

**Guidelines on the operation of Trust Accounts and Special Accounts, under Section 49 of the National Payment Systems Act, 2020.**

**1. Citation**

These Guidelines shall be cited as the Bank of Uganda Guidelines for the Operation of Trust Accounts and Special Accounts, 2022.

**2. Purpose**

The purpose of the Guidelines is to;

- a) Streamline the process for managing Trust Accounts and Special Accounts.
- b) Guide e-money issuers, financial institutions and microfinance deposit-taking institutions in meeting their compliance obligations with regard to Trust Accounts and Special Accounts.
- c) Serve as a point of reference for e-money account holders and other stakeholders.

**3. Operation of a Trust Account or Special Account**

**3.1 Opening a Trust Account or Special Account**

- a) An e-money issuer shall seek Bank of Uganda approval prior to the opening of a Trust Account or Special Account.
- b) A financial institution or microfinance deposit-taking institution licensed as an e-money issuer shall nominate for Bank of Uganda approval, at least three persons or a committee of senior staff to oversee the Special Account.
- c) A Trust Account shall be managed by not less than three Trustees.
- d) An e-money issuer that is not a commercial bank, credit institution or microfinance deposit-taking institution shall ensure that the Trustees are independent.

- e) A Trustee shall be deemed independent if such a person has no business relationship or interest in the e-money issuer or any of its subsidiaries or affiliates or another e-money issuer.
- f) The Trustees or committee of senior staff overseeing the Special Account shall notify Bank of Uganda within 24 hours in case of any noted or suspected irregularity or fraud.
- g) Escrow accounts that were operated before the coming into force of the National Payment Systems (NPS) Act, 2020 shall be converted into Trust Accounts opened in accordance with Regulation 12 of the NPS Regulations, 2021.

### **3.2 Record Keeping**

- a) An e-money issuer shall keep up-to-date records in relation to the Trust Account showing the amount held for each e-money account holder. The records shall include the names, phone numbers, National Identification Numbers (NINs), e-money account numbers or other unique identifiers of the e-money account holders and they shall be retained for at least ten years as provided under Section 63 of the NPS Act, 2020.
- b) An e-money issuer shall reconcile the Trust Account or Special Account with the balances in the management information system used to issue e-money on a daily basis and submit a report to Bank of Uganda by 12pm on the following working day. The standard daily reconciliation report format is attached as appendix 1.
- c) In case of a gazetted public holiday or weekends, the reconciliation report shall be submitted to Bank of Uganda on the next working day.
- d) The funds on the Trust Account or Special Account shall not be intermediated or comingled with any other funds and they shall be specially invested in liquid assets as laid out in Regulation 22(6) of the NPS Regulations, 2021.
- e) A financial institution or microfinance deposit-taking institution shall not include Trust or Special Accounts in the computation of

prudential reporting requirements, such as the Cash Reserve Requirements (CRR) and other liquidity limits. The funds shall be reported as a separate line in the statement of financial position.

- f) A financial institution or microfinance deposit-taking institution that holds a Trust Account or Special Account shall submit to Bank of Uganda a monthly report on the total deposits, withdrawals and month end balances on each of the Trust or Special Accounts held. The report shall be submitted by the 5<sup>th</sup> day of the following month.
- g) An e-money issuer shall within two working days after the end of the reference week submit to Bank of Uganda, a weekly report on the liquid assets in which the funds held in the Trust Account or Special Account are invested. The weekly liquid assets report format is attached as appendix 2.

### **3.3 Accrual of Interest**

- a) An e-money issuer shall on a daily basis accrue interest on the e-money accounts held using the balances as at mid-night each day.
- b) The interest shall be credited to an interest account specially opened for that purpose.
- c) An e-money issuer shall ensure that accurate ledgers are maintained for the daily accrual of interest on e-money accounts.
- d) The Trustees shall notify Bank of Uganda about the interest accrued on the liquid asset investments held, the applicable interest rate for the quarter ended and the interest distribution to customers within 15 days after the end of every calendar year quarter.

