

LAUNCH OF THE MONEY LAUNDERING/TERRORISM FINANCING RISK ASSESSMENT OF LEGAL PERSONS AND ARRANGEMENTS IN UGANDA, 6TH OCTOBER, 2020 AT IMPERIAL ROYALE HOTEL, KAMPALA

The Financial Intelligence Authority (FIA) on Tuesday 6th October 2020 held a workshop to officially commence the ML/TF Risk Assessment of Legal Persons and Arrangements in Uganda. The activity addresses the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) priority recommendation made in Uganda's Mutual Evaluation Report (2016) that Uganda conduct a "more comprehensive ML/TF risk assessment of how legal persons and arrangements could be abused." This effort will be led by the National AML/CFT Task Force and implemented by the Financial Intelligence Authority and the Uganda Registration Services Bureau (URSB), and it is also one of the actions on the FATF ICRG Action plan for Uganda to be removed from the grey list.

The FIA has adopted a risk-based approach as an effective way of tackling money laundering and terrorist financing. Client risks such as Entity structure or relationships with clients make it difficult to identify its beneficial owner or controlling interests (e.g., the unexplained use of legal persons or legal arrangements) and thus the requirement for this sector assessment.

As per Uganda's Mutual Assessment;

Information on the creation of companies and the various types of legal arrangements is publicly available. Although competent authorities do not have online access to company records filed at the URSB, they have physical timely access to such records on request.

- What is available, however is basic company information, including legal ownership (shareholder information). There is no requirement for the URSB or the companies themselves to record and maintain beneficial ownership information and such information is not available at the companies' registry.
- Due to some companies not filing annual returns on time and at times not filing the returns at all and little remedial action being taken by the companies' registry in terms of implementing measures set out in the Companies Act, the information kept by the registry in some cases is not accurate and up-to-date. • While the Anti-Money Laundering Act requires reporting entities to record and maintain beneficial ownership information of corporate customers, the definition of "beneficial owner" provided under the same Act falls short of that provided by the Financial Action Task Force (FATF) Standards. Furthermore, the limitations of Uganda's national identification infrastructure make it difficult for reporting entities to identify and verify the identity of beneficial owners.
- Similarly, there is no legal requirement under the Trustees Incorporation Act, for trustees to disclose beneficial ownership information or to register all trusts.

The Financial intelligence Authority is thus conducting an ML/TF risk assessment of legal persons and legal arrangements and, will accordingly, implement measures to mitigate the risks identified.