



Anti-money laundering and counter-terrorist financing measures

Uganda

**12th Enhanced Follow-up Report &
5th Technical Compliance Re-Rating
September 2023**

Follow-Up Report





The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) was officially established in 1999 in Arusha, Tanzania through a Memorandum of Understanding (MOU). As at the date of this Report, ESAAMLG membership comprises of 20 countries and also includes a number of regional and international observers such as COMESA, Commonwealth Secretariat, East African Community, Egmont Group of Financial Intelligence Units, FATF, GIZ, IMF, SADC, United Kingdom, United Nations, UNODC, United States of America, World Bank and World Customs Organization.

ESAAMLG's members and observers are committed to the effective implementation and enforcement of internationally accepted standards against money laundering and the financing of terrorism and proliferation, in particular the FATF Recommendations.

For more information about the ESAAMLG, please visit the website: www.esaamlg.org

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UGANDA: 12th FOLLOW-UP REPORT & 5th REQUEST FOR RE-RATING

I. INTRODUCTION

1. The Mutual Evaluation Report (MER) of Uganda was adopted by the Task Force in April 2016 and subsequently approved by the Council of Ministers in May 2016. This follow-up report assesses the progress made by Uganda to resolve the technical compliance shortcomings identified in its MER. New ratings are given when sufficient progress has been made. This report also assesses the progress made in implementing the FATF Recommendation 6 for the existing legal frameworks have been amended since adoption of the September 2018 FUR. In general, countries are expected to have corrected most or all of their technical compliance shortcomings by the end of the third year of follow-up at the latest. This report does not cover the progress made by Uganda in improving its effectiveness. Progress in this area will be assessed as part of a subsequent follow-up assessment. If sufficient progress has been made, the Immediate Outcome ratings may be reviewed.

II. KEY FINDINGS OF THE MUTUAL EVALUATION REPORT

2. The MER¹ gave Uganda the following technical compliance ratings:

Table 1. Technical compliance ratings², April 2016

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
NC	PC	PC	LC	NC	NC	NC	NC	C	PC
R 11	R 12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
NC	NC	C	PC	NC	NC	NC	NC	NC	NC
R 21	R 22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
C	PC	PC	NC	NC	NC	NC	NC	PC	PC
R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
PC	NC	NC	PC	PC	C	PC	PC	NC	PC

3. In the light of these results, Uganda was placed in the enhanced follow-up process.³

¹ Mutual Evaluation Report (MER) on Uganda, April 2016, https://esaamlg.org/reports/2ND-ROUND-MUTUAL-EVALUATION-REPORT-OF-THE-REPUBLIC-OF-UGANDA_1.pdf

² Four technical compliance ratings are available: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

³ Enhanced follow-up is based on the traditional ESAAMLG policy for members with significant shortcomings (in technical compliance or effectiveness) in their AML/CFT systems, and involves a more intense follow-up process.

OVERVIEW OF PROGRESS IN TECHNICAL COMPLIANCE

4. Subsequent to the adoption of the 2016 MER, Uganda has submitted four (4) FURs with requests for rerating and taken measures aimed at addressing the technical compliance deficiencies identified in its MER. The FURs were published on the ESAAMLG website¹ with upgraded ratings as shown in Table 1(a) below:

Table 1 (a): Technical compliance following revision of ratings, September 2022

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
PC	LC	C	LC	C	C	NC	NC	C	LC
R 11	R 12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
C	C	C	LC	PC	C	C	C	PC	C
R 21	R 22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
C	LC	LC	NC	NC	NC	PC	NC	C	PC
R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
LC	C	NC	PC	LC	C	PC	PC	NC	PC

5. This section of the report summarises further progress made by Uganda to improve its technical compliance by addressing the TC deficiencies identified in its MER.
6. ESAAMLG welcomes the steps that Uganda has taken to improve its technical compliance with Recommendations 1,7,8,24 and 27. Following this progress, Uganda has been re-rated with the five Recommendations.

