Procedures – Know Your Customer (KYC)

#### Purpose

Every client must be identified in accordance with the Money Laundering Act and the Firm's KYC or CDD policies. These procedures must be concluded before any transaction is undertaken with a new client.

Strict adherence to the law and regulations on KYC shall provide the basis for identifying, limiting and controlling risk exposures that may arise from business relationship with money launderers and politically exposed persons while the inadequacy or absence of KYC standards can subject financial institutions to serious risks, especially reputational, operational and legal risks.

#### Policy

Lead Securities and Investment Limited will ensure conformity to regulation on KYC documentation. We will ensure all newly registered clients complete the client's registration/application form and also submit necessary documents in support of the claims made on the forms.

#### Procedures (Relevant extract from the Accounting and Operational Procedures Manual)

Step	Responsibility	Task
3.1.1.1		All new clients are required to open account with in order to establish a business relationship.
3.1.1.2		<p>Account opening requirements shall follow the (KYC) Know Your Client Principles and include:</p> <ul style="list-style-type: none"> <li>• Completion of and CSCS Accounts Opening forms</li> <li>• Provision of a reliable means of identification, which may be either of Drivers license, International Passport or National ID Card.</li> <li>• Provision of utility bill</li> <li>• Provision of a passport photograph</li> <li>• A minimum initial deposit of ₦1, 000,000 in cheque or in shares.</li> <li>• Verified signature and thumb print.</li> </ul> <p>In addition to the above requirements, Corporate bodies will provide the following:</p> <ul style="list-style-type: none"> <li>• A copy of certificate of incorporation</li> <li>• Certified True Copies (CTC) of Form Co2 and Form Co7 (particulars of the directors and allotment of shares)</li> <li>• CTC of Memorandum and Articles of Association</li> <li>• A Board resolution, authorizing the company to open and operate the account.</li> </ul>

Step	Responsibility	Task
3.1.1.2.1	RO	Any changes to KYC information requested by clients have to be obtained in writing from the client; they are to be annotated and signed by the Relationship Officer receiving it and passed to the HOO for verification.
3.1.1.2.2	HOO	Contacts the client and verifies that the changes required originated from that client, then annotates, signs and dates the written request.
3.1.1.2.3	ED	Approves verified KYC changes for input into symbols.
3.1.1.2.4	HOO	Makes changes on Symbols and files documentation on Clients' file.
		END

### **3.4. Policies and Procedures – Customer Due Diligence (CDD)**

#### **Introduction**

Customer Due Diligence or CDD can be defined as a process of carrying out enhanced KYC or additional checks on information supplied by a customer such as home/office visit, written references, Company search etc when:

- i. business relations are established, and there is any form of suspicion;
- ii. a customer is carrying out occasional transactions above the applicable designated threshold of ₦250,000 (Two hundred and fifty thousand naira only) or as may be determined by the CBN from time to time, including where the transaction is carried out in a single operation or several operations that appear to be linked.
- iii. carrying out occasional transactions that are wire transfers, including those applicable to cross border and domestic transfers between financial institutions and when credit or debit cards are used as a payment system to effect money transfer.
- iv. there is a business mandate from a customer which is considered to be a suspicious transaction
- v. when a transaction is classified as high risk (see below)
- vi. When prospective clients appear to be using fictitious names or trying to be anonymous.

However, under listed transfers are exempted from this rule;

- i. Any transfer flowing from a transaction carried out using a credit or debit card so long as the credit or debit card number accompanying such transfers does flow from transactions such as withdrawals from a bank account through an ATM machine, cash advances from a credit card or payment for goods.
- ii. Financial Institution to Financial Institution transfers and settlements where both the originator person and the beneficial-person are financial institutions acting on their behalf.

Risk classification for CDD procedures:

#### **Higher Risk clients**

- i. Non-resident clients.
- ii. Clients from locations known for its high crime rate (e.g. drug production, trafficking, smuggling; money laundering and where terrorist activities are prevalent e.g. Afghanistan, Yemen, Libya).
- iii. Clients from or in countries or jurisdictions which do not or insufficiently apply the Financial Action Task Force (FATF) recommendations (such as jurisdictions designated as Non Cooperative Countries and Territories (NCCT) by the FATF or

- those known to the reporting institution to have inadequate AML/CFT laws and regulations).
- iv. Politically Exposed Persons (PEPs) and persons/ companies related to them.
  - v. Complex legal arrangements such as unregulated investment/special purpose vehicles (SPV).
  - vi. Companies that have nominee-shareholders and cross boarder companies.

