

**THE DRAFT CAPITAL MARKETS (LICENSING AND APPROVAL) REGULATIONS,  
2021**

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## **STATUTORY INSTRUMENT**

**2021 No. ...**

**The Capital Markets (Licensing and Approvals) Regulations, 2021.**

*(Under sections 30, 32 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 Act Cap 84 these Regulations are made this ..... day of ....., 2021.

## **PART I—PRELIMINARY.**

### **1. Title.**

These Regulations may be cited as the Capital Markets (Licensing and Approvals) Regulations, 2021.

### **2. Application**

These Regulations shall apply to all approved persons.

### **3. Interpretation**

In these Regulations, unless the context otherwise requires—

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

“affiliate” means any subsidiary or holding company of a licensed or approved person and any subsidiary of such holding company;

“associated person” has the meaning assigned to it under section 2 of the Act;

“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” has the meaning assigned to it under section 1 of the Act;

“Authority” has the meaning assigned to it under section 1 of the Act;

“authorised registrar” has the meaning assigned to it under section 1 of the Act;

“board” means the board of directors of an approved person.

“bucketing” means directly or indirectly taking the opposite side of a client’s order into a commodities broker’s or stock broker’s own account or into an account in which a commodities broker or stock broker has an interest, without open and competitive execution of the order on the trading platform of an exchange;

“custodian”, has the meaning assigned to it under section 1 of the Act;

“credit rating” is an objective and independent opinion on the general creditworthiness of an issuer of a debt instrument, and its ability to meet its obligations in a timely manner over the life of the financial instrument based on relevant risk factors including the ability of the issuer to generate cash in the future

“credit rating agency” has the meaning assigned to it under section 1 of the Act;

“clearing bank” means a bank as defined under the Financial Institutions Act; to facilitate the maintenance of a segregated account, clearing and settlement functions on transactions executed on an exchange, which is designated or appointed to provide banking and other facilities to an exchange, the clearing house of an exchange, and a broker.

“client” means a person on whose account a commodities broker or stock broker carries on trading in any commodity contract or securities, but does not include directors, key personnel, representatives and related companies of the commodities broker;

“commodity” means

- (a) agricultural, livestock, fishery, forestry, mining or energy goods, or any product that is manufactured or processed from any such goods;
- (b) an index, right or interest in any such commodity;
- (c) any other matter as may be determined by the Authority through official Gazette notification to be the subject of a commodity contract;

“commodity broker” means a company approved by the commodities exchange and licensed by the Authority to carry on the business of purchase or sale of commodities contracts as an agent for investors;

“commodity contract” includes spot commodity contracts, forward commodity contracts, commodity derivatives trading contracts, or such other commodity contract or class of commodity contracts as may be specified by the Authority

“commodity contracts trading” means trading, whether as principal or agent, by making or offering to make with other person, or inducing that person to enter into any agreement for or with a view to the purchase or sale of a commodity contract, or soliciting or accepting trading in accordance with commodity contract;

“commodities exchange” has the meaning assigned to it under Section 1 of the Act;

“commodity derivatives trading contract” means a contract by which one contracting party agrees to deliver to the other party a commodity specified in the contract, or a specified quantity of that commodity, at a specified future time and at a specified price payable at that time, pursuant to the terms and conditions of the rules of the commodities exchange and related contracts specified in that contract, or a contract by which the parties must discharge their obligations under the contract by settling the difference between the value

of a specified quantity of a specified commodity agreed at the time of the making of the rules and at a specified future time, such difference being determined in accordance with regulations governing the commodities exchange and related contracts governed by that contract;

“dealer” has the meaning assigned to it under section 1 of the Act;

“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;

“demutualization” is the process of converting the interests of the members into shareholdings;

“Fund Manager” has the meaning assigned to it under section 1 of the Act;

“grading” means the inspection and assignment of certain quality parameters as specified by a commodities exchange for each commodity contract listed on it;

“independent director” means a director who—

- (i) is not and has not been in the employment of the approved person in an executive capacity within the last five years.
- (ii) is not affiliated to an adviser or consultant to the approved person or a member of the approved person’s senior management or a significant customer or supplier to the approved person or with an entity that receives significant contributions from the approved person or an entity in which the approved person is invested or within a  
a  
period of five years preceding the date of the application, has not had any business relationship with the approved person (other than service as a director);
- (iii) has no personal service contract(s) with any of the shareholders, directors, or members of the senior management of the approved person.
- (iv) is not employed by a company at which an executive officer of the approved person serves as a director.
- (v) is not a member of the immediate family of any person described in paragraph (iii) above.
- (vi) Has not had any of the relationships described above with any affiliate of the company.

“investment adviser” is as defined in the Act;

“investment house” has the meaning assigned to it under section 1 of the Act;

“key person” has the meaning assigned to it under section 1 of the Act;

“licensed person” has the meaning assigned to it under section 1 of the Act;

“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;

“market participant” includes commodity brokers, commodity advisers, clearing house of a commodities exchange and a client of a commodity broker or commodity adviser;

“mid-stage financing” means investment by an approved venture capital fund in an eligible venture capital enterprise in the form of-

- (a) capital expenditure or working capital to support and promote commercialization of technology or product;
- (b) additional capital expenditure or working capital to increase production capacity, marketing or product development; or
- (c) funding for an eligible venture capital enterprise expecting to be listed on a stock exchange;

“novation” in relation to the clearing house of a commodities exchange, means assigning or trading over to a clearing house the legal counterparty risk for the trade executed by two counterparties

“public interest” includes a matter in which the public has a stake that justifies regulation to foster a fair and efficient capital markets and confidence in capital markets, or a matter in which investors have a pecuniary interest, or some interest by which the rights or liabilities of investors are affected or a matter that warrants protection of investors from unfair, improper or fraudulent practices, or a matter, conduct or transaction which is abusive of investors or detrimental to the capital markets industry;

“rules” in relation to a commodities exchange or the clearing house of a commodities exchange, means the rules governing the exchange or the clearing house and the conduct of its members, by whatever name called;

“rules” in relation to an approved securities exchange has the meaning assigned to it under section 1 of the Act;

“representative” has the meaning assigned to it under section 1 of the Act;

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

“security deposit” means the amount which a commodity broker requires to be paid by a client in respect of a commodity contract either in cash or cash equivalent.

“settlement price” means the daily settlement price at the close of trading;

“semi-captive fund” means a fund which draws its investment capital from both the parent of the approved venture capital fund holding it and other investors, but invests primarily in line with the interests of that parent or that has such other comparable structure acceptable to the Authority;

“stock broker” has the meaning assigned to it under section 1 of the Act;

"stock exchange" has the meaning assigned to it under section 1 of the Act;

“substantial interest” means a cumulative of both direct and indirect holding of fifteen percent or more in the equity of a venture capital enterprise.

