

Uganda

Bank of Uganda Act

Chapter 51

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Bank of Uganda Act

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Chapter 51

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An Act to amend and consolidate the Bank of Uganda Act for regulating the issuing of legal tender, maintaining external reserves and for promoting the stability of the currency and a sound financial structure conducive to a balanced and sustained rate of growth of the economy and for other purposes related to the above.

Part I – Interpretation

1. Interpretation

In this Act, unless the context otherwise requires—

- (a) **"bank"** means the Bank of Uganda established under [section 2](#);
- (b) **"board"** means the board of directors established under [section 7](#);
- (c) **"executive director"** means a person appointed under [section 28](#);
- (d) **"financial institution"** includes a bank, credit institution, building society and any institution classified as a financial institution by the bank;
- (e) **"fund"** means the General Reserve Fund of the Bank established under [section 15](#);
- (f) **"governor"** means the Governor of the Bank of Uganda appointed under [section 27](#);
- (g) **"Minister"** means the Minister responsible for finance.

Part II – Establishment of the bank and the board of directors

Establishment of the bank

2. Establishment of the bank

- (1) The Bank of Uganda established under the Bank of Uganda Act, 1966, shall continue as the Central Bank of Uganda.
- (2) The bank shall be a body corporate with perpetual succession and a common seal and may sue or be sued in its corporate name.
- (3) The bank may, subject to the limitations contained in this Act relating to the business which the bank may carry on, purchase, hold, manage and dispose of real and movable property, and may enter into contracts that may be expedient.

3. The seal of the bank

- (1) The seal of the bank shall be authenticated by the signatures of the governor and the secretary to the board.
- (2) In the absence of the governor, the deputy governor may sign in his or her place, and the person performing the functions of the secretary may sign in the absence of the secretary.
- (3) A document issued by the bank and sealed with the seal of the bank and authenticated in the manner provided under this section shall be received and taken to be a true document without further proof unless the contrary is shown.

4. Functions of the bank

- (1) The functions of the bank shall be to formulate and implement monetary policy directed to economic objectives of achieving and maintaining economic stability.
- (2) Without prejudice to the generality of subsection (1), the bank shall—
 - (a) maintain monetary stability;
 - (b) maintain an external assets reserve;
 - (c) issue currency notes and coins;
 - (d) be the banker to the Government;
 - (e) act as financial adviser to the Government and manager of public debt;
 - (f) advise the Government on monetary policy as is provided under [section 32\(3\)](#);
 - (g) where appropriate, act as agent in financial matters for the Government;
 - (h) be the banker to financial institutions;
 - (i) be the clearinghouse for cheques and other financial instruments for financial institutions;
 - (j) supervise, regulate, control and discipline all financial institutions and pension funds institutions;
 - (k) where appropriate, participate in the economic growth and development programmes.

5. Powers of the bank

Subject to this Act, the bank shall have all the powers pertaining to a legal person and may do all things necessary for better carrying out its functions.

6. Head office

The bank shall have its head office in Kampala and may establish branches and appoint agents and correspondents in and out of Uganda as the board may decide.

The board of directors

7. The board of directors

- (1) The governing body of the bank shall be a board of directors consisting of—
 - (a) the governor, who shall be the chairperson;
 - (b) the deputy governor who shall be the deputy chairperson;

