
STATUTORY INSTRUMENTS
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STATUTORY INSTRUMENTS SUPPLEMENT

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S T A T U T O R Y I N S T R U M E N T S

2010 No. 46.

**THE FINANCIAL INSTITUTIONS (ANTI- MONEY LAUNDERING)
REGULATIONS, 2010**

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STATUTORY INSTRUMENTS

2010 No. 46.

The Financial Institutions (Anti-Money Laundering) Regulations, 2010 (Under section 131(1)(g) of the Financial Institutions Act, 2004, Act No.2 of 2004)

IN EXERCISE of the powers conferred upon the Central Bank by section 131 (1) (g) of the Financial Institutions Act, 2004; and in consultation with the Minister responsible for finance, these Regulations are made this 16th day of September, 2010.

PART I—PRELIMINARY

1. Title

These Regulations may be cited as the Financial Institutions (Anti-Money Laundering) Regulations, 2010.

2. Interpretation

In these Regulations, unless the context otherwise requires—

“Act” means the Financial Institutions Act, 2004;

“audit trail” means the chronological record of a transaction, loan or investment, including credit memos and related documents revealing the step-by-step history of a transaction as it flows through the financial institution, enabling an after-the-fact review to determine the time and place where errors occurred or other supervisory actions taken;

“large cash transaction” means a transaction amounting to US\$ 10,000 and above or the equivalent in other currencies;

“money laundering” covers all activities and procedures designed to change the identity of illegally obtained money so that it appears to have originated from a legitimate source;

“non-face-to-face customers” are customers who do not present themselves for personal interview when they open accounts with financial institutions such as non-resident customers;

“suspicious transaction” refers to a transaction which is inconsistent with a customer's known legitimate business or personal activities or with the normal business for that type of account, or a complex and unusual transaction or complex or unusual pattern of transaction that has no apparent or visible economic purpose;

“transaction with no apparent or visible economic purpose” includes—

- (a) a transaction that gives rise to a reasonable suspicion that it may involve the laundering of money or the proceeds of any crime and is made in circumstances of unusual or unjustified complexity;
- (b) a transaction whose form suggests that it might be intended for an illegal purpose, or the economic purpose of which is not discernible;
- (c) a customer-relationship with the financial institution that does not appear to make economic sense, such as a customer having a large number of accounts with the same bank, frequent transfers between different accounts or exaggeratedly high liquidity;
- (d) a transaction in which assets are withdrawn immediately after being deposited, unless the customer's business activities furnish plausible reason for immediate withdrawal;
- (e) a transaction that cannot be reconciled with the usual activities of the clientele of the financial institution or branch office in question, and in which the reason for the customer's choice of that particular financial institution or branch cannot be ascertained;
- (f) a transaction which, without plausible reason, results in the intensive use of what was previously a relatively inactive account, such as a customer's account which shows virtually no normal personal or business related activities but is used to receive or disburse unusually large sums which have no obvious purpose or relationship to the customer or his or her business; or

- (g) a transaction which is incompatible with the financial institution's knowledge and experience of the customer in question or with the purpose of the business relationship.

3. Purpose of Regulations

The purpose of these Regulations are—

- (a) to require financial institutions to establish and maintain specific policies and procedures to guard against the use of the financial system for the purpose of money laundering;
- (b) to enable financial institutions to recognise suspicious transactions and to provide an audit trail of transactions carried out by customers who come under investigation;
- (c) to require financial institutions to submit reports and to disclose information on suspicious transactions; and
- (d) to check the negative social, economic and political effects of money laundering and the financing of terrorism which include—
 - (i) the facilitation of continuing criminal networks by money launderers;
 - (ii) the erosion of the credibility of a financial institution that can affect the very stability of the financial markets;
 - (iii) the erosion of investor confidence in legitimate financial institutions in an economy that has weak or no anti-money laundering laws;
 - (iv) the promotion of transparency through the enactment of money laundering laws;
 - (v) the distortion of the operation of the markets transactions effected for the purpose of money laundering may increase the demand for cash, render interest and exchange rates unstable and worsen inflation in the country; and

- (vi) the global nature of money laundering and the financing of terrorism problems that affect not only security and political stability, but also potentially harm economic prosperity and the state of the international financial system.