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

“trading participant” means a person licensed by the Authority to carry on the business of buying, selling, dealing or trading securities and is admitted by an Exchange as a trading participant;

“trading system” includes any system or platform provided by an exchange, which makes available to the members of the exchange, and disseminates information regarding trades effected, volumes and such other notifications as may be placed thereon by an exchange;

“underwriter” has the meaning assigned to it under section 1 of the Act;

“venture capital fund” has the meaning assigned to it in the Act.

“venture capital enterprise” means a business entity incorporated under the Companies Act which obtains venture capital investment for purposes of financing a new product or for expansion of the business entity;

“warehouse” has the meaning assigned to it under the Warehouse Receipt System Act;

“warehouse receipt” has the meaning assigned to it under the Warehouse Receipt System Act;

“warehouse receipt system” means part or the whole of the process of depositing commodities in a licensed warehouse, the issuance of a warehouse receipt reflecting the quantity and quality of the deposited commodity, the management of the transfer of the receipt as a document of title and includes, but is not limited to, the regulation of warehouses and actors associated in the processes;

## **PART II – SECURITIES EXCHANGE**

### **4. Application for Approval.**

An application for grant of approval to operate a securities exchange shall be submitted to the Authority in Form 1 set out in the First Schedule of these Regulations, accompanied by the prescribed application fees.

- (1) An applicant seeking approval to operate a securities exchange shall comply with all the conditions for the approval of a securities exchange set out under the Act and shall in addition satisfy the following requirements;
  - (a) the applicant’s directors and officers shall be fit and proper persons as described in the Act and shall each submit a complete fit and proper assessment in accordance with Schedule 2 of these Regulations;
  - (b) the applicant shall comply with and submit evidence attesting to the minimum financial and share capital requirements for the approval of a securities exchange as prescribed by the Authority, and the functional expertise, infrastructure and experience for the operation of a securities exchange to the satisfaction of the Authority;
  - (c) the applicant shall submit its rules, memorandum and articles of association which shall be in a form that is satisfactory to the Authority and restricting the applicant to the business of operating a securities exchange;
  - (d) provide details of the trading system proposed to be adopted by the applicant and a comprehensive business plan for developing the securities exchange market in Uganda, including but not limited to; increasing the number of listed companies and capital markets products, improving liquidity and price discovery in listed securities, and
  - (e) such additional documents as may be required by the Authority.
- (2) Any person who carries on the business of a securities exchange without approval by the Authority commits an offence and is liable on conviction to a fine not exceeding three hundred currency points or imprisonment not exceeding three years or both.

### **5. Rules of the Securities exchange**

- (1) The rules to be adopted by an applicant for approval to operate as a securities exchange shall contain provisions in compliance with the Act on the-

- (a) admission to the listing, suspension or de-listing of securities by the stock exchange;
  - (b) the conditions governing dealing in securities by its trading participants so as to ensure protection of the rights of investors;
  - (c) prompt disclosure, in a manner that is fair to all investors, of material information of a price sensitive nature and information likely to affect the price of a security including fees on management contracts, to enable appraisal of an issue by investors;
  - (d) protection of investors against abuse of confidential information, misleading information, fraud, deceit, and other adverse practices in the issuing and trading of securities;
  - (e) prohibition of market manipulation in any form;
  - (f) investigation into trading in securities and financial transactions of trading participants and for conducting spot checks on such trading participants;
  - (g) suspension of trading of any security for the protection of investors or for the conduct of orderly and fair trading;
  - (h) the conduct of securities trading and the manner in which information relating to transactions is to be maintained and reported to other trading participants and customers of the securities exchange;
  - (i) segregation from other business accounts of trading participants, of customers funds and securities;
  - (j) arbitration of disputes and provision for appeal to the Authority by trading participants, investors and listed companies;
  - (k) carrying out of the business of the securities exchange with due regard to the interest of the investing public;
  - (l) trading rights on a stock exchange;
  - (m) registration with the securities exchange of full members, associate members, their representatives, authorized clerks and dealers;
  - (n) conduct of trading participants, their representatives, authorized clerks and dealers;
  - (o) responsibility of trading participants for the actions of their employees and agents in their dealings with the public; and
  - (p) the listing of companies in the respective market segments such that investors have a range of investment opportunities in listed securities across all sectors of the economy.
- (2) The rules of the securities exchange shall provide for the following governance requirements.
- (a) A ‘no objection ‘ by the Authority of the Board of Directors and Chief Executive Officer of the securities exchange prior to appointment.
  - (b) A ‘no objection ‘ to the approval of the directors of a listed company or any other issuer by the Authority.
  - (c) A board of directors of not less than five persons constituted as follows;

- i. the chief executive
- ii. one third of the members of the board of directors who shall be elected from among or to represent the trading participants.
- ii. All other members shall be independent non-executive directors; (the criteria for independence must be disclosed in the rules).
- iii. the independent and non-executive directors appointed under sub-regulation (ii) above shall be persons who have knowledge and experience in investments, finance, law or corporate governance and shall represent the interests of investors and the public on the board.

(3) Proposed amendments to the rules of a securities exchange shall be submitted to the Authority accompanied by, a resolution of the Board of Directors of the Securities Exchange with evidence of stakeholder consultation on the proposed amendments.

(4) The Authority shall communicate its decision in writing, and the date on which the amendments shall take effect.

(5) The Authority may make amendments to the rules of the Exchange or the Listing Rules of the Exchange. The Authority may dispense with consultations with the Exchange and relevant stakeholders if it considers it necessary to do so in the interest of investors.

#### **6. Conditions for grant of approval.**

A securities exchange approved by the Authority shall—

- (1) engage in the business of operating a securities exchange and shall not directly or indirectly enter into any unrelated business.
- (2) not outsource any of its core functions including listing and trading, without the prior approval of the Authority.
- (3) abide by the Companies Act and the corporate governance standards prescribed by the Authority;
- (4) employ a Chief Executive and an administration with sufficient capacity to administer the securities exchange in accordance with the terms set out under these regulations;
- (5) establish a physical location and mode of operation which contributes to a more orderly and efficient market for securities in Uganda;
- (6) have an online surveillance capability which monitors positions, prices and volumes in real time so as to ensure market integrity;
- (7) have adequate infrastructure to list and trade securities on its platform,

- (8) have the necessary capability to have a network of trading participants and have adequate facility to admit and regulate them;
- (9) make necessary arrangements to establish connectivity with its trading participants and securities central depository;
- (10) have adequate systems capacity supported by a business continuity plan including a disaster recovery site;
- (11) establish a fidelity fund for compensating persons who suffer loss by reasons of any beneficiary by an approved Securities Exchange or any of its directors or employees or dealing members or alternatively maintain Directors Liability insurance for the Directors of the Exchange as well as professional indemnity for the employees of the Exchange and require dealing members to maintain professional indemnity.
- (12) inform the Authority in writing of any modifications made to the comprehensive business plan and the progress being made on its implementation.
- (13) submit a request to the Authority, for approval of any persons proposed to be appointed as a Chief executive officer or director of the securities exchange

In the event that the Authority rejects the persons proposed as chief executive officer or director, justifiable cause shall be given and the decision communicated to the securities exchange within a reasonable time.

