

BANK OF UGANDA

OFFICE OF
THE EXECUTIVE DIRECTOR
SUPERVISION



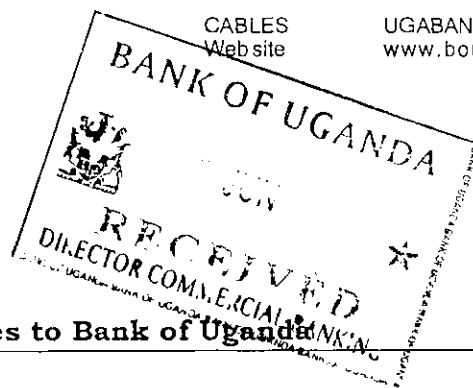
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EDS.306.2

June 15, 2012

All Chief Executives of Commercial Banks



Submission of End of Day Vault Cash Balances to Bank of Uganda

In line with its mission of fostering price stability, Bank of Uganda (BOU) conducts monetary policy using, among others, Open Market Operations to manage the amount of liquidity in the financial system. In order to effectively execute this role, BOU uses historical data on commercial banks' vault cash holdings to project liquidity needs over a particular period. The use of historical data however, creates a lag that affects the accuracy of the projections.

In a bid to enhance the accuracy of the projections of excess reserves in the banking system, commercial banks will now be required to report their end of day vault cash balances to BOU on a daily basis.

BOU has accordingly adjusted the current daily Forex Exposure Monitoring Return to incorporate two (2) line items for vault cash. This return should be submitted to BOU by 11.00 a.m. every day. A template of the return is attached to this circular and will also be sent to all commercial banks electronically. Banks are expected to commence submission of the new return by July 25, 2012.

For further information on this requirement please contact the office of the Director Commercial Banking.

Yours faithfully

Benedict Ssekabira
Ag. Executive Director Supervision

Copy (noo): Governor
Deputy Governor
Director Commercial Banking ✓