- (c) the Secretary to the Treasury; and
 - (d) not less than four nor more than six other directors.
- (2) The directors referred to under subsection (1)(d) shall be appointed by the Minister.
- (3) A member of the board may hold office for a period of four years, and different members shall be appointed at different times so that the expiry date of the members shall fall at different times.
- (4) A member of the board appointed under subsection (2) shall be eligible for reappointment.
- (5) A director may resign his or her office by writing under his or her hand addressed to the Minister and the resignation shall take effect one month from the date of receipt of the letter of resignation by the Minister.
- (6) If a member of the board dies or resigns or otherwise vacates office before the expiry of the term for which he or she was appointed, the Minister may appoint another person in his or her office, and the person so appointed shall hold office for the unexpired period of the term of office of the person in whose place he or she is appointed.
- (7) Whenever for any sufficient reason the offices of the governor and the deputy governor are vacant at the same time, the Minister shall, in consultation with the board, designate one of the executive directors to perform the duties of the deputy governor and attend meetings of the board until the appointment of the governor or deputy governor, but the executive director shall not for those purposes be or be deemed to be a member of the board.
- (8) Whenever for any sufficient reason the governor and deputy governor are absent at the same time, the governor shall designate a senior officer to perform the executive functions of the deputy governor and attend meetings of the board until the resumption of office by the governor or the deputy governor, and the board shall appoint from among themselves a chairperson for the period of absence of the governor and deputy governor.

8. Qualifications of directors

A person may be appointed a director—

- (a) if he or she is a citizen of Uganda; and
- (b) if he or she has recognised qualification in economic, financial, business or banking experience.

9. Disqualifications of directors

- (1) No person shall be appointed or be a member of the board who is or becomes a director or salaried officer of the bank other than the governor and the deputy governor.
- (2) A member of the board shall cease to hold office if—
- (a) he or she becomes of unsound mind or is incapable of carrying out the duties of his or her office;
 - (b) he or she becomes bankrupt or suspends payment or compounds with his or her creditors;
 - (c) he or she is convicted of an offence punishable by more than three months imprisonment or is convicted of an offence involving fraud or dishonesty;
 - (d) he or she is convicted of the offence of abuse of office;
 - (e) in the case of a person having professional qualifications, he or she is disqualified or suspended from practising his or her profession by a competent authority or ceases to be a member of the profession otherwise than at his or her own request.

10. Duties and powers of the board

The board shall—

- (a) be responsible for the general management of the affairs of the bank;
- (b) ensure the functioning of the bank and the implementation of its functions;
- (c) formulate the policies of the bank;
- (d) do anything required to be done by the bank under this Act; and
- (e) do anything that is within, or incidental to, the functions of the bank.

11. Meetings of the board

The procedure of the meetings of the board shall be as is provided in the Schedule to this Act.

12. Remuneration of members

Members of the board and any person not being an employee of the bank attending a meeting of the board may be paid a remuneration or allowance as the board may, in consultation with the Minister, determine.

13. Conditions of service of members

The board may make byelaws to regulate conditions of service of its members; and the byelaws shall be submitted to the Minister for approval, which approval shall be given in a period not exceeding thirty days from the date of submission of the proposed byelaws.

Part III – Capital, reserve and currency

14. Authorised capital

- (1) The authorised capital of the bank shall be thirty billion shillings which shall be subscribed by the Government from time to time.
- (2) The authorised capital may be increased by a resolution of Parliament to ensure adequacy to the operations of the bank.
- (3) The issued and paid-up capital of the bank shall be a minimum of twenty billion shillings.
- (4) Where the capital of the bank is impaired at any particular time the Government will furnish securities to the bank to make good the impairment.

15. General Reserve Fund

- (1) There shall be a General Reserve Fund of the bank which shall be determined by the board from time to time.
- (2) The bank may, in consultation with the Minister, transfer funds from the General Reserve Fund to the capital of the bank.

16. Distribution of profits and loss

- (1) At the end of each financial year of the bank and after—
 - (a) making good the authorised capital and Reserve Fund balance;
 - (b) allowing for expenses of operation;

- (c) making provision for bad and doubtful debts;
 - (d) making provision for depreciation of assets;
 - (e) contributing to any scheme or fund established under this Act;
 - (f) taking into consideration any other contingencies, any net profits or losses from the bank's operations shall be shared between the bank and the Government in respective proportions of 25 percent and 75 percent.
- (2) In determining the profits and loss at the end of each financial year, the accounts shall clearly distinguish profits or loss arising from the normal operations of the bank and those resulting from profits or loss from exchange fluctuation.
- (3) The board may determine that the whole of the net profit of the bank be paid into the Consolidated Fund if at the end of the financial year the amount of money in the General Reserve Fund is twice or more than the amount of the paid-up capital of the bank.
- (4) The bank may, after consultation with the Minister, retain from money payable into the Consolidated Fund under this section any amount of money as the board may determine in satisfaction or reduction of any amount of money due to the bank by the Government.