- (14) Submit a resolution of the board of directors of the Securities Exchange before any trading system is installed or implemented
- (15) The Board of Directors of the Securities Exchange shall ensure that trading system referred to in sub –regulation (14) shall provide for among other things:
  - (a) a trading facility at which all bids to purchase and offers to sell are exposed to each other and at which members of the public are granted an opportunity to witness trading;
  - (b) a transparent and efficient pricing mechanism which: -
    - (i) displays the best offer and bid prices;
    - (ii) provides for automatic matching;
    - (iii) allows for efficient distribution of liquidity within the market;
    - (iv) displays the highest and lowest prices, the latest transactions as well as the volume of securities traded;

- (v) has an audit trail and trace back mechanism for all transactions;
  - (vi) has sufficient internal controls and security measures to ensure that only authorized persons have access; and
  - (vii) maintains records of all transactions and retrieves such records as may be necessary.
- (c) connectivity to a central securities depository
  - (d) connectivity to relevant East African Community capital markets infrastructure.

### **7. Grant of an approval**

- (1) The Authority may, if satisfied that the applicant has met all the requirements for approval as a securities exchange, and upon evidence of payment of the prescribed fees, grant the applicant an approval to operate a securities exchange.
- (2) The Authority may grant approval to operate a Securities Exchange subject to such conditions or restrictions as it considers fit for the proper conduct of the securities exchange and the conditions or restrictions may, at any time, be varied by the Authority.
- (3) An approval granted under paragraph (1) shall remain valid unless suspended or revoked by the Authority.
- (4) A securities exchange shall pay an annual fee as prescribed by the Authority.

## **PART III- COMMODITIES EXCHANGE**

### **8. Approval of commodities exchanges**

- (1) An application for grant of approval to operate as a commodities exchange shall be submitted to the Authority in Form 1 set out in the First Schedule of these Regulations.
- (2) A person shall not carry on business as a commodities exchange or hold out as providing or maintaining a commodities exchange unless such a person has obtained approval from the Authority, and a notice of ‘no objection’ from the Ministry of Trade and the Ministry of Agriculture.
- (3) A securities exchange or derivatives exchange intending to operate a commodities exchange shall incorporate a separate company under the Companies Act to conduct the business of a commodities exchange.
- (4) Any person who contravenes sub-regulation (2) above commits an offence and is liable on conviction to a fine not exceeding three hundred currency points or imprisonment not exceeding three years, or both.

## **9. Application for approval.**

An application for approval shall be accompanied by –

- (a) copies of memorandum and articles of association restricting the applicant to the business of operating a commodities exchange and services incidental thereto;
- (b) rules governing the operations of the commodities exchange;
- (c) details of trading, clearing and settlement systems proposed to be adopted by the applicant;
- (d) evidence of payment of the prescribed fees;
- (e) satisfactory bank references;
- (f) a business feasibility plan evaluated by an entity with a proven track record and expertise in commodities markets or commodities market development, establishment or management; and
- (g) such additional documents as the Authority may require.

## **10. Considerations in granting approval.**

(1) In considering an application for approval to operate a commodities exchange, an applicant shall comply with all the conditions for approval set out under the Act and in addition, shall be required to –

- (a) be demutualized;
- (b) ensure that the clearing and other arrangements are made, its clearing house and its members are such as to provide a reasonable assurance that all obligations arising out of contracts entered on the proposed commodities exchange will be met;
- (c) have the prescribed minimum authorized, issued and paid up equity share capital to support initial infrastructural investments and three years' operating capital;
- (d) satisfy all requirements relating to ownership and governance structure specified in these regulations;
- (e) have its directors determined as fit and proper persons as described under the Act and submit a complete fit and proper assessment form for each director in accordance with Schedule 2 of these Regulations;
- (f) satisfy the minimum liquid net-worth requirements prescribed by the Authority;
- (g) have a minimum amount of money, as may be determined by the Authority from time to time, in the settlement guarantee fund before the commencement of trading;
- (h) establish a fidelity fund for compensating investors who suffer pecuniary loss resulting from the failure of a broker or dealer to meet his or her contractual obligations and require its member dealers or brokers to carry and maintain such professional indemnity insurance as may be required by the Authority
- (i) satisfy requirements relating to financial capacity, functional expertise and infrastructure to – establish and operate a fair and efficient commodities exchange,
- (j) meet contingencies or disasters including events such as technical lapses occurring with automated systems

- (k) provide adequate security arrangements on risk identification and mitigation, data protection and fail safes on critical infrastructure;
- (l) have in its employment, sufficient number of persons with adequate professional and other relevant competencies and experience;
- (m) have measures in place to actively enforce compliance by its members with its rules and for the prevention of manipulation and excessive speculation;
- (n) have adequate provision to record and publish details of trading, including volume and interest; and
- (o) comply with any other conditions as may be specified by the Authority.

### **11. Rules of the commodities exchange**

- (1) An applicant seeking approval to operate a commodities exchange shall prepare and adopt commodities exchange rules, approved by the board of directors of the commodities exchange, for approval by the Authority.
  
- (2) The rules adopted shall contain provisions on –
  - (a) Reference to the governance documents that provide for the clear demarcation of powers, roles and responsibilities of the board, chief executive officer and the committees of the board;
  - (b) the granting of membership to the commodities exchange including the procedures for admission as a member of a commodities exchange and requirements for membership inclusive of fees;
  - (c) powers to levy fees and impose penalties for breach of its rules;
  - (d) the granting of trading rights and non-transferable memberships of the commodities exchange;
  - (e) general obligations of the trading participants who are members of the commodities exchange, including requirements on minimum net worth, maintenance of accounting records and compliance to the laws of Uganda and the rules of the commodity exchange;
  - (f) membership of the commodities exchange comprising brokers, trading advisers, warehouse operators, clearing banks and any other category that may be approved by the Authority.
  - (g) the termination of membership to a commodities exchange;
  - (h) specifications on the minimum parameters to be disclosed in respect of commodity contracts to be listed, with prior approval from the Authority;
  - (i) the clearing and settlement of all trades in commodity contracts by the appointed clearing house, whether the clearing house is independent, wholly owned by the commodities exchange or its subsidiary;
  - (j) the performance of novation, netting and guarantee settlement of trades;
  - (k) complete segregation of business accounts of trading participants from that of their clients and between different clients;
  - (l) trading including validation of orders on the commodities exchange;
  - (m) the suspension of trading of any commodity contract for the protection of investors or for the conduct of orderly and fair trading;

