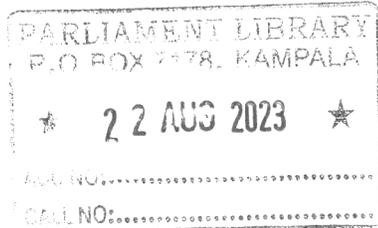




THE REPUBLIC OF UGANDA

**THE FOREIGN EXCHANGE (AMENDMENT)
ACT, 2023.**





THE REPUBLIC OF UGANDA

I SIGNIFY my assent to the bill.

Yoweri Museveni

.....
President

17th August 2023.
Date of assent:.....

Act *Foreign Exchange (Amendment) Act* **2023**

THE FOREIGN EXCHANGE (AMENDMENT) ACT, 2023

ARRANGEMENT OF SECTIONS

Section

1. Amendment of Foreign Exchange Act, 2004
2. Amendment of section 5 of principal Act
3. Insertion of section 5A in principal Act
4. Amendment of section 6 of principal Act
5. Amendment of section 9 of principal Act
6. Insertion of sections 15A and 15B in principal Act
7. Amendment of section 17 of principal Act
8. Insertion of section 17A in principal Act
9. Amendment of section 18 of principal Act
10. Insertion of section 22 in principal Act
11. Transitional



THE REPUBLIC OF UGANDA

THE FOREIGN EXCHANGE (AMENDMENT) ACT, 2023.

An Act to amend the Foreign Exchange Act, 2004 to provide for the enhancement of the minimum capital requirements to carry on foreign exchange business; to provide for the use of technology in operations; to provide for the levying of administrative penalties; to provide for the strengthening of the vetting requirements; to harmonise the regulatory regime pertaining to foreign exchange bureaus and money remittance companies within the East African Community; and for related matters.

DATE OF ASSENT:

Date of Commencement:

BE IT ENACTED by Parliament as follows:

1. Amendment of Foreign Exchange Act, 2004

The Foreign Exchange Act, 2004, in this Act referred to as the principal Act, is amended in section 3—

- (a) by substituting for the definition of “foreign exchange business”, the following—

““foreign exchange business” means the business of physical or virtual buying and selling of foreign currency;”;

Act *Foreign Exchange (Amendment) Act* **2023**

- (b) by inserting immediately after the definition of “Governor”, the following—

““licensee” means a person licensed in accordance with this Act and regulations made under this Act to transact foreign exchange business or money remittance business;”; and

- (c) by inserting immediately after the definition of “Minister”, the following—

““money remittance business” means the business of foreign currency transfers consisting of the acceptance of monies for the purpose of transmitting the monies to persons resident in Uganda or another country;”.

2. Amendment of section 5 of principal Act

Section 5 of the principal Act is amended—

- (a) in subsection (1), by substituting for the words “any other law”, the words “an Act of Parliament”;
- (b) by inserting immediately after subsection (2), the following—

“(2a) The Bank of Uganda may, by statutory instrument and in consultation with the Minister, revise the fees prescribed under subsection (2).”;

- (c) by substituting for subsection (3), the following—

“(3) The minimum paid up share capital to carry out foreign exchange business shall be two thousand five hundred currency points.”;

- (d) by substituting for subsection (4), the following—

“(4) The minimum paid up share capital to carry out money remittance business shall be ten thousand currency points.”;

- (e) by inserting immediately after subsection (4), the following—

“(4a) The Governor may, by statutory instrument made in consultation with the Minister, revise the minimum capital requirements for foreign exchange business and money remittance business.”;

- (f) in subsection (5), by substituting for the words “or renew a licence issued under subsection (2)”, the words “a licence”;

- (g) by substituting for subsection (6), the following—

“(6) A licence issued under this section shall remain valid, unless suspended or revoked by the Bank of Uganda.”;

- (h) by repealing subsection (7);

- (i) by substituting for subsection (8), the following—

“(8) The Bank of Uganda may, when issuing a licence under this section, impose such conditions or restrictions on the licence as the Bank of Uganda considers appropriate.”; and

- (j) by substituting for subsection (9), the following—

“(9) Notwithstanding any other law, only a body incorporated under the Companies Act, 2012 or under any other Act of Parliament, with a minimum of two shareholders, shall qualify for a licence under this section.”

