



**ANTI MONEY LAUNDERING POLICY  
(AML POLICY)**



**HORATIO LIMITED** RC. 14222

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**EYADO OCHO  
MANAGING DIRECTOR**

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 <b>HORATIO LIMITED</b>	Document Title:	ANTI MONEY LAUNDERING POLICY	Version:	02
	Document Number:	HL-LGL-AML-08	Issue Date:	January 2024

**TABLE OF CONTENTS**

<b>1.1 INTRODUCTION</b>	<b>4</b>
<b>2.0 SCOPE</b>	<b>4</b>
<b>2.1 OBJECTIVES</b>	<b>4</b>
<b>2.2 DEFINITION OF TERMS</b>	<b>4</b>
<b>3.0 AML/CFT/CPF COMPLIANCE OFFICER DESIGNATION AND DUTIES</b>	<b>7</b>
<b>4.0 MEASURES TO BE TAKEN AGAINST ML/TF</b>	<b>7</b>
<b>5.0 CUSTOMER DUE DILIGENCE POLICY (KNOW YOUR CUSTOMER - KYC)</b>	<b>7</b>
<b>5.1 GENERAL</b>	<b>7</b>
<b>5.2 CUSTOMER DUE DILIGENCE MEASURES</b>	<b>7</b>
<b>5.3 HIGHER RISK CATEGORIES OF CLIENTS</b>	<b>9</b>
<b>5.4 DEFINITION OF POLITICALLY EXPOSED PERSON (PEP)</b>	<b>10</b>
<b>6.0 MONITORING AND REPORTING OF SUSPICIOUS TRANSACTIONS: -</b>	<b>10</b>
<b>6.1 CUSTOMERS</b>	<b>10</b>
<b>7.0 MAINTENANCE OF RECORDS ON TRANSACTIONS</b>	<b>11</b>
<b>8.0 TRAINING</b>	<b>11</b>

	Document Title:	ANTI MONEY LAUNDERING POLICY	Version:	02
	Document Number:	HL-LGL-AML-08	Issue Date:	January 2024

## 1.0. INTRODUCTION

Horatio Limited (“**Horatio**”) is committed to the highest standards of anti-money laundering (AML) and Combating of Financing of Terrorism (CFT) and require management and employees to adhere to these standards to prevent use of our services for money laundering purposes.

Adherence to Horatio’s Anti-Money Laundering / Combating Financing of Terrorism is the responsibility of all employees and stakeholders of Horatio. The program is formulated and directed by the Compliance Officer, procurement and the Internal audit team of the Company. The program includes client screening and monitoring requirements, “Know Your Customer (KYC) / Customer Due Diligence (CDD)” policies (including the requirement to establish the identity of beneficial owners), record keeping requirements, the reporting of suspicious circumstances in accordance with relevant laws, and AML/CFT.

## 2.0. SCOPE

### 2.1. OBJECTIVES

The standards set out in this Policy are minimum requirements based on applicable legal and regulatory requirements. These requirements are intended to prevent Horatio, its employees and clients from being misused for money laundering, terrorist financing or other financial crimes. This Policy establishes the general framework for the fight against money laundering, financing of terrorism and Combating Proliferation Financing.

### 2.2 DEFINITION OF TERMS

For the proper understanding of this Manual, certain terms used are defined as follows:

#### a) Money Laundering:

Money Laundering is the introduction of assets derived from illegal and criminal activities (Predicate offences) into the legal financial and business cycle. Offences include forgery of money, extortionate robbery, drug crime as well as fraud, corruption, organized crime, or terrorism etc. Generally speaking, the money laundering process consists of three “stages” which are not static and may overlap sometimes:

**Placement:** The introduction of illegally obtained monies or other valuables into financial or non-financial institutions.

**Layering:** Separating the proceeds of criminal activity from their source using layers of complex financial transactions. These layers are designed to hamper the audit trail, disguise the origin of funds and provide anonymity.

	<b>Document Title:</b>	<b>ANTI MONEY LAUNDERING POLICY</b>	<b>Version:</b>	<b>02</b>
	<b>Document Number:</b>	<b>HL-LGL-AML-08</b>	<b>Issue Date:</b>	<b>January 2024</b>

**Integration:** Placing the laundered proceeds back into the economy in such a way that they re-enter the financial system as apparently legitimate funds.

**b) Cross-border transaction:**

Cross-border transaction means any transaction where the originator and beneficiary are located in different jurisdictions. This term also refers to any chain of transaction that has at least one cross-border element.

**c) Domestic transfer:**

Domestic transfer means any wire transfer where the originator and beneficiary institutions are both located within Nigeria.

**d) False disclosure:**

False disclosure refers to a misrepresentation of the value of currency or bearer negotiable instruments being transported, or a misrepresentation of other relevant data which is asked for in the disclosure or otherwise requested by the authorities

**e) Suspicious Transaction:**

A suspicious transaction may be defined as one which is unusual because of its size, volume, type, pattern or known money laundering methods. It includes such a transaction that is 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.