4. Application

These Regulations apply to all financial institutions in Uganda.

PART II—REGULATORY REQUIREMENTS

5. Development of programmes against money laundering

(1) Every Financial institution in Uganda shall develop programmes against money laundering.

(2) The programmes referred to in subregulation (1) shall include—

- (a) internal controls, policies and procedures including the designation of compliance officers at management level;
- (b) “Know Your Customer” rules and procedures;
- (c) record keeping;
- (d) recognition and reporting of suspicious transactions; and
- (e) education and training of relevant employees.

6. Anonymous accounts

(1) A financial institution shall not keep anonymous accounts or accounts in fictitious names.

(2) A financial institution shall identify, on the basis of an official or other reliable identifying document and record, the identity of their customers, either occasional or usual, when establishing business relations or conducting transactions.

(3) Subregulation (2) shall apply, in particular to—

- (a) the opening of accounts or passbooks;
- (b) fiduciary transactions;
- (c) the renting of safe-deposit boxes;

- (d) the use of safe custody facilities; and
- (e) large cash transactions.

7. "Know Your Customer" rules and procedures

- (1) A financial institution shall include the following essential elements in the design of "Know Your Customer" rules and procedures—
 - (a) customer acceptance policies and procedures which describe the types of customers that are likely to pose a higher than average risk to the financial institution and which require more extensive due diligence for higher risk customers and other customers requiring special attention including—
 - (i) trust, nominee and fiduciary accounts;
 - (ii) corporate bodies;
 - (iii) introduced business;
 - (iv) client accounts opened by professional intermediaries;
 - (v) non-face-to-face customers; and
 - (vi) correspondent banking accounts;
 - (b) customer identification requirements and procedures which lay down all information necessary to establish to the financial institution's satisfaction the identity of each new customer, the purpose and intended nature of the business relationship and ensure that customer records remain up-to-date and relevant;
 - (c) on-going monitoring of accounts and transactions which is able to detect unusual or suspicious patterns of activities and those activity that do not appear to make economic or commercial sense, or those unusually large transactions that are not consistent with the normal and expected transactions of the customer; and
 - (d) risk management procedures which include proper management oversight, systems and controls, segregation of duties, training and other related policies.

(2) A financial institution shall demand and record proof of the identity of its clients or customers, whether usual or occasional when establishing business relations or conducting transactions, in particular opening of accounts or issuing of passbooks, entering into fiduciary transactions, renting safe deposit boxes or performing large cash transactions.

(3) For the purposes of subregulation (2), evidence of identity shall be deemed satisfactory if—

- (a) it is reasonably capable of establishing that the applicant for business is the person he or she claims to be; and
- (b) the financial institution which obtains the evidence is satisfied, in accordance with the procedures established by the financial institution, that it does establish that fact.

(4) Minimum requirements for verification of customer identity set out in **Schedule 1** to these Regulations shall apply to business relationships entered into by a financial institution with its customers.

(5) A financial institution shall not open an account for a customer where problems of verification arise in the banking or financial relationship, which cannot be resolved.

(6) Where a financial institution has opened an account for a customer and problems of customer verification arise in the banking or financial relationship which can not be resolved, the financial institution shall close the account of the customer and return the money to the customer.

8. Disclosure of identity

(1) Where a customer or client of a financial institution opens an account or conducts a transaction on behalf of another person, the financial institution shall require the customer or client to disclose the true identity of the person on whose behalf the account is opened or the transaction is conducted.

