



THE REPUBLIC OF UGANDA

**THE NATIONAL PAYMENT SYSTEMS
(SANDBOX) REGULATIONS, 2021.**

S.I. No. 20 of 2021

**STATUTORY INSTRUMENTS
SUPPLEMENT No. 9**

5th March, 2021

STATUTORY INSTRUMENTS SUPPLEMENT
to The Uganda Gazette No. 22, Volume CXIV, dated 5th March, 2021
Printed by UPPC, Entebbe, by Order of the Government.

S T A T U T O R Y I N S T R U M E N T S

2021 No. 20.

**THE NATIONAL PAYMENT SYSTEMS (SANDBOX) REGULATIONS,
2021**

ARRANGEMENT OF REGULATIONS

Regulation

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STATUTORY INSTRUMENTS

2021 No. 20

The National Payment Systems (Sandbox) Regulations, 2021
(Under section 17 (4) and 72 of the National Payment Systems Act, 2020, Act 15 of 2020)

IN EXERCISE of the powers conferred upon the Minister by section 17 (4) and 72 of the National Payment Systems Act, 2020, and in consultation with the central bank these Regulations are made this 26th day of February, 2021.

1. Title

These Regulations may be cited as the National Payment Systems (Sandbox) Regulations, 2021.

2. Interpretation

In these Regulations, unless the context otherwise requires—

“Act” means the National Payment Systems Act, 2020;

“applicant” means a person who has applied to the central bank to operate a sandbox;

“licensee” means a person issued with a licence under the Act;

“manager” means an officer of a licensee at the rank of at least head of department or its equivalent, by whatever name called;

“participant” means a person who has been approved by the central bank to operate a sandbox;

“sandbox” means a temporary experiment of innovative financial products, services, business models or delivery mechanisms in the payment systems ecosystem;

“substantial shareholder” means a person who holds at least five percent of the shares of the applicant.

3. Application to operate a sandbox

(1) A person who wishes to operate a sandbox shall apply to the central bank for approval to operate a sandbox within a regulatory sandbox framework.

(2) An application under subregulation (1), shall be accompanied by—

- (a) a certified copy of the incorporation documents of the applicant;
- (b) a certificate of good conduct for each substantial shareholder, manager and director of the applicant;
- (c) a credit reference report for each substantial shareholder, manager and director of the applicant;
- (d) at least two recommendation letters from persons of good repute attesting to the credibility of each substantial shareholder, manager and director of the applicant;
- (e) a copy of a dispute resolution policy of the sandbox;
- (f) a description of the innovative concept;
- (g) a testing plan;
- (h) a copy of the business plan;
- (i) risk management framework;
- (j) proof of payment of the application fees; and
- (k) an exit plan.

(3) The application shall be in the Form prescribed in Schedule 1 to these Regulations.

(4) The central bank shall conduct a fit and proper test on each substantial shareholder, director or manager of the applicant following the criteria prescribed in Schedule 2 to these Regulations.

(5) Subregulation (2) (a), (b) and (4) shall not apply to an applicant who is a licensee, a financial institution or a microfinance deposit taking institution.

(6) The application fees referred to in subregulation (2)(j) shall be one million shillings.

4. Processing of the application

(1) The central bank shall, upon receiving the application under regulation 3 consider the application to ascertain whether the applicant meets the criteria and minimum requirements for operating a sandbox as prescribed by the central bank in accordance with section 16 of the Act.

(2) The central bank shall, in determining whether the applicant meets the criteria and minimum requirements for operating a sandbox consider—

- (a) whether the innovation is genuine;
- (b) whether the sandbox has consumer benefits and safeguards;
- (c) the readiness for testing; and
- (d) the suitability of the exit plan.

(3) The central bank may, in considering the application, invite the applicant to demonstrate or defend its application where it deems fit.

5. Approval of the application

(1) Where the central bank is satisfied that an application meets the criteria and minimum requirements for operating a sandbox, the central bank, shall within sixty days from the date of the application, grant an approval to the applicant to operate a sandbox.

(2) The approval referred to in subregulation (1) shall be in writing.

(3) The approval granted in subregulation (2) shall be valid for six months from the date of the grant.

(4) The central bank may where it deems fit extend, the approval for six additional months at a time.

6. Revocation or suspension of approval.

(1) The central bank may, in addition to any other enforcement action, revoke or suspend an approval to participate in the sandbox regulatory framework at any time before the end of the testing period if the applicant—

- (a) fails to implement any required safeguards;
- (b) submits false, misleading or inaccurate information, or has concealed or failed to disclose material facts in the application;
- (c) contravenes any applicable law;
- (d) is undergoing or has gone into insolvency;
- (e) breaches data security and confidentiality requirements;
- (f) carries on business in a manner detrimental to customers, investors, or the public at large; or
- (g) fails to effectively address any defects, flaws or vulnerabilities in the product, service or solution which gives rise to recurring service disruptions or fraud incidents.

