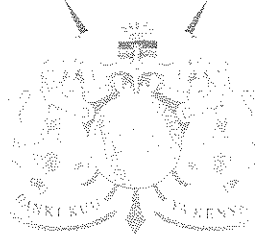


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1ST APRIL 2014

BANKING CIRCULAR NO. 2 OF 2014

TO CHIEF EXECUTIVES OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES AND
MICROFINANCE BANKS

IMPLEMENTATION OF THE UN SECURITY COUNCIL RESOLUTIONS ON CENTRAL AFRICAN
REPUBLIC

BACKGROUND

The Central African Republic (CAR) has since late 2012, been faced with insecurity of great magnitude. The insecurity situation in CAR is characterized by a total breakdown in law and order, the absence of the rule of law and religiously motivated targeted killings and arson. It is feared that the consequences of instability in the CAR may spill over to the Central African region and beyond. This situation has therefore attracted the attention of the regional bodies in Africa and even beyond.

The United Nations (UN) Security Council, being deeply concerned at the continuing deterioration of the security situation in the CAR, has issued Resolutions imposing sanctions against individuals and entities involved in the insecurity situation in CAR and has called upon the international community to intervene.

Of particular interest to commercial banks, mortgage finance companies and microfinance banks is paragraph 32 of Resolution No. 2134 of 2014 adopted on 28th January 2014 which provides that:

"The Security Council

32. Decides that all Member States shall, for an initial period of one year from the date of the adoption of this resolution, freeze without delay all funds, other financial assets and economic resources which are on their territories, which are owned or controlled, directly or indirectly, by the individuals or entities designated by the Committee established pursuant to paragraph 57 of resolution 2127, or by individuals or entities acting on their behalf or at their direction, or by entities owned or controlled by them, and decides further that all Member States shall ensure that any funds, financial assets

or economic resources are prevented from being made available by their nationals or by any individuals or entities within their territories, to or for the benefit of the individuals or entities designated by the Committee”.

Resolution No. 2134 of 2014 (paragraph 42) requires Member States of the UN to report to the Security Council Committee on CAR on the steps they have taken to implement sanctions imposed by the Security Council. It provides that:

“The Security Council

42. Calls upon all Member States to report to the Committee within ninety days from the adoption of this resolution on the steps they have taken with a view to implementing effectively paragraph 54 of resolution 2127 and paragraphs 30 and 32 of this resolution”.

The Committee referred to in paragraph 42 of Resolution No. 2134 of 2014 is the Sanctions Committee established pursuant to paragraph 57 of UN Security Council Resolution No. 2127 of 2013 adopted on 5th December 2013. Its functions include:

- i) Monitoring implementation of the measures/sanctions imposed by the UN Security Council as per Resolution No. 2127 of 2013 and Resolution No. 2134 of 2014.
- ii) Reviewing information regarding those individuals who may be engaging in prohibited acts.
- iii) Establishing such guidelines as may be necessary to facilitate the implementation of the measures imposed.
- iv) Reporting to the Security Council on its work.
- v) Encouraging a dialogue between the Committee and interested Member States, in particular those in the region, including by inviting representatives of such States to meet with the Committee to discuss implementation of the measures.
- vi) Seeking from all States whatever information it may consider useful regarding the actions taken by them to implement effectively the measures imposed.
- vii) Examining and taking appropriate action on information regarding alleged violations or non-compliance with the measures imposed.

Commercial banks, mortgage finance companies and microfinance banks are directly affected by paragraph 32 of Resolution No. 2134 of 2014.

The implementation of this paragraph is however subject to the UN Security Council Committee issuing a list of designated individuals and entities. As at 26th March 2014, the Committee had not issued any list for purposes of paragraph 32 of Resolution No. 2134 of 2014.

The implementation of Resolution No. 2127 of 2013 and Resolution No. 2134 of 2014 is on a progressive basis and it is expected that in due course, the Committee will issue a list of designated

individuals and entities to enable Member States to implement paragraph 32 of Resolution No. 2134 of 2014.

In view of these two UN Security Council Resolutions, all institutions are advised to:

- i) Access and obtain from the website or other sources the following UN Security Council Resolutions on Central African Republic:
 - a) Resolution No. 2127 of 2013 - <http://unscr.com/en/resolutions/doc/2127>.
 - b) Resolution No. 2134 of 2014 - <http://unscr.com/en/resolutions/doc/2134>.
- ii) Thoroughly read the two Resolutions for better understanding of what they entail and/or require.
- iii) Continuously monitor the proceedings of the UN Security Council Committee and the decisions thereof and establish whether a list of designated individuals and entities has been issued.
- iv) Immediately implement paragraph 32 of Resolution No. 2134 of 2014 once a list has been issued by the Committee.
- v) Report to the Central Bank on such date as the Central Bank shall direct, on the steps taken and the results thereof on the implementation of paragraph 32 of Resolution No. 2134 of 2014.

Your attention is also drawn to Regulation 27(3) of the Proceeds of Crime and Anti-money Laundering Regulations, 2013 which prohibits wire transfers to and from persons or entities that are designated under the United Nations Security Council Resolution 1267 (1999) and other United Nations resolutions relating to the prevention of terrorism and terrorist financing.

Once a list has been issued by the UN Security Council Committee on CAR, you will be required to implement the requirements of Regulation 27(3) of the Proceeds of Crime and Anti-money Laundering Regulations, 2013.

This Banking Circular is issued with the purpose of:

- i) Apprising institutions on the UN Security Council Resolutions No. 2127 of 2013 and 2134 of 2014 and the requirements thereof.

- ii) Requesting institutions to monitor the proceedings and decisions of the UN Security Council Committee on CAR with regards to the issuance of a list of designated individuals and entities for purposes of paragraph 32 of Resolution No. 2134 of 2014.
- iii) Drawing the attention of institutions to the requirements of Regulation 27(3) of the Proceeds of Crime and Anti-money Laundering Regulations, 2013.

In the event of any query or clarification, please contact:

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