



TARGETED FINANCIAL SANCTIONS GUIDELINES

FOR

SUPERVISED FINANCIAL INSTITUTIONS

March 2023 (Updated)

List of acronyms

ATA	Anti-Terrorism Act
ATR	Anti-Terrorism Regulations
FIA	Financial Intelligence Authority
SFIs	Supervised Financial Institutions
TFS	Targeted Financial Sanctions
UN	United Nations
UNSC	United Nations Security Council
UNSCR	United Nations Security Council Resolutions

1.0 Background

- 1.1 Uganda is committed to protecting the integrity of its financial system by implementing sanctions against specific individuals and entities identified by the UNSC as posing a threat to international peace and security.
- 1.2 Sanctions may be in form of TFS.
- 1.3 As a member of the UN, Uganda is obliged to implement UNSCR on sanctions, among others.
- 1.4 Implementation of sanctions is enabled by domestic law, specifically the ATA, 2002 (as amended) and the ATR, 2023.
- 1.5 The ATR 2016 indicated as S.I No. 63 of 2016, were revoked. The ATR, 2023 were published in the Uganda Gazette on 06th January 2023. SFIs are guided to pay particular attention to, and note those parts of the ATR 2023 that provide for: –
 - a) declaration of terrorist organisations.
 - b) designation of individual(s) as suspected terrorists.
 - c) declaration of persons and organisations under UNSCR.
 - d) notification of designated persons and organisations to the FIA and freezing or seizing of funds or property.

2.0 Rationale

This document is intended to supplement the TFS Guidelines issued in December 2022 and is aimed at ensuring alignment with the publishing of the ATR 2023 in the Uganda Gazette on 06th January 2023.

3.0 Declaration of terrorist organisation, designation of individuals as suspected terrorists, Declaration of Persons and Organisations under United Nations Security Council Resolutions

- 3.1 Declaration of terrorist organisation and related issues are provided for under Part II of the ATR, 2023.
- 3.2 Information concerning the designation of individuals as suspected terrorists is found under Part III of the ATR, 2023.

3.3 Part IV of the ATR, 2023 provides for matters related to the declaration of Persons and Organisations under UNSCR.

4.0. *Notification of Designated Persons and Organisations and Freezing or Seizing of Funds or Property*

The Minister of Internal Affairs is responsible for declaring a person or organisation as a terrorist, suspected terrorist, or a terrorist organisation under the ATR, 2023.

- a) The Minister is expected to immediately after declaring a person or organisation as a terrorist, suspected terrorist, or a terrorist organisation notify the FIA.
- b) Upon receipt of the notification the FIA shall cause the freezing or seizing of the funds or property of the declared person or terrorist organisation and any other funds derived or generated from such funds.
- c) the FIA shall, upon receipt of the notification, immediately and without notice to the suspected terrorist or terrorist organisation, circulate the information in an expeditious manner, to all SFIs to facilitate the timely freezing or seizing of the funds or property of the suspected terrorist or terrorist organisation.

5.0 *What is required of SFIs?*

5.1 Under the ATR, 2023 SFIs are obliged to –

- a) conduct an immediate check to verify whether the details of a suspected terrorist or terrorist organisation match with the particulars of any customer, and if so, determine whether the customer holds any funds or property with the SFI.
- b) without delay and without notice to the suspected terrorist or terrorist organisation, freeze or seize such funds or property and immediately stop all transactions related to those funds or property where a customer's details have been determined as matching those of a suspected terrorist or terrorist organization, and if such customer holds any funds or property with the SFI.

- c) immediately after freezing or seizing any funds or property, inform the FIA of the full particulars of the funds or property which have been frozen or seized and any other information that is relevant to or would facilitate compliance with the ATR, 2023.
- d) preserve and manage frozen or seized funds or property.
- e) apply to court if the SFI wishes to have any dealings with funds or property that have been frozen or seized under the law.

5.2 SFIs should submit to the FIA, in case of freezing or seizing funds or property, the following particulars –

- a) the account number.
- b) the name of the account owner or holder.
- c) the time of freezing the account.
- d) the balance of the account at the time of freezing or seizing of funds or property.
- e) the related accounts, if any, including the balance of funds or property in the accounts at the time of freezing or seizing.
- f) an explanation as to the grounds or rather basis for the identification of the related accounts.

5.3 SFIs must make sure, before entering into any business relationship including providing a financial service, that they are not dealing with designated individuals or entities within the context of ATR 2023.

SFIs that enter in a business relationship or provide a financial service to designated individuals or entities or engage in prohibited activity commit an offence and shall be subjected to appropriate penalties as prescribed by law.

6.0 Prohibited activity.

6.1 SFIs should not:

- a) permit any dealings in respect of any funds or property the FIA has directed should be frozen or seized.
- b) have any dealings with a declared suspected terrorist, terrorist, or terrorist organisation.

- c) make any funds or property, economic resources, or financial or other related services available, directly or indirectly, wholly or jointly, for their benefit or the benefit of entities owned or controlled, directly or indirectly, by a declared suspected terrorist, terrorist, or terrorist organization, or persons and entities acting on their behalf of, or at their direction, unless authorised or otherwise notified in accordance with the ATR, 2023.

This document should be read together with the TFS Guidelines issued in December 2022. It highlights key aspects of the ATR, 2023 and is not intended to be an exhaustive resource about TFS. SFIs should seek legal advice on the interpretation and applicability of the legal framework on TFS.

Additionally, the Board, Senior management, and staff of SFIs must familiarize themselves with the provisions of the ATR, 2023.

Please send your enquiries, if any, to:

**The Executive Director Supervision
Bank of Uganda
Plot 37-45 Kampala Road
P. O. Box 7120
Kampala**