The reports in 3.2 and 3.3 above shall be submitted to the Office of the Director, National Payment Systems Department and an electronic copy sent to [mobilepayments@bou.or.ug](mailto:mobilepayments@bou.or.ug) and on the BSA platform or any other platform designated for reporting purposes.

## Appendix 1: Daily Reconciliation of a Trust Account / Special Account

BANK OF UGANDA		
DAILY RECONCILIATION OF THE TRUST/SPECIAL ACCOUNTS		
Name of the Licensee:		
Date of the Reconciliation :		
Trust Account Number:		
Bank/CI/MDI:		
<b>BALANCE AS PER GENERAL LEDGER<sup>1</sup></b>		<b>1,000</b>
<b>LESS DIRECT DEBITS (See A below)</b>		<b>3</b>
<b>LESS UNCREDITED CHEQUES/TRANSFERS (See B below)</b>		<b>2</b>
<b>ADD DIRECT CREDITS/TRANSFERS (See C Below)</b>		<b>2</b>
<b>ADD UNPRESENTED CHEQUES/TRANSFERS (See D below)</b>		<b>2</b>
<b>EXPECTED ACCOUNT BALANCE</b>		999
<b>ACTUAL BALANCE AS PER BANK STATEMENT<sup>2</sup></b>		<b>999</b>
<b>CHECK<sup>3</sup></b>		-
Prepared by.....	Reviewed by.....	Verified by.....
<b>Designation &amp; Contact</b>	<b>Designation &amp; Contact</b>	<b>Designation &amp; Contact</b>
<b><u>A: DIRECT DEBITS</u></b>		
<b><u>Item No &amp; Date.</u></b>	<b><u>Description</u></b>	<b><u>Amount</u></b>
1		1
2		2
<b>Total</b>		<b>3</b>
<b><u>B: UNCREDITED CHEQUES/TRANSFERS</u></b>		
<b><u>Item No &amp; Date.</u></b>	<b><u>Description</u></b>	<b><u>Amount</u></b>
1		1
2		1
<b>Total</b>		<b>2</b>

<sup>1</sup> Extract from the MIS

<sup>2</sup> Extract from the Bank Statement

<sup>3</sup> Expected to be Zero

<b>C:DIRECT CREDITS/TRANSFERS</b>		
<b><u>Item No &amp; Date.</u></b>	<b><u>Description</u></b>	<b><u>Amount</u></b>
1		1
2		1
<b>Total</b>		<b>2</b>
<b>D: UNPRESENTED CHEQUES/TRANSFERS</b>		
<b><u>Item No &amp; Date.</u></b>	<b><u>Description</u></b>	<b><u>Amount</u></b>
1		1
2		1
<b>Total</b>		<b>2</b>

## Appendix 2: Weekly Liquid Assets Report

BANK OF UGANDA	
WEEKLY LIQUID ASSETS REPORT	
Name of the Licensee:	
Date of the Report:	
Trust/Special Account Number:	
Bank/CI/MDI:	

<b>Cash balance on the Trust/Account<sup>4</sup></b>	<b>1</b>
<b>Treasury bills</b>	<b>3.00</b>
<i>OW 91 days</i>	1.00
<i>OW 182 days</i>	1.00
<i>OW 364 days</i>	1.00
<b>Treasury Bonds</b>	<b>3.00</b>
<i>OW 2 years</i>	1.00
<i>OW 3 years</i>	1.00
<i>OW 5 years</i>	1.00
<b>Others</b>	<b>2.00</b>
<i>OW - fixed deposits</i>	1.00
<i>OW - xxx</i>	1.00
<b>Total Liquid Assets</b>	<b>9.00</b>
<b>Total e-money balance held in Trust<sup>5</sup></b>	<b>9</b>
<b>CHECK<sup>6</sup></b>	<b>0.00</b>
Prepared by.....	Reviewed by.....
<b>Designation &amp; Contact</b>	<b>Designation &amp; Contact</b>

<sup>4</sup> Extract from the Bank Statement

<sup>5</sup> Extract from the management information system

<sup>6</sup> Expected to be Zero