3.1.1. Recommendation 1-Assessing risks and applying a risk-based approach (*Rerated from NC to PC under the 2nd FUR- rerated to LC*)

7. The main shortcomings identified in the MER were as follows: a) Uganda has not carried out a NRA to identify its ML/TF risks; b) the institutional framework is still of limited capacity to coordinate assessment of ML/TF risks; c) allocation of resources is not currently based on an understanding of identified ML/TF risks; and d) there is no requirement for financial institutions and DNFBPs to carry out ML/TF risk assessment develop and implement measures to mitigate and manage the risks.
8. Under the 2018 FUR with rerating, it was concluded that Uganda has addressed c.1.1, 1.2, 1.10 and c.1.11. Since the NRA has just been finalized, it is not possible to

¹ https://www.esaamlg.org/index.php/Countries/readmore_members/Uganda

assess c.1.3 which requires the risk assessment to be kept up-to-date though the authorities indicated that they would update the NRA on a three-year basis.

9. Uganda has updated the 2017 NRA through the 2022 NRA and different sectoral risk assessments including on NPOs and Legal Persons and Arrangements. The second ML/TF NRA has been completed recently and, therefore, it is considered to be up-to-date. The Authorities also indicated that they are updating the NRA on a three-year basis. Thus, *the rating for C1.3 is considered Met.*
10. Uganda used a number of mechanisms to provide the information on the results, namely a workshop (all stakeholders, relevant competent authorities and self-regulatory bodies (SRBs), financial institutions and DNFBP's were invited), publication and printing of hard copies, making the first NRA available on a website.¹ Thus, *the rating for C1.4 is considered Met.*
11. The two NRAs identified Corruption, Fraud, Tax crimes and counterfeit goods as the most proceeds generating proceeds crime, the authorities have demonstrated some measures they have taken by implementing action plan developed based on the risks identified. Uganda implements some elements of a risk-based approach to AML/CFT measures which are embedded in the legislation. In addition to that, Uganda expanded the power the FIA and started taking anti-corruption measures by establishing or revising the necessary frameworks. However, other specific measures to prevent or mitigate ML/TF risks (such as based on the findings of the NRA) have not yet been put in place, due to the recent institutionalization of the risk assessment mechanism and the absence of an established process to act upon its results. *Thus, the rating for C1.5 is considered Mostly Met.*
12. C.1.7-8 require the Ugandan authorities to take action at a national level. So far, they have not demonstrated that such actions have been taken and therefore the Reviewers' conclusion is that these criteria have not been addressed. Thus, the ratings for these two criteria are retained.
13. Reg.45 of the AML Regulations 2015 requires that an accountable person should submit a compliance report to FIA setting out the level of compliance with the AML Act and Regulations. Reg.53 empowers a supervisory authority to supervise an accountable person to ensure that they comply with the requirements of the Act and the Regulations. Although the authorities have further amended the laws through the AML (Amendment) Act, 2022 and AML Regulations, 2023, there is partial progress made by Uganda regarding the remaining outstanding issues under this Recommendation which would have a cascading effect on this criterion. *Thus, the rating for C1.9 is considered Partly Met.*

¹ The March 2017 NRA is available on <https://www.fia.go.ug/news/money-laundering-and-terrorist-financing-national-risk-assessment-report>

14. This issue remains outstanding as highlighted under the 2nd Enhanced FUR with rerating. Without addressing the identified deficiencies under Criterion 1.9, it is difficult to determine the level of progress made by Uganda on Criterion 1.12. *This Criterion is therefore Partly Met.*

Weighting and Conclusion

15. As it is indicated under the 2018 FUR, Uganda has addressed c.1.1, 1.2, 1.10 and c.1.11. During the reporting period, it has also addressed the outstanding deficiencies against c.1.3 and c.1.4; and partly addressed the issues under C.1.5, 1.9 and 1.11. C.1.7-9 require Authorities to take action based on the NRA findings. So far, they have not demonstrated that such actions have been taken and therefore the reviewers conclusion is that these criteria have not been addressed. On the other hand, Criterion 1.12 is conditional on the fulfilment of the requirements under R.1. Given the progress demonstrated on R.1, the Reviewers recommend to upgrade the current rating for R1 to LC from PC.