- (n) investigation into trading practices and financial transactions of commodity brokers and their clients;
- (o) the clearing house and designated clearing banks of the commodities exchange;
- (p) commodity categories;
- (q) the operation of warehousing facilities on commodities;
- (r) the delivery, declaration, management and delivery of various commodities traded on a commodities exchange;
- (s) detailed provisions on direct market access by clients of the commodities exchange;
- (t) detailed provisions on give-up and take-up transactions, position transfers, assignments, transaction separations, open or close transaction designations and adjustments, and average pricing including transaction mergers and demergers;
- (u) the methodology for determining the daily and final settlement prices with provisions for adjustments in contract prices to compensate for allowable adjustments in quality and quantity;
- (v) the closing out of commodity contracts in case of noncompliance with the rules of the commodities exchange;
- (w) the mandatory maintenance of a settlement guarantee fund and investor protection fund including provisions for pay in, pay out and topping up;
- (x) the declaration of an event of default and disposal of a defaulter's assets under lien or pledge;
- (y) the exclusion from membership to a commodity market of persons who are not fit and proper as provided for under the Act and these Regulations;
- (z) the expulsion, suspension or disciplining of members of a commodity market for conduct inconsistent with just and equitable principles in the transaction of business, or for a contravention of the business rules of the proposed commodities exchange;
- (aa) the trading days and business hours of the commodities exchange;
- (bb) the resolution of disputes and provision for appeal to the Authority by trading participants and investors;
- (cc) generally, for the carrying on the business of the proposed commodities exchange with due regard to the interests and protection of the public; and
- (dd) any other provisions specified by the Authority or the commodities exchange.

(3) Proposed amendments to the rules of a Commodities exchange shall be accompanied by evidence of payment of fees prescribed by the Authority, a board resolution authorizing the amendments and evidence of stakeholder consultations on the proposed amendments, and the Authority shall ensure that it makes a written decision concerning any proposed amendments to the rules of a commodities exchange and the amendments shall not have any effect without the Authority's express approval.

- (4) (a) Where a commodities exchange imposes sanctions, fines, suspends any person or otherwise takes disciplinary action against one of its members in accordance with its

rules, it shall immediately inform the Authority in writing of the name of the member, the reason for and the nature of the action taken, the extent of the fine or period of suspension.

(b) The Authority may, on application by an aggrieved person, review any disciplinary action taken by a commodities exchange and may affirm, modify or set aside the decision of the commodities exchange after giving the member and the commodities exchange an opportunity to be heard, and a party dissatisfied with the decision of the Authority may appeal to the tribunal.

- (5) Nothing in sub regulation (4) above shall preclude the Authority from revoking or suspending the approval of, or otherwise disciplining, a member of the commodities exchange, after giving the member of the commodities exchange an opportunity to be heard.
- (6) Any action taken by a commodities exchange is without prejudice to the power of the Authority to take such further action as it sees fit with regard to the member or its license.

## **12. Grant of an approval**

(1) The Authority may, if satisfied that the applicant has met all the requirements for approval as a commodities exchange, and upon evidence of payment of the prescribed fees, grant the applicant an approval to operate as a commodities exchange.

(2) The Authority may grant approval subject to such conditions or restrictions as it considers fit for the proper conduct of the commodities exchange and the conditions or restrictions may, at any time, be varied or removed by the Authority.

(3) An approval granted shall remain valid unless suspended or revoked by the Authority.

(4) A commodities exchange shall pay the annual fee prescribed by the Authority.

## **13. Suspension or Cancellation of approval of a Securities Exchange or a Commodities Exchange.**

(1) The Authority may suspend or cancel an approval of a commodities or securities exchange in accordance with section 24 (7) and 44 of the Act.

(2) Where the Authority is of the opinion that the approval of a commodities or securities exchange should be suspended, cancelled or revoked;

- (i) The Authority shall notify the Board of Directors of the commodities Exchange or securities exchange of the intention to suspend or cancel the approval.

- (ii) The notice of the intention to suspend or cancel the approval shall explain the reasons for the proposed suspension or cancellation of the approval, and shall give the Board of Directors of the Exchange an opportunity to be heard.
- (iii) The Board of Directors of the commodities Exchange or securities exchange shall respond in writing and shall also be given the opportunity to appear in person before the Authority and shall show cause why the approval should not be suspended or cancelled.
- (iv) The oral and written submissions shall be submitted, within fourteen calendar days from the date of receipt of the notice from the Authority.
- (v) After the hearing, the Authority shall communicate its decision in writing within fourteen calendar days from the date of the last response from the Board of Directors of the Commodities Exchange or securities exchange
- (vi) Where the decision of the Authority is to cancel the approval, the cancellation shall take effect in accordance with section 24(7), (8) and (9) of the Act.
- (vii) Where the decision of the Authority is to suspend the approval, the suspension will take effect immediately.
- (viii) Where the Council of the exchange is dissatisfied with the decision of the Authority, the exchange shall within 14 days of receipt of the decision, notify the Authority of its intention to appeal to the Tribunal.
- (ix) The Authority shall within seven days of receipt of the notice to appeal the decision, refer the matter to the Tribunal for determination.

#### **14. Obligations of a commodities exchange.**

- (1) A commodities exchange shall have a duty to ensure that –
  - (a) an orderly, fair and transparent market in commodity contracts traded at the exchange is maintained at all times;
  - (b) adequate market information is readily available to all participants, investors, media and other relevant stakeholders in a commodities market;
  - (c) risks associated with the operations of the market and the commodities exchange are managed prudently; and
  - (d) the exchange complies with these Regulations.
- (2) A commodities exchange shall operate its facilities in accordance with its rules as approved by the Authority.
- (3) A commodities exchange shall –
  - (a) regulate the operations, standards of practice and business conduct of its members, their employees, representatives and associates, in accordance with the exchange's rules;

- (b) keep such records as are necessary for the proper recording of each transaction in the commodities exchange;
  - (c) preserve confidentiality of all information in its possession concerning its members and their clients, except such information as may be disclosed by the commodities exchange when required to do so, in writing, by its clearing house, the Authority, an order of a Court of law in Uganda and the provisions of any law of Uganda;
  - (d) publish its rules, fees and charges;
  - (e) identify and manage conflicts of interest;
  - (f) ensure that only licensed warehouses and warehouse operators are used in connection with trading in a commodities exchange; and
  - (g) provide a robust mechanism for clearing and settlement.
- (4) A commodities exchange shall immediately notify the Authority where it becomes aware that –
- (a) a member is unable to comply with any rule of the exchange or any rules relating to financial resources; or
  - (b) a financial irregularity or other matter which, in the opinion of the exchange, may indicate that the financial standing or integrity of a member is in question, or that a member may not be able to meet its legal obligations.