(2) Without limiting the generality of subregulation (1), a financial institution shall ensure that registered companies, corporations, associations, partnerships, foundations, trust, attorney trusts or funds or other bodies or persons which or who do not conduct any commercial or manufacturing business or any other form of commercial operation in the country where the registered offices of those bodies or persons are located comply with these Regulations.

9. Records on customer identification

A financial institution shall, in accordance with section 46(6) and (9) of the Act, keep records on customer identification including copies or records of official identification documents like passports, identity cards, driving licences or similar documents, account files and business correspondence for a period of not less than 10 years after an account is closed to enable them to comply with requests from competent authorities.

10. Maintenance of records

(1) A financial institution shall, in accordance with section 46 (6) and (9) of the Act, maintain, for a minimum period of 10 years, all necessary records to enable them to comply with information requests from competent authorities.

(2) The records referred to in subregulation (1) shall be kept in sufficient form to permit reconstruction of individual transaction, including the amounts and types of currency involved, if any, so as to provide evidence for prosecution in criminal proceedings.

11. Review of unusual transactions

A financial institution shall review and properly document the background and purpose of all complex transactions, and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose.

12. Suspicious transactions

(1) A financial institution shall report promptly any knowledge or suspicion of money laundering related to a specific customer or any account held with the financial institution, to the national law enforcement agencies, and shall serve a copy to the Central Bank, using the Suspicious Transactions Report set out in **Schedule 2** to these Regulations.

(2) A financial institution shall report as suspicious the following transactions—

- (a) outward remittances without visible lawful purpose;
- (b) inward remittances without visible lawful purpose or without underlying trade transactions;
- (c) unusual purchases of foreign exchange without visible lawful purpose;
- (d) unusual purchases of foreign exchange whose sources are not satisfactorily established;
- (e) complex, unusual large transactions and all unusual patterns of transactions, which have no apparent or visible lawful purpose;
- (f) deposits and any other funds managed or held in trust, if there is reasonable ground to believe that the deposits or funds managed or held in trust are proceeds of criminal and other illegal activities; and
- (g) all other transactions which the financial institution may consider as suspicious based on reasons which should be cited in the Suspicious Transactions Report.

(3) A financial institution that has reported a suspicious transaction shall follow any instructions from or otherwise co-operate with the law enforcement agencies and the Central Bank.

(4) Acts that might constitute suspicious transactions are set out in **Schedule 3** to these Regulations.

(5) The transactions listed in schedule 3 are not intended to be exhaustive and only provide examples of the most basic ways in which money may be laundered.

(6) Identification of any of the types of transactions listed in Schedule 3 shall be a basis for initiating investigations about the source of funds.

13. Large cash transactions

A financial institution shall report, on a monthly basis, any transaction amounting to US\$ 10,000 and above or the equivalent in any other currency involving cash or “near cash” such as travellers' cheques, to the national law enforcement agencies, and serve a copy to the Central Bank by using the Large Cash Transactions Report set out in Schedule 4 to these Regulations.

14. Secrecy

A financial institution and its directors, officers and employees shall not warn their customers when information on suspicious transactions relating to them is being reported to the Central Bank and the law enforcement agencies.

15. Dealings with foreign persons

A financial institution shall exercise reasonable caution in their business transactions with persons, including companies and financial institutions from other countries.

16. Branches and subsidiaries

A financial institution shall ensure that provisions under this part are also applied to their branches and subsidiaries, especially for branches and subsidiaries, if any, in countries, which do not, or insufficiently, apply these Regulations.

17. Staff awareness and training

A financial institution shall take appropriate measures to—

- (a) make employees aware of internal controls, policies and procedures put in place to prevent money laundering including those for identification, record keeping and internal reporting; and
- (b) provide training to all staff dealing with customers or their transactions on a general appreciation of the background to money laundering and on the required reporting of any suspicious transactions.

PART III—OFFENCES AND ADMINISTRATIVE SANCTIONS

18. Offences

(1) A financial institution or a director, an officer or employee of a financial institution that contravenes these Regulations, commits an offence and is liable on conviction to a fine not exceeding two hundred and fifty currency points or imprisonment not exceeding two years or both.