3.1.2. Recommendation 7- Targeted Financial Sanctions related to Proliferation (Originally rated NC – re-rated to PC)

16. The main shortcoming identified under the MER is that there were no frameworks for implementation of targeted financial sanctions relating to the prevention suppression and disruption of proliferation of weapons of mass destruction and its financing.
17. Section 2 of the Anti-Terrorism Amendment Act 2022 gives power to the Minister to issue Regulations on TFS on PF. Based on the enabling provision, the Minister has issued the Anti-Terrorism Regulations, 2023. The relevant UNSCRs on TFS related to PF in the Regulations include UNSCRs 1718 (2006) and their successor resolutions, 1737 (2006) and 2231(2015) (Reg. 10(1)(c) and (d)). As per the same provision, where the United Nations Security Council or one of its relevant Sanctions Committees designates a person for activities related to the proliferation of weapons of mass destruction or proliferation financing, the Permanent Mission of Uganda to the United Nations *should, within eight hours after the designation, submit to the Minister responsible for foreign affairs, and notify the Minister and the Financial Intelligence Authority, of the particulars of the designation.* The Minister responsible for Foreign Affairs is also mandated to submit the list to the Minister responsible for Home Affairs who should designate the sanctioned individuals and entities as ‘suspected terrorists and organization’ within 24 hours after receipt of the designation in terms of Reg. 10(2) of the same Regulations. However, the **law is silent** on how long it will take the Minister responsible for Foreign Affairs to forward the list to the Minister responsible for Home Affairs. As per Regulation 12 (1) of the ATR, *...where the Minister declares a person or organisation as a terrorist, suspected terrorist or a terrorist organisation under these Regulations, the Minister*

shall immediately after the declaration, notify the Financial Intelligence Authority. However, this process takes beyond 24 hours and there is no without delay.

18. As per Regulation 12(3) of the Regulations, the FIA should cause the temporary freezing or seizing of the funds or property of the declared person and any other funds derived or generated from such funds, including any funds or other assets wholly or jointly owned or controlled, directly or indirectly, by the declared person or organisation or by any person acting on behalf of upon receipt of the notification. To effect this, the Authority is mandated to circulate the information within eight hours and without notice to all accountable persons and any relevant public or private body (Reg.12(5)). This Directive remains *in force until the court issues* a formal order freezing or seizing the funds or property (Reg.12(4)) but it is also not clear who applies for the formal order. The Reviewers from the reading of this part of the law found that the system is not automatic for the lists which are coming from the relevant UNSC Sanctions Committee as required by the FATF Standard. The accountable persons and relevant public or private bodies are then required to check whether there is a positive match within eight hours after receipt of notification from the FIA (Reg.12(6)). If there is a positive match, they are required to *freeze* or seize such funds or property and immediately stop all transactions related to those funds or property without delay and without notice to the *suspected terrorist, terrorist or terrorist organisation*. However, this provision entails that implementation of the freezing obligation starts once an individual or entity is declared as a 'suspected terrorist or organisation' by the Minister as per Regulation 10(2) based on the context of Uganda. Moreover, a reading of the terms used, 'accountable persons, and relevant public or private body' with no definition of the term *body* in the law, seem to exclude natural persons from falling under the obligation. Hence, the Reviewers found on one side that the processes under Regs 10 and 12 are not parallel and the time it takes for the whole process goes beyond 24 hours as the provisional measures to be taken by the FIA in the law presupposes a declaration by the Minister within 24 hours, and according to the provisions of the current Regulations, that the Minister has already made such a declaration. The two provisions of the Regulations are further found to be contradictory as described above and thus, *no without delay* to implement TFS measures on PF. ***Thus, the ratings for C7.1 and 7.2a) are considered Not Met.***
19. In terms of Regulation 12 (10) (a) of the ATA Regulations, 2023, the obligation to freeze extends to all funds or other assets as per the requirements of Criterion 7.2 (b). The prohibitions in Regulation 12 (10) (b-c) of the ATA Regulations, 2023 broadly cover the prohibition of making any other funds or assets, or financial or related services, available to designated or listed parties. Uganda has put in place mechanisms for communicating designations to financial institutions and DNFBPs as per Regulations 9(10) and 12 (1) and (2) which requires different Forms (Forms 1 and 2) to be used on the communications. Regulation 21(1) provides for notifications

