



## **FINANCIAL INTELLIGENCE AUTHORITY ADMINISTRATIVE SANCTIONS BRIEF**

Money laundering and terrorist financing are global threats that undermine the integrity of financial systems and have severe economic and social consequences. To address these challenges, Uganda has implemented the Anti-Money Laundering (Amendment) Regulations, 2023. This regulatory framework aims to combat financial crime, including money laundering and terrorist financing, while preserving Uganda's reputation as an investment destination for global funds. In this article, we will discuss the regulatory framework and the sanctions for non-compliance with the regulations.

### **Regulatory Framework:**

The Anti-Money Laundering (Amendment) Regulations, 2023, provide a regulatory framework for accountable persons in Uganda to meet their obligations in preventing money laundering and terrorist financing. Accountable persons are defined as financial institutions, including banks, insurance companies, money remittance providers, and other financial service providers.

Under the AMLA regulations, accountable persons are required to register with the Financial Intelligence Authority (FIA) and submit large cash transaction reports of Ugx 20 Million and more. The institutions are also required to report any suspicious and unusual transactions.

To promote compliance with the regulations, the FIA conducts various nationwide awareness initiatives, including trainings, webinars, and on-site visits. The FIA or supervisory bodies such as the Bank of Uganda often conduct inspections to determine non-compliance. If serious and extensive non-compliance is detected, administrative sanctions will be imposed.

### **Sanctions for Non-Compliance:**

The sanctions for non-compliance with the AMLA regulations are intended to be proportionate to the nature, seriousness, and extent of the non-compliance, and consider mitigating factors. The following are the possible sanctions for non-compliance:

#### **1. Written Directive:**

The FIA may issue a written directive to an accountable person that contravenes the regulations to comply with the law. The directive may include a reprimand and an instruction to take remedial action.

## **2. Financial Penalties:**

If an accountable person fails to comply with a written directive issued by the FIA, they may be liable for financial penalties. In the case of a corporate person, the fine ranges from Ugx 10 Million to Ugx 750 Million. For a natural person, the fine ranges from Ugx 5 Million to Ugx 250 Million.

The financial penalties are paid into the Treasury, as per the AMLA. The sanctions are intended to be proportionate to the nature, seriousness, and extent of the non-compliance.

## **3. Criminal Sanctions:**

In extreme cases of non-compliance, the accountable person may be criminally prosecuted. The penalty for conviction for an offense under the AMLA regulations includes a fine and imprisonment for a term not exceeding 10 years.

## **Conclusion:**

The AMLA regulations in Uganda provide a regulatory framework to combat financial crime, including money laundering and terrorist financing. The regulations aim to preserve Uganda's reputation as an investment destination for global funds. The accountable persons are required to register with the FIA and report large cash transactions and suspicious and unusual transactions. Non-compliance with the regulations may result in written directives, financial penalties, and criminal sanctions. It is crucial for accountable persons to comply with the regulations to ensure the integrity of the financial system and avoid administrative sanctions.