#### **15. Board of a commodities exchange**

- (1) A commodities exchange shall have a board of not less than five persons approved by the Authority and responsible for the overall leadership, governance and strategic direction of the commodities exchange.
- (2) The board of a commodities exchange shall comprise the chairperson, chief executive of the commodities exchange, executive and non-executive directors with at least one third of the members of the board being independent directors.
- (3) The non-executive and independent directors shall be persons who have knowledge and experience in commodities exchanges, financial sector, capital markets or corporate governance and shall represent the interests of investors and the public interest.
- (4) At least one independent director shall be present in the meetings of the board to constitute a quorum.

#### **16. Conditions for appointment of directors and Chief Executive Officer**

A commodities exchange shall submit, to the Authority, the names of proposed directors for appointment to the board of a commodities exchange and Chief Executive Officer prior to their appointment or reappointment. The Authority shall inform the Commodities Exchange in writing whether there is an objection or no objection to the appointment.

#### **17. Appointment of a Chief Executive Officer.**

- (1) A commodities exchange shall, subject to any prescription of the Authority from time to time, determine the qualification, manner of appointment, terms and conditions of appointment and other procedural formalities associated with the appointment of the chief executive officer.

- (2) A person shall not be appointed as the chief executive officer of a commodities exchange where the person is –
- (a) a shareholder or an associate of a shareholder of any commodities exchange;
  - (b) a shareholder or an associate of a market participant.
- (3) A commodities exchange may change its chief executive officer with the prior written consent of the Authority and in accordance with any conditions that may be imposed by the Authority.

### **18. Financial requirements**

A commodities exchange shall maintain, at all times, the financial requirements prescribed by the Authority which shall be adequate in relation to the nature, size and complexity of the business of that commodities exchange to ensure that there are no significant risks that liabilities may not be met as they fall due.

## **PART IV– COMMODITIES BROKER**

### **19. Licensing of commodities brokers.**

A person shall not carry on or purport to carry on business as a commodities broker unless –

- (a) that person is licensed as a commodities broker by the Authority; and
- (b) conducts its business in accordance with the rules and practices of a commodities exchange.

### **20. Application for a commodities broker license**

(1) A person who intends to carry on the business of a commodities broker shall apply for a license to operate as such to the Authority in form 3 as set out in the first schedule to these regulations.

(2) The application shall be accompanied by –

- (a) the prescribed fees
- (b) the relevant application form and documents in support of the information and declarations; and
- (c) a letter from a commodities exchange stating that the application meets all the relevant requirements of that commodities exchange and that the commodities exchange will admit the applicant if licensed by the Authority.

### **21. Consideration for grant of a commodities broker license.**

- (1) An applicant seeking a license to operate as a commodities broker shall be required to –
- (a) be a company limited by shares;
  - (b) have a chief executive officer who is a fit and proper person as prescribed under the Act and these Regulations and who has experience of not less than five years in the business of buying,

selling or dealing in commodities, commodity contracts, derivatives contracts or other securities;

- (c) have the necessary infrastructure including office space, equipment and trained staff to effectively discharge its activities;
  - (d) have as its directors and key personnel, persons who are fit and proper as prescribed under the Act and these Regulations; and
  - (e) Meet the financial requirements prescribed by the Authority.
- (2) Shareholders, directors and key personnel of the applicant shall be persons who have not defaulted in payment of dues at a clearing house of a commodities exchange.

## **22. Furnishing of information and clarifications**

- (1) The Authority may, in considering an application made for a commodities broker license, require an applicant to furnish such further information regarding any previous dealings in securities, derivatives, commodities and any other related matter as the Authority may consider necessary.
- (2) An applicant or its key personnel shall, if required by the Authority, appear before the Authority to make personal representations.

## **23. Grant of license of commodities broker**

- (1) The Authority, shall, grant or renew a license to an applicant, if the Authority is satisfied that the applicant is eligible to be licensed as a commodity broker.
- (2) The Authority shall inform the commodities exchange and the applicant of the grant of a license.
- (3)The Authority shall not refuse to grant a license without first giving the applicant an opportunity of being heard.
- (4) Where the Authority, after hearing the applicant, refuses to grant the applicant a license, the Authority shall communicate the decision to the applicant and the commodities exchange within fourteen days of the hearing, stating the grounds for refusal, in writing.
- (5) An applicant aggrieved by the decision of the Authority to refuse the grant of a license shall within 14 days of receipt of the decision, notify the Authority of its intention to appeal to the Tribunal.
- (6) The Authority shall within seven days of receipt of the notice to appeal the decision, refer the matter to the Tribunal for determination.

**24. Annual license fees for a commodities broker.**

A commodity broker shall pay the annual license fee in schedule three of these regulations.

**25. Clearing and settlement through the clearing house.**

All approved contracts transacted on a commodities exchange shall be cleared and settled by the clearing house of a commodities exchange, and whenever required, closed out in accordance with the rules of a commodities exchange.

**26. Application of Warehouse Receipt System Act to commodity contracts.**

- (1) In so far as the subject of a commodity contract is related to commodities, the Warehouse Receipt System Act or any other relevant law shall apply to such a contract
- (2) The Authority or the commodities exchange may impose additional requirements on warehouses or warehouse operators where necessary to maintain market integrity and efficiency or in the protection of investor interests.

**27. Suspension or revocation of a commodities broker or stock broker's license**

- (1) The Authority may by order in writing, suspend or revoke the license of a commodities broker or stock broker in accordance with the Act.
- (2) The Authority shall, before issuing an order of suspension or revocation or other administrative action under sub-regulation (1), give a commodities broker or stock broker notice of the intended action.
  - a. The notice of the intention to suspend or revoke the license or issue an administrative decision shall explain the reasons for the revocation or suspension of the license, and shall give the Commodities broker or stock broker an opportunity to be heard and the Commodities or stock broker shall respond in writing or orally or both, within fourteen calendar days from the date of receipt of the notice from the Authority.
  - b. After the hearing, the Authority shall communicate its decision in writing within fourteen calendar days from the date of the last response from the Commodities or stock broker.
  - c. Where the decision of the Authority is to revoke or suspend the license, the revocation shall take effect on the date the Authority revokes, suspends the license.
  - d. Where the Commodities or stock broker is dissatisfied with the decision of the Authority, they shall within 14 days of receipt of the decision, notify the Authority of its intention to appeal to the Tribunal.
- (3) The Authority shall within seven days of receipt of the notice to appeal the decision, refer the matter to the Tribunal for determination.

## **PART V – INVESTMENT HOUSE, INVESTMENT ADVISER, FUND MANAGER AND CUSTODIAN**

### **28. Application for a license**

An application for a license to operate as an investment house, investment adviser, fund manager or a custodian shall be submitted to the Authority in form two set out in the first Schedule.