**Lower Risk clients:**

- i. Clients operating from where the risk of money laundering or terrorist financing is low.
- ii. Clients operating from countries that have effectively implemented the FATF recommendations.
- iii. Where information on the identity of the customer and the beneficial owner of a customer is publicly available.
- iv. Where adequate checks and controls exist elsewhere in national systems.
- v. Public companies (listed on a stock exchange or similar situations) that are subject to regulatory disclosure requirements.
- vi. Financial Institutions provided they are subject to requirements for the combat of money laundering.
- vii. Government ministries, corporations and parastatals/enterprises.

**Policy**

Lead Securities and Investment Limited will carry out additional checks on information provided by our clients any time any of the situations described in the introduction above arises, to verify that customers are who they claim to be and to report our findings as required by the AML/CFT law and regulation as necessary.

**Procedures**

Step	Responsibility	Task
3.4.1	Clients	All new clients are required to open an account with Lead Securities and Investment Limited in order to establish a business relationship.
3.4.2	RO	Will monitor clients and transactions that fall under the following categories: <ul style="list-style-type: none"> <li>i. New accounts which raise suspicion</li> <li>ii. Transactions of significant value.</li> <li>iii. When customer circumstances change substantially.</li> <li>iv. When there is a material change in the way an account is operated.</li> <li>v. When the firm discovers that it lacks sufficient information about an existing customer.</li> <li>vi. Politically Exposed Persons.</li> </ul>
3.4.3	ROs	Raises a flag and report to the HOD and CO when any of the above situations is noticed.

<b>Step</b>	<b>Responsibility</b>	<b>Task</b>
3.4.4	CO	Examines the KYC documents submitted by clients for completeness and validity and orders a CDD if necessary.
3.4.5	CO	Endorses the document and keep a photocopy of the CDD documents in the Compliance file.
3.4.6	CO	Approve the client's application and conducts the registration process as outlined in the Accounting and Operational Procedures Manual.
3.4.7	CO	Forwards the client's particulars to the NFIU in accordance with the provisions of the Money Laundering (Prohibition) Act 2003, if the clients' transactions are flagged as suspicious.
3.4.8	ED/MD	Checks and determines if business relationship should be started with new client or continued with existing client.
		End

### **3.5 AML/CFT and Politically Exposed Persons (PEP)**

#### Definition and Financial Institutions Requirements on PEP

- a. Politically Exposed Persons (PEPs) are individuals and their nuclear families that are entrusted with prominent public functions in Nigeria or elsewhere. Examples of PEPs include, but are not limited to;
  - i. Heads of State or government
  - ii. Governors
  - iii. Local government chairmen
  - iv. Senior politicians
  - v. Senior government officials
  - vi. Judicial or military officials
  - vii. Senior executives of state owned corporations
  - viii. Important political party officials
  - ix. Nuclear family members or close associates of PEPs
  - x. Members of Royal Families.

**A PEP is not a criminal or an individual with criminal intentions. However, the law obliges a Financial Institution to report transactions carried out by a PEP which are suspicious, hence the following process has been set in place:**

- b. Capital Market Operators shall in addition to performing CDD measures, put in place appropriate risk management systems to determine whether a potential client or existing clients or the beneficial-owner is a Politically Exposed Person.
- c. Capital Market Operators shall obtain senior management approval before they establish business relationships with PEPs.
- d. Where a client has been accepted or has an ongoing relationship with the capital market operator and the client or beneficial-owner is subsequently found to be or becomes a PEP, the Capital Market Operator is required to obtain senior management approval in order to continue the business relationship.
- e. Capital Market Operators in a business relationship with PEPs shall conduct enhanced ongoing monitoring of that relationship and immediately report any suspicious transactions to the NFIU.

Any member of staff who handles, or is associated with the handling of, a transaction which he knows or has reasonable grounds to suspect might involve money laundering that is abnormal, capital market operators shall flag the account and report or terrorist financing must immediately report, in confidence, to the CO. The reporting staff member and the recipient(s) of the report are required to keep the fact of the making of the report and its contents confidential. It must not be disclosed to any unauthorised individual.

The CO must complete and send the requisite report to the Nigerian Financial Intelligence Unit within 7 days of the discovery of the suspicious transaction. The reporting staff member may be asked to provide a written as well as oral statement. A timely report of suspicion is a defence in law against a charge of assisting a money launderer.

Records of proof of identification, monetary transactions completed and reports must be retained for 5 years under the responsibility of the CO.