(2) In the case of a continuing contravention of these Regulations, a financial institution or a director, an officer or employee of a financial institution shall pay an additional fine not exceeding fifty currency points for each day on which the offence continues.

19. Administrative sanctions

In addition to the offence under regulation 18, the Central Bank may impose any or all of the following administrative sanctions with regard to a financial institution, person, shareholder, director or officer of a financial institution that or who fails to comply with these Regulations—

- (a) suspension of access to new credit facilities of the Central Bank;
- (b) suspension or restriction of lending and investment operations;
- (c) suspension of opening of letters of credit or issuance of guarantees;
- (d) suspension of acceptance of new deposits;
- (e) suspension or removal from office of the erring director, officer or employee of the financial institution; declaration of the relevant director(s) or of the financial institution as not fit and proper persons for purposes of the Act.

SCHEDULE 1

Regulation 7 (4)

MINIMUM REQUIREMENTS FOR VERIFICATION OF CUSTOMER IDENTITY

1. Individual applicants

- (a) A financial institution shall institute effective procedures for obtaining satisfactory evidence of the identity of applicants for accounts and other customers transacting business with the institution including obtaining information about name, permanent address, date of birth and occupation.
- (b) Positive identification should be obtained from documents issued by official or other reputable sources such as passports or identity cards, drivers licence, or a voter's roll card.
- (c) A financial institution shall check the address of the applicant by appropriate means, such as recent utility or rates bills (electricity, telephone, water, satellite T.V. bills), government or local authority bills, Bank Statement, drivers licence, Passport and by checking the voters roll maintained by the Electoral Commission.
- (d) An introduction may be obtained if the prospective customer is unable to provide a valid address document. Introductions could be acceptable from the prospective customer's employer, existing financial institutions' customer, member of the financial institutions' staff, registered accountant, lawyer/advocate, clergyman, headmaster and doctor or any other acceptable person or method of identification.

2. Corporate applicants

- (a) In the case of corporate applicants, a financial institution shall obtain satisfactory evidence of the identity and profile of the principal shareholders, directors and authorized signatories and of the nature of the business. The guiding principle is to establish that it is safe to enter into a business relationship with the company concerned.

- (b) Before a business relationship is established, a financial institution shall take measures by way of a company search or other commercial enquiries to ensure that the applicant company has not been, or is not in the process of being dissolved, struck off, wound-up or terminated. In addition, if a financial institution becomes aware of subsequent changes to the company structure or ownership, or suspicions are aroused by a change in the profile of payments through a company account, the financial institution shall initiate fresh inquiries in the changes made.
- (c) The following documents or information shall be obtained in respect of corporate applicants for business which are registered in Uganda (comparable documents, preferably certified by qualified persons such as lawyers, notaries public or accountants in the country of registration should be obtained for those applicants which are not registered in Uganda)—
 - (i) certificate of incorporation and business registration certificate;
 - (ii) memorandum and articles of association;
 - (iii) resolution of the board of directors to open an account and to confer authority on those who will operate it;
 - (iv) result of a search of the file of the company at the Companies Registry;
 - (v) evidence that the individual representing the company has the necessary authority to do so should be sought and retained;
 - (vi) satisfactory evidence of the identity of the principal or substantial shareholders, at least two directors (including the managing director) and all authorized signatories in line with the requirements for individual applicants, and of the nature of the business.
 - (vii) company headed paper;
 - (viii) Tax Identification Number (TIN); and
 - (ix) Trading Licence.