by the Ministry of Internal Affairs to the Directorate of Citizenship and Immigration Control. Regulation 23 requires the gazetting of all declarations. The relevant authorities (FIA, BoU and Ministry of Internal Affairs) have also issued guidelines based on the new Regulations. Regulation of the ATR requires the accountable institutions as well as public and private bodies who seizes or freezes any properties or funds (including attempted transactions) to immediately notify the FIA. It is required that the rights of *bona fide* third parties acting in good faith be taken into consideration when implementing the provisions of the ATR (Reg. 25(3) of the ATR). The court may vary an order freezing or seizing funds or property, where the court is satisfied on the balance of probabilities that the person or organisation is an innocent third party with a *bona fide* right to the funds or property frozen or seized (Reg. 18(1)(c) of the ATR). ***Though Uganda has met the requirements of 7.2(b-f), the rating on c7.2 is considered Partly Met due to the importance of Criterion 7.2a.***

20. There are no adopted measures for monitoring and ensuring compliance by financial institutions and DNFBPs with the relevant laws or enforceable means governing the obligations under Recommendation 7 and therefore no civil, administrative or criminal sanctions. ***Thus, the rating for C7.3 is considered Not Met.***
21. Uganda has publicly known procedure for submitting de-listing requests to the UNSC, directly to the UN Focal Point (Reg. 11(3) of the ATR). A person, organisation or entity residing in Uganda which is designated by the United Nations Security Council or any of its Sanctions Committees may also submit to the Minister a request for delisting. Where funds or property are frozen or seized in error, the FIA is mandated to immediately notify the DPP of the error and request the DPP to obtain a court order authorising the FIA to immediately unfreeze the funds or property (Reg.14 of the ATR). The FIA then requests an accountable person or any relevant public or private body, to unfreeze the funds or property. However, it is not clear as to what the definition of 'private body' means under the law (Reg. 18(4) of the ATR). Regulation 19 (3-4) of the ATR provides for the procedures that authorise the access to frozen funds or other assets which have been determined to be necessary for basic expenses, for the payment of certain fees. Where the name of a designated or listed party is removed from the United Nations Sanctions List any freezing order or prohibition under the Regulations shall immediately cease to apply after the FIA sends such notifications to the accountable persons and any relevant public or private body (Reg. 11(8-9) of the ATR). However, it is not clear as to what the definition of 'private body' means under the law. ***Thus, the rating for C7.4 is considered Mostly Met.***
22. In terms of Reg. 19(4)(e) of the ATR, *the Court may authorize the declared party to make any payment due under a contract, an agreement or an obligation, provided it is satisfied that:*

- (i) *the contract, agreement or obligation is not related to any of the prohibited items, materials, equipment, goods, technologies, assistance, training, financial assistance, investment, brokering or services referred to in UNSCR 2231 and any future successor resolutions;*
- (ii) *the payment is not received, directly or indirectly, by a person or entity subject to the measures in paragraph 6 of Annex B of United Nations Security Council Resolution 2231 (2015);*
- (iii) *the Minister of Internal Affairs has submitted, in coordination with the Minister responsible for foreign affairs, a prior notification to the Security Council of its intention to authorise such a payment to be made or to authorise, where appropriate, the unfreezing of funds or property for the same purpose at least ten working days prior to such authorisation.*

Thus, the rating for C7.5 is considered Met.