### **29. Documents to accompany application**

- (1) The application under regulation 28 above shall be accompanied with –
- (a) certificate of incorporation;
  - (b) memorandum and articles of association;
  - (c) 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 the applicant's audited accounts for the preceding two years (where applicable);
  - (d) evidence of payment of the prescribed fees
  - (e) a business plan containing the particulars on –
    - (i) the management structure;
    - (ii) the directors, including one or more executive directors, their qualifications, addresses and details of other directorships;
    - (iii) the shareholding structure and beneficial ownership ,disclosing whether any of the shareholders will have an executive role to oversee the day-to-day operations of the business;
    - (v) the qualifications, experience and expertise of the chief executive;
    - (vi) the proposed management and qualifications of key personnel;
    - (vii) the financial projections for three years;
    - (viii) the particulars of the proposed operating and information technology system;
    - (ix) one bank reference;
    - (x) two business references;
    - (xi) the proposed premises suitably located and equipped to provide satisfactory service to clients in the field of activity to which the license relates or evidence acceptable to the Authority that such premises will be available;
    - (xii) the staff capable of providing professional services to clients in the field of activity to which the license relates or evidence acceptable to the Authority that such staff will be available;
    - (xiii) the proposed independent auditor.
    - (xv) proof that the prescribed financial requirements for the approved person have been fulfilled
    - (xvi) suitable infrastructure necessary for the provision of satisfactory service to clients.

(i) Any other information that may be requested by the Authority with justifiable reasons.

(2) Every person who is, or is to be, a director, chief executive or manager of an investment adviser or fund manager, shall be fit and proper as described under the Act and these Regulations, to hold the particular position which he holds or is to hold;

(3) Notwithstanding the requirements in sub regulation (1) an individual applicant shall demonstrate that he or she had the qualifications, expertise and experience required to carry out the role of an investment advisor.

(4) An application for a license made to the Authority shall be accompanied by-

(a) a detailed information on qualifications, experience and expertise of the directors, chief executive and senior management team.

### **30. Authorized functions.**

(a) Investment houses shall be non-deposit taking institutions and shall carry out all of the functions set out in the Act.

(b) An investment house that intends to act as a fund manager of any fund including a collective investment scheme shall in addition to the application for an investment house license apply for a fund manager and Collective investment scheme manager license to the Authority.

### **31. Application for a custodian license.**

(1) An application for a license to operate as a custodian shall be submitted to the Authority in form two set out in the first Schedule.

(2) An applicant shall be-

(a) a bank licensed under the Financial Institutions Act;

(b) any other body corporate person who meets the requirements of this part and is approved by the Authority, and who shall demonstrate effective capacity and expertise in the performance of related services.

(3) An applicant under sub regulation (2) shall demonstrate effective capacity and expertise in dealing in securities.

### **32. Documents to accompany application**

The application under regulation 31 shall be submitted together with the documents specified in regulation 29 above.

## **PART VI – STOCK BROKER AND DEALER**

### **33. Application for a license**

- (1) An application for a license to operate as a stockbroker or a dealer shall be submitted to the Authority in form two set out in the first schedule.
- (2) The application referred to in paragraph (1) shall be accompanied by –
  - (a) the fees prescribed in schedule 3.
  - (b) the documents, information and declarations specified in this regulation.

### **34. Specific requirements for approval.**

- (1) The applicant under regulation 34 above shall lodge a security of five million shillings with the Authority
- (2) The eligibility of a dealer's license shall be restricted to institutions committing funds for investment as principals in securities dealings.
- (3) An application for a stockbroker or a dealer license shall be accompanied by 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.

### **35. Stock Broker /Dealers' investment limits.**

Investment in related companies of a stock broker or dealer shall be limited to ten percent of the share holding

## **PART VII – VENTURE CAPITAL FUNDS**

### **36. Application for approval of a venture capital fund**

- (1) An application for approval of a venture capital fund where the fund intends to source for investment funds from Ugandans shall be made in form five of the first Schedule
- (2) The applicant shall fulfil the following requirements.
  - (a) Submit a certified copy of the applicant's certificate of incorporation
  - (b) Have the prescribed financial requirements
  - (c) Submit a certified copy of the applicant's incorporation documents;
  - (d) The entity should have a purpose of providing risk capital to businesses in Uganda;
  - (e) Submit details of the investment strategy of the fund to be operated by the applicant
  - (f) submit a letter of acceptance of the appointment from a licensed fund manager and the management agreement.

- (g) Have a board of directors or other governing body with a minimum of five directors or members of which at least one third of the directors are independent directors;
  - (h) submit a letter of acceptance of the appointment of an auditor who is a member of the Institute of Certified Public Accountants of Uganda
  - (i) Open separate bank accounts for each fund and for the fund manager.
  - (j) evidence of payment of the prescribed fees.
  - (k) any further reasonable information that the Authority may deem necessary to determine the application.
- (3). Where an applicant does not intend to source for investment funds from the Ugandan public, an application shall be made in form 6 of the first schedule. Such an applicant shall be exempt from Regulations 37-43.

**37. Letter of no objection.**

- (1) The approved venture capital fund shall not change directors or fund manager unless it has been assessed for fitness and properness by the Authority and has received a written confirmation stating that the Authority has no objection to the proposed change .
- (2) An approved venture capital fund shall inform the Authority of any material changes in the shareholding of the fund.

**38. Approval of Fund Manager.**

No person shall act or be appointed as a fund manager for the purposes of an approved venture capital fund unless such person is a duly licensed fund manager and is approved by the Authority to manage venture capital funds.

**39. Resignation of the fund manager.**

- (1) A fund manager may resign by giving a written notice to the governing body of the registered venture capital fund and copied to the Authority stating the reasons for the resignation.
- (2) The notice period shall be one month or such longer period as may have been stipulated in the management agreement.

**40. Removal of Fund Manager.**

A fund manager shall be removed—

- (a) immediately upon the suspension or revocation of its license by the Authority in accordance with the Act and these Regulations or
- (b) by one month's notice, or such longer period as may be stipulated in the management agreement, in writing by the governing body of the approved venture capital fund.

**41. Hand-over to new fund manager.**

A fund manager shall within fourteen days of the date of resignation or removal deliver to the approved venture capital fund through its fund manager all information and documents relating to its contractual duties including-

- (a) statements pertaining to the fund whose portfolio it was managing.;
- (b) details of the investment portfolio and details of the cost of such investment and estimated yields;
- (c) statements relating to any incomplete transactions;
- (d) records required to be maintained by the fund manager;
- (e) letters of resignation by the fund manager or persons appointed by the fund manager as nominee for the approved venture capital fund from any directorships made pursuant to the management agreement; and
- (f) particulars of all contact persons for purposes in connection with the investment portfolios.
- (g) Any other information required to be handed over as stipulated in the management agreement.