17. Unit of currency

- (1) The unit of the currency shall be the shilling.
- (2) All monetary obligations or transactions shall be expressed, recorded and settled in the shilling unless otherwise provided under any enactment or is lawfully agreed to between the parties to an agreement under any lawful obligation.

18. External value of the shilling

The board shall, in consultation with the Minister, prescribe the framework for determining the external value of the shilling.

19. Auctioning of foreign currency

The bank may buy and sell foreign currency—

- (a) at rates determined by market conditions; and
- (b) on terms that may be determined by the board.

20. Right to issue notes and coins

- (1) The bank shall have the sole right to issue notes and coins; and the Government or any person shall not issue currency notes, bank notes, coins or any documents or tokens payable to bearer on demand, being documents or tokens likely to be passed as legal tender.
- (2) The bank shall—
- (a) arrange for the printing of notes and the minting of coins;
 - (b) determine the denominations to be issued;
 - (c) issue and reissue and exchange notes and coins at the bank's offices and at the bank's agencies established or appointed by the bank;
 - (d) arrange for the custody of unissued stocks of currency and for the preparation, safe custody and destruction of plates and paper for the printing of notes and of dies for the minting of coins.

21. Design of bank notes

The bank shall determine the design of the bank notes issued by it, but no bank note shall bear in its design a portrait of a living person or any political symbol or word.

22. Denominations and form of bank notes and coins

- (1) The bank notes and coins issued by the bank shall be in denominations of the shilling or fraction of the shilling expressed in cents as shall be determined by the board with the approval of the Minister.
- (2) Denominations issued by the bank shall be in forms and designs and bear devices that shall be determined by the board.
- (3) The standard weight and composition of coins issued by the bank and the remedy and variation shall be determined by the board.

23. Legal tender

- (1) Notes issued by the bank shall be legal tender at their face value.
- (2) Coins issued by the bank, if not tampered with, shall be legal tender for payments up to an amount not exceeding—
 - (a) one thousand shillings, in the case of coins of denominations of not less than five shillings;
 - (b) five hundred shillings, in the case of coins of a lower denomination; or
 - (c) as may be prescribed by the board, from time to time.
- (3) On giving not less than fifteen days' notice in the *Gazette*, the bank may call in any of its bank notes and coins on payment of the face value; and any notes or coins with respect to which notice may have been given under this subsection shall, on the expiration of the notice, cease to be legal tender.
- (4) For the purpose of this Act, a coin shall be deemed to have been tampered with if the coin shall have been—
 - (a) impaired, diminished or lightened otherwise than by fair wear and tear; or
 - (b) defaced by stamping, engraving or piercing, whether the coin shall or shall not have been diminished or lightened.

24. Refund of lost or imperfect bank notes and coins

- (1) No person shall be entitled to recover from the bank the value of any lost, stolen, mutilated or imperfect bank note or any coin which is tampered with.
- (2) Subject to subsection (1), the circumstances in which and the conditions and limitations subject to which the value of any lost, stolen, mutilated or imperfect bank notes or coins tampered with may be refunded as of grace shall be within the absolute discretion of the board.

25. Evidence of imitation of bank notes

Where in any proceedings in any court of competent jurisdiction it is to be determined whether a document purporting to be a bank note is an imitation of a bank note, a certificate under the hand of the governor or any officer of the bank authorised by him or her certifying that he or she has examined the document which purports to be a bank note, stating the denomination and the number of a bank note and that the document is an imitation of a bank note and is not a note issued by the bank, shall be received in

evidence without further proof as conclusive evidence of the fact that that document is an imitation of a bank note.