Weighting and Conclusion

23. Uganda has addressed the identified deficiencies against c.7.5, largely addressed c7.4 and partly addressed c7.2. The deficiencies under C.7.1 and 7.3 remain not addressed. The TFS measures on PF are not implemented in a ‘without delay’ manner. There are no also adopted measures for supervision. Given the importance of the remaining deficiencies, ***the Reviewers recommend to upgrade the current rating for R7 to PC from NC.***

3.1.3. Recommendation 8- Non-Profit Organisations (NPOs) (Originally rated with NC – re-rated to PC)

24. In its MER and the subsequent FUR, Uganda was rated Non-Compliant with R.8. The main shortcomings identified were as follows: (a) Uganda had not carried out a review of the NPO sector to identify subsectors vulnerable to TF abuses and adequacy of measures to address the identified risks, (b) Uganda had not encouraged or undertaken outreach programmes to raise awareness among NPOs at the risk of TF abuse and the donor community; (c) Uganda had not worked with the NPOs to develop best practices to address TF risks and vulnerabilities; (d) Uganda does not apply risk-based measures to monitor compliance with requirements of R.8; (e) Absence of measures to ensure effective cooperation, coordination and information sharing among the authorities.

25. Uganda has reviewed its NPO sector, including a mapping of its size, features and activities with a view to identify features and types of NPOs which by virtue of their activities or characteristics, are likely to be at the risk of terrorist financing abuse. In view of this, the authorities have identified the threats of NPO abuse emanating from terrorist entities or the manner in which such abuse is done. The explanation provided by the authorities is not sufficient to determine the extent to which Uganda has carried out a review to determine adequacy of measures,

including laws and regulations targeting a subset of NPOs that may be abused for terrorist financing to guide application of appropriate risk-based measures. The NPOs identified include NGOs, associations, charitable trusts and faith based organisations. Uganda found Faith Based Organizations that operate madrassas posing the highest risk. This determination was made based on both open and internal sources including intelligence. The NPO TF risk assessment is to be reviewed every three years, or earlier as and when there are new developments/changes in the sector including when the NRA is being updated. *In view of the remaining deficiency, the rating on C8.1 is considered as Mostly Met.*

26. Uganda's National NGO Policy was developed prior to the Second Round AML/CFT assessment and there is no evidence that it has been updated or reviewed in line with the risks identified in the NRA. Besides, the NRA does not comprehensively cover the TF risks in relation to NPOs. The Policy does not have comprehensive elements on enhancing the transparency and accountability of the NPO Sector in general and from a TF's perspective. Uganda is yet to develop best practices to address terrorist financing risk and vulnerabilities in the NGO sector that would protect it from being exposed to terrorist financing abuse. The outreach activities to the NPOs and their donors is still in process. Thus, *the rating for C8.2 is considered Not Met.*
27. Uganda has not developed risk-based measures for supervision and monitoring the NPOs which may be at risk of being abused for terrorist financing purposes. The NPOs are not under obligation to comply with the requirements of Rec.8 and the authorities cannot monitor their compliance. *C8.3 is not met.*
28. As it was stated in the MER, the sanctions prescribed in the Non-Governmental Organisations Act Chap 113 as amended in 2006, of a fine or of less than one year imprisonment or both are not dissuasive, effective or proportionate enough and are not related in any way to TF. *C8.4 is partly met.*
29. Uganda does not have in place adequate measures to ensure effective cooperation, co-ordination and information-sharing to the extent possible among all levels of appropriate authorities or organisations that hold relevant information on NPOs. Apart from existence of the legal provisions for NGOs to keep records, the Uganda authorities have not demonstrated the extent to which they have specific investigative expertise and capability to examine those NPOs suspected of either being exploited by, or actively supporting, terrorist activity or terrorist organisations. Uganda does not have appropriate mechanisms to ensure that information is promptly shared with competent authorities, in order to take preventive or investigative action when there is suspicion or reasonable grounds to suspect that a particular NPO is involved in terrorist financing abuse and/or is a front for fundraising by a terrorist organisation; is being exploited as a conduit for terrorist financing, including for the purpose of escaping asset freezing measures, or other forms of terrorist support; or is concealing or obscuring the clandestine

diversion of funds intended for legitimate purposes, but redirected for the benefit of terrorists or terrorist organisations. *C8.5 is not met.*