#### **42. Appointment of new Fund Manager.**

The governing body of the registered venture capital fund shall within one month of the resignation or removal of the fund manager, appoint another fund manager and shall within seventy-two hours of the appointment forward to the Authority a copy of the fund manager's letter of consent to appointment and provide the Authority with a copy of the management agreement with the new fund manager.

#### **43. Suspension or revocation of approval of a venture capital fund**

The Authority may suspend or revoke the approval of a venture capital fund in accordance with section 44 of the Act.

### **PART VIII – CREDIT RATING AGENCIES**

#### **44. Application for credit rating agency license**

An application for approval to operate a credit rating agency should be made to the Capital Markets Authority in form two set out in the first schedule and accompanied by the following:

- (i) Certificate of Incorporation, Memorandum and Articles of Association;
- (ii) Business plan (to include resumes of the top management staff, management structure, brief on the rating

methodology, rating grades, fee structure);

- (iii) A sample of a standard agreement between the rating agency and its clients; and
- (iv) Draft sample “letter of requests” for rating accompanied by a draft of the “information requirements for rating securities”

#### **45. Core Professional Capacity**

The applicant must make evident its capacity to perform the role of a rating agency.

- (1) The applicant must have a background and experience as well as professional expertise to provide the service of a rating agency.
- (2) The applicant must either be in the process of appointing or have appointed professionals who have the relevant background in the rating business.

#### **46. Ownership**

- (1) In order to ensure independence and objectivity, the applicant must be a body corporate with a preponderance of an institutional shareholding of repute.
- (2) The shareholders, board of directors, management and professional analytical staff should be fit and proper persons.
- (3) The ownership structure or association and capital level shall not be the only basis or criteria of determining the independence and integrity of a credit rating agency.

### **PART IX – TRANSACTION ADVISER AND MARKET ADVISOR**

#### **47. Transaction adviser and market advisor**

- (1) A person shall not carry on the business of a transaction adviser unless the person has been approved to carry on the business by the Authority.
- (2) A person shall not be licensed to carry on the business of a market advisor unless the person has been approved to carry on the functions of a market advisor by a stock exchange.

(3) An applicant shall submit a letter to the Authority requesting for approval to act as a transaction adviser and shall include the details of the transaction for which the approval is required.

(4) An applicant shall submit a letter to the Authority requesting to be licensed as a market advisor and shall submit the confirmation in sub regulation (2) with the application.

#### **48. 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.

#### **49. Independence of the Transaction Adviser**

(1) A transaction adviser shall demonstrate to the Authority that it is independent from and has arms-length dealing with the company for which it acts.

(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.

#### **50. Conflict of interest**

(1) A Transaction Adviser shall at all times ensure that they do not have any conflict of interest while performing its duties as a transaction adviser.

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

- (a) act as both reporting accountant and adviser to the company;
- (b) 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
- (c) 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 closed period of that company.

#### **51. Procedures, staff and supervision**

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

## **52. Disciplinary action against a transaction adviser**

- (1) Where the Authority considers that a Transaction Adviser is in breach of its responsibilities under these regulation, the Authority may-
- (a) issue a warning notice;
  - (b) levy a fine;
  - (c) suspend the approval of the transaction adviser; or
  - (d) withdraw the approval of the transaction adviser.
- (2) The Authority shall publish on its website, social media platform, or a newspaper of wide circulation the action the Authority has taken and the reasons for that action.

## **PART X- AUTHORIZED REGISTRAR**

### **53. Application for approval to operate as an authorized registrar.**

- (1) An application to operate as an authorized registrar shall be submitted to the Authority in form 2 set out in the first Schedule.
- (2) The application referred to in sub-regulation (1) shall be accompanied by the following;
- (a) Certificate of Incorporation, Memorandum and Articles of Association;
  - (b) Business plan including details of the top management staff, management structure including provision of particulars of directors who collectively have experience in conducting registry business;
  - (c) A copy of the latest audited accounts;
  - (d) Undertaking to maintain proper records and render returns;
  - (e) Information on necessary infrastructure such as office space, sufficient manpower and facilities such as fire proof cabinets, filing cabinets, registers and information systems and back-ups;
  - (f) Information on control measures on access to records;
  - (g) Proof that the chief executive officer has experience in management and supervision of staff involved in electronic data keeping and other forms of records maintenance;
  - (h) Proof that the senior management and staff meet the fit and proper requirements under the Act and these Regulations;

- (i) In the event that the applicant is a subsidiary of a Registrar operating in another jurisdiction, a recommendation from the primary regulator;
- (j) The prescribed fees; and
- (k) Any other information that may be required by the Authority.

#### **54. Duties of authorized registrars**

- (1) An authorised registrar shall carry out all or any of the following actions;
- (a) tracking, recording and maintaining on behalf of issuers the official record of ownership of each issuer's securities and effecting appropriate changes in the register;
  - (b) effecting refunds arising from oversubscriptions and rejected applications;
  - (c) make dividend, principal, interest and other distributions to securities holders;
  - (d) distributing right issue circulars and public offer documents;
  - (e) dispatching annual reports, accounts and notices of meetings;
  - (f) collecting applications from investors in respect of an issue;
  - (g) participating in share allotment and finalizing list of entitlement as per allotment;
  - (h) processing and dispatching allotment letters; and
  - (i) any other role that may be assigned by the Authority.

### **PART XI SELF-REGULATORY ORGANISATIONS**

#### **55. Self-Regulatory Organisation**

Any licensed person that intends to operate as Self-Regulatory Organisation shall apply for approval of the Authority by way of a formal letter.

#### **56. Approval of Self-Regulatory Organisation**

The Authority may in respect of an application under regulation 56, subject to such terms and conditions as it considers necessary, by notice in the Gazette, declare an organization to be a recognized self-regulatory organization where the Authority is satisfied that the organization satisfies the following;

- a) A constitution and internal rules and policies consistent with the Act or related legislation;
- b) a procedure and appropriate system of exercising self-regulation over its members with the capacity, financial and administrative resources necessary to carry out its functions as a self-regulatory organization, including dealing with a breach of a provision of the law or of the law or of any other applicable standards or guidelines;
- c) Board of directors who are fit and proper person;
- d) a code of conduct for its members;

- e) adequate trading surveillance and competent personnel for carrying out of its functions.
- f) a procedure for dispute resolution.
- g) Such other criteria as may be specified by the Authority.

### **57. Implementation of self-regulatory organisation**

An exchange or any other association that has been approved as a self-regulatory organisation shall implement a system of self-regulation with respect to its trading participants and shall ensure the day to day management of trading, and all other activities of its trading participants are in accordance with—

- (a) the rules of the exchange or association; and
- (b) the Act and regulations prescribed by the Authority.