26. Exemption from stamp duty

The bank shall not be liable to the payment of any stamp duty under the Stamps Act in respect of notes issued by it.

Part IV – Officers and staff

27. The governor and deputy governor

- (1) There shall be a governor who shall be a person of recognised financial or banking experience and shall be appointed by the President on the advice of the Cabinet.
- (2) There shall be a deputy governor who shall be a person of recognised financial or banking experience and shall be appointed by the President acting on the advice of the Cabinet.
- (3) The governor and deputy governor shall be appointed for a period of five years and shall be eligible for reappointment.
- (4) The governor and deputy governor shall not while holding the office of governor or deputy governor occupy any other office or employment whether remunerated or not.
- (5) Notwithstanding subsection (4), the governor or deputy governor may—
 - (a) become a trustee of any staff, pension, provident or superannuation fund or scheme;
 - (b) with the approval of the Minister act as a member of any commission or committee appointed by the Government to inquire into any matter affecting currency or banking or other matters;
 - (c) with the consent of the Minister and the approval of the board, become a director, governor or member of the board, by whatever name called, of any international bank or an international monetary authority to which the Government shall have adhered or given support or approval.
- (6) The governor and deputy governor shall be appointed on conditions specified in their letters of appointment.
- (7) The governor or deputy governor may resign his or her office by writing addressed to the Minister, and the resignation shall take effect one month from the date of receipt of the letter of resignation by the Minister.

28. Appointment of employees

- (1) There shall be executive directors who shall be appointed by the board and carry on supervisory functions over a number of departments as may be determined by the board.
- (2) There shall be heads of departments of the bank who shall be appointed by the board.
- (3) The bank shall have other officers and employees as the board may determine.
- (4) Except as may otherwise be provided by byelaws of the bank, all appointments of employees shall be made by the board.
- (5) Employees of the bank shall be engaged on terms and conditions that shall be laid down by the board.
- (6) No salary, fee, wage or other remuneration or allowance paid by the bank shall be computed by reference to the net or other profits of the bank.

- (7) No employee of the bank shall be liable—
- (a) for any loss or damage suffered by the bank unless that loss or damage was caused by his or her own default or wilful act;
 - (b) to any legal proceedings for anything which is done in good faith under this Act.

Part V – Banking

29. Credit and other operations

- (1) The bank may—
- (a) open accounts for and accept deposits from—
 - (i) the Government;
 - (ii) local governments;
 - (iii) funds, corporations and institutions controlled by the Government; and
 - (iv) financial institutions;
 - (b) buy, sell, discount and rediscount inland bills of exchange, promissory notes, treasury bills or other instruments;
 - (c) subject to subsection (4), purchase and sell securities of the Government which have been publicly offered on issue which is being made to the public at the time of acquisition and such securities are to mature within a period of twenty years;
 - (d) grant advances to its customers specified under paragraph (a) for fixed periods not exceeding three months against publicly issued treasury bills of the Government maturing within ninety-three days;
 - (e) grant to financial institutions advances for fixed periods not exceeding three months, at a rate of interest not being less than 1 percent above the bank's standard rediscount rate against promissory notes secured by the pledge with the bank—
 - (i) securities of the Government which have been publicly offered for sale and are to mature within a period of twenty-five years, so, however, that any advance so secured shall not at any time exceed 75 percent of the market value of the security pledged and that the total amount of the securities held by the bank, whether under this subparagraph or otherwise, is within the limitations imposed under subsection (4) and that where in the opinion of the bank there is no established market value for those securities the value shall be determined by the bank; the securities referred to exclude such bonds issued for purposes of capitalisation of the bank;
 - (ii) bills of exchange and promissory notes as are eligible for purchase, discount or rediscount by the bank, so, however, that any advances so secured shall not at any time exceed 75 percent of the normal value of the instrument pledged;
 - (iii) warehouse warrants issued by lawfully formed general and bonded warehouses or their equivalent securing possession of goods;
 - (iv) required reserves held at the bank;
 - (f) subject to subsection (4), grant to financial institutions medium- and long-term loans for periods not exceeding fifteen years upon such securities as the board of directors of the bank may prescribe;
 - (g) guarantee loans granted by financial institutions not exceeding 20 percent of the core capital or as may be determined by the board.