3. Clubs, Societies and Charities

- (a) In the case of accounts to be opened for clubs, societies and charities, an institution should satisfy itself as to the legitimate purpose of the organization by requesting a copy of its constitution. Satisfactory evidence should be obtained of the identity of the authorized signatories who are not already known to the institution in line with the requirements for individual applicants.
- (b) The prospective customer must be in possession of one or more of the following—
 - (i) Trust Deed (where available);
 - (ii) Certificate of Registration / Trading;
 - (iii) Constitution of the clubs, societies and charities;
 - (iv) headed paper; and
 - (v) VAT Registration Number and receipt (where applicable);

4. Unincorporated businesses

- (a) In the case of partnerships and other unincorporated businesses whose partners are not known to the financial institution, satisfactory evidence should be obtained of the identity of at least two partners and all authorized signatories in line with the requirements for individual applicants.
- (b) In cases where a formal partnership arrangement exists, a mandate from the partnership authorizing the opening of an account and conferring authority on those who will operate it should be obtained. For a prospective partnership business, the prospective customer must be in possession of a Partnership Deed.

5. Shell companies

- (a) A financial institution shall take notice of the potential for abuse by money launderers of shell companies (legal entities through which financial transactions may be conducted but which have no business substance in their own right) and should therefore be cautious in their dealings with them.
- (b) In keeping with the “Know Your Customer” principle, institutions should obtain satisfactory evidence of the identity of beneficial owners, directors and authorized signatories of shell companies.

6. Applicants acting on behalf of another person

- (a) A financial institution shall always establish, by confirmation from an applicant for business, whether the applicant is acting on behalf of another person as trustee, nominee or agent (especially where it involves a Trust, nominee and fiduciary accounts which are a popular vehicle for criminals wishing to avoid identification procedures and mask the origin of the criminal money they wish to launder).
- (b) Any application to open an account or undertake a transaction on behalf of another person without applicants identifying their trust or nominee capacity should be regarded as suspicious and may lead to enquiries as to the underlying principals and the nature of the business to be transacted.
- (c) A financial institution shall obtain satisfactory evidence of the identity of trustees, nominees and authorized signatories and of the nature of their trustee or nominee capacity and duties by, for example, obtaining a copy of the trust deed. Enquiries shall also be made of the extent to which the applicant for business is subject to any official regulation.
- (d) Particular care shall be taken in relation to trusts created in all jurisdictions.
- (e) Where the intermediary is a firm of lawyers or accountants, their professional codes of conduct may preclude the firms from divulging information to the financial institution concerning their underlying clients. It may therefore be onerous for a financial institution to establish the identity of the person(s) for whom a lawyer or accountant is acting. The financial institution shall not be precluded from making reasonable enquiries about transactions passing through client accounts that give cause for concern or from reporting those transactions if any suspicions are aroused.

7. Account opening by post

- (a) Whenever possible, applicants for opening accounts should be interviewed personally. (Any mechanism that avoids face-to-face contact between a financial institution and an applicant inevitably poses difficulties for customer identification and produces a loophole that money launderers may wish to exploit).
- (b) Care shall be taken when dealing with accounts opened by post, or from coupon applications, to ensure that the identities of the applicants are obtained as much as possible. (in case of a local applicant, account opening by post should not be permitted.)

- (c) A financial institution shall request applicants to call on one of their branches for account opening.
 - (d) For overseas applicants in a country where the financial institution does not have a presence, the application should be submitted through a correspondent bank in that country or a bank which can be relied upon to undertake effective identification procedures on behalf of the financial institution.
- 8. Non-account holders (occasional customers)**
- (a) Where transactions are undertaken by a financial institution for non-account holders of that financial institution such as requests for telegraphic transfers, or where funds are deposited into an existing account by persons whose names do not appear on the mandate of that account, care and vigilance are required.
 - (b) Where the transaction involves large sums of cash, or is unusual, the applicant shall be asked to produce positive evidence of identity from the sources set out above and in the case of a foreign national, the nationality recorded. Copies of the identification documents should be kept on file.

9. Safe custody and safety deposit boxes

- (a) A financial institution shall take the necessary precautions in relation to requests to hold boxes, parcels and sealed envelopes in safe custody.
- (b) Where such facilities are made available to non-account holders, the identification procedures set out in this Schedule should be followed.

