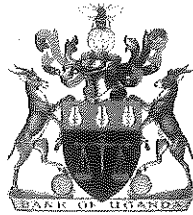


BANK OF UGANDA

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EDS.306.2

June 15, 2017

**Circular to all Chief Executives of Credit Institutions, Microfinance
Deposit-taking Institutions and Commercial Banks**

Transactions with Unlicensed Foreign Exchange Dealers

Bank of Uganda has noted with concern that a number of financial institutions' branches, particularly those operating at the border towns, carry out financial transactions with unlicensed foreign exchange dealers. The financial transactions, which include but not limited to; general banking services, credit facilities and over the counter foreign exchange transactions expose the financial sector to money laundering and terrorist financing risks.

You are, therefore, reminded that Section 6 of the Anti-Money Laundering Act, 2013, requires all accountable persons to conduct adequate due diligence before entering into business relationships with clients. This includes, among others; obtaining and verifying the sources of funds.

Pursuant to Regulation 7 of the Financial Institutions Anti-Money Laundering Regulations, 2010, you are hereby **directed** to ensure that adequate due diligence is carried out for customers based at the border towns so as to ensure that no banking relationships are established with unlicensed foreign exchange dealers.

Bank of Uganda will take the necessary administrative measures for any financial institution that fails to abide by the above directive.

J. Bagyenda (Mrs.)

Executive Director Supervision

Copy: Uganda Forex Bureau and Money Remittance Association
Uganda Bankers Association