- (2) The bank may—
- (a) issue demand drafts and effect other kinds of remittances payable at its own offices or at the offices of its agents or correspondents;
 - (b) purchase and sell gold coin or gold bullion;
 - (c) invest in securities of the Government for any amount, and to mature at any time, on behalf of staff funds and superannuation funds and other internal funds of the bank;
 - (d) with the approval of the Minister and subject to subsection (4), subscribe to, hold and sell shares of any corporation or company established for the purpose of facilitating the financing of economic development;
 - (e) maintain accounts with central and other banks and act as correspondent, banker or agent for any central or other bank or other monetary authority outside Uganda and for any international monetary authority established under Government auspices;
 - (f) accept from its customers for custody securities and other articles of value;
 - (g) undertake on behalf of customers specified under subsection (1)(a) and correspondents the purchase, sale, collection and payment of securities, currencies and credit instruments within and without Uganda and the purchase and sale of gold.
- (3) Subject to this Act, the bank shall not—
- (a) engage in trade or otherwise have a direct interest in any commercial, agricultural, industrial or any other undertaking except such interest as the bank may in any way acquire in the course of the satisfaction of debts due to it, which interest acquired shall be disposed of as soon as may be reasonably practicable;
 - (b) purchase the shares of any body corporate or incorporate, including the shares of any financial institution;
 - (c) grant loans upon the security of any shares;
 - (d) grant unsecured advances or advances secured otherwise than as provided for under subsection (1)(d) and (e), but if any debts due to the bank become, in the opinion of the bank, endangered, may secure such debts on any real or other property of the debtor and may acquire such property which shall be resold as soon as may be reasonably practical.
- (4) At any particular date the total amount—
- (a) of long-term securities or loans referred to under subsection (1)(c) and (f);
 - (b) subscriptions under subsection (2)(d); or
 - (c) any other long-term loan other than securities held under paragraph of subsection (2)(c),
- shall not exceed 20 percent of the core capital of the bank or such other percentage as the board may determine.
- (5) Without prejudice to any provision contained in this section, the bank may do all matters and things that are incidental or subsidiary to its functions under this Act.
- (6) Notwithstanding anything contained in this section, the bank may, with the approval of the Minister, establish a credit guarantee scheme, a development finance fund, and any other scheme for developmental purposes not exceeding 10 percent of the core capital of the bank.
- (7) A scheme or fund referred to under subsection (6) shall be established by a statutory instrument, in which instrument the structure and operations of the scheme and other matters connected to it shall be spelt out.

30. Publication of rediscount rates

The bank shall fix and make public at all times its standard rediscount rate; and the bank may determine different terms, conditions and rates of interest in respect of particular classes of transactions.

31. External reserve

- (1) The bank shall maintain a reserve of external assets at least equal to four weeks' import requirements of the country consisting of any or all of the following—
 - (a) gold coin or gold bullion;
 - (b) convertible foreign exchange in any of the following forms—
 - (i) demand or time deposits, money at call, notes and coins;
 - (ii) bills of exchange when they bear at least two signatures of which one is that of a commercial bank and which have a maturity not exceeding ninety days exclusive of days of grace;
 - (iii) marketable securities of, or guaranteed by, foreign governments or international financial institutions;
 - (c) any external fund, facility or drawing rights, inclusive of the reserve tranche purchase from the International Monetary Fund, which the Minister, after due consultations with the bank, considers acceptable for inclusion.
- (2) The bank will advise the Minister whenever the target on reserves is likely to be violated for any reason and suggest remedial measures.