30. Regarding the requirements on C 8.6, the laws cited by the authorities are general and do not have relevant provisions in relation to this criterion. Uganda does not have points of contact and procedures to facilitate prompt sharing of information with competent authorities in order to take preventive or investigative action regarding particular NPOs suspected of terrorist financing or involvement in other forms of terrorist support. *This criterion is not met.*

Weighting and Conclusion

31. Uganda has largely addressed the deficiencies identified against c8.1 and partly addressed c8.4. All the other measures regulating the activities of NPOs in Uganda remain outstanding. Authorities have undertaken a review of the NPO sector to appropriately understand TF risks. They have not taken steps to promote targeted risk-based oversight or monitoring of NPOs. The NPO sector has not been engaged to raise awareness about potential vulnerabilities to TF abuse and risks. In view of the foregoing deficiencies, *the Reviewers recommend to upgrade the current rating for R8 to PC from NC.*

3.1.4. Recommendation 24- Transparency & Beneficial Ownership of Legal Persons (Originally rated NC –rerated to PC)

32. The main shortcoming identified in the MER includes: a) the ML/TF risks associated with all types of legal persons created in the Uganda has not assessed by the authorities; b) there are no specific provisions requiring companies to maintain and / or file beneficial ownership information with the URSB; c) there are no measures to prevent the abuse of share warrants for money laundering or terrorist financing; d) no provisions imposing obligations on companies to co-operate with competent authorities to the fullest extent possible in determining the beneficial owners of companies; and e) failure by the authorities to maintain records on requests made for information on beneficial ownership, or made and the quality of the information exchanged.

33. The legal persons ML risk assessment was finalized in March 2021. Uganda has also undertaken a separate TF risk assessment on the NPOs including on foundations and associations. Though not all types of legal persons are covered, the most important ones are considered. The risk assessment provides a broad assessment of the ML risk relating to these legal persons and sets out several recommendations to address identified risks. Uganda is also encouraged to cover also the risk assessment on TF. *Criterion 24.2 is Mostly Met.*

34. Reg. 35 of the Companies General Regulations 2016 provides that a company shall keep and maintain proper records of all the affairs of the company including the register of members, accounting records, agreements, memoranda, minutes,

resolutions, decisions or other documents relating to the company for at least 7 years. This requirement is also applicable for a company to maintain the basic information listed under c.24.3. However, there is no requirement for this register to record: (i) the number of shares held by each shareholder; or (ii) the categories of shares, though this information must be registered with the Companies Register pursuant to the same provision. Moreover, neither the Act nor regulations state where the shareholders' register must be kept. **Criterion 24.4 is Mostly Met.**

35. Section 116 of the Companies Act requires that any change in the location of the registered office and the registered postal address be communicated to the registrar within fourteen days. Sections 132 and 133 require companies to file annual returns that contain updated information on the registered office of the company, registers of members and debenture holders, shares and debenture indebtedness, past and present members and directors and secretary. The authorities indicated that operations and processes in URSB have been computerized and files digitized which now makes URSB able to ensure that up-to-date information is kept and an IT solution put in place to ensure companies comply. However, most of the information to updated are part of annual returns and therefore not timely. **Criterion 24.5 is Partly Met.**

36. The Companies (Amendment) Act 2022 and the Partnership (Amendment) Act 2022 require every company and Limited Liability Partnership registered in Uganda to keep a register which discloses the personal information of the beneficial owners of a company or partnership (Section 119A). **Criterion 24.6 is Met.**

