

**THE CAPITAL MARKETS AUTHORITY (LICENSING AND APPROVALS)
REGULATIONS, 2018**

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STATUTORY INSTRUMENTS

2018 No. ...

The Capital Markets Authority (Licensing and Approvals) Regulations, 2018.

(Under sections 30 and 101 of the Capital Markets Authority Act, Cap. 84).

IN EXERCISE of the powers conferred on the Capital Markets Authority by section 101 of the Capital Markets Authority these Regulations are made thisday of , 2018.

PART I—PRELIMINARY.

1. Title.

These Regulations may be cited as the Capital Markets Authority (Licensing and Approvals) Regulations, 2018.

2. Interpretation

In these Regulations, unless the context otherwise requires—

“Act” means the Capital Markets Authority Act, Cap. 84;

“aggregate indebtedness” means the total liabilities of the broker or dealer less deferred taxes, the amounts due to a director or an associate, the noncurrent liabilities fully secured by noncurrent assets excluded from net capital and the subordinated loans accepted by the authority for the purpose;

“approved person” includes a regulated person and a person authorized by the Authority to carry out any activity under the Act or any other Act for whose administration the Authority is wholly or partly responsible;

“Authority” means the Capital Markets Authority established under section 4 of the Act;

“authorised registrar” means a company registrar engaged in the business of keeping of registers of members, and shareholders, debenture holders or unit holders for public companies or collective investment schemes which are its clients and performing other related functions for them;

“custodian”, means a financial institution or body corporate licensed or approved under the Act or the Collective Investment Schemes Act, 2003 whose business includes taking responsibility for the safe custody of the cash, funds, securities, financial instruments, documents of title or assets of scheme funds or investors and performing related services;

“credit rating agency” means an organisation which provides the service of evaluating the relative credit worthiness of issuers of securities and assigning ratings to those securities;

“dealer” means a person who carries on a business of dealing in securities on his or her own account;

“debit balance” means the cash amount owed by a client in the client’s margin account without deducting any cash deposited by the client as margin; and

“Fund Manager” means a body corporate approved by the Authority which under a contract or arrangement with a client to undertake on behalf of the client, whether on a discretionary authority granted by the client or otherwise, the management of a portfolio of securities for the purpose of investment or management of assets of a collective investment scheme or management of the portfolio of a registered venture capital fund;

“investment adviser” means a body that carries on a business of advising other persons on securities or as part of a regular business, issues or publishes, analyses or reports on securities; but does not include-

- (a) a person who is the proprietor of a newspaper where—
 - (i) in so far as the newspaper is distributed generally to the public, it is distributed only to subscribers to, and purchasers of, the newspaper for value;
 - (ii) the advice is given or the analysis or reports are issued or published only through that newspaper;
 - (iii) that person receives no commission or other consideration for giving advice or for issuing or publishing the analyses or reports; and
 - (iv) the advice is given and the analyses and reports are issued or published solely as incidental to the conduct of that person’s business as a newspaper proprietor; and
- (b) such other persons as the Authority may, prescribe;

“investment house” means a non deposit taking institution licensed by the Authority to advise on offers of securities to the public or a section of the public, takeovers, mergers, acquisitions, corporate restructuring involving companies listed or quoted on a securities exchange, privatisation of companies listed or to be listed on a securities exchange or under writing of securities issued or to be issued to the public, and to engage in the business of a stock broker or dealer.

“licensed person” means an individual or body corporate licensed by the Capital markets Authority under the Act and for purposes of this regulation includes a representative, employee or director of that licensed person;

“margin” means the aggregate amount of cash and market value of securities deposited by a client into the client’s margin account but does not include securities which are bought or carried in the margin account;

“market adviser” means a person licensed by the Authority under the Act to conduct the functions of a market adviser under the Rules of a securities exchange;

“net capital” means the monetary shareholders’ funds or the proprietors’ capital investment for carrying out the business of a broker or dealer, and subordinated loans accepted for the purpose by the authority less—

- (a) noncurrent assets and prepaid expenses;
- (b) unsecured loans and advances included under current assets;
- (c) amounts due from a director or associate included under current assets;
- (d) excess of the book value of securities carried in the broker’s or dealer’s own account over market value; and
- (e) deficits in clients’ accounts, less any provisions for bad or doubtful debts already made, the amount being computed in such detail as is satisfactory to the authority;

“representative” means a person approved by the Authority who is in the employment of the approved person and plays a critical role in that company, and includes a trader, director, general manager, analyst or any other person employed by the licensee;

“securities business” means the business of dealing in securities;

“securities” means—

- (i) debentures or bonds issued or proposed to be issued by a government;
- (ii) debentures, shares, bonds or notes issued or proposed to be issued by a body corporate;
- (iii) any right, warrant, option or future in respect of any debenture, shares, bonds, notes, depository receipts or in respect of commodities or derivatives;
- (iv) units, interest or share offered under a collective investment scheme;
- (v) investment contracts; or
- (vi) any financial instruments, commonly known as securities, but does not include—
 - (A) bills of exchange;
 - (B) promissory notes; or

(C) certificates of deposit issued by a bank or financial institution licensed under the Financial Institutions Act, 2004;

(vii) any other instrument prescribed by the Authority to be a security;

“stock broker” means a person who carries on the business of buying or selling of securities as an agent for an investor in return for a commission;

"stock exchange" means a market, exchange or other place at which securities are offered for sale, purchase or exchange, including any clearing, settlement or transfer services connected with it;

“Transaction Adviser” means a company approved by the Authority to undertake the responsibilities of a transaction adviser;

“underwriter” means a body corporate approved by the Authority to carry on or conduct the function of underwriting.

PART II - LICENSING

3. Requirements for approvals and licences.

(1) A person shall not carry out an activity in any of the capacities referred to in section 30(1) of the Act unless that person is approved or licensed to carry out that activity.

(2) For purposes of subregulation (1) a person may be approved or licensed to carry out activities as -

- (a) a stock broker;
- (b) a dealer;
- (c) an authorised depository;
- (d) a commodities exchange;
- (e) a commodities broker;
- (f) a stock exchange;
- (g) a transaction adviser;
- (h) an investment adviser;
- (i) a fund manager;
- (j) a representative;
- (k) an authorised registrar;
- (l) a custodian;
- (m) a credit rating agency;
- (n) an underwriter;

- (o) an investment house;
- (p) a venture capital fund; or
- (q) a market adviser.

4. Application for license or approval.

(1) A person who intends to conduct activities in a capacity referred to in regulation 2(2) shall apply to the Authority for a licence or approval as the case may be.

(2) An application for a licence or approval shall, except for a commodities broker and a representative, be submitted to the Authority in Form 1 set out in Schedule 1.

(3) An application referred to in subregulation (1) shall, be accompanied by -

- (a) evidence of payment of the fees set out in Schedule 2;
- (b) the certificate of incorporation;
- (c) the memorandum and articles of association;
- (d) a statement of the un-audited accounts for the period of the accounting year ending not earlier than six months prior to the date of application and audited accounts for the preceding two years;
- (e) in the case of a broker/dealer a letter from the securities exchange stating that the applicant meets all the relevant requirements of that securities exchange and that the securities exchange would admit the applicant, if licensed by the Authority.
- (f) a business plan containing -
 - (i) the management structure;
 - (ii) the particulars of the directors, including one or more executive directors, their qualifications, experience and expertise, addresses and details of other directorships;
 - (iii) the shareholding structure which shall disclose whether any of the shareholders will have an executive role to oversee the day to day operations of the business;
 - (iv) the evidence of paid up share capital of a minimum amount of fifty million shillings in the case of a stockbroker and twenty million shillings in the case of a dealer;
 - (v) the particulars of the proposed management and qualifications of key personnel;
 - (vi) the financial projections for three years;

- (vii) in the case of a broker, the proposed information technology and access to the trading network in compliance with the trading, clearing, delivery and settlement requirements of the securities exchange to which the applicant intends to be admitted as a trading participant;
- (viii) one bank reference;
- (ix) information on the ability to run the business for two (2) years;
- (x) the particulars of the proposed premises suitably located and equipped to provide satisfactory service to clients in the field of activity to which the licence relates or evidence acceptable to the Authority that such premises will be available;
- (xi) the staff capable of providing professional services to clients in the field of activity to which the licence relates or evidence acceptable to the Authority that such staff will be available;
- (xii) the particulars of the proposed independent auditor;
- (xiii) a declaration that no person is a director or holds beneficial interest either directly or indirectly in more than one trading participant of a securities exchange; and
- (xiv) such additional documents the Authority may require.