Part VI – Bank relationship with the Government**32. Relationship with the Government**

- (1) The Minister may direct the bank to render advice to the Government on financial or other related matters, and the bank shall advise and inform the Government through the Minister on any matter which is within its functions and powers under this Act.
- (2) The bank shall render services to the Government as may be determined by the Minister.
- (3) The Government shall seek advice from the bank on monetary policy, and it shall be the duty of the bank to formulate such monetary policy and advise the Government accordingly.
- (4) The Government shall consult with the bank from time to time on its domestic or foreign credit requirements or any other relevant matter.

33. Temporary advances

- (1) The bank may make temporary advances to the Government and local governments in respect of temporary deficiencies of recurrent revenue.
- (2) The Treasury shall, at the beginning of each financial year, identify and submit to the bank all its requirements for temporary advances for that year; and the bank shall, subject to subsection (3), operate within that requirement.
- (3) The total amount of advances made under subsection (1) shall not at any time exceed 18 percent of the recurrent revenue of the Government.
- (4) The bank shall charge market rates of interest on any advance to the Government or local government unless the board determines otherwise.

34. Report on advances

- (1) Where in the opinion of the bank the limitations on bank credit prescribed under [section 33\(3\)](#) or the holding of securities is exceeded, the bank shall make a report on the bank's outstanding advances or holding of securities in terms of those sections and the causes that have led to the breach of the limitations, together with any recommendation or remedy; and the bank shall make further reports and recommendations to the Minister at intervals not exceeding six months until the situation has been rectified.
- (2) At any time when the limitations on bank credits or the submitted requirement is exceeded, the powers of the bank to grant additional financing shall cease until the situation has been rectified.

35. Development financing

- (1) The bank may participate in development financing through—
 - (a) the refinancing facilities to financial institutions;
 - (b) the management of loans and grants for development projects through commercial banks;
 - (c) closely supervising the outcome of the funds dispersed to commercial banks.
- (2) For the avoidance of doubt, the bank shall not directly finance any development project with the exception of development funds established under [section 29\(6\)](#).

Part VII – Bank relationship with financial institutions**36. Clearinghouse**

- (1) The bank may provide facilities for clearing financial instruments generally on terms that may be determined by the bank.
- (2) The bank may make regulations prescribing the procedure and other provisions for the participation in the clearinghouse and for the clearing of cheques and other credit instruments.
- (3) The bank may allow a commercial bank to participate in the activities of the clearinghouse on the recommendation of the Uganda Bankers Association.

37. Cooperation with financial institutions

The bank shall in the discharge of its functions under this Act seek the cooperation of and cooperate with financial institutions in order—

- (a) to promote and maintain adequate and reasonable banking services for the public;
- (b) to ensure high standards of conduct and management throughout the banking system;
- (c) to promote such policies not being inconsistent with any provision of this Act;
- (d) to provide facilities for the clearing of financial instruments for financial institutions generally on terms determined by it; and
- (e) to vet directors of the financial institutions.

38. Minimum cash reserve balances

- (1) Subject to this section, the bank may prescribe for each bank or group of financial institutions the minimum cash reserve balances inclusive of vault cash which may be required to be maintained in the form of deposits at the bank or any other method laid down by the bank.