**f) Designated categories of offences:**

Designated categories of offences means:

- Participation in an organized crime group and racketeering;
- Terrorism, including terrorist financing;
- trafficking in human beings and migrant smuggling;
- Sexual exploitation, including sexual exploitation of children;
- Illicit trafficking in narcotic drugs and psychotropic substances;
- illicit arms trafficking;
- illicit trafficking in stolen and other goods;
- Corruption and bribery;
- Fraud;

	Document Title:	ANTI MONEY LAUNDERING POLICY	Version:	02
	Document Number:	HL-LGL-AML-08	Issue Date:	January 2024

- Counterfeiting currency;
- Counterfeiting and piracy of products;
- Environmental crime;
- Murder, grievous bodily injury;
- Kidnapping, illegal restraint and hostage-taking;
- Robbery or theft;
- Smuggling;
- Extortion;
- Forgery;
- Piracy; and
- Insider trading and market manipulation.

**g) 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. organizes or directs others to commit terrorist acts; or
- iv. contributes to the commission of terrorist acts by a group of persons acting
- v. 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.

**h) Proliferation:**

This is the transfer and export of nuclear, chemical or biological weapons, their means of delivery and related materials. This includes, inter alia, technology, goods, software, services or expertise. (FATF Definition)

**i) Proliferation Financing (PF):**

This is the provision of financial services for the transfer and export of nuclear, chemical or biological weapons, their means of delivery and related materials.

	Document Title:	ANTI MONEY LAUNDERING POLICY	Version:	02
	Document Number:	HL-LGL-AML-08	Issue Date:	January 2024

### 3.0 AML/CFT/CPF COMPLIANCE OFFICER DESIGNATION AND DUTIES

Horatio shall designate its AML/CFT/CPF Compliance Officer with the relevant competence, authority and independence to implement the institution’s AML/CFT/CPF compliance program.

The duties of the AML/CFT/CPF Compliance Officer, among others, include:

- i. Developing an AML/CFT/CPF Compliance Program
- ii. Receiving and vetting suspicious transaction reports from staff;
- iii. Filing suspicious transaction reports with the NFIU;
- iv. Rendering “nil” reports with the NFIU, where necessary to ensure compliance;
- v. Coordinating the training of staff in AML/CFT/CPF awareness, detection methods and reporting requirements; and
- vi. Serving both as liaison officer with the NFIU and a point-of contact for all employees on issues relating to money laundering and terrorist financing.

### 4.0 MEASURES TO BE TAKEN AGAINST MONEY LAUNDERING AND TERRORIST FINANCING

Horatio secrecy and confidentiality laws shall not in any way, inhibit the implementation of the requirements in this guideline in view of the provisions of the EFCC Act and the Money Laundering Act (MLA), giving the relevant authorities the power to access information to properly perform their functions in combating money laundering and financing of terrorism and the sharing of information between relevant authorities, either domestically or internationally

### 5.0 CUSTOMER DUE DILIGENCE POLICY (Know Your Customer - KYC)

#### 5.1 GENERAL

- i. Horatio shall undertake client’s due diligence (CDD) measures before:
  - a. business relationship is fully established and necessary contract executed.
  - b. carrying out occasional transactions above the threshold of N250,000 including where the transaction is carried out in a single operation or several operations that appear to be linked; and

#### 5.2 CUSTOMER DUE DILIGENCE MEASURES

Horatio must determine and document the true identity of its clients and obtain background information as well, verifying the following: -

##### For Individuals:

- i. **NAME:** Through any of the following documents:

	<b>Document Title:</b>	<b>ANTI MONEY LAUNDERING POLICY</b>	<b>Version:</b>	<b>02</b>
	<b>Document Number:</b>	<b>HL-LGL-AML-08</b>	<b>Issue Date:</b>	<b>January 2024</b>

- International Passport
- National Identity and
- Voter Registration Card
- Driving License

**ii. RESIDENCE:** Through any of the following

- Telephone Bill
- Bank Account Statement
- Electricity Bill
- Tenancy Agreements.

**For Corporate Entities:**

- i. Name of Company: - Certificate of incorporation and Memorandum and Articles of Association
- ii. Principal Place of Business - Certificate of Incorporation/Published annual report and account.
- iii. Mailing Address of the Company: - Certificate of Incorporation and Memorandum and Articles of Association.

In addition to the above, with respect to clients that are legal persons, Horatio shall:

- a. Understand the ownership and control structure of the Person.
- b. Verify any person purporting to have been authorized to act on behalf of such clients by obtaining evidence of his/her identity and verifying the identity of such a person; and
- ii. Verify the status of the legal person by obtaining proof of incorporation from the Corporate Affairs Commission (CAC) or similar evidence of establishment or existence and any other relevant information.
- iii. The natural persons include those persons who exercise ultimate and effective control over the legal person. Examples of types of measures needed to satisfactorily perform this function include:
  - a. For companies -The natural persons are those who own the controlling interests and those who comprise the mind and management of the company;
  - b. For trusts – The natural persons are the settlor, the trustee and person exercising effective control over the trust and the beneficiaries.