10. Correspondent banks

- (a) A financial institution shall gather sufficient information about their respondent banks to understand fully the nature of the respondent's business. Factors to consider include; information about the respondent bank's management, major business activities, where they are located and its money laundering prevention and detection efforts; the purpose of the account; the identity of any third party entities that will use the correspondent banking services and the condition of bank regulation and supervision in the respondent's country.
- (b) A financial institution shall refuse to enter into or continue a correspondent banking relationship with a bank incorporated in a jurisdiction in which it has no physical presence and which is unaffiliated with a regulated financial group (i.e., shell banks).

SCHEDULE 2*Regulation 12 (1)***SUSPICIOUS TRANSACTIONS REPORT**

(Name of Financial Institution)

Name of client	Account Number	Date	Amount involved	Nature of Transaction (Deposit/Withdrawals etc)	Location	Reason for suspicion	Action taken

Reported by: _____ Signature: _____

Date: _____ Position: _____

SCHEDULE 3

Regulation 12 (4), (5) and (6)

EXAMPLES OF SUSPICIOUS TRANSACTIONS

1. Money laundering using cash transactions

- (a) Unusually large cash deposits made by an individual or company whose ostensible business activities would normally be generated by cheques and other instruments.
- (b) Substantial increases in cash deposits of any individual or business without apparent cause, especially if such deposits are subsequently transferred within a short period out of the account or to a destination not normally associated with the customer.
- (c) Customers who deposit cash by means of numerous credit slips so that the total of each deposit is not remarkable, but the total of all the credits is significant.
- (d) Company accounts whose transaction, both deposits and withdrawals, are denominated in cash rather than the forms of debit and credit normally associated with commercial operations (such as cheques, Letters of Credit, Bills of Exchange, etc.).
- (e) Customers who constantly pay-in or deposit cash to cover requests for banker's drafts, money transfers or other negotiable and readily marketable money instruments.
- (f) Customers who frequently seek to exchange large quantities of low denomination notes for those of higher denomination.
- (g) Branches that have a great deal more cash transactions than usual. (Head Office statistics should detect aberrations in cash transactions.)
- (h) Customers whose deposits contain counterfeit notes or forged instruments.
- (i) Customers transferring large sums of money to or from overseas locations with instructions for payment in cash.
- (j) Large cash deposits using night safe facilities, thereby avoiding direct contact with the financial institution.

- (k) Purchasing or selling of foreign currencies in substantial amounts by cash settlement despite the customer having an account with the financial institution.
- (l) Customers making large and frequent cash deposits but cheques drawn on the accounts are mostly to individuals and firms not normally associated with their retail business.

2. Money laundering using deposit accounts

- (a) Customers who wish to maintain a number of trustee or clients' accounts which do not appear consistent with their type of business, including transactions which involve nominee names.
- (b) Customers who have numerous accounts and pay in amounts of cash to each of them in circumstances in which the total of credits would be a large amount.
- (c) Any individual or company whose account shows virtually no normal personal deposit or business related activities, but is used to receive or disburse large sums which have no obvious purpose or relationship to the account holder and/or his business (e.g. a substantial increase in turnover on an account).
- (d) Reluctance to provide normal information when opening an account, providing minimal or fictitious information or, when applying to open an account, providing information that is difficult or expensive for the institution to verify.
- (e) Customers who appear to have accounts with several financial institutions within the same locality, especially when the institution is aware of a regular consolidation process from such accounts prior to a request for onward transmission of the funds.
- (f) Matching of payments out with credits paid in by cash on the same or previous day.
- (g) Paying in large third party cheques endorsed in favor of the customer.
- (h) Large cash withdrawals from a previously dormant/inactive account, or from an account which has just received an unexpected large credit from abroad.