- (2) The bank may prescribe various ratios for different kinds of liabilities and shall prescribe the methods of computing the amount of cash reserve balances.
- (3) The total amount of the cash reserve balances referred to in subsection (1) shall not exceed 25 percent of the financial institution's deposits and other liabilities; but within this overall limit the bank may impose incremental reserves up to 100 percent on any increase of any kind of liability from a date prescribed by the bank.
- (4) The bank may impose on a financial institution which fails to maintain the minimum cash reserve balances required under this section a penalty not exceeding one-tenth of 1 percent per day on the amount of the deficiency for each day during which the deficiency continues, and the amount of any such penalty may be recovered by deduction from any balance of, or monies owing to, the financial institution concerned or as a civil debt.
- (5) For the purposes of this section, the liabilities of a financial institution means its liabilities in Uganda whether these are payable within or without Uganda.

39. Control of credit and interest rates, etc.

- (1) The bank may, in consultation with the Minister, by statutory instrument, prescribe—
 - (a) the maximum amounts of investments, loans, advances and bills and promissory notes discounted, whether applied in total or to any specified class or classes of such investments, loans, advances and bills and promissory notes discounted, which each financial institution may have outstanding during the period that may be specified by the bank;
 - (b) the purpose for which loans and advances may be granted and the class of business underlying investments and bills and promissory notes discounted;
 - (c) the maximum period of loans and advances and the type and minimum amount of security which shall be required and the maximum tenor of bills and promissory notes discounted;
 - (d) the maximum or minimum rates of interest and other charges which in the transaction of their business financial institutions may pay on any type of deposit or other liability and impose on credit extended in any form;
 - (e) the maximum charges which in the transaction of their business financial institutions may impose on any banking transaction.
- (2) Any prescription made under subsection (1) shall—
 - (a) have regard to commitments which financial institutions may have entered into with their customers at the time of the coming into force of the statutory instrument and shall take effect after the period of grace as the bank may specify in the instrument;
 - (b) not discriminate between one financial institution and another.
- (3) A financial institution which contravenes any prescription made under subsection (1) shall be liable to pay, on being called upon to do so by the bank, a fine not exceeding one million shillings.

40. Financial institutions to furnish information

- (1) Every financial institution shall furnish to the bank in a manner prescribed by statutory instrument all information that may be required by the bank for the proper discharge of its functions.
- (2) The bank may publish in whole or in part information furnished to it under subsection (1) as the board may determine.
- (3) The bank shall not publish or disclose any information regarding the affairs of a financial institution or of a customer of a financial institution unless the consent of the institution or the customer has been obtained.

41. Financial institutions as agents of the bank

The bank may appoint any financial institution as its agent for the issue, reissue, exchange and withdrawal of notes and coins or for any other purpose on terms and conditions that may be agreed upon by the bank and the institution appointed agent.

Part VIII – Accounts and financial statements**42. Bank's financial year**

The financial year of the bank shall be the same as the financial year of the Government.

43. Audit

The accounts of the bank shall be audited, at least once every financial year, by the Auditor General or an auditor appointed by him or her to act on his or her behalf.

44. Returns

- (1) The bank shall, as soon as may be practicable after the end of each quarter, make a quarterly return of its assets and liabilities, and the return shall be published in the *Gazette* and a copy submitted to the Minister.
- (2) The bank may submit to the Minister, from time to time, information on the exercise and performance of its duties or on its assets and liabilities in a form that may be determined by the board.

Part IX – Miscellaneous provisions**45. Declaration of secrecy**

- (1) The members of the board and officers and employees of the bank shall be bound by a declaration of secrecy and shall not, except as may reasonably be in the performance of their functions, disclose to any person any material information acquired in the performance of their functions unless called upon to give evidence in a court of competent jurisdiction or to fulfill other obligations imposed by law.
- (2) Every former member of the board, officer or employee of the bank shall continue to be bound by the declaration of secrecy after the termination of service and shall not except with the prior written permission of the bank disclose any material information acquired by him or her in that capacity, unless he or she is called upon to give evidence in a court of competent jurisdiction or to fulfill other obligations imposed by law.
- (3) Where the bank unreasonably withholds permission under this section, the aggrieved party may appeal to the High Court whose decision shall be final.
- (4) Any person who contravenes this section commits an offence and is liable on conviction to imprisonment for a term not exceeding five years or to a fine not exceeding five hundred thousand shillings or to both such imprisonment and fine.