	<b>Document Title:</b>	<b>ANTI MONEY LAUNDERING POLICY</b>	<b>Version:</b>	<b>02</b>
	<b>Document Number:</b>	<b>HL-LGL-AML-08</b>	<b>Issue Date:</b>	<b>January 2024</b>

iv. Where the client or the owner of the controlling interest is a public company subject to regulatory disclosure requirements (i.e. a public company listed on a recognized securities exchange) it is not necessary to identify and verify the identity of the shareholders of such a public company.

v. Horatio shall obtain information on the purpose and intended nature of the business relationship of their potential clients.

vi. Horatio shall conduct ongoing due diligence on the business relationship as stated by the clients.

vii. The ongoing due diligence includes scrutinizing the transactions undertaken by the client throughout the course of the Horatio/client relationship to ensure that the transactions being conducted are consistent with Horatio’s knowledge of the client, its business and risk profiles, and the source of funds (where necessary).

viii. Horatio shall ensure that documents, data or information collected are kept up-to-date and relevant by undertaking reviews of existing records, particularly the records in respect of higher-risk business-relationships or clients’ categories.

ix. Horatio shall not commence business relation or perform any transaction, or in the case of existing business relation, shall terminate such business relation if the clients fail to comply with the client’s due diligence requirements. Horatio shall also consider lodging a suspicious transaction report with the NFIU.


### 5.3. HIGHER RISK CATEGORIES OF CLIENTS

i. The basic principle of a risk-based approach is that reporting institutions adopt an enhanced CDD process for higher risk categories of clients, business relationships or transactions. Similarly, a simplified CDD process is adopted for lower risk categories of clients, business relationships or transactions.

ii. For determining a client’s risk profile, the following are examples of high-risk clients that Horatio shall consider exercising greater caution when conducting transactions or going into any contract:

- a. Non-resident clients.
- b. Clients from locations known for its high crime rate (e.g. drug production, trafficking, smuggling).
- c. Clients from or in countries or jurisdictions which are known to the reporting institution to have inadequate AML/CFT/CPF laws and regulations).
- d. Politically Exposed Persons (PEPs) and persons/ companies related to them.
- e. Complex legal arrangements such as unregulated investment vehicles/special purpose vehicles (SPV); or
- f. Companies that have nominee-shareholders.

iii. Upon determining clients as “high-risk”, Horatio shall undertake enhanced CDD process on the clients which shall include enquiries on:

	Document Title:	ANTI MONEY LAUNDERING POLICY	Version:	02
	Document Number:	HL-LGL-AML-08	Issue Date:	January 2024

- a. the ultimate beneficial owners.
- b. the source of funds.

#### 5.4 DEFINITION OF POLITICALLY EXPOSED PERSON (PEP)

a. Politically Exposed Persons (PEPs) are individuals who are or have been entrusted with prominent public functions both in foreign countries as well as in Nigeria. 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) Family members or close associates of PEPs

b. Horatio 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. Horatio shall obtain senior management approval before they establish business relationships with PEPs and to render monthly returns on their transactions with PEPs to the NFIU.

d. Where a client has been accepted or has an ongoing relationship with Horatio and the client or beneficial owner is subsequently found to be or becomes a PEP, Horatio is required to obtain senior management approval in order to continue the business relationship.

e. Horatio shall take reasonable measures to establish the source of wealth and the sources of funds of clients and beneficial owners identified as PEPs and report all anomalies immediately to NFIU.

 <b>HORATIO LIMITED</b>	Document Title:	ANTI MONEY LAUNDERING POLICY	Version:	02
	Document Number:	HL-LGL-AML-08	Issue Date:	January 2024

## 6.0 MONITORING AND REPORTING OF SUSPICIOUS TRANSACTIONS: -

### 6.1. CUSTOMERS

- a. All staff must be diligent in monitoring any unusual or suspicious transactions/activity, basing their action on the relevant criteria applicable.
- b. The reporting of suspicious transaction/activity must comply with the requirements of the law.
- c. The Compliance Officer will be notified about all suspicious transactions on a weekly basis.
- d. To further facilitate the detection and prevention of money laundering, a cash transaction report CTR must be forwarded to the Compliance Officer by the Accounts/Audit team at the close of work on Friday every week for onward transmission to the office of the Chief Compliance Officer for filing with the NFIU

## 7.0 MAINTENANCE OF RECORDS ON TRANSACTIONS

### Horatio shall;

- a. Maintain all necessary records of transaction for a period of at least five (5) years from the commencement of the transactions. This requirement applies regardless of whether the account or business relationship is ongoing or has been terminated.
- b. ensure that all clients-transaction records and information are available on a timely basis to the NFIU and regulators.
- c. Some of the necessary components of transaction-records to be kept include clients' and beneficiary's names, addresses (or other identifying information normally recorded by the intermediary), the nature and date of the transaction, the type and amount of currency involved, the type and identifying number of any account involved in the transaction.

## 8.0 TRAINING

Regular training on anti-money laundering will be provided to all employees who works directly with customers and to those employees who work in other areas that may be exposed to money laundering and terrorist financing threats.

Refresher courses and follow-up training will be arranged to take place at least twice a year, and as frequently as possible to update staff on developments in regulation and procedures in anti-money laundering.