To ensure that all members of staff are, and remain fully informed of the provisions of Anti-Money Laundering Regulations, staff will be given;

- i. Induction training in AML upon entering the Firm.
- ii. An annual Money Laundering Awareness training session covering:
  - a. The relevant laws and regulations
  - b. Their responsibilities in the context of their job descriptions and as members of staff
  - c. The effects on the firm and on the individual of violations of the laws or regulations
  - d. The suspicious transactions reporting regime

Additionally as laws and regulations change staff will be informed as soon as practical.

**3.5.1 Policies and Procedures for doing business with Politically Exposed Persons**

**3.5.2 Purpose:**

To establish the framework for the implementation of regulatory codes and laws on Politically Exposed Persons in line with the Anti Money Laundering & Combating Financial Terrorism Act and CBN/SEC regulatory guidelines.

**3.5.3 Policy**

Lead Securities and Investment Limited will obtain from new clients, declarations as to their status as a Politically Exposed Persons as defined by relevant laws and regulatory guidelines, with this, a list of all identified PEPs will be compiled for the purposes of complying with the law and regulatory codes.

**3.5.4 Procedure:**

Step	Responsibility	Task
3.5.6		All new clients that are currently holding a political position must complete the self declaration section of the registration form to provide details of his/her status as PEP.
3.5.6	CO	Will maintain a list of all identified PEPs (defined as those currently holding political positions and the nuclear families of PEP) by the firm for the purposes of complying with the AML/CFT law and regulatory codes.
3.5.7	CO	Sets-up a request for declarations by all prospective clients on the KYC information document and also identify current and active clients that he can describe as a PEP as stated in item 3.5.3 of this manual.
3.5.8	ROs	Submit all account opening packages and KYC documents to the CO to extract PEP information if any
3.5.9	CO	Sets up a monitoring system for all identified PEPs
3.5.10	CO	Designs a report in the format specified by the AML/CFT law to report all identified suspicious transactions to SEC and the NFIU within 7 days of discovery. The report will be co-signed by the CO and the MD or the ED.
3.5.11	CO	Without prejudice to promptly bringing any compliance matters to the attention of Management, to prepare quarterly compliance report and circulate to Executive Directors and Audit and Risk Management Committee
3.5.12	IA	To include in the internal audit plans and programmes, auditing of compliance conformity to the AML/CFT manual and report to Audit and Risk Management

Step	Responsibility	Task
		Committee.
		End

### **3.6 Foreign Mandates**

#### **Introduction**

Non-residents opening an account from abroad should be required to complete a standard application form with full CDD before transactions begin on the account.

#### **Definition**

Foreign mandates refer to business relationships or transactions between a local firm or individual with a foreign based firm or individuals. These transactions are unique because the parties involved are geographically separated and rely only on online or postal communications to execute the business relationship.

#### **3.6.1 Policies and Procedures for doing business with foreign based clients.**

#### **3.6.2 Purpose**

To establish the framework for registration of a foreign based client and also execution of foreign mandates in line with the Anti Money Laundering & Combating Financing of Terrorism Act, Provisions of the Evidence Act 2011(amended) and other regulatory codes.

#### **3.6.3 Policy**

Lead Securities and Investment Limited will enter into business relationship with foreign based Companies and Individuals guided by the provisions of the AML/CFT Act 2009, the Evidence Act 2011 [Amended] and regulatory codes.

#### **3.6.4 Procedure**

<b>Step</b>	<b>Responsibility</b>	<b>Task</b>
3.6.5		Lead Securities and Investment Limited shall enter into business relationship with foreign based or diaspora customers guided by the relevant statutes and regulations. The prospective customer will complete the application form and to take care of the physical location of the clients and the customer will also provide information and documents listed below.
3.6.6	RO	To obtain under listed information from the prospective client: <ol style="list-style-type: none"> <li>i. True name</li> <li>ii. Current permanent address</li> <li>iii. Mailing address</li> <li>iv. Telephone and fax number</li> <li>v. Date and place of birth and nationality</li> <li>vi. Occupation and name of employer (if self employed, the nature of the self employment)</li> <li>vii. Passport details, or national identity card, driving licence armed forces identity card details (i.e. number and country of issuance), together with</li> </ol>