(4) The qualifications, experience and expertise referred to in subregulation (3)(f)(ii) shall be relevant to effective management or operation of the business for which a licence is required.

(5) Where the application in sub regulation (1) is in respect of an approval to operate as a stock exchange -

- (a) the memorandum and articles of association referred to in subregulation (3)(c) shall restrict the applicant to the business of operating a securities exchange and services incidental to that business; and
- (b) the application shall be accompanied by the details of the trading system proposed to be adopted by the applicant.

(6) A person who or a partnership which intends to operate as a commodities broker shall apply to the Authority in Form 2 set out in Schedule 1.

(7) An application referred to in subregulation (6) shall be accompanied by-

- (a) a statement of the assets and liabilities of the applicant, in case of an individual applicant signed by the applicant or a partner, as the case may be; or

- (b) certified copies of the last audited balance sheet and/or partnership the profit and loss account, in case of a company;
- (c) a copy of the report of the auditors on the statements referred to in paragraph (a); and
- (d) the evidence of payment of the fees prescribed in the Schedule 2.

(8) A person who intends to operate as a representative shall apply to the Authority for a licence in Form 3 set out in Schedule 1.

(9) An application referred to in subregulation (8) shall be accompanied by a certificate prescribed in Form 4 of Schedule 1 as evidence of good character, competence and experience to perform the function of a representative.

(10) The certificate referred to in subregulation (9) shall be signed by a licensee for whom the applicant is to be employed.

(11) Where the applicant is to be employed or to act by arrangement with—

- (a) a licensee which is a firm, the certificate shall be signed by one partner on behalf of all the partners;
- (b) a licensee which is a company, by a director or the secretary of that company.

5. Fees

(1) An applicant for a license shall pay to the Authority an application fee prescribed in Schedule 2.

(2) A licensee shall pay to the Authority an annual fee prescribed in the Schedule 2.

(4) The Annual fee shall become due and payable within fourteen days after the grant of a licence.

6. Grounds for grant of licence or approval.

(1) The Authority shall, before granting a licence or an approval, except for a commodities broker and a representative, satisfy itself—

- (a) that the applicant is a company with the minimum share capital as the Authority may prescribe, or is duly constituted as a collective investment scheme;
- (b) that none of the directors of the company—
 - (i) has been declared bankrupt;
 - (ii) has been a director of a company that has been denied a licence or approval under this Act or on equivalent legislation in any other jurisdiction; or

- (iii) has been a director of a company providing financial services whose licence has been revoked by a competent Authority.
- (c) that management and the Board of the applicant possess the minimum qualifications required by the Authority;
- (d) in the case of a stockbroker, dealer or any other person prescribed by the Authority, that the applicant has lodged a security or deposit in such sum as may be determined by the Authority or an equivalent bank guarantee or bond with the securities exchange of which it is a member or with the Authority or other person approved by the Authority, as the case may be;
- (e) that the applicant has the necessary administrative capacity to carry on the business for which the approval is required;
- (f) in the case of an application for a stockbroker's licence, that the applicant shall carry on business solely on behalf of its clients;
- (g) in the case of an application for a dealer's licence, that the applicant shall carry on business solely on the applicant's own behalf; and
- (h) that the persons engaged or to be engaged in the position of management or other capacity are fit and proper persons.

(2) A licensed stockbroker or dealer may, on fulfilment of all requirements and payment of the admission fee prescribed by the Authority, be approved as a trading member of a securities exchange.

(3) A stockbroker or dealer whose licence is not renewed under section 34 or whose licence is revoked under section 44 shall immediately cease to be a member of a securities exchange.

(4) The Authority may require, as a condition for the grant or renewal of a licence for a stock broker or fund manager that the stock broker or fund manager provides investment advice only on such terms and conditions as the Authority may require.

(5) A license or approval granted to a partnership to operate as a commodities broker shall authorise the carrying on of capital markets business in the name of the partnership in which the license is granted or with the consent of the Authority in the name of any partnership or person which succeeds the partnership.

7. Operation pending renewal, etc. of licence.

(1) Where a person who holds a licence issued under this Act has, before the expiration of the licence, applied for a renewal of the licence and it has not been issued, the licence shall, until the licence is renewed or the application for the renewal of the licence is refused or withdrawn, be taken to continue in force.

(2) If, thirty days before the date of expiration of the licence, the licensed person fails to submit to the Authority a duly filed application or has failed to provide any further information required by the Authority for the purpose of renewal of the licence, the application shall be taken to be withdrawn.

(3) The Authority may, on application being made to it, and on proper cause being shown, reinstate an application for renewal that is taken to be withdrawn under subregulation (2).

(4) The Authority shall make its determination on an application for renewal of a licence within thirty days after receipt of the application.

8. Public Statements.

Where the Authority determines, that a licensed person has contravened any provision of this Act, the Authority may publish in website or newspaper of wide circulation a statement to that effect, stating any action that the Authority may have taken in respect of that contravention.

9. Alteration of facts disclosed in application.

(1) An applicant for a licence may give written notice to the authority of any proposed alteration to an application upon the occurrence of an event which an applicant reasonably believes that it affects or may affect in a material respect, any matter in respect of which information was supplied or required to be supplied to the authority.

(2) The alteration in subregulation (1) shall only be allowed if the event that necessitates the alteration occurs prior to the determination of the application by the authority.

10. Manner of application.

An application for a licence or renewal of a licence, together with any relevant annexures, shall be lodged in a manner prescribed by the Authority.

11. Consideration of application.

(1) The Authority shall consider an application and inform the applicant of its decision within thirty days after the application has been lodged with it, except that where the application is incomplete, the period of thirty days shall be calculated from the time that a complete application is submitted to the authority.

(2) Where more information is required and it is not provided within 3 months of request, the application shall be deemed to expire and a fresh application filed along with the required f=application fees as provided in schedule 2 of these regulations.

(2) Where the authority fails to make a decision within thirty days of submission of a complete application, the authority shall immediately notify the applicant of the reasons for the delay.

(3) The Authority shall consider an application duly made and after being furnished with all such information as it may require, grant a license or reject the application.

(4) The Authority shall grant a licence if it appears to it, from the information furnished by the applicant and having regard to any other information in its possession, that the applicant is a fit and proper person to carry on the business for which the application is made and provide the services described in the application.

(5) In determining whether to grant a license or reject an application, the Authority may take into account-

- (a) any matter relating to any person who is or will be employed by or associated with the applicant for the purposes of the business in question, and in case of a body corporate, any director or Secretary, any other body corporate in the same group or any director or Secretary of any such other body corporate;
- (b) the fit and proper criteria prescribed in **Schedule 3** to determine whether a person who is, or is to be associated with capital markets business is suitable to hold the particular position that he holds or is to hold;
- (c) in the case of commodities broker, if the applicant is a partnership, any of the partners;
- (d) any business which the applicant proposes to carry on in connection with the activity to which the application relates; and
- (e) in the case of a foreign applicant, the Authority shall have regard to the licence or any form of authorisation that the applicant holds.