46. Exemption from tax

The bank shall be exempted from the payment of income tax and profits or capital gains tax in respect of its functions under this Act.

47. Prohibited names

Unless a written consent from the Minister has been obtained, no financial institution shall register or be registered under any law in force by a name which includes the following words—

- (a) Central;
- (b) National;
- (c) Uganda;
- (d) Ugandan;
- (e) Reserve;
- (f) State; or
- (g) other equivalent word in any language.

48. Minister's powers of direction

- (1) The Minister may, after consultation with the governor and subject to this Act, give directions of a general nature in writing, relating to the financial and economic policy of the bank.
- (2) If, after consultation with the governor, the Minister is of the opinion that the policies being pursued by the bank are not adequate for, or conducive to, the achievement of the functions of the bank, the Minister may, with the approval of Cabinet, by directive in writing determine the specific policy to be adopted by the bank; and the bank shall give effect to that policy while the directive remains in force.
- (3) The Minister shall lay before Parliament any directive issued under subsection (2) within fifteen sitting days after issuing that directive to the bank.

49. Annual report

- (1) The bank shall, not later than three months after the end of each financial year, present to the Minister a report generally on the activities and operations of the bank during the preceding financial year and in particular—
 - (a) with regard to the procedures and policy of the bank as the bank considers may properly be given without detriment to the interests of the activities of the bank;
 - (b) a copy of the audited accounts.
- (2) The Minister shall lay before Parliament the report received under subsection (1) within three months after the end of the financial year.

50. Byelaws

The board may, with the approval of the Minister, make byelaws not inconsistent with this Act regulating —

- (a) the terms and conditions of service by board members;
- (b) the structural establishment of the bank;
- (c) the terms and conditions of service for officers and employees of the bank;
- (d) retiring and other service benefits of the employees and officers of the bank; or
- (e) any other matter falling within the scope of its functions.

51. Offences and penalties

- (1) A person commits an offence and is liable on conviction to a term of imprisonment not exceeding twelve months or to a fine not exceeding four hundred thousand shillings or to both the fine and imprisonment, who—
 - (a) contravenes a provision of this Act;
 - (b) knowingly makes an incorrect statement in a document submitted by him or her; or
 - (c) knowingly makes a false reply to a question asked of him or her for the purposes of this Act.
- (2) Where an offence is committed by a body of persons, every person who at the time of its commission was a director, manager or partner of that body shall be deemed to have committed the offence unless he or she proves—
 - (a) that the offence was committed without his or her knowledge; and
 - (b) that he or she took all reasonable steps to ensure compliance with this Act.

52. Regulations

The Minister may, after consultations with the board, make regulations generally for better carrying into effect the provisions of this Act.

Schedule (Section 11)

Meetings of the board

1. The governor shall preside at all meetings of the board; and in the absence of the governor, the deputy governor shall preside.
2. The board shall meet for the discharge of its functions as often as business requires, and in any case the board shall meet at least ten times in a year; and the governor may convene a meeting whenever two directors request for a meeting.
3. The quorum at any meeting of the board shall be by a simple majority including either the governor or the deputy governor or a person presiding at the meeting.
4. A decision on a question proposed at any meeting of the board shall be determined by a simple majority of the votes of the members present and voting; and in the case of equality of votes, the person presiding shall have a casting vote.
5. The board shall cause to be kept minutes of all the proceedings of its meetings.
6. The board may invite any number of persons to attend any of its meetings as consultant or adviser.
7. No act or proceedings of the board shall be invalidated by reason only of the existence of a vacancy among the members of the board.
8. All acts done by any person in good faith as a member of the board shall be valid notwithstanding any defect in his or her appointment.
9. In all other matters not provided for under this Act, the board may regulate its own procedure.