Step	Responsibility	Task
		<p>issue date and expiry date.</p> <p>viii. Authority to obtain independent verification of any data provided.</p>
3.6.7	RO	<p>To ensure all KYC, CDD (where necessary) and other documents listed below are submitted along with the Application Form are independently:</p> <ul style="list-style-type: none"> <li>i. Identity - a clearly legible photocopy of any of the following documents: <ul style="list-style-type: none"> <li>a. National identity card</li> <li>b. Current valid passports</li> <li>c. Current valid driving licences</li> <li>d. Armed forces identity card</li> <li>e. Permanent voters card</li> </ul> </li> <li>ii. Address a clearly legible photocopy of any of the following documents: <ul style="list-style-type: none"> <li>a. An original or certified copy of utility bill addressed to the applicant at the address from which he, she or they are applying.</li> <li>b. An original or certified copy of a bank statement addressed to the applicant at the address from which he, she or they are applying.</li> </ul> </li> </ul>
3.6.8.	RO	<p>May also obtain the following information before the client's application is processed:</p> <ul style="list-style-type: none"> <li>i. Develop independent contact with the customer.</li> <li>ii. Independently confirm the prospective client's address and other details from business directory or from a recognised telephone directory.</li> <li>iii. Request for reference letter from regulated institutions (i.e. banker's confirmation or banker's reference) where the prospective client's account is domiciled.</li> </ul> <p>Where the confirmations are done electronically, a record of actual information obtained or where it can be re obtained must be retained as part of the identification evidence.</p>
3.6.9	RO	<p>To retain records of confirmations done electronically as part of the identification evidence.</p>
3.6.10	RO	<p>Submit all records, Application Form and information obtained from the prospective diaspora clients to the CO.</p>

Step	Responsibility	Task
3.6.11	CO	To verify the documents and information submitted above and endorse if he is satisfied that the firm's policy on foreign mandates has been complied with or return the entire documents to the RM or RO if there has not been full Compliance. The CO will keep a copy of the KYC, CDD and other documents submitted by the prospective client in either case.
3.6.12	HOO	To prepare monthly reports on existing and new Diaspora accounts opened during the month. The report will be copied to the MD, EDs, FC and the IA.
3.6.13	RMs & ROs	To ensure Foreign clients registration and mandates are subject the firm's other standard policies and procedures on clients registration.
		End

### **3.7 Insider Trading/Insider Information Abuse**

#### **Introduction**

Insider dealing provisions are contained in Sections 88-95 of the Investment and Securities Act 2007. According to the ISA (2007), It is a criminal offence for any person to deal in securities with the benefit of insider information.

#### **Definition**

Insider information is price sensitive information obtained from an inside source that if the information were to be made public it is likely to have a significant effect on the price of the relevant securities. Insider information comes directly or indirectly from an inside source; it is further defined as being information that is not generally in the public domain.

Maximum penalty for contravention of the law if convicted is 7 years prison term or ₦1 million fine.

Inside sources are described as directors, employees and anyone who can obtain information by their employment, office or profession.

It is a criminal offence for any person to:

- i. Deal in securities with the benefit of inside information
- ii. Disclose inside information to another person outside the proper performance of employment.
- iii. Encourage another person to deal; reasonably believing that dealing will occur.

Maximum penalty for contravention of the law if convicted is 7 years prison term or ₦1 million fine. Information that has been derived through research, analysis or study of public documents and events is not considered to be insider information.

This section of the ISA (2007) also applies to disclosure of privileged information on the activities of a suspicious person or a suspicious transaction by employees of the firm.

Management will adopt the principle of Chinese Walls to ensure information is released on the need to know basis. Chinese walls are described as information barriers created within an Organisation to ensure that critical information are only available or accessible to people that are directly involved in execution of a transaction or to the highest level of Management and such information are only released to others after due authorisation and on a need to know basis.

3.7.1 Policies and Procedures on Insider Trading.

3.7.2 **Purpose**

To establish the framework for handling insider trading or insider information.

3.7.3 **Policy**

Lead Securities and Investment Limited will be guided by the provisions of the Investments and Security Act (2007) in handling of reported or confirmed insider trading or abuse of information.