12. Rejection of application

(1) Where the Authority is not satisfied with the information furnished by the applicant and having regard to any other information in its possession that the applicant is not fit and proper person to carry on the business for which an application for a license is made and provide the services described in the application, the Authority shall reject the application.

(2) The Authority shall serve on the applicant a notice of refusal to grant a licence and that notice shall be in a form set out in form 5 in Schedule 1.

13. Grant of licence.

(1) The Authority shall grant a licence if it appears to it from the information furnished by the applicant and having regard to any other information in its possession that the applicant is a fit and proper person to carry on the business for which an application for a license is made and provide the services described in the application.

(2) The eligibility for the grant of a dealer's licence is restricted to institutions committing funds for investment as principals in securities dealings.

(3) A licence granted by the authority shall be in the form set out in Form 6 of Schedule 1.

(4) A license or approval granted to a partnership to operate as a commodities broker shall authorise the carrying on of capital markets business in the name of the partnership in which the license is granted or with the consent of the Authority in the name of any partnership or person which succeeds the partnership.

14. General conditions.

It shall be a condition of every licence or approval that—

- (a) the licence shall be personal to the applicant and shall not be transferable;
- (b) a licensee or approved person shall give written notice to the authority on the occurrence or alteration of any event which he or she knows affects or may affect in any material respect, any matter in respect of which he or she has supplied or was required to supply information to the authority in the course of his or her application for that licence;
- (c) a licensee or approved person shall give written notice to the authority of any change in the management and staff immediately after the change has taken place, where the holder of the licence is a company, any change in the directors of the company;
- (d) a licensee or approved person shall comply with any directions which may be given by the authority in respect of a proposed alteration or occurrence of the event or change notified to the authority under paragraphs (b) or (c) of this regulation;
- (e) a licensee or approved person shall not carry on, or hold himself or herself out as carrying on, any securities business other than that permitted by his or her licence;
- (f) a licensee or approved person shall communicate to the authority notices which are required by the Act, in the forms prescribed these Regulations; and
- (g) in the case of a broker or dealer's licence, the holder of the licence shall at all times meet the requirements relating to net capital and liquidity and carry and maintain such professional indemnity insurance in respect of his or her business of dealing in securities as may be required by the authority.

15. Scope of certain licences.

- (1) A licence to conduct activities of an investment house shall permit a licensee to conduct any other activity referred to in section 30(1) of the Act except a representative, an authorised depository, an exchange or custodian.
- (2) A person shall not hold a licence for conducting business as a custodian and a fund manager at the same time.
- (3) An approved or licensed person shall not carry on an activity for which that person is approved or licenced without having in its employment at least one representative.

16. Restriction on use of titles.

(1) A person who is not a broker within the meaning of these regulations shall not use the title of “stock broker” or “dealer” or exhibit at any place a name, title or description implying or tending to create the belief that he or she is a securities broker or dealer authorised to conduct brokerage or dealing business as contemplated under the Act.

(2) A person who does not hold a licence or approval in relation to any activity referred to in section 30 of the Act shall not use, or by inference, adopt a name or title or description implying or tending to create the belief that he or she is the holder of the relevant licence and entitled to conduct the licensed activity in question.

(3) A company that is not an approved securities exchange, shall not, without the consent in writing of the Authority, use or by inference adopt the name or title of “securities exchange” or “stock exchange” or exhibit at any place a name, title or description implying or tending to create the belief that the company is a stock exchange or securities exchange.

(4) A person who contravenes this regulation commits an offence and is liable on conviction to a fine not exceeding two hundred currency points or imprisonment not exceeding five years or both.

17. Recognition of licences issued under other laws

(1) A person who wishes to be a licensed custodian under the Act and who is licenced to conduct activities of a custodian under the Uganda Retirement Benefits Regulatory Authority Act, shall inform the Authority in writing, accompanied by a certified copy of the licence, that that person is a licensed custodian under the Uganda Retirement Benefits Regulatory Act.

(2) The Authority shall, upon conducting due diligence on the licence referred to in subregulation (1), recognize the licence as if that licence was issued by the Authority.

(3) The Authority shall issue to a custodian licenced under within the meaning of the Uganda Retirement Benefits Regulatory Act, a notice of recognition of licence in form 7 of Schedule 1.

18. Replacement of licence.

(1) A licensee may apply to the Authority for replacement of a licence where the licence is lost, destroyed, obliterated or defaced.

(2) The application in sub regulation (1) shall be accompanied by evidence of payment of the fee prescribed in the Schedule 2.

(3) Where the authority is satisfied that a licence has been inadvertently lost, destroyed, obliterated or defaced, the authority shall issue a license to replace the lost, destroyed, obliterated or defaced licence.

19. Display of licence.

(1) Every licensee shall display his or her licence at all premises in which he or she transacts with the public the securities business authorised by the licence.

(2) The requirement in sub regulation (1) shall not be taken to be satisfied unless the licence is displayed in such a manner as to be readily visible to the public.

20. Renewal and validity of licence.

(1) A licence shall be valid for one year and may be renewed annually upon application to the Authority.

(2) The Application for renewal of a licence shall be accompanied by evidence of payment of the fee prescribed in Schedule 2 and shall be in form 8 of Schedule 1.

(3) An application for renewal shall be made at least three months before the expiry of the licence.

21. Revocation of a licence or approval.

(1) A licence shall be taken to be revoked, in case of-

- (a) an individual, if the individual dies;
- (b) a body corporate, if it is wound up;
- (c) in a case of a partnership, if that partnership is dissolved.

(2) The Authority may revoke a licence-

- (a) in the case of a licensed person who is an individual-
 - (i) if a levy of execution in respect of him or her has not been satisfied;
 - (ii) if he or she ceases to carry on business for which he was licensed;
 - (iii) if he or she has been adjudged bankrupt in any jurisdiction;
 - (iv) if, in the case of a representative, the licence of the broker or dealer or investment adviser or fund manager, in relation to whom the licence was granted, is revoked;
 - (v) if the Authority has reason to believe that the licensed person has not performed his or her duties efficiently, honestly or fairly;
 - (vi) if he or she is convicted of an offence involving fraud or dishonesty punishable by imprisonment not less than six months;

- (vii) if the licensed person contravenes any condition or restriction in respect of the licence or contravenes the Act or these Regulations; or
 - (viii) if the person ceases to be a fit and proper person as prescribed in Schedule 3;
- (b) in the case of a body corporate or a partnership-
- (i) if it is likely to be wound up or dissolved;
 - (ii) if a levy of execution in respect of a body corporate or partnership has not been satisfied;
 - (iii) if a receiver or manager has been appointed whether by the court or creditors in respect of the property of the body corporate or partnership;
 - (iv) if it has entered into any composition or arrangement with its creditors;
 - (v) if it ceases to carry on the business for which it was licensed;
 - (vi) if the Authority has reason to believe that the licensed person or any of its directors or employees, has not performed the functions for which a licence was granted efficiently, honestly or fairly; or
 - (vii) if the licensed person contravenes any conditions or restrictions in respect of the licence the Act or these Regulations;
 - (viii) if the Authority has reason to believe that any of the directors or employees required to perform duties in connection with holding of the licence have ceased to be fit and proper persons as prescribed in Schedule 3.

(3) In a case to which subregulation (2) applies, the Authority, may, instead of revoking a licence, suspend the licence for a specific period and may at any time revoke the suspension.

