

# BANK OF UGANDA

Office of  
The Director  
Commercial Banking



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## CIRCULAR TO ALL COMMERCIAL BANKS

### Guidance Note on "Fit and Proper Test" Criteria for Substantial Shareholders, Directors and Senior Managers of Commercial Banks.

Bank of Uganda wishes to inform all commercial banks that pursuant to the relevant provisions and the Third Schedule of the Financial Institutions Act, 2004 and in order to enhance prudent and sound corporate governance practices in banks, BOU will continue to vet all persons proposed as substantial shareholders, directors and senior managers of commercial banks in accordance with the law.

Furthermore, BOU requires all persons in the capacity of substantial shareholders, directors and senior managers who were not vetted under the "fit and proper test" to submit their curriculum vitae and character references for BOU consideration. The same persons will be required to fill Personal Declaration Forms to be forwarded to BOU by the respective banks.

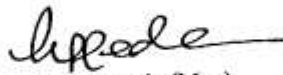
We also wish to clarify that at the level of the Board of Directors, names of the proposed executive and non-executive directors must be submitted to BOU for vetting while at the senior management level all proposed heads of departments or functions and above must be vetted by BOU before they take up managerial positions in their respective banks.

Please note that fitness tests seek to assess the competence of directors and senior managers and their capacity to fulfil the responsibilities of their positions. In this regard, BOU will focus on the technical knowledge, experience and track record of the appointees and will review their curriculum vitae to evidence academic or professional qualifications including where applicable, membership of any professional bodies or associations.

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Similarly, since propriety tests seek to assess the integrity and suitability of the nominees, BOU will examine their financial and other records to establish if there are any criminal traces, civil actions to pursue debts, refusal of admission to or expulsion from professional bodies and any previous questionable business practices.

Therefore, banks are required to immediately notify BOU of any changes in the composition of substantial shareholders, directors and heads of departments or functions and also to seek BOU prior approval before endorsing the appointment of these officials. Banks should within a period of one month from the date of this letter, submit to BOU names, curriculum vitae and references of the substantial shareholders, directors and senior managers who were not earlier vetted.



J. Bagyenda (Mrs.)  
**Director Commercial Banking**

C.c. Governor  
Deputy Governor  
Executive Director Supervision