3.7.4 **Procedure**

Step	Responsibility	Task
3.7.5		Lead Securities and Investment Limited will be guided by the provisions of the ISA (2007) insider trading or abuse of insider information by employees
3.7.6	Employees	To read and endorse, annual staff declaration which includes the employees' full understanding of the firm's policy on insider trading or abuse of privileged insider information.
3.7.7	HHR	To ensure execution of the annual staff declaration document on all employees (including contract staff and new hires). Original copy of the document will be kept in the personnel file
3.7.8	CO	To check and counter sign the annual declaration document along with the HHR. The completed document will be submitted to the ED (Operations and Business Support) by the HHR.
3.7.9	ED	To ensure confidential information relating to business mandates and transactions are accessed only by employees working on the project or transaction (He will apply the principle of Chinese Walls).
3.7.10	Employees	To report all suspected or confirmed cases of insider information abuse or insider trading to the CO in writing copied to the ED, IA, his/her HOD and the HHR.
3.7.11	IA/CO	To jointly investigate any reported case within 24hrs and submit a report and recommendation(s) to the ED (OBS). The report will be copied to the MD, CO and the HHR.
3.7.12	CO	To obtain the MD's approval on actions to be taken on confirmed cases of insider trading or insider information abuses.
3.7.13	CO	To report the confirmed insider abuse to the regulatory authorities (CBN, SEC, NSE and the NFIU). This will be done only after due authorisation has been obtained from the MD or the EDs.

Step	Responsibility	Task
3.7.14	HHR	To keep original copy of all documents including the investigation report and details of actions taken in the employees file
		End

**Appendix 4.1                      Staff Annual Declaration**

**LEAD SECURITIES AND INVESTMENT LIMITED**

**STAFF ANNUAL DECLARATION**

To:    The Managing Director  
      Lead Securities and Investment Limited

Dear Sir,

I hereby confirm that:

- 1) I have conducted myself in conformity with, and so as to result in the company complying with, the rules and regulations made from time to time by SEC and CBN as if they were directly binding on me so far as it is reasonably in my power to do so; and
- 2) I have reported any known breaches of the Rules to the company's Compliance Officer as soon as I became aware of such a breach; and
- 3) During the continuance of my employment I will comply and co-operate fully with all instructions, directions, requirements and requests properly made or imposed by or on behalf of SEC and CBN under the Rules including, but not limited to, any requirement to be readily available for the purposes of and truthfully to answer all questions put to me, whether in the course of or in connection with events which may lead to an inspection or any summary process or proceeding of a Disciplinary Appeal Tribunal; and
- 4) I shall continue to co-operate with any SEC inspection or investigation into a Rule breach after the expiry of my employment with the company; and
- 5) I have reported any complaints, either written or oral, to the Compliance Officer as soon as they were received.
- 6) I have read the firm's Compliance Manual and the Operations Manual which is relevant for my function. I have consulted the Compliance Officer or my functional superior if I had any questions or concerns regarding any of the issues set out therein; and
- 7) I have read and understood the Money Laundering Regulations as defined in the Compliance Manual. I shall report any suspicious of Money Laundering, to the Compliance Officer.
- 8) I have read and understood the firm's and SEC regulations regarding Personal Account Dealings. I have abided by all aspects of these regulations. In particular:
  - a. I have not, on my own account or on that of any person connected with me, carried out any Reportable Transactions in securities except through the company or with the company's consent.

b. I have not, on my own account, or on that of any person connected with me, carried out a transaction of a type from which I was at that time prohibited by any of the following:

- i. Insider Information
- ii. Conflicting Interest
- iii. Investment of any description in a firm in which is currently advising for the specified duration.

9) I am aware of the company's policy regarding gifts and inducements and I have notified the Compliance Officer of all gifts and inducements received and offered.

10) I understand that this undertaking forms part of my contract of employment and that any breach of it may result in my summary dismissal.

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(Employee Name)

---

(Signature of Employee)

---

(Date)

---

(Noted and received by Manager)



**Appendix 4.2 Staff Reputation and Character Questionnaire**

**LEAD SECURITIES AND INVESTMENT LIMITED**

**STAFF REPUTATION AND CHARACTER QUESTIONNAIRE**

If you are unable to answer a question 'No' you must discuss the reasons with your superior or the Compliance Officer.

<b>1</b>	<b>a.</b>	Have you ever been convicted of any offence involving fraud, theft, false accounting or other dishonesty or an offence relating to companies, building societies, industrial and provident societies, credit unions, friendly societies, insurance, banking or other financial services, insolvency, consumer credit or consumer protection, money laundering, market manipulations or insider dealing?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
	<b>b.</b>	Are you the subject of any current criminal proceedings?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
<b>2</b>		Have you any convictions for any offences other than those listed in 1 above which are not spent, whether or not in Nigeria?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
<b>3</b>	<b>a.</b>	Are you, or have you ever been, the subject of any civil proceedings, arbitration or litigation?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
	<b>b.</b>	Are you aware of any intention to begin such proceedings against you in the future?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
<b>4</b>		Do you have any judgement debts made under a court order still outstanding, whether in full or in part?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
<b>5</b>		Have you ever failed to satisfy any such judgement debts within one year of the making of the order?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
<b>6</b>	<b>a.</b>	Are you, or have you ever been the subject of any bankruptcy proceedings, or proceedings for the sequestration of your estate?	YES NO	<input type="checkbox"/> <input type="checkbox"/>

