



Federal Republic of Nigeria
MINING CADASTRE OFFICE

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11th November, 2024

Executive Chairman,

Economic and Financial Crimes Commission (EFCC),

No 5 fomella street,

off Adetokunbo Ademola Crescent

Wuse II, Abuja

Attn: **Director SCUML**

Sir,

Forwarding of Signed AML/CFT Operational Manual

Following our recent meeting/discussions and in alignment with Nigeria's commitment to combatting money laundering and the financing of terrorism, I am pleased to forward herewith the signed Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) operational manual, now formally adopted by the Mining Cadastre Office (MCO).

2. The MCO is committed to implementing the standards and procedures outlined in the manual, which will contribute significantly in strengthening transparency and regulatory compliance within the mining sector. We recognize the vital role this plays in fulfilling Nigeria's international obligations and enhancing market integrity.

3. Additionally, we are planning to initiate training sessions to ensure our staff are adequately prepared to execute these AML/CFT measures effectively. We look forward to continued collaborations with the EFCC/NFIU in this regards.



Please accept the assurances of my highest regards

A handwritten signature in blue ink, appearing to be 'A. O. Zibiri', with a long horizontal stroke extending to the right.

A. O. Zibiri
(Director Legal Services)
For: Director General



Federal Republic of Nigeria
NIGERIA MINING CADASTRE OFFICE

**OPERATIONAL MANUAL FOR THE IMPLEMENTATION OF MARKET ENTRY
CONTROLS AND ONGOING MONITORING OF MINERAL TITLE APPLICANTS BY
THE MINING CADASTRAL OFFICE**

1.0 Introduction

The Mining Cadastral Office (MCO) established under Section 5 (1) of the Nigerian Minerals and Mining Act, 2007, is charged with the mandate to consider applications for mineral titles and permits, issue, suspend and upon written approval of the Minister, revoke any mineral title. Consequently, the MCO is positioned as the primal licensing authority for different actors in the mineral and mining sector in Nigeria.

In view of the vulnerability of the mineral and mining sector to money laundering, terrorism financing and proliferation financing (ML/TF/PF), the MCO has a responsibility to ensure that criminals and their associates are prevented from holding or being the beneficial owners of, a significant or controlling interest or holding a management function of any entity licensed to operate across the mineral and mining value chain in Nigeria.

In this light, the MCO has reviewed its licensing procedure to include the full range of Anti-Money Laundering, Countering Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF) Market Entry Controls covering criminal background checks, implementation of Targeted Sanctions, beneficial ownership information collection, verification & due diligence, and enhanced due diligence in respect of licenses related to Politically Exposed Persons (PEPs)

This operational manual shall provide instructional guidance to all staff in the Legal and Concession departments with responsibility for processing new

licenses and renewal of licenses on how to implement AML/CFT/CPF market entry controls and ongoing monitoring measures throughout pre-licensing, licensing, renewal, denial, cessation, and expiration process.

1.1 Scope of Application and Covered Persons

The operational manual applies to procedures for granting and renewal of all categories of mineral and mining licenses and permits in Nigeria. It shall be applied throughout the pre-licensing, licensing, renewal, denial, cessation and expiration process.

The AML/CFT/CPF Market entry control measures cover the following

1. Criminal Background Checks
2. Implementation of Targeted Financial Sanction (TFS)
3. Enhanced due diligence for Politically Exposed Persons and
4. Beneficial ownership identification and verification

These measures shall apply to individuals and incorporated entities, (including their beneficial owners, shareholders, directors and managers). It will cover the following categories of persons:

- Individuals who are running the business either on their own or in partnership
- Officers of the business including the director and company secretary
- Managers who are engaged in the provision of regulated activity (see 'Managers' section)
- managers who are involved in the development, or monitoring of policies and procedures related to regulated activity (see 'Managers' section)
- the nominated officer
- a beneficial owner of the business
- a person who is effectively directing the business.