37. The Companies (Beneficial Owner) Regulations 2023 were passed to provide for implementation of beneficial ownership provisions. Reg. 6 (1) provides that where any of the particulars of a beneficial owner specified in section 119A of the Act and regulation 3, and included in the register of beneficial owners change, the company shall amend the register of beneficial owners to reflect the change. Reg. 6(2) provides that the company shall give notice to the registrar of any change referred to in sub regulation (1). Where a company defaults in complying with this regulation, the company and every officer of the company who is in default is liable to a default fine of twenty-five currency points. (Reg. 6(3)). In addition to the above provisions, Reg. 22 of the Companies General Regulations provides that a company shall notify by resolution, the registrar of any change in the register of members kept by the company under section 119 within 30 days after the change. company which does not notify the registrar of a change in the register of members is liable to default fine of 40 currency points & shall, in addition, be liable to a default fine of six currency points for every day on which the default continues after the 30 days. (Reg. 22(2)). **Criterion 24.7 is Met.**

38. There are no requirements in the Companies Act or the Subsequent Regulations for companies to provide the authorities with information and to give further assistance. **Criterion 24.8 is not met.**

39. Competent authorities are empowered to obtain access to information which may include beneficial ownership information from relevant parties by virtue of section 38A of the AMLA as amended and the AML (Exchange of Information) Regulations), 2018. Reg. 9(1) of the Companies (Beneficial Owners) Regulations 2022 requires the registrar of companies to cooperate with other ministries, departments, agencies of Government and regional and international bodies regarding beneficial ownership information without paying of any fee. Reg. 8(5) further provides that competent authorities shall be given timely access to particulars of beneficial owners. **Criterion 24.10 is met.**
40. Uganda outlawed bearer share companies. Sections 95, 97 and 121 of the Companies Act 2012 which relate to the issuance of share warrants were repealed by the Companies (Amendment) Act 2022. However, there is no clear guidance or requirement under the law for those bearer share companies in existence before the 2022 law in terms of whether they would now need to convert their shares to registered form or not. **This Criterion 24.11 is Mostly Met.**
41. Reg 21(2) of the Companies General Regulations 2016 provides the particulars of nominee shareholders to be registered including the name and address of the nominee shareholder, number of shares & amount paid for each share, date on which the person was appointed nominee shareholder, etc. Regulation 6 of the Companies (Single Member) Regulations, S.I 72 of 2016 requires a person registering a single member company at the time of incorporation to file with the Registrar particulars of the nominee director and alternate director in Form 1 set out in the second schedule. The particulars include name, address sex, age and occupation. **Criterion 24.12 is Met.**
42. Section 119A (5) of the Companies (Amendment) Act 2022 provides that where a company defaults, the company and every officer of the company who is in default is liable to a daily default fine of twenty-five currency points. The Companies (Beneficial Owner) Regulations prescribes other penalties for failure to comply with the regulations. In addition, section 119 of the AMLA imposes criminal liability on financial institutions and DNFBPs who fail to comply with CDD requirements, including the requirement to identify beneficial owners as required under section 6(c)(ii) of the Act. The penalty for the offence is provided for under section 136(2) of AMLA, which, for natural persons is imprisonment for up to five years or a fine of up to thirty-three thousand currency points¹ or both fine and imprisonment and in the case of legal persons, a fine of up to seventy thousand currency points. **Criterion 24.13 is Met.**
43. **Criterion 24.14 is Partly Met.** See the analysis made on Recs. 37 and 40. As reflected in the 2015 MER, Uganda still has moderate deficiencies on Rec. 37 with a PC rating. December 2020 FUR, the deficiencies on Criteria 40.4, 40.7, 40.10, 40.16 and 40.20 as noted in the MER are still outstanding.