22. Effect of revocation of licence

(1) A person whose licence is revoked shall, be taken not to be licensed from the date that the Authority revokes the licence.

(2) A revocation of a licence shall not affect any right, obligation or liability arising under an agreement, transaction or arrangement relating to the trading in securities entered into by a licensed person, before the revocation or suspension of the licence.

23. Procedure for revocation or suspension

(1) Where the Authority intends to revoke a licence or approval under section 44 of the Act, the Authority shall issue to the licensee a notice of intention to revoke a licence, in form 9 of Schedule 1.

(2) The licensee shall within 14 days after receiving a notice referred to in subregulation (1)

show cause in writing to the Authority why the licence should not be revoked.

(3) The Authority shall examine the reasons in sub regulation (2) and-

- (a) where the authority is satisfied with the explanation, the authority shall, in writing withdraw the notice referred to in sub regulation (1); or
- (b) where the authority is not satisfied with the written explanation referred to in subregulation (1), the Authority shall invite the licensee for an oral interface within five days after receiving the explanations referred to in subregulation (2).

(4) Where the Authority is not satisfied with the explanation after an oral interface with the licensee, the authority shall-

- (a) issue a notice of revocation of licence to the licensee;
- (b) require the licensee to deliver to the authority the licence; and
- (c) endorse in the licence the words “**REVOKED**”.

(5) The notice of revocation shall be in the form 10 prescribed in Schedule 1.

24. Suspension of licence

(1) Where Authority is not satisfied with the explanations referred to in regulation 24(3) and (4) but is of the opinion that the grounds are not grave enough to warrant a revocation under regulation 24(4), the Authority may suspend a license instead of revoking that licence.

(2) The suspension of a license shall be for a specified period or until the occurrence of a specified event or until specified conditions are complied with.

(3) A person whose licence is suspended shall be taken not to be licensed in accordance with section 44(5) unless the Authority revokes the suspension.

(4) A notice of suspension of licence shall be in form 11 set out in Schedule 1.

25. Revocation of suspension of licence

(1) A person whose licence is suspended may apply to the Authority in writing for revocation of the suspension.

(2) The Application shall state the grounds on which they seek the suspension to be revoked, stating clearly the remedies for the reasons that led to the revocation.

(4) If the Authority is satisfied with the reasons furnished in subregulation (2), the Authority shall revoke the suspension in writing.

26. Power to vary a license or approval

(1) The Authority may, on its own initiative or on the application of a licensee, and for sufficient cause, vary a license or approval in respect of a regulated activity.

(2) The variation may be in respect of any period, event or conditions specified in a license or approval.

(3) A variation shall take effect immediately or on such date as may be specified in a notice in writing to the licenced person.

(4) The notice referred to in subregulation (3) shall-

(a) contain details of the variation;

(b) in the case of variation on the initiative of the Authority-

(i) state the reasons for the variation and the date when the variation takes effect;

(ii) inform the person that he may make representations to the Authority within such period as may be specified in the notice; and

(ii) inform him of when the variation takes effect; and

(iii) inform him of his right to refer the matter to the Capital Markets Tribunal established under the Act.

(5) The Authority may extend the period allowed under the notice for making representations.

(6) The Authority shall consider the representations made by a licensed or approved person, and may confirm, vary or rescind its decision to vary a licence or approval and shall communicate its decision to the licenced or approved person by notice in writing.

PART III - STOCKBROKERS AND DEALERS

27. Financial limits for brokers and dealers.

(1) A broker or dealer shall have and shall at all times provide and maintain in his or her business as a broker or dealer a net capital of not less than fifteen million shillings respectively or such higher amount as may be determined by the Authority.

(2) The minimum paid up share capital shall always be unimpaired and shall not be advanced to the directors or associates of the stockbroker or dealer.

(3) An applicant for a stockbroker or dealer licence shall demonstrate-

(a) ability to pay debts as and when they come due in the normal course of business; and

(b) that the value of the the assets of the stock broker or dealer is greater than the minimum of-

- (i) the value of its liabilities; and
- (ii) the stated capital of the company.

(4) For purposes of subregulation (3), the money or assets of a client held by or on behalf of a licensed person shall not form part of the assets of the stock broker or dealer.

28. Conditions for a stock broker or dealer's licence

The Authority shall issue a licence to a broker or dealer on the following conditions-

- (a) the aggregate indebtedness of a stock broker or dealer shall not exceed six hundred percent of the net capital of broker's or dealer's;
- (b) the net capital of a broker or dealer shall not fall below two million shillings for two consecutive months;
- (c) a broker or dealer shall not grant unsecured advances or loans to any of its directors or associates in excess of four hundred thousand shillings in aggregate;
- (d) a broker or dealer shall not allow deficits in the account of a single client to exceed thirty percent of its monthly net capital;
- (e) a broker or dealer shall not allow its exposure to a single listed security to exceed three hundred percent of the broker's or dealer's monthly net capital; and
- (f) a broker or dealer shall not allow the book value of the listed securities it carries on its own account to exceed one hundred fifty percent of its monthly net capital.

29. Margin trading.

In relation to margin accounts, a broker or dealer or representative of either shall not—

- (a) execute any transaction in a margin account—
 - (i) except in the case of securities approved for margin trading by the securities exchange of which the broker or dealer is a member and with the concurrence of the authority; or
 - (ii) without securing a properly executed written margin agreement with a customer prior to the transaction;
- (b) permit the sum of the margin and the market value of securities bought or carried in a client's margin account to fall below 130 percent, or other percentage prescribed by the authority, of the debit balance in that account; or
- (c) fail to keep separately a client's margin account from his or her other accounts.

30. Security requirement for stock broker, dealer or any other person the Authority may prescribe

An applicant for a licence for a stock broker, dealer or any other person the Authority may prescribe shall lodge with a securities exchange in respect of which it is a trading participant or has applied for admission as a trading participant a security or deposit or a bank guarantee or bond of such an amount as may be agreed between them and the securities exchange in consultation with and with approval of the Authority taking into account the financial position and settlement record of the applicant; or

31. Broker or dealer's deposit.

- (1) An application for a broker or dealer's licence shall be accompanied by the deposit prescribed in Schedule 2 to these Regulations.
- (2) An application for renewal shall not require the deposit referred to in sub regulation (1) where the deposit made at the time of the first application has not been wholly or partly used up.
- (3) Where the deposit has been wholly or partly used up, the application for renewal of the licence shall not be considered until the deposit has been replenished or topped up.
- (4) The deposit made under sub regulation (1) may be utilized for the following reasons;
 - (a) Fines and penalties
 - (b) Damages
 - (c) Unsettled claims
 - (d) Any other way the Authority may deem fit
- (5) A deposit made under sub regulation (1) may be invested by the authority in a manner the authority considers appropriate, and the income earned by that investment shall be retained by the authority.

32. Refund of deposit.

A deposit made under regulation 30 of these Regulations shall be refunded to an applicant immediately if his or her application for a broker or dealer's licence is rejected or, following the grant of the licence, when it is surrendered or otherwise ceases to have effect.

PART IV – INVESTMENT HOUSE AND TRANSACTION ADVISER

33. Investment House

(1) An investment house shall not carry out the business of a stockbroker unless it acquires a controlling interest in a stockbroker that is a member of the securities exchange.

(2) On acquisition of a controlling interest where an investment bank is a stockbroker, the membership rights of the stockbroker in a securities exchange shall vest in the investment bank.