2.0 Criminal Background Check

To give full effect to the provision of section 53 of the Mineral and Mining Act, 2007, a criminal background check shall be conducted as a component of market entry control aimed at determining whether a prospective beneficial owner/ significant shareholder, proposed director or senior management was involved in any of the following activities:

- a. Convicted of any offence involving dishonesty or fraud;
- b. Convicted of money laundering and/or associated predicate offence, terrorism financing, or proliferation financing offences;
- c. Guilty of serious misconduct in relation to duties;
- d. Disqualified or suspended from practicing his/her profession; or
- e. Directly involved in the management of a company which has been wound up by the Federal High Court;

and whether:

- f. the person is or has been the subject of any proceeding of a disciplinary or criminal nature or has been notified of any impending proceeding or any investigation, which might lead to such proceeding. However, this provision will not apply where a person involved in such a proceeding has been exonerated;
- g. an entity where the person is a beneficial owner/significant shareholder, director or senior management staff has been investigated, disciplined, suspended or criticized by a regulatory or professional body, a court or tribunal, whether publicly or privately;
- h. the person has been the subject of any justified complaint relating to regulated activities;
- i. the person has been dismissed, asked to resign from employment or a position of trust, fiduciary appointment or similar position because of questions about his/her honesty and integrity;
- j. the person has ever been disqualified by the Companies and Allied Matters Act (CAMA) or any other legislation or regulation, from acting as a director or serving in a managerial capacity;

2.1 Procedure for the Conduct of Criminal Background Checks

- **Pre-Licensing**

1. Officers reviewing the application for a mineral title must ensure that such application comes with the required documentation and in such manner as may be specified by the MCO from time to time.
2. Attestation of non-criminal conviction and the fit and proper person questionnaire must be completed for all **shareholders and beneficial owners** as provided by section 53 of the Mineral and Mining Act, 2007
3. The attestation of non-criminal conviction shall be verified with the Nigerian Police Force and other security and law enforcement agencies that may hold relevant criminal databases.
4. Where a beneficial owner, an applicant for a license or any of its shareholders and beneficial owners is found to have a criminal background, the application shall be rejected and the decision to decline to application shall be communicated to the applicant.
5. The decision shall also be notified to the Special Control Unit against Money Laundering (SCUML) and the Nigerian Financial Intelligence Unit.

- **Post Licensing**

1. Criminal background check shall also be conducted for the affected persons in the following circumstances after licensing:
 - Where there is a change of shareholding beneficial ownership and such restructuring has led to a change in control of the organization.
 - At the appointment of new directors and managers who have not been subjected to the full range of AML/CFT/CPF fit and proper person tests.
 - At the renewal of the license
2. Where, after passing the fit and proper test, any of the shareholders beneficial owners, or director, are convicted of a relevant offence or anything else happens that makes the MCO no longer satisfied that they are fit and proper persons, the license holder shall immediately but not more than 72 hours, notify the MCO, providing the details of the conviction.
3. The MCO will continue to monitor whether the licensed holder, the licensed company and its beneficial owners, shareholders and directors are fit and proper persons.

3.0 Implementation of Targeted Financial Sanction

As a key component of its full range of AML/CFT/CPF market entry controls, the MCO shall screen all applicants for license including individuals, entities and their beneficial owners, shareholders, directors and senior managers against the United Nations (UN) Consolidated list and the Nigeria Sanction Committee list or other lists as shall be approved by the Nigeria Sanction Committee from time to time. The Targeted Financial Sanction screening shall be conducted on all relevant persons before approval of any license application.

Processing of licensing application shall be terminated when screening confirms that the name of an individual or an entity applying for a license, including its beneficial owners, shareholders, directors, senior managers and promoters is listed on the UN Consolidated List and/or Nigeria Sanctions Committee List.

