

# BANK OF UGANDA



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EDS.306.2

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## **CIRCULAR TO ALL COMMERCIAL BANKS & CREDIT INSTITUTIONS**

### Board of Directors: Compliance to the Financial Institutions (Corporate Governance) Regulations, 2005

Bank of Uganda has noted with concern that some Commercial Banks and Credit Institutions are in non-compliance with the provisions of Section 7 of the Financial Institutions (Corporate Governance) Regulations 2005, which requires the Board of Directors to observe the following principles, amongst others:

1. "the Chairperson of the board must be an independent director". (Section 7(b) refers)

"Independent director" means a director who has no relationship or interest in the financial institution or any of its subsidiaries or affiliates or their related interests.

2. "at least two executive directors, resident in Uganda, reporting directly to the Board and who are knowledgeable in the financial institution's long term strategy and have the ability to influence the institution's policy, shall direct the business of the institution (four eyes principle)". (Section 7 (d) refers).

You are now reminded of the above requirement and urged to ensure compliance at all times failure of which relevant penalties will be levied in accordance with the provisions of FIA 2004.

J. Bagenda (Mrs.)

**EXECUTIVE DIRECTOR SUPERVISION**