(2) A decision by the central bank to suspend or revoke an approval to participate in the sandbox shall be in writing, giving reasons for the suspension or revocation of the approval.

(3) The central bank shall, before making a decision referred to in subregulation (2) give the applicant an opportunity to be heard.

SCHEDULE 1

regulation 3 (3)

THE REPUBLIC OF UGANDA

APPLICATION FOR APPROVAL TO OPERATE A SANDBOX

PART 1- GENERAL INFORMATION

<p>Name of applicant</p> <p>Full names of substantial shareholders, managers and directors</p> <p>Physical address</p> <p>Contact details of applicant</p>	
<p>Website URL (if available; if password protected, please provide relevant access details)</p> <p>Contact person:</p> <p>Name:</p> <p>Title:</p> <p>Telephone number:</p> <p>Email address:</p> <p>Is the applicant, affiliated entity, their shareholders or employees involved in a dispute or enforcement action. If yes, please provide details of the dispute.</p>	

<p>Is the applicant, affiliated entity, their shareholders or employees registered, licensed, or supervised by any other authority or agency in Uganda or other jurisdiction. If yes, please provide the names of the regulating authority and the nature of the regulated business.</p>	
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PART II- DETAILS OF THE SANDBOX PROPOSAL

<p>Description of the innovative product, solution or service specifying the technology, methodology and the benefits of the innovation to the payment eco system, categories of the targeted customers among others. <i>Attach description of the innovative concept.</i></p>	
<p>Description of the business plan to deploy the product, solution or service in the market. <i>Attach a copy of the business plan</i></p>	
<p>Describe the current stage of development of your product, solution or service. <i>Attach the testing and exit plan</i></p> <p>Describe the key investor protection, market stability and any other risks associated with your product, solution or service and how you have or intend to address those risks. <i>Attach risk management framework</i></p>	
<p>Please describe the financial resources, including any venture funding or potential funding, you intend to use to develop and test your product, service, or solution in the Sandbox.</p>	

I/WE

.....
declare that all information given in this application and in the attached documents is true and correct.

Dated this day of, 20.....

Signed

Name

Position

Name

Position

SCHEDULE 2

FIT AND PROPER PERSON

regulation 3 (4).

**(TO BE COMPLETED BY SUBSTANTIAL SHAREHOLDERS,
DIRECTORS AND MANAGERS)**

1. PERSONAL INFORMATION

- (a) Full name
- (b) Previous names (if any)
- (c) Year and place of birth:.....
- (d) Nationality:.....
- (e) Passport number or National Identification Number, date and place of issue:.....
- (f) Postal address:.....
- (g) Physical residential address:.....
- (h) Telephone number:.....
- (i) E-mail address:.....
- (j) Educational qualifications:.....
- (k) Professional qualifications:.....

2. EMPLOYMENT/BUSINESS RECORD

Period	Name of Employer/ Business and address	Positions held and dates	Responsibilities	Reasons for leaving (where applicable)

3. **SHAREHOLDING IN OTHER COMPANIES (DIRECTLY OWNED OR THROUGH NOMINEES)**

Company Name	Date of Incorporation	Percentage of shareholding

4. **OTHER INFORMATION**

4.1 Have you or any entity with which you are associated as substantial shareholder or director held or applied for a licence to carry on a payment system business?

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4.2 Have you at any time been convicted of any criminal offence in any jurisdiction? If so, give particulars of the court by which you were convicted, the offence, the penalty imposed and the date of conviction.

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4.3 Have you ever been dismissed from any office or employment, been subject of disciplinary proceedings by your employer or barred from entry into any profession or occupation? If so, give particulars.

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4.4 Have you ever been declared bankrupt by a court or has a bankrupt petition ever been served on you? If so, give the status.

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4.5 Is there any additional information which you consider relevant for the consideration of your application for the payment system licence?

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NOTE: The information provided in response to this questionnaire shall be kept confidential by the central bank except in cases provided otherwise by law.

5. DECLARATION

- 4.1 I am aware that it is an offence to knowingly or recklessly provide information which is false or misleading in connection with an application for a payment system licence.
- 4.2 I certify that the information given above is true to the best of my knowledge and that there are no other facts relevant to this application of which the central bank should be aware.
- 4.3 I undertake to inform the central bank of any changes material to the application which arise while the application is under consideration.

Name

Signature.....

} Deponent.

BEFORE ME:

COMMISSIONER FOR OATH/ NOTARY PUBLIC

HON. MATIA KASAIJA (MP),
Minister of Finance, Planning and Economic Development.