3.1 Procedure for Implementation of Targeted Financial Sanction

1. Officers shall ensure that information of the individuals, entities and their beneficial owners, shareholders, directors, and senior managers provided on the fit and proper questionnaire are verified against official databases such as the ones held by the Corporate Affairs Commission, National Identity Management Commission (NIMC), the Bank Verification Number Database and other official identity databases.
2. Officers shall access the Nigeria Sanction Committee Website at www.nigsac.gov.ng
3. Where an entity is an applicant for a license, the entity must be screened and its shareholders, directors and senior managers must also be screened individually
4. Where there is a positive match, the application will be denied and the MCO shall report actions taken to the secretariat of the Nigeria Sanctions Committee immediately, via report@nigsac.gov.ng
5. Where there is a false positive match, the officer shall review the incorporation or identity information provided on the fit and proper person

questionnaire and re-verify that information on the relevant official databases. **(A false positive match is a false screening result that appears true due to similarities in non-unique identifiers such as names)**

*Targeted financial sanctions include asset freezing and prohibitions to prevent funds or other assets from being made available, directly or indirectly, for the benefit of individuals, entities, groups, or organizations sanctioned.

The procedure above shall apply to applications for renewal and where there is a change in ownership structure.

4.0 Enhanced Due Diligence for Politically Exposed Persons

PEPs are individuals who are or have been entrusted with prominent public functions in Nigeria or foreign countries, and people or entities associated with them¹. They include:

- a. Heads of State or Government;
- b. State Governors;
- c. Legislators;
- d. Local Government Chairmen;
- e. Senior politicians;
- f. Senior government, judicial or military officials;
- g. Senior executives of State-owned corporations;
- h. Important political party officials;
- i. Members of royal families, and
- j. Family members or close associates of PEPs

PEPs may also include persons who are, or have been, entrusted with a prominent function by an international organization.

Due to their potential ability to influence government policies, determine the outcome of public funding or procurement decisions, or obtain access to public funds, PEPs are classified as **high-risk individuals in Nigeria's national risk assessments**.

4.1 Procedures to implement Politically Exposed Person Due Diligence(PEP)

To adequately assess the risks posed by PEPs, the MCO shall consider obtaining and evaluating the following information:

- a. The position the PEP holds/held;
- b. Whether this position is/was in a higher-risk country;
- c. Whether the PEP has the ability to move government funds;
- d. Nature of the PEP's current business;
- e. Pattern of related transactions;
- f. The PEP's source of wealth and source of funds; and
- g. The PEP's reputation.

To verify whether a beneficial owner, shareholder, director or senior management staff is PEP, the MCO may review/search the following sources of information:

- Curriculum Vitae;
- Fit and proper questionnaire ;
- Internet and media searches;
- Publicly accessible or private subscription information aggregation services.
- Official records of public office holders

Upon identification of a beneficial owner, significant shareholder, director or senior management of a proposed DNFBP as a PEP, MCO shall, in addition to sanction screening, shall apply the following Enhanced Due Diligence (EDD) measures:

- i. Review the PEP's notarized statement of net worth;

- ii. Ascertain the source of wealth/Fund of the shareholder

The procedure above shall apply to applications for renewal and where there is a change in ownership structure.

5.0 Procedures for Identification and Verification of Beneficial Ownership Information

Beneficial Owners are natural persons who ultimately and/or effectively own/control an incorporated entity on whose behalf a license application is being processed. They also include those natural persons who exercise ultimate effective control over a legal person or arrangement that owns or controls the incorporated entity.

Determination of beneficial owners is relevant to applications that have any of the following:

- i. **Natural Persons** whose involvement in the licensing application is controlled by another person or entity. In other words, these are natural persons who serve as proxies for others.
- ii. **Legal Persons** refer to entities other than natural persons and legal arrangements that serve as shareholders in an entity applying for a mining license. These include companies, bodies corporate, foundations, partnerships, associations and other similar entities.
- iii. **Legal arrangements** are express trusts or other similar legal arrangements. They include Trusts and Fiduciaries, bodies/arrangements or other similar arrangements; and Special Purpose Vehicles (SPVs).