(3) For the purpose of this regulation, acquisition of fifty one percent or more of the share capital of a stockbroker shall be deemed to be a controlling interest

34. Financial requirements for Investment house

- (1) The level of paid up share capital and reserves or funds of shareholders shall not at any time fall below one billion shillings.
- (2) The minimum net capital shall be one billion five hundred million
- (3) The minimum paid up share capital shall always be unimpaired and shall not be advanced to the directors or associates of the investment bank.
- (4) The minimum liquid resources shall be in excess of one billion five hundred million at all times.
- (5) An investment house shall demonstrate ability to pay debts as and when they become due in the normal course of business and that the value of the company's assets is greater than the minimum of-
 - (a) the value of its liabilities; and
 - (b) the company's stated capital.
- (6) For purposes of subregulation (3), client money and client assets held by a licensed person or on behalf of the client shall not be included.

35. Transaction adviser

(1) An approval for a transaction adviser shall expire at the conclusion of the specific transaction for which the transaction adviser was approved.

36. Responsibilities of a Transaction adviser

(1) A transaction adviser to a company shall, be responsible to the Authority for assessing the appropriateness of the applicant company for the primary and secondary offers and any other transaction as specified by the Authority.

(2) Where a transaction adviser believes that a company for which it acts is no longer appropriate for offer of securities to the public or related transaction, the transaction adviser shall immediately inform the Authority and the relevant stock exchange that it has formed such opinion.

(3) A Transaction Adviser shall, at all times, act with due skill and care.

37. Notifications to the Authority

(1) A Transaction Adviser shall inform the Authority as soon as possible of -

- (a) changes to its name, controlling shareholders, its address or places of business;
- (b) receipt of any written warning or disciplinary communication from any regulatory body;
- (c) any material adverse change in its financial or operating position, including where it is considering appointing administrators or similar practitioners; or
- (d) cessation to act for a company for which it was approved to act, and for the reason for ceasing to act.

38. Independence of the Transaction Adviser

(1) A transaction adviser shall demonstrate to the Authority that they are independent from the company for which it acts such that there is no reasonable basis for impugning the Transaction Adviser's independence.

(2) Where the Authority requires a Transaction Adviser to demonstrate clearly that neither its independence nor that of any of its staff has or will be compromised by any potential conflict of interest, the burden of proof shall be upon the Transaction Adviser.

39. Conflict of interest

(1) A Transaction Adviser shall not have and shall take care to avoid, situations or a semblance situation of a conflict between the interests of the company for which it acts and those of any other party.

(2) In particular, a transaction adviser shall not-

- (a) act for any other party to a transaction or takeover other than the company for which it licensed or approved to act.
- (b) act as both reporting accountant and adviser to the company;
- (c) have a director, employee or associate of director or employee who holds a position of a director of a company for which the company acts as an adviser; and
- (d) allow a director or employee or associate of such director or employee to deal in the securities of a company for which the transaction adviser acts as an adviser during any close period of that company.

40. Procedures, staff and supervision

(1) A transaction adviser shall ensure that it maintains procedures which are sufficient for it to discharge its obligations under these Regulations.

(2) A transaction adviser shall ensure that its compliance, operations and procedures' manuals reflect and take into account the requirements of these Regulations.

41. Adequacy of Staff

(1) A transaction adviser shall ensure that it has sufficient management staff with the relevant expertise to discharge its obligations as a transaction adviser under these Regulations at all times.

(2) In assessing whether it has sufficient staff, a transaction adviser shall have regard to the type of the company for which it acts.

42. Maintenance of appropriate records and reporting requirements

A transaction adviser shall keep and maintain records that can sufficiently show an audit trail of the key discussions it holds, advice which it has given to the basis for the advice given, and the key decisions it has made in respect of the company for which it acts as a transaction adviser.

43. Disciplinary action against a transaction adviser

(1) Where the Authority considers that a Transaction Adviser is in breach of its responsibilities under regulation 37, the Authority may-

- (a) issue a warning notice;
- (b) levy a fine;
- (c) suspend the approval of the transaction adviser; or
- (d) revoke the approval of the transaction adviser.

(2) The Authority shall take under subregulation (1) publish at its website or a newspaper of wide circulation the action the Authority has taken and the reasons for that action.

PART V- FUND MANAGERS

44. Financial Requirements for Fund Managers

(1) The level of shareholders' funds (paid up share capital and reserves) of the fund manager shall not fall below one hundred and fifty million shillings at any time during the licence period.

(2) The paid up share capital of a fund manager shall always be unimpaired and shall not be advanced to the directors or associates of the fund manager.

(3) The working capital of a fund manager shall not fall below twenty percent of the required minimum share capital or three times the average monthly operating costs, whichever is higher.

(4) Unsecured advances, loans and other financial facility to directors or associates of a fund manager shall be made out of shareholders' funds that are in

excess of the prescribed minimum shareholders' funds; except that such loans shall not exceed ten percent of the shareholders funds at any time.

(5) The ratio of a fund manager's bank overdraft to the paid-up capital shall not exceed twenty percent at any time.

PART VI – GENERAL PROVISIONS

45. Right to refer matters to the Capital Markets Tribunal

An applicant who is aggrieved by the determination of an application made under these regulations may refer the matter to the Capital Markets Tribunal established by section 90AF of the Act.

46. Notices

A licensee who changes the principal place of business or ceases to operate a business for which a licence was issued or, in the case of a representative, changes the principal, shall inform the Authority of the change in forms 12, 13 and 14 set out in Schedule 1 respectively.

47. General Duty to Comply

A licensed or approved person under these Regulations shall at all times comply with all the requirements of the Act and these Regulations and any conditions imposed on him by the Authority.

48. Penalty

A licensee who contravenes any provision in these Regulations commits an offence and is liable to a penalty equivalent to one hundred currency points and in case of a continuing contravention, fifty currency points for each day that the offence continues.

49. Revocation of S.I 84 -1

The Capital Markets Authority (Licensing) Regulation, S.I 84 -1 are revoked.

SCHEDULES

Schedule 1.

FORM 1

(Reg.4)

**THE CAPITAL MARKETS (LICENSING AND APPROVALS) REGULATIONS,
2018**

**APPLICATION FOR AN APPROVAL OR LICENCE TO CONDUCT THE
BUSINESS OF A, STOCKBROKER, DEALER, TRANSACTION ADVISER,
AUTHORISED REGISTRAR, CUSTODIAN, INVESTMENT ADVISER, FUND
MANAGER, INVESTMENT HOUSE**

Application is made for a stockbroker/dealer/investment adviser/fund manager/
investment house/stock exchange (tick as appropriate) approval of licence/renewal of
licence (delete where inapplicable) under the Act and the following statements are made
in respect thereof: Note If space is insufficient to provide details, please attach
annexure(s). Any annexure(s) should be identified as such and signed by the signatory of
this application. Information provided should be as at the date of the application or
renewal.

- 1. Name of company..... Limited
- 2. Registered office.....
- 3. Date of incorporation.....
- 4. Address
- 5. E-mail
- 6. Location, address and telephone number of principal office.....
.....
- 7. Location, address and telephone number of branch offices
.....
- 8. Details of capital structure:
 - (a) Nominal capital (ushs.)
 - (b) Number of shares
 - (c) Paid-up capital (ushs)
- 9. Shareholders (please attach a list indicating the name, address & telephone number and
the number of shares held)
- 10.
 - (a) Directors (please attach a list of the names, identity card/passport number, date of
appointment, date of birth, Permanent address & telephone number academic or
professional qualification and number of shares held in the company)
 - (b) Secretary
 - Name.....
 - Address
 - Whether he or she is a member of the Institute of Certified Chartered Secretaries

- (c) Chief executive and other key personnel (please attach a list indicating the name identity card/passport number, date of appointment, date of birth Permanent address & telephone number academic or professional qualification and number of shares held in the company, if any)

11. Particulars of other directorship(s) of the directors and secretary. (Directorships in another company)

12. Particulars of shares held by directors or secretary in other companies

13. Has the applicant or any of its directors, secretary or members of senior management at any time been placed under receivership, declared bankrupt, or compounded with or made an assignment for the benefit of his creditors, in Uganda or elsewhere? Yes/ No.