- (i) Customers who together, and simultaneously, use separate tellers to conduct large cash transactions or foreign exchange transactions.
- (j) Greater use of safe deposit facilities by individuals. The use of sealed packets deposited and withdrawn.
- (k) Companies' representatives avoiding contact with the branch.
- (l) Substantial increases in deposits of cash or negotiable instruments by a professional firm or company, using client accounts or in-house company or trust accounts, especially if the deposits are promptly transferred between other client company and trust accounts.
- (m) Customers who decline to provide information that in normal circumstances would make the customer eligible for credit or for other banking or financial services that would be regarded as valuable.
- (n) Large number of individuals making payments into the same account without an adequate explanation.
- (o) Customers who maintain an unusually large number of accounts for the type of business they are purportedly conducting and/or use inordinately large number of fund transfers among these accounts.
- (p) High velocity of funds through an account, including low beginning and ending daily balances, which do not reflect the large volume of money flowing through an account.
- (q) Multiple depositors using a single deposit account.

3. Money laundering using investment related transactions

- (a) Purchasing of securities to be held by the institution in safe custody, where this does not appear appropriate given the customer's apparent standing.
- (b) Back to back deposit/loan transactions with subsidiaries of, or affiliates of, overseas financial institutions in known drug trafficking areas.

- (c) Requests by customers for investment management services (either foreign currency or securities) where the source of the funds is unclear or not consistent with the customer's apparent standing.
- (d) Larger or unusual settlements of securities transactions in cash form.
- (e) Buying and selling of a security with no discernible purpose or in circumstances that appear unusual.

4. Money laundering involving off-shore international activity

- (a) Customers introduced by an overseas branch, affiliate or other bank based in countries where production of drugs or drug trafficking may be prevalent.
- (b) Use of Letters of Credit and other methods of trade finance to move money between countries where such trade is not consistent with the customer's usual business.
- (c) Customers who make regular and large payments, including wire transactions, that cannot be clearly identified as bona fide transactions to, or receive regular and large payments from countries which are commonly associated with the production, processing or marketing of drugs.
- (d) Building up of large balances, not consistent with the known turnover of the customer's business, and subsequent transfer to account(s) held overseas.
- (e) Unexplained electronic fund transfers by customers on an in and out basis or without passing through an account.
- (f) Frequent requests for traveller's cheques, foreign currency drafts or other negotiable instruments to be issued.
- (g) Frequent paying in of traveller's cheques, foreign currency drafts particularly originating from overseas.

- (h) Numerous wire transfers received in an account where each transfer is below the large cash reporting requirement in the remitting country.
- (i) Customers sending and receiving wire transfer to/from financial haven countries, particularly if there are no apparent business reasons for such transfers or such transfers are not consistent with the customers' business or history.

5. Money laundering involving employees and agents of a financial institution

- (a) Changes in employee characteristics, such as lavish life styles.
- (b) Any dealing with an agent where the identity of the ultimate beneficiary or counterpart is undisclosed, contrary to normal procedure for the type of business concerned.

6. Money laundering by secured and unsecured lending

- (a) Request to borrow against assets held by the financial institution or a third party, where the origin of the assets is not known or the assets are inconsistent with the customer's standing.
- (b) Request by a customer for a financial institution to provide or arrange finance where the source of the customer's financial contribution is unclear, particularly where property is involved.
- (c) A customer, who is reluctant, fails, refuses to state a purpose of a loan or the source of repayment, or provides a questionable purpose and/or source.

SCHEDULE 4*Regulation 13***LARGE CASH TRANSACTIONS REPORT
(STRICTLY CONFIDENTIAL)**

Date due: Every end of month

(Name of Financial Institution)

(AMOUNTS IN US DOLLARS)

Name of Customer	Transaction Date	Amount*	Particulars of Transaction**

Reported by:..... **Signature:**..... **Position:**.....**Date:**.....

* US\$ 10,000 and above or the equivalent in other currencies.

** Transaction shall include travellers' cheques.

EMMANUEL TUMUSIIME-MUTEBILE,
Governor, Bank of Uganda.