b.	Have you ever entered into a deed of arrangement or an individual voluntary arrangement or other agreement in favour of your creditors, or are you doing so?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
7	Do you have any outstanding financial obligations arising from regulated activities, which you have conducted in the past, whether in Nigeria or overseas? (In the case of advisers, this includes any outstanding liabilities arising from commissions paid for the sale of packaged products that have lapsed.)	YES NO	<input type="checkbox"/> <input type="checkbox"/>
8	Have you ever been found guilty of conducting any unauthorised regulated activities or been investigated for possible conduct of unauthorised regulated activities?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
9	Are you, or have you ever been, the subject of an investigation into allegations of misconduct or malpractice in connection with any business activity?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
10	Have you ever, either in <i>Nigeria</i> , or elsewhere -		
a.	Been refused entry to, or been dismissed or requested to resign from, any profession, vocation, office or employment, or from any fiduciary office or position of trust, whether or not remunerated?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
b.	Been refused, restricted in, or had suspended, the right to carry on any trade, business, or profession for which specific licence, authorisation, registration, membership or other permission is required?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
c.	Been disqualified by a court from acting as a <i>director</i> of a company or from acting in a management capacity or conducting the affairs of any company, partnership or unincorporated association?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
11	In respect of activities regulated by the ISA or any regulatory body have you, or has any company, partnership or unincorporated association of which you are or have been a controller, director, senior manager, partner or company secretary, during your association with that entity and for a period of three years after you ceased to be associated with it, ever -	YES NO	<input type="checkbox"/> <input type="checkbox"/>
a.	Been refused, had revoked, restricted or terminated, any licence, authorisation, registration, notification, membership or other permission granted by any such body?	YES NO	<input type="checkbox"/> <input type="checkbox"/>

- b.** Been criticised, censured, disciplined, suspended, expelled, fined, or been the subject of any other disciplinary or intervention action by any such body? YES   
NO
- c.** Resigned whilst under investigation by, or been required to resign from, any such body? YES   
NO
- d.** Decided, after making an application for any license, authorisation, registration, notification, membership or other permission granted by any such body, not to proceed with it? YES   
NO
- e.** Been the subject of any civil action which has resulted in a finding against you or it by a court? YES   
NO
- 12** Has any company, partnership, or unincorporated association of which you are or have been a controller, director, senior manager, partner or company secretary, in Nigeria or elsewhere, at any time during your involvement or within one year of such involvement -
- a.** Been put into liquidation, wound up, ceased trading, had a receiver or administrator appointed or entered into any voluntary arrangement with its creditors? YES   
NO
- b.** Been adjudged by a court liable for any fraud, misfeasance, wrongful trading or other misconduct? YES   
NO
- c.** Been investigated or been involved in an investigation by an inspector appointed under companies or any other legislation, or required to produce documents to the Secretary of State, or any other authority, under any such legislation? YES   
NO
- d.** Been convicted of any criminal offence, censured, disciplined or publicly criticised, by any inquiry, by the *Takeover Panel* or any government or statutory authority or any other regulatory body (other than as already indicated under 11(b) above)? YES   
NO

- 13.** Have you at any time in the previous ten years been the subject of a complaint in connection with investment business which relates to integrity, competence, or financial soundness?
- YES   
NO
- 14.** Are you aware of any business interests, employment obligations, or any other situations which may conflict with the performance of the controlled functions for which approval has been sought?
- YES   
NO

4.3 Application and KYC Form – Individual

**LEAD SECURITIES AND INVESTMENT LIMITED**

(MEMBER OF NIGERIAN EXCHANGE GROUP)  
 (MEMBER OF NASD OTC SECURITIES EXCHANGE)  
 RC 757104

Plot 281, Ajose Adeogun Street,  
 Victoria-Island, Lagos  
 Lagos-State  
 Nigeria

Tel: +234 1 27152544488500  
 Email: [info@leadcapitalng.com](mailto:info@leadcapitalng.com)  
[www.leadsecurities.com](http://www.leadsecurities.com).