If 'yes', give details

14. Has any director, secretary or senior management of the applicant been a director of a company that has been-

- (a) denied any licence or approval under the Capital Markets Authority Act or equivalent legislation in any other jurisdiction: Yes/No. (tick appropriately)
If Yes, give details.
.....

- (b) providing banking, insurance, financial or investment advisory services whose licence has been revoked by the appropriate authority? Yes/No.(tick appropriately)
If Yes, give details.

- (c) subjected to any form of disciplinary action by any professional body of which the applicant or any of its director was a member? Yes/ No. (tick appropriately)
If yes, give details.
.....

15. Has any court ever found that the applicant, or a person associated with the applicant was involved in a violation of the Capital Markets Authority Act or Regulations thereunder, or equivalent law in another Jurisdiction? Yes / No. (Tick appropriately)

If 'yes', give details.

16. Is the applicant and/or a person associated with the applicant now the subject of any proceeding that could result in a 'yes' answer to the above question (15)? Yes/No. (Tick appropriately)

If 'yes,', give details.
.....

17.(1) Is the applicant, or any shareholder, director or the secretary of the applicant, a member or director of a member company of any securities exchange? Yes/ No. (tick appropriately)

If 'yes', give details.
.....

(2) Have any of the above persons been –

- (a) refused membership of any securities organization? Yes / No. (tick appropriately)
If 'yes', give details
.....
- (b) expelled from or suspended from trading on or membership of any securities organization? Yes/No. (tick appropriately)
If 'yes' give details
.....
- (c) subjected to any other form of disciplinary action by any stock exchange? Yes/No. (tick appropriately)
If 'yes', give details.
.....
- 18. Attach a list of business references: Name Address Telephone number(s)
Occupation
- 19. Profile of the chief executive and key employees in the applicant company: Name
Post Qualifications Experience
- 20. List the office facilities of the applicant
.....
- 21. State the exact nature of the activity to be carried on which obliges the applicant to apply for a licence from the Capital Markets Authority.
.....
- 22. State the securities exchange at which the applicant intends to seek membership (Full member/Associate member) delete where inapplicable
.....
- 23. Any other additional information considered relevant to this application:
.....

We (Director), (Director)
and (Secretary) declare that all the information given in this application and in the attached documents is true and correct.
Dated this day of 20

Signed:.....)Director
.....)Director
.....) Secretary

FORM 2.

Application for a Licence to Conduct the Business of a Commodities Broker

PART I—COMPANIES.

(To be completed only by applicants who are companies)

1. Particulars of the Company

- (a) Name of company _____
- (b) Registered office _____
- (c) Date and place of incorporation _____
- (d) Address, telephone and fax numbers of principal place at which the business of the applicant is to be carried on _____
- (e) Details of capital structure—
 - (i) authorised capital, _____ shillings
 - (ii) paid-up capital, _____ shillings
 - (iii) types of shares issued _____
- (f) Details of shareholders—

50. Particulars of shareholders, Directors and Secretary

(a) Share holders

Name	Address	Amount of shares held	Date of acquisition

(b) Particulars of directors and secretary

Name	residential address	Date of birth	Educational qualifications	Office held	Date of appointment

3. Set out the name and address of each person who, directly or indirectly, exercises or has power to exercise a controlling influence over the management and policies of the applicant other than those shown as directors.

PART II—INDIVIDUAL APPLICANTS AND PARTNERSHIPS.

(To be completed by individual applicants and partnership)

4. Particulars (In the case of a partnership, attach the particulars of all parties)

- (a) Name _____
 - (b) Date of birth _____
 - (c) Occupation _____
 - (d) Residential address _____
 - (e) Address, telephone and fax numbers of principal place at which the business of the applicant is to be carried on _____
 - (f) Academic qualifications _____
-

5. Due diligence questions

(1) Does the applicant have an interest in one or more shares in any company the shares of which are quoted on a securities exchange, the aggregate of the nominal amount of which constitutes not less than 5 percent of all the issued shares of the company?

(2) Has the applicant within the past ten years—

- (a) been a member or partner in a member firm of a securities exchange?

- (b) carried on business under any name other than the name or names shown in this application? _____
- (c) been censured or disciplined by any professional body, society or association of which he or she was or is a member? _____
(If “Yes”, attach annexure giving details, including name of the professional body, society or association.)
- (d) been convicted of any offence other than a traffic offence in Uganda or elsewhere or are there any proceedings now pending which may lead to such a conviction?

(If “Yes”, attach annexure giving full details of the convictions or proceedings.)

PART III - DUE DILIGENCE

(To be completed by all applicants, whether companies or individual applicants.)

3. Internal control mechanisms

- (a) State the type of clients with whom the applicant proposes to do business

- (b) Describe in detail the organisational structure and internal control procedures which the applicant has adopted or proposes to adopt for the proposed business

- (c) State in detail the experience of the applicant and his or her management staff in the proposed business

- (d) State in detail the activity and the manner in which the applicant proposes to conduct the business for which the applicant requires a commodities broker's licence. _____
- (e) Is the applicant or any director or secretary of the applicant company a director of any company in Uganda or elsewhere? _____
Answer "Yes" or "No"; if "Yes", give details of—
(i) names of companies _____
(ii) places of incorporation _____ and
(ii) dates of appointment _____
- (f) (Answer "Yes" or "No" in the space provided. If "Yes"), attach annexures giving all relevant particulars Has the applicant or any director or secretary of the applicant company within the past ten years—
(i) been licensed or registered in any place under any law which requires licensing or registration in relation to dealing in securities?

(ii) been licensed, registered or otherwise authorised by law to carry on any trade, business or profession in any place? _____
(iii) been refused the right or restricted in its or his or her right to carry on any trade, business or profession for which a specific licence, registration or other authority is required by law in any place?

(iv) been suspended from membership of any securities exchange or otherwise disciplined by a securities exchange? _____
(v) been refused membership of any securities exchange? _____
(vi) been known by any name other than the name or names shown in this application? _____
(vii) had judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him or her in any civil proceedings in Uganda or elsewhere? _____
(viii) (If "Yes", using an annexure, give full details, including whether judgment is unsatisfied.)
(ix) been declared bankrupt or compounded with or made an arrangement for the benefit of his or her creditors, in Uganda or elsewhere?

(x) been engaged in the management of any company other than those referred to in answer to question 11? _____

(xi) been refused a fidelity or surety bond in Uganda or elsewhere?

13. Details of the employment and business activities of the applicant or of each director and secretary of the applicant company during the previous ten years.

Name of individual applicant or director or secretary of applicant company	Name and address of employer (if self-employed, so state)	Nature of business or activity	Description of duties in relation to the employment	Period of employment or activity (give exact dates)
----------------------------------------------------------------------------	-----------------------------------------------------------	--------------------------------	-----------------------------------------------------	-----------------------------------------------------

14. Additional information

Set out additional information (including any formal qualifications or training and the name of the institution that conducted the course) considered relevant to this application.

15. References

Set out below details of two persons (who are not related to the applicant, and neither of whom shall have any interest in the success or otherwise of this application) with whom the applicant or each director or secretary of the applicant company has had regular contact over the past five years and of whom the authority may inquire regarding the applicant's character and reputation.

Name Address Occupation

16. I am aware of the provisions of section 37 of the Act relating to false statements made in applications.

17. I declare that all information given in this application and in the attached annexures (if any) is true and correct.

Dated this.....day of20..