3. Insertion of section 5A in principal Act

The principal Act is amended by inserting immediately after section 5, the following—

“5A. On-going capital requirements

(1) The minimum capital fund for foreign exchange business and money remittance business, unimpaired by losses, shall not be less than the minimum capital required under section 5(3) and 5(4) respectively.

(2) Where a foreign exchange business or money remittance business is undercapitalised, the Bank of Uganda shall immediately take the following actions—

- (a) require the directors to submit a written explanation detailing the causes of the undercapitalisation and the measures being taken by the foreign exchange business or money remittance business to rectify the undercapitalisation;
- (b) where the foreign exchange business or money remittance business remains undercapitalised for two consecutive quarters, the Bank of Uganda shall order the shareholders or directors of the foreign exchange business or money remittance business to recapitalise the foreign exchange business or money remittance business within a period not exceeding one hundred and eighty calendar days from the

- (b) in subsection (3) by substituting for the words “the business of money transfers”, the words “money remittance business”.

6. Insertion of sections 15A and 15B in principal Act

The principal Act is amended by inserting immediately after section 15, the following—

“15A. Furnishing of information

(1) Every licensee under this Act shall furnish to the Bank of Uganda, at such times and in such form as the Bank of Uganda may prescribe, all information and data relating to their operations in Uganda, including periodic returns.

(2) A licensee who, without reasonable cause, fails to comply with subsection (1) or who submits inaccurate information or returns, shall pay an administrative penalty as may be levied by the Bank of Uganda.

(3) An administrative penalty levied on a licensee under subsection (2) shall not exceed one thousand currency points and shall be used by the Bank of Uganda to offset supervision costs and such monies shall be retained by the Bank of Uganda.

15B. Compliance with reporting requirements under Anti-Money Laundering Act, 2013

A licensee under this Act shall comply with the reporting requirements under the Anti-Money Laundering Act, 2013.”

7. Amendment of section 17 of principal Act

The principal Act is amended in section 17(1) by substituting for the words “two hundred currency points”, the words “one thousand currency points”.

8. Insertion of section 17A in principal Act

The principal Act is amended by inserting immediately after section 17, the following—

“17A. Administrative penalties

The Bank of Uganda may, by statutory instrument, prescribe and levy administrative penalties on licensees for the contravention of this Act or regulations made under this Act.”

9. Amendment of section 18 of principal Act

The principal Act is amended in section 18—

- (a) by inserting immediately after subsection (1), the following—

“(1a) Without limiting the general effect of subsection (1), the Bank of Uganda may make regulations relating to—

- (a) licence fees;
 - (b) security deposits;
 - (c) minimum and ongoing capital requirements for licensees;
 - (d) reporting requirements; and
 - (e) anything required or authorised by the Act to be prescribed by regulations.”; and
- (b) in subsection (2) (a) by substituting for the words “two hundred currency points”, the words “one thousand currency points”.

10. Insertion of section 22 in principal Act

The principal Act is amended by inserting immediately after section 21, the following—

“22. Act not to apply to financial institutions

For the avoidance of doubt, this Act does not apply to a financial institution licensed under the Financial Institutions Act, 2004 to conduct financial institutions business in Uganda.”

11. Transitional

A foreign exchange bureau or money remittance business in existence at the commencement of this Act, shall—

- (a) within sixty days from the commencement of this Act, comply with sections 15A and 15B; and
- (b) within one hundred and eighty days after the commencement of this Act, comply with the requirements of section 5 (3) and 5 (4).

Act *Foreign Exchange (Amendment) Act* **2023**

Cross References

Anti-Money Laundering Act, 2013, Act 12 of 2013.

Companies Act, 2012, Act 1 of 2012.

Financial Institutions Act, 2004, Act 2 of 2004.



THE REPUBLIC OF UGANDA

This printed impression has been carefully compared by me with the bill which was passed by Parliament and found by me to be a true copy of the bill.



.....
Clerk to Parliament

Date of authentication: 5/7/2023