**Individual Applicant Form**

**1. APPLICANT DETAILS**

**1<sup>st</sup> Individual Applicant**

Title	<input type="text"/>	Affix current passport size photo
First name	<input type="text"/>	
Middle name	<input type="text"/>	
Surname	<input type="text"/>	
Residential address	<input type="text"/>	
	<input type="text"/>	
	<input type="text"/>	
	State <input type="text"/>	Country <input type="text"/>
Mobile	<input type="text"/>	
Home phone	<input type="text"/>	
Work address	<input type="text"/>	
	<input type="text"/>	
	<input type="text"/>	
Work phone	<input type="text"/>	
Fax	<input type="text"/>	
Email address	<input type="text"/>	
	<input type="text"/>	
Date of birth	<input type="text"/>	
D/ Licence, Passport or N. I. D. No.	<input type="text"/>	
Next of kin	<input type="text"/>	
Address	<input type="text"/>	
	<input type="text"/>	





Political Position held	<input type="checkbox"/>
Or relationship with PEP	<input type="checkbox"/>
Level (fed, state or Local Government)	<input type="checkbox"/>
Name of state or Local Government	<input type="checkbox"/>
Date appointed/elected	<input type="checkbox"/>

**5. REFEREE CONTACT DETAILS**

Name	<input type="checkbox"/>
Address	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>
Mobile	<input type="checkbox"/>
Home phone	<input type="checkbox"/>

**6. APPLICANT SIGNATURE(S) – ALL APPLICANTS**

I/We confirm that all the information provided in this form are correct and accurate.

**By signing this Application Form, I/We apply for an Account with and agree to be bound by the Account Terms and Conditions if this application is accepted. If I am signing under a Power of Attorney, I declare that the Power of Attorney has not been amended or revoked.**

**For Office Use Only**

<b>CHECKLIST OF ATTACHED DOCUMENTS</b>					
	YES	NO	WAIVED	DEFER	UNTIL
Copy of Identification: Driver's license or International Passport or National ID	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
One passport size photograph	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Copy of utility bill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>

The applicant(s) was/were interviewed by me by telephone/in person (delete as appropriate).

I recommend that a ..... Account be opened  
as requested.

Relationship Officer's Name: ..... Signature:

..... Date: .....

Head of Unit's Name: ..... Signature:

..... Date: .....

Executive Management Remarks:

.....  
.....  
.....

4.4 Application and KYC Form – Corporate

**LEAD SECURITIES AND INVESTMENT LIMITED**

(MEMBER OF NIGERIAN EXCHANGE GROUP)  
(MEMBER OF NASD OTC SECURITIES EXCHANGE)

RC 757104

Plot 281, Ajose Adeogun Street,  
Victoria-Island,Lagos  
Lagos-State  
Nigeria

Tel: +234 1 27152544488500  
Email: [info@leadcapitalng.com](mailto:info@leadcapitalng.com)  
[www.leadsecurities.com](http://www.leadsecurities.com).

**Corporate Applicant Form**

**7. APPLICANT DETAILS**

Company Name   
Registered Address   
  
  
State  Country   
Mobile   
Land Phone   
Fax   
Email   
  
Website   
Incorporation Date   
Incorporation No.

**8. ADDRESS FOR THIS ACCOUNT**

If different from the address stated above or if P. O. Box or P. M. B. Address

Office Address   
  
  
State  Country

**9. AUTHORISED PERSONS**

**1<sup>st</sup> Authorised Person**

Please provide details of any person the Applicant authorises to give us share trading instructions on their behalf. Unless the Applicant direct us otherwise in writing, we may act on the trading instructions of the







opening and operation of the account					
--------------------------------------	--	--	--	--	--

The applicant(s) was/were interviewed by me on telephone/in person (delete as appropriate).

I recommend that a ..... Account be opened as requested.

Relationship Officer's Name: ..... Signature:

..... Date: .....

Head of Unit's Name: ..... Signature:

..... Date: .....

Executive Management Remarks:

.....  
.....  
.....

