



CIRCULAR NO.7

ISSUED ON 24TH FEBRUARY, 2024

TO ALL ACCOUNTABLE PERSONS

HIGH RISK JURISDICTIONS

**RECOMMENDATION 19 OF THE FINANCIAL ACTION TASK FORCE
(FATF) STANDARDS**

**REGULATION 44 OF THE ANTI-MONEY LAUNDERING REGULATIONS,
2015 (AS AMENDED).**

Further to our circular No. 6 issued on 28th October, 2023, we hereby issue Circular No. 7 to notify you of the on-going efforts by the Financial Action Task force (FATF) to identify and work with jurisdictions with strategic AML/CFT deficiencies. After the FATF Plenary meeting that was held from 19th - 23rd February, 2024, FATF has issued the following public statements identifying jurisdictions in the following categories: -

1. Jurisdictions under Increased Monitoring¹

In light of the jurisdictions identified by FATF in its statement, "Jurisdictions under Increased Monitoring" dated 23 February 2024, Jurisdictions under increased monitoring are actively working with the FATF to address the strategic deficiencies in their regimes to counter money laundering, terrorist financing and proliferation financing. A number of jurisdictions were listed as subject to increased monitoring, namely, Senegal, Nigeria, South Africa, Tanzania, Barbados, Burkina Faso, Democratic Republic of Congo, Mozambique, South Sudan among others. *Please note that at this Plenary, the FATF removed Barbados, Gibraltar, **Uganda** and the United Arab Emirates from this list and added Kenya and Namibia to the list of jurisdictions subject to increased monitoring.*

The full details of the statement and countries can be found at <https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Increased-monitoring-february-2024.html>

In light of this Notice, Accountable persons are reminded that pursuant to Section 6(26) of the Anti -Money Laundering Act 2013, (as amended), they must apply such enhanced due diligence measures which are prescribed in the Anti-Money

¹ Jurisdictions under increased monitoring are actively working with the FATF to address the strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. When the FATF places a jurisdiction under increased monitoring, it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes.

Laundrying Regulations 2015 with respect to business relationships or transactions involving those jurisdictions.

Additionally, accountable persons shall, where applicable and proportionate to the risks, apply one or more of the following additional mitigating measures to persons and legal entities carrying out transactions involving those jurisdictions/countries–

1. The application of additional elements of enhanced due diligence;
2. Understanding and, as appropriate, obtaining information on the purpose and intended nature of the business relationship.
3. Conducting ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the institution's knowledge of the customer, their business and risk profile, including, where necessary, the source of funds.

2. High-risk Jurisdictions subject to a Call for Action¹

On 23 February 2024, FATF issued another statement: "High-Risk Jurisdictions subject to a call for action" which publicly identifies jurisdictions with significant strategic deficiencies in their AML/CFT/CPF regimes and calls on all FATF members to apply enhanced due diligence, and, in the most serious cases, apply counter-measures to protect the international financial system from the money laundering, terrorist financing, and proliferation financing risks emanating from the identified countries. The countries subject to these measures are, Democratic Republic of Korea, Iran and Myanmar. No new countries/jurisdictions were added to this list at the February 2024 plenary.

The full details of the statement can be found at <https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-february-2024.html>

In light of this Notice, Accountable Persons are reminded to apply enhanced measures in accordance with regulation 44(2) of the Anti-Money Laundering Regulations 2015. The measures shall include –

- a) applying specific elements of enhanced due diligence such as obtaining additional information on the customer, purpose of transactions, nature of the business relationship and the source of funds or wealth of the customer;
- b) obtaining senior management approval to continue the relationship;
- c) increased monitoring of transactions;
- d) reviewing, amending and if necessary, terminating of correspondent banking relationships.

¹ FATF identifies countries or jurisdictions with serious strategic deficiencies to counter money laundering, terrorist financing, and financing of proliferation. These jurisdictions are subject to a call for action to protect the international financial system.



Supervisory authorities are required to take certain actions with respect to countries identified as high risk including—

- a) imposing additional reporting requirements on accountable persons;
- b) refusing the establishment in Uganda of subsidiaries or branches or representative offices of accountable person from that country;
- c) prohibiting accountable person from establishing branches or representative offices in the country identified by the Authority;
- d) requiring accountable persons to limit business relationships or financial transactions with the country or persons in that country;
- e) increasing supervisory examinations or external audit requirements for branches and subsidiaries in Uganda of accountable persons from the country identified; and
- f) requiring increased external audit requirements by accountable persons of their branches and subsidiaries located in the country identified.

In addition, accountable persons are required to apply countermeasures proportionate to any identified risks in any country in accordance with the Regulation 44 (5) and (6) of the Anti-money Laundering Regulations, 2015 (as amended). The counter measures include—

- a) requiring financial institutions to apply specific elements of enhanced due diligence;
- b) introducing enhanced relevant reporting mechanisms or systematic reporting of financial transactions;
- c) refusing the establishment of subsidiaries or branches or representative offices of financial institutions from the country concerned, or otherwise considering the fact that the relevant financial institution is from a country that does not have adequate anti-money laundering and countering the financing of terrorism systems;
- d) prohibiting financial institutions from establishing branches or representative offices in the country concerned, or otherwise taking into account the fact that the relevant branch or representative office would be in a country that does not have adequate anti-money laundering and countering the financing of terrorism systems;



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- e) limiting business relationships or financial transactions with the identified country or persons in that country;
- f) prohibiting financial institutions from relying on third parties located in the country concerned to conduct elements of the customer due diligence process;
- g) requiring financial institutions to review and amend, or if necessary, terminate, correspondent relationships with financial institutions in the country concerned;
- h) requiring increased supervisory examination or external audit requirements for branches and subsidiaries of financial institutions based in the country concerned;
- i) requiring increased external audit requirements for financial groups with respect to any of their branches and subsidiaries located in the country concerned.

Furthermore, Accountable Persons shall also –

1. Give special attention to business relationships and transactions with persons (both natural and legal persons) in those high-risk countries, including companies, legal arrangements/trusts and financial institutions based in those countries;
2. Strengthen systems and controls in managing their exposure to the vulnerabilities identified by FATF; and
3. Ensure that correspondent relationships, in particular, are not being used to evade countermeasures and risk mitigation practices.

Any non-compliance with the directions and specifications contained in the Notice is a criminal offence under the Anti-Money Laundering Act, 2013 (as amended) and the Anti-Money Laundering Regulations 2015 and may further attract administrative sanctions and penalties imposed by the supervisory authorities under the Anti-Money Laundering (Amendment) Regulations, 2023.



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Samuel Wandera

Executive Director