1.(signature of Applicant)

.....
(Name of applicant/director/

2.(signature of secretary)

FORM 3

The Capital Markets Authority Act.

Application for Representative's Licence.

1. Particulars

- (a) Name of applicant _____
- (b) Residential address _____
- (c) Tel. No. _____ Fax No. _____
- (d) Date of birth _____
- (e) Place of birth _____
- (f) Number of years applicant has resided in Uganda _____
- (g) Nationality _____

2. Occupation for which representative's licence is sought (a broker or dealer's representative/an investment representative licence etc)

3. Particulars of the Principal

- (a) name of principal _____
- (b) address at which the business of the principal is to be carried on _____
- (c) tel. no. _____
- (d) nature of business of the principal _____
- (e) present remuneration arrangement with principal (salary, commission or both) _____
- (f) Directorship in companies in Uganda or elsewhere _____

4. (Answer "Yes" or "No" in space provided. If "Yes" attach annexures giving all relevant particulars)

Has the applicant within the past ten years—

- (a) been licensed or registered in any place under any law which requires licensing or registration to deal or trade in securities or act as investment adviser?

- (b) been licensed, registered, or otherwise authorised by law to carry on any trade, business or profession in any place? _____
- (c) been refused the right or restricted in his or her right to carry on any trade, business or profession for which a specific licence, registration or other authority is required by law in any place?

- (d) been a shareholder in a member firm of any securities exchange?

- (e) been suspended from membership of any securities exchange or otherwise disciplined by a securities exchange? _____
- (f) been refused membership of any securities exchange? _____
- (g) carried on business under any name other than the name or names shown in subregulation 1(a) of this application?

- (h) been convicted of any offence, other than a traffic offence, in Uganda or elsewhere or are there any proceedings now pending which may lead to such a conviction? _____
- (i) had judgment including findings in relation to fraud, misrepresentation or dishonesty given been against him or her in any civil proceedings in Uganda or elsewhere? _____
(If “Yes”, attach annexure giving full details, including whether judgment is unsatisfied.)
- (j) been refused a fidelity or surety bond in Uganda or elsewhere?

- (k) been declared bankrupt or compounded with or made an arrangement for the benefit of his or her creditors in Uganda or elsewhere?

- (l) been disqualified as a director of a company, or been a director of a company that has gone into receivership or liquidation in Uganda or elsewhere?

- (m) had any experience in performing the functions of a dealer’s representative or an investment representative? _____
(Answer “Yes” or “No”. If “Yes”, attach annexures giving all relevant particulars)

5. Set out below details of the applicant’s employment and business activities during the previous ten years.

Name and address of employer (if self employed, state so)	Nature of business or activity	Description of duties in relation to employment Employment or activity (give exact dates)

6. Set out below details of two persons (who are not related to the applicant and neither of whom has any interest in the success or otherwise of this application) with whom the applicant has had regular contact over the past five years and of whom the authority may inquire regarding the applicant’s character and reputation—

Name	Address	Occupation

7. Does the applicant have an interest in one or more shares in any company, the shares of which are quoted on a securities exchange, the aggregate of the nominal amount of which constitutes not less than 5 percent of the aggregate of the nominal amount of all issued shares of the company? _____ (Answer “Yes” or “No”. If “Yes”, give full details of the interest including names of companies and percentage of interest.)

7. Set out any additional information (including any formal qualifications or training of the applicant and the name of the institution that conducted the course) considered relevant to this application.

8. I am aware of the provisions of section 37 of the Act relating to false statements made in applications.

9. I declare that all information given in this application and in the attached annexure (if any) is true and correct.

Dated thisday of....., 20...

.....(Signature)
 (Applicant)

FORM 4

CERTIFICATE OF GOOD CHARACTER

To the Executive Director
Capital Markets Authority

On the basis of due diligence inquiry made into the background of the..... an applicant for a licence to conduct activities of a representative, who is in my direct employment, acting for and on my behalf, and other information available, I believe him/her to be of good character and reputation and to have the competence and experience to perform the functions of a representative.

Date _____

Signature _____

Name _____

Capacity _____

FORM 5

Regulation 12(2)

THE CAPITAL MARKETS AUTHORITY ACT

NOTICE OF REFUSAL TO GRANT LICENCE

To

RE:

TAKE NOTICE that upon consideration of your application for a licence to act as a
..... in accordance with the provisions of the section 30(1) of the Act and
the Regulations made under the Act, the Authority has not found merit in your
application and rejects the same due to the following reasons:-

.....
.....
.....

Dated this.....day of....., 20.....

.....
Chairperson of the Board

.....
Secretary to the Board

FORM 6

Regulation 3(3)

The Capital Markets Authority Act.

Licence No.....

Licence.

This licence is granted to _____ (name)
of _____ (address)
and authorises the person herein named to conduct or carry on the business of
_____ (type of business) in Uganda for one year
beginning _____ and ending _____ (both
dates inclusive).

This licence is issued subject to compliance of the requirements of the Capital Markets Authority Act, the Regulations made under the Act and any other conditions as may be stipulated by the authority and by the stock exchange of which the applicant is or proposes to be a member.

Dated thisday of20.....

.....
Chairperson of the Board
Capital Markets Authority

.....
Secretary to the Board/ Chief Executive Officer

FORM 7

Regulation 17(3).

THE CAPITAL MARKETS AUTHORITY ACT

NOTICE OF RECOGNITION OF LICENCE

To:

Re:

TAKE NOTICE that upon conduct of due diligence on the custodian license you submitted to us as having been issued under the Uganda Retirement Benefits Regulatory Authority Act, you are permitted to act as a custodian within the meaning of the section 30(1) of the Capital Markets Authority Act and the regulations made under the act.

Dated this.....day of.....20.....

.....
Chairperson of the Board

.....
Secretary to the Board

FORM 8

Regulation 20(2)

Application for Renewal of Licence.

The Capital Markets Authority Act.

1. (a) Applicant's name _____
 - (b) Licence No. _____
 - (c) Expiry date of licence _____
 - (d) Residential address _____
Telephone No. _____ Fax No. _____
 - (e) Present remuneration arrangement with principal; (*salary, commission or both*).
2. (Answer "Yes" or "No" in the space provided. If "Yes", attach annexures giving all relevant particulars.)
Since the last application has the applicant—
- (a) been suspended from membership of any securities exchange or otherwise disciplined by a securities exchange? _____
 - (b) been convicted of any offence other than a traffic offence in Uganda or elsewhere or are there any proceedings now pending which may lead to such a conviction?

 - (c) has judgment, including findings in relation to fraud, misrepresentation or dishonesty been given against him or her in any civil proceedings in Uganda or elsewhere? _____
(If "Yes", using an annexure, give full details, including whether judgment is unsatisfied.)
 - (d) been declared bankrupt or compounded with or made an arrangement for the benefit of his or her creditors in Uganda or elsewhere?

 - (e) been engaged in the management of any company other than those referred to in the last application? _____
 - (f) been a director of any company other than those referred to in the last application?

 - (g) been refused a fidelity or surety bond in Uganda or elsewhere?

 - (h) been the subject of any disciplinary action taken by his or her firm?

 - (i) been disciplined by any professional or other membership body?

3. I am aware of the provisions of section 37 of the Act relating to false statements in applications.
4. I declare that all information given in this application and in the attached annexure (if any) is true and correct.

Date _____
Signature _____
Name of applicant _____

THE CAPITAL MARKETS AUTHORITY

NOTICE OF INTENTION TO REVOKE LICENCE/APPROVAL

To

TAKE NOTICE that the Authority intends to revoke the licence/approval granted to you on(date) to conduct the business of..... The reasons for revocation are-
.....
.....
.....