## 5. Checklist

Item	Responsibility	Task
1.	LSI/Management	<ul style="list-style-type: none"> <li>i. Must have a written manual approved by the Board.</li> <li>ii. Designate an officer appropriately as the AML/CFT Compliance Officer.</li> <li>iii. Forward copies of the Board approved Compliance Manual to the CBN and NFIU within six months of approval.</li> </ul>
2.	LSI/Management	Set up review panel (ad hoc or permanent) with the CO as the Chairman to investigate suspicious money laundering flags.
3.	CO	Report established or suspicious cases of money laundering to NFIU within 7 days of occurrence.
4.	CO	Maintain a list of all identified PEPs in line with the firm's policy which defined PEP as those who are currently holding political positions anywhere in the World or a nuclear family of a PEP.
5.	CO	Prepare monthly reports on transactions by PEP's to SEC and NFIU as required by the AML/CFT Act.
6.	CO	Develop annual compliance programme for approval by the ARMC.
7.	CO	Ensure bi-annual training programmes are organised to keep employees abreast of issues and developments in the fight against money laundering.
8.	IA	Design quarterly audit programme to cover conformity to compliance regulations.
9.	BOD	Approve compliance manual and take ownership of the AML/CFT compliance programme.
10.	CO	Present summary of compliance reports (regulatory, statutory and other reports) to the BOD through the ARMC every quarter.
11.	Management	Forward copies of board approved compliance manual to the CBN and NFIU within six months of approval.
12.	CO	Submit monthly statutory report of investments in any currency equivalent to ₦5 million for an individual and ₦10 million for a corporate body to NFIU.

Item	Responsibility	Task
13.	LSI/Management	Keep records of all reports, proof of identification and statutory returns for a minimum of 5 years.
14.	CO	Maintain a list of restricted securities which employees have been temporarily barred from trading in.
15.	CO	Staff will not trade in the securities of a company in which the company is performing corporate finance function for 10 days from the date of release of the report.
16.	CO	Should obtain approval of the MD to allow ongoing relationship with a client that was discovered to be PEP.
17.	CO	Administer the personal account dealing notice (appendix 2) on all employees before they are allowed to open client account with the firm.
18.	CO	To monitor the accounts of employees in order to discover and flag any sign of money laundering activity.
19.	IA	To monitor the accounts of the CO in order to discover and flag any sign of money laundering activity.
20.	Employees	To give sufficient explanation on any activity flagged of for explanation by the CO or IA.
21.	Management	To include AML/CFT performance review as part of employees annual performance appraisal.
22.	Employees	To complete the annual staff declarations form for submission to the CO by second week of the new calendar year.
23.	Employees	To complete the good reputation and character questionnaire when joining the firm.
24.	CO	To report all actual or suspicious money laundering activity to the CBN and NFIU. Nil report will be submitted monthly to the two bodies if there is nothing to be reported.
25.	BOD & Management	Lift the veil of incorporation and to make shareholders with controlling interest responsible for contravention of AML/CFT rules.  Controlling interest in this case refers to shareholders with 5% and above holdings in the firm.

Item	Responsibility	Task
26.	CO	To issue a letter of assurance to NFIU to cooperate and comply with all activities and regulations on money laundering.
27.	CO	Submit an annual AML/CFT employee training programme for the next financial year to CBN not later 31 <sup>st</sup> December of every financial year.
28.	CO	Report review or update of the compliance manual to CBN and NFIU by 31 <sup>st</sup> December of every financial year. The report should explain the action taken to address the risk before review was approved by the BOD.
29.	FC	<p>For individual clients transfer in excess of 1,000 United States Dollars, client must submit the following:</p> <ul style="list-style-type: none"> <li>i. Name of the originator.</li> <li>ii. client's account details.</li> <li>iii. Address.</li> </ul> <p>Ensure that these details are on the telex transfer document used by the bank to effect the transfer.</p>
30.	ROs and CO	<p>In addition to the normal KYC requirements;</p> <ul style="list-style-type: none"> <li>i. Religious Bodies; obtain identification details of 2 of the signatories.</li> <li>ii. Corporate Bodies; obtain identification details of shareholders with share interest of 5% and above in the company.</li> </ul>
31.	ROs and CO	The gazette emphasised a total ban of registration of companies with anonymous identity or fictional profiles.
		End

**Reviewed and Approved by:**

**Audit and Risk Management Committee:**

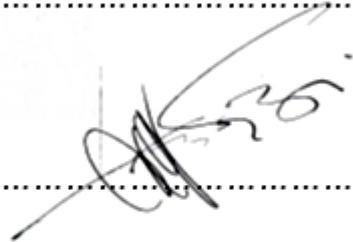


Mr. Daniel Duniya (Member)

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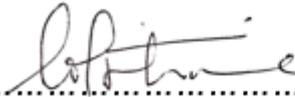
Mrs. Isioma Ogodazi (Member)

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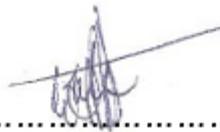
Mr. Taiwo Olashore (Member)

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Mr. Wale Adewumi (Chairman)

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**Dated:**

04 April 2019