5.1 Identification of Beneficial Owners

Applicants shall be required to provide the following information/documents for the identification of beneficial owners:

- i. Completed fit and proper person questionnaire

- ii. Shareholding structure of the entity for which licence is sought.
- iii. Relevant incorporation documents, detailing current shareholding structure, beneficial owner and directorship/trustee/fiduciary information where a applicant is a legal person or legal arrangement.
- iv. Where the significant shareholder is a legal person, the information enumerated in iii above shall be provided.

5.2 Procedures for the Identification of Beneficial Owners

During the processing of applications for licensing, it is necessary to:

- a) Obtain information on the ownership, control and structure of the legal persons/legal arrangements relating to the entity applying for license. The information may be obtained from the following documents: Certificates of Incorporation, Memorandum and Articles of Association (MEMART), minutes of meetings, board resolutions, partnership agreements, annual returns, byelaws, constitutions, charters, trust deeds and trust documents.
- b) Verify the adequacy, and accuracy of the information obtained from all relevant sources;
- c) Identify the beneficial owners of legal persons/arrangements that are shareholders of the entity applying for a license.
- d) Ascertain or verify the identity and status of Beneficial Owners from databases of relevant stakeholder agencies including:
 - 1. Corporate Affairs Commission (CAC);
 - 2. Federal Inland Revenue Service (FIRS);
 - 3. Nigerian Extractive Industry Transparency Initiative (NEITI), and
 - 4. Open-source databases and other existing sources
- e) Document the list of beneficial owners obtained above.

5.3 Assessment of Beneficial Owners

Having identified the beneficial owners, it is necessary to subject the names to other Anti-Money Laundering, Counter Financing of Terrorism and proliferation financing (AML/CFT/CPF) market entry controls including Targeted Financial

Sanctions screening, Politically Exposed Persons due diligence and criminal background checks.

6.0 Application of Market Entry Control to Cooperatives Seeking Mining Licenses

The AML/CFT/CPF market entry control measures listed in this manual shall be applied to natural person who ultimately and/or effectively own/control the cooperatives applying for the license. Such persons shall include the following:

- Persons who makes decisions about the policies and direction of the Cooperative
- Persons who are part of a board, or group that makes decisions about the business direction of the Cooperative
- Persons who make financial decisions on behalf of the Cooperative
- Persons who are signatories to the bank account for the Cooperative
- Persons who have significant staff management — for example may have overall management of the Cooperative or may direct staff on how they do their job
- Person who appoints and dismisses employees on behalf of the business

When there is a change in the leadership or organizational structure of the Cooperative such that it resulted in the change of persons who ultimately and/or effectively own/control the licensed Cooperative, the full range of the market entry control measures listed in this manual shall be applied to the new leadership or persons who ultimately and/or effectively own/control the licensed Cooperative at the current time.

The procedure above shall apply to applications for renewal and where there is a change in ownership structure.

7.0 Appeal

An individual or an entity including their beneficial owners, shareholders, directors and senior managers who failed the fit and proper person test shall have the right to appeal in accordance to the procedures that shall be determined by the MCO from time to time.

However, an applicant cannot appeal the decision that they are not a fit and proper person if the only reason for that decision was a conviction for a relevant offence.

Where an applicant for a license seeks to appeal a failure of fit and proper person test leading to the rejection of their license application, based solely on their designation on the Nigeria Sanction List, the UN Consolidated List or such other list that may be approved by the Nigeria Sanction Committee,; an appeal shall be made to the Nigeria Sanction Committee in accordance with procedure established by the Nigeria Sanction Committee under extant laws and regulation guiding implementation of Targeted Financial Sanction.

Where the applicant is cleared by the Nigeria Sanction Committee, their reapplication for a license shall be accompanied by the notification of their clearance, issued by the Nigeria Sanction Committee.



Signed
Director General
Mining Cadastre Office

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Money Laundering and Countering Financing of Terrorism Fit and Proper
in Questionnaire