¹ In **Uganda**, a **currency point** is set at twenty thousand shillings (20,000/=)

44. The submissions made on Criterion 24.15 are not relevant to the requirements of the Criterion and therefore do not show progress. *This Criteria is not Met.*

Weighting and Conclusion

45. Uganda has addressed or largely addressed most of the deficiencies against the identified deficiencies on Recommendation 24. The outstanding deficiencies on Criteria 24.2, 24.4, 24.5, 24.8, 24.10, 24.11, 24.14 and 24.15 remain outstanding. *The Reviewers considered that the remaining shortcomings are moderate and they therefore recommend that Uganda's rating for R. 24 be upgraded from NC to PC.*

3.1.5. Recommendation 27 – Powers of supervisors (Originally rated NC – rerated to C)

46. The major deficiencies under the MER were that there are no specific legal or other provisions under the AMLA providing powers to supervising authorities and self-regulatory bodies to supervise and monitor compliance, and compel production of information relevant to monitoring AML/CFT compliance. The AMLA does not provide supervising authorities and self-regulatory bodies with powers to impose sanctions as required under R. 35. The powers granted to the BoU under the FI Act to supervise and impose sanctions on financial institutions it regulates under this Act are only limited to AML as the FI Act does not provide for CFT.

47. Under the 2018 FUR, it was reflected that Uganda has addressed the deficiencies against C27.1-27.3 identified in the MER. However, the deficiencies against C 27.4 remain outstanding which seriously impacted the overall rating for this recommendation. It was observed that supervisor's power to impose sanction's requires a court order. In this respect, the conclusion was that the powers to impose sanctions are limited. This has been addressed by amendments to the AML (Amendment) Act 2017 in 2022. The 2022 removed the requirement for court intervention as per Section 2 (c) which repealed subsection (5). The AML/CFT supervisory authorities have therefore powers to impose a range of sanctions, including fines, withdrawal etc. *Thus, the rating for C27.4 is considered Met.*

Weighting and Conclusion

48. Uganda has addressed all the deficiencies against Recommendation 27 identified in the MER. In view of this, Reviewers recommend that *Uganda's rating for R. 27 should be upgraded from PC to C.*

IV. CONCLUSION

49. Uganda has made significant overall progress in resolving the technical compliance shortcomings identified in its MER and ratings for 5 Recommendations have been revised. The jurisdiction has addressed the deficiencies in respect of

Recommendations 1 (PC), 24 (NC), and 27 (PC). The reviewers recommend to upgrade the rating for R27 with Compliant (C) and the rest two with Largely Compliant (LC). In relation to Recommendations 7, 8 and 24 (initially rated NC), Reviewers recommend re-rating for the recommendations with Partial Compliant (PC) since moderate shortcomings still remain on the three recommendations.

50. Given the progress made since adoption of its MER, Uganda’s technical compliance with the FATF Recommendations has been revised as shown in the table below:

Table 2. Technical compliance following revision of ratings, June 2023

Recommendation	R1	R7	R8	R24	R27
Previous Rating	PC	NC	NC	NC	PC
Re-rated to	LC	PC	PC	PC	C

Note: Four technical compliance ratings are available: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

51. Overall, in light of the progress made by Uganda since the adoption of its MER, the re-ratings for its technical compliance with the FATF Recommendations should be considered and approved by the ESAAMLG Task Force of Senior Officials Plenary as follows:

Table 3. Technical compliance following revision of ratings after the adoption of the Uganda MER, June 2023

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
LC	LC	C	LC	C	C	PC	PC	C	LC
R 11	R 12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
C	C	C	LC	PC	C	C	C	PC	C
R 21	R 22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
C	LC	LC	PC	NC	NC	C	NC	C	PC
R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
LC	C	NC	PC	LC	C	PC	PC	NC	PC

Note: Four technical compliance ratings are available: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

52. Uganda will remain in enhanced follow-up and will continue to inform the ESAAMLG of the progress made in improving and implementing its AML/CFT measures.