TAKE FURTHER NOTICE that you may make your representations in writing to the Authority to show cause why the licence should not be revoked within fourteen days from the date of receipt of this notice which representations the Authority shall consider in accordance with the provisions of the Act, and the Regulations made under the Act before finally making its decision on the said intended revocation.

Dated this.....day of.....20.....

.....
Chairperson of the Board

.....
Secretary to the Board

THE CAPITAL MARKETS AUTHORITY

NOTICE OF REVOCATION OF LICENCE/APPROVAL

To

Following the notice of intention to revoke a license/approval served on you on theday of...., 20.... and consequently, the consideration of the presentations you made to the Authority TAKE NOTICE that the Authority hereby revokes the licence issued to you on.....day of day of20.....; licence No.....for the following reasons:-

.....
.....
.....

TAKE FURTHER NOTICE that you are to cease operations as at..... with immediate effect.

Dated this.....day of.....20.....

.....
Chairperson of the Board

.....
Secretary to the Board

THE CAPITAL MARKETS AUTHORITY

NOTICE OF SUSPENSION OF LICENCE/APPROVAL

To

Following the notice of intention to revoke a licence/approval served on you on theday of...., 20.... and consequently, the consideration of the presentations you made to the Authority, TAKE NOTICE that the Authority hereby suspends the licence issued to you on.....day of day of20.....; licence No.....for the following reasons:-

.....
.....
.....

TAKE FURTHER NOTICE that you are to cease operations as at..... with immediate effect until the reasons for suspension are addressed.

Dated this.....day of.....20.....

.....
Chairperson of the Board

.....
Secretary to the Board

FORM 12.

Regulation 47.

THE CAPITAL MARKETS AUTHORITY

Notice of Change of Principal Place of Business.

To: The Capital Markets Authority

Take notice that we (name of licenced holding licence no. to conduct the business of have changed/intend to change our principal place of business from (former address of place of business) to (new address of place of business). The change shall take effect on/took effect on (effective date of change)

Dated thisday of20.....

.....(Signature)

(Name of licensee)

FORM 13

Regulation 47.

THE CAPITAL MARKETS AUTHORITY ACT

**THE CAPITAL MARKETS AUTHORITY (LICENSING AND APPROVALS)
REGULATIONS, 2017**

Notice of Cessation of Business.

To: The Capital Markets Authority.

Take notice that we (name of licenced holding licence no.
..... to conduct the business of shall cease to carry on the
business for which we were licensed to carry on. The cessation shall take effect on
.....day of.....20.....

Dated this.....day of20.....

_____(signature)
Name of licensee

THE CAPITAL MARKETS AUTHORITY ACT

**THE CAPITAL MARKETS AUTHORITY (LICENSING AND APPROVALS)
REGULATIONS, 2017**

Notice of Change of Principal.

To: The Chief Executive Officer
Capital Markets Authority

Take notice that on the ____ day of _____, 20 ____, of the licensee/approved person will cease to be a representative of _____ (name of the principal)

The licensee/approved person holds licence no.....issued onday of20..... The licensee/approved person residential address is Tel..... Email.....

Dated thisday of20.....

Name of the licensee/approved person

Schedule 2.

regs. 5, 18 (2), 20

Fees.

1. A non-refundable application fee for a broker's licence 750,000/=.
2. Annual fee for Broker or dealer 3,000,000/=.
3. Non-refundable application fee for any licence to act as an investment adviser 750,000/=.
4. Annual fee for Investment adviser licence or renewal fee for advising others concerning securities 3,000,000/=.
5. Annual fee for an Investment adviser licence or renewal fee for advising others concerning securities and issuing or promulgating analyses or reports concerning securities 3,500,000/=.
6. Annual fee for Investment adviser licence or renewal fee for advising others concerning securities and issuing or promulgating analyses or reports concerning securities and pursuant to a contract or arrangement with a customer on the management of a portfolio of securities for the purpose of investment 3,700,000/=.
7. Non-refundable application fee for a representative licence 150,000/=
8. Annual fee for a representative licence 1,000,000/=
9. Annual Fee for an Investment House Licence 20,000,000/=
10. Application for replacement of licence 50,000/=.
11. Application for certification of licence 50,000/=.
12. Deposit accompanying an application for a broker's licence or a dealer's licence 5,000,000/=

History: S.I. 52/1996.

Schedule 3

FIT AND PROPER REQUIREMENTS FOR LICENSED AND APPROVED PERSONS

1. Application of Fit and Proper Requirements

(1) These requirements apply to corporate bodies and individuals either seeking or who have been granted a license or approval in respect of a regulated activity.

(2) In assessing fitness and propriety, the Authority will take into account a person's-

(a) **Honesty, Integrity and Reputation.**

This includes an assessment of whether the person has-

- (i) been convicted of any criminal offence;
- (ii) been the subject of any adverse finding or any settlement in civil proceedings, particularly in connection with investment or other financial business, misconduct, fraud or the formation or management of a body corporate;
- (iii) been the subject of, or interviewed in the course of, any existing or previous investigation or disciplinary proceedings, by the Authority, by other regulatory authorities (including a previous regulator), clearing houses and securities exchanges, professional bodies, or government bodies or agencies;
- (iv) been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any potential proceedings or of any investigation which might lead to those proceedings;
- (v) contravened any of the requirements and standards of the regulatory system or the equivalent standards or requirements of other regulatory authorities (including a previous regulator), clearing houses and securities exchanges, professional bodies, or government bodies or agencies designed for the protection of investors or was fraudulent prejudicial to the market or was otherwise improper which would otherwise discredit the person's methods of conducting business .
- (vi) been the subject of any justified complaint relating to regulated activities;
- (vii) been involved with a company, partnership or other organisation that has been refused registration, authorisation, membership or a license to carry out a trade, business or profession, or has had that registration, authorisation, membership or license revoked, withdrawn or terminated, or

has been expelled by a regulatory or government body;

- (viii) as a result of the removal of the relevant licence, registration or other Authority, the person has been refused the right to trade, business or profession requiring a licence registration or other related business.
- (ix) been a director, partner, or concerned in the management, of a business that has gone into insolvency, liquidation or administration while the person has been connected with that organisation or within one year of that connection;
- (x) or any business with which the person has been involved, has been investigated, disciplined, censured or suspended or criticized by a regulatory or professional body, a court or Tribunal whether publicly or privately;
- (xi) been dismissed, or asked to resign and resigned, from employment or from a position of trust, fiduciary appointment or similar;
- (xii) ever been disqualified from acting as a director or disqualified from acting in any managerial capacity;

In the past, the person has been candid and truthful in all his dealings with any regulatory body and whether the person demonstrates a readiness and willingness to comply with the requirements and standards of the regulatory system and with other legal, regulatory and professional requirements and standards.

(b) Competence and Capability.

This includes an assessment of whether the person-

- (i) satisfies the relevant training and competence requirements in relation to the functions they are required or intend to perform;
- (ii) has demonstrated by experience and training, ability to perform the required functions.

(c) Financial Soundness.

This includes an assessment of whether-

- (i) The person has been the subject of any judgment debt or award, in Uganda or elsewhere, that remains outstanding or was not satisfied within a reasonable period;
- (ii) in the Uganda or elsewhere, the person has made any arrangements with his creditors, filed for bankruptcy, had a bankruptcy petition served on him, been adjudged bankrupt, been the subject of bankruptcy restrictions order (including an interim bankruptcy restriction order offered as a bankruptcy

restrictions undertaking, had assets sequestrated, or been involved in proceedings relating to any of these.

.....

**JACQUELINE KOBUSINGYE OPONDO
CHAIRPERSON OF THE BOARD**