### **58. Rules of a self-regulatory organisation**

(1) The rules of a self-regulatory organisation shall, where applicable, support the self-regulatory functions of the exchange or association and in particular shall in addition to the conditions under the Act;

- (a) promote investor protection;
- (b) promote fair treatment of its trading participants and any person who applies for admission as a trading participant;
- (c) exclude a person who is not fit and proper from being its trading participant or being appointed as its chief executive, director or officer;
- (d) promote proper regulation and supervision of its trading participants;
- (e) promote appropriate standards of conduct of its trading participants;
- (f) manage any conflict of interest which may arise between its interest and the interest of investors and the general public;
- (g) ensure that its trading participants and their officers duly comply with the relevant securities laws, regulations and rules.
- (h) require trading participants to report in a timely manner any breaches of applicable rules;
- (i) prevent the use of any information by its trading participants or their officers which may result in such trading participants or their officers making an unfair gain;
- (j) expel, suspend, discipline or sanction a trading participant if such trading participant contravenes securities laws, regulations and regulations issued by the authority or where relevant, the applicable rules, or an approved central depository;

- (k) require a trading participant to report any action, restriction or limitation imposed on its operations by another stock exchange, central depository or a competent authority; and
  - (l) allow an aggrieved trading participant to appeal against any decision of the securities exchange acting in its capacity as a recognized self-regulatory organization.
  - (m) provide for procedures with respect to reporting and accountability to any primary regulatory other than the Authority.
- (2) An application to amend the rules of a self-regulatory organization shall be accompanied by, a Board Resolution and evidence of stakeholder feedback and the Authority shall ensure that it makes a written decision concerning any proposed amendments and the amendments shall not have any effect without the Authority's express approval.

## **PART XII-MISCELLANEOUS**

### **59. Alteration of facts disclosed in application.**

- (1) An applicant for a license or approval 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 sub regulation (1) shall only be allowed if the event that necessitates the alteration occurs prior to the determination of the application by the Authority.

### **60. Consideration of applications for a license or approval of authorized activities.**

- (1) The Authority shall only receive and consider an application where all the necessary information and documentation for such an application has been provided. The Authority shall inform the applicant of its decision after the complete application has been lodged with it.

### **61. Grant of license or approval.**

- (1) The Authority, upon consideration of an application, shall either grant a license or approval or reject the application. The Authority shall only grant a license or approval where all the necessary requirements have been met. A license granted by the authority shall be in the form set out in Form 7 of the first schedule.
- (2) The Authority shall grant a license or approval where the Authority is satisfied that the persons engaged or to be engaged as directors or key personnel are fit and proper persons in accordance with the criteria provided in the second schedule to this regulation.

## **62. Rejection of application for a license or approval**

(1) Where the Applicant has not met all the requirements or the Authority is not satisfied with the information furnished by the applicant and having regard to any other information, or the applicant is not a fit and proper person to carry on the business for which an application for a license or approval is made, the Authority shall reject the application.

(2) The Authority shall give the Applicant an opportunity to be heard before it rejects an application for a license or approval. Following the hearing, where the Authority is still of the view that the Application should be rejected, the Authority shall issue a notice for rejection of the application in the form set out in form 6 of the first schedule

## **63. Suspension or revocation of license or approval**

The Authority shall issue a notice of suspension or withdrawal of approval for a license or approval that has been suspended or revoked under section 44 of the Act in form 9 or 10 (as the case may be) of the first schedule.

## **64. General conditions.**

(1) It shall be a condition of every license or approval that—

- (a) the license or approval shall be personal to the applicant and shall not be transferable;
- (b) a licensee or approved person shall not grant a change in ownership of the business unless notification has been given to the Authority and the Authority has satisfied itself that the new owner is a fit and proper person to take over the ownership of the business
- (c) 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 license;
- (d) 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 license is a company, any change in the directors of the company;
- (e) 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;
- (f) 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 license;

- (g) a licensee or approved person shall comply with any other terms or conditions imposed by the Authority.
- (h) a licensed or approved person shall be required to maintain a professional indemnity or contribute to a guarantee or fidelity fund for purposes of addressing any market anomalies that arise due to a failure on the part of the licensed or approved person, in accordance with the Act and these Regulations.

(2) A person shall not hold a license for a custodian and a fund manager at the same time.

### **65. Representative Licenses**

- (1) An approved or licensed person shall not carry on an activity for which that person is approved or licensed without having in its employment at least one representative.
- (2) A representative shall submit an application to the Authority in form 4 of the first schedule.

### **66. 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 they are 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 license or approval in relation to any activity referred to in section 30 of the Act or in these Regulations 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 license 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 securities 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.

### **67. Replacement of license.**

- (1) A licensee may apply to the Authority through a letter for replacement of a license where the license is lost, destroyed, obliterated or defaced.
- (2) The application in sub regulation (1) shall be accompanied by evidence of payment of the prescribed fee.

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

**68. Renewal and display of license.**

- (1) Every licensee or approved person shall display his or her at all premises in which he or she transacts business with the public
- (2) The requirement in sub regulation (1) shall not be taken to be satisfied unless the license is displayed in such a manner as to be readily visible to the public.
- (3) A license shall be valid for one year and shall be renewed annually upon application to the Authority where the applicant has met all the requirements for issuance or renewal of the license
- (4) The Application for renewal of a license shall be accompanied by evidence of payment of the fee in schedule three and shall be in form 8 of the first Schedule.

**69. Publication of Approvals and Licenses.**

- (1) The Authority shall publish on its website all approvals and licenses.
- (2) The Authority shall publish once every year, a list of all licensed or approved persons in at least one daily newspaper with national circulation.

**70. 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 or her by the Authority.

**71. Form of application for a license**

An application to the Authority for a license may be submitted in hard copy or electronic form.

**PART XIII – OFFENCES, PENALTIES AND REPEALS**

**72. Offences and penalties**

An approved person who fails, without reasonable excuse, to comply with any of the requirements of these regulations commits an offence and is liable on conviction to a fine not exceeding five thousand currency points.

- (a) The Authority may impose other disciplinary action under section 39 or 44 of the Act as it may determine.
- (b) No part of this regulation or any regulation herein shall confer any right of action to an investor or other persons affected or shall affect the validity of any transaction.

73.73.

**74. Repeals**

- (1) The Capital Markets Authority (Licensing) Regulation, S.I 84 -1 is repealed.
- (2) The Capital Markets Authority (Licensing) Amendment Regulations 2003 is repealed.
- (3) The Capital Markets (Establishment of Stock Exchanges) Regulations 1996 Statute No.1 of 1996 is repealed.
- (4) The Capital Markets (Fund managers) Regulations S.I No. 42 of 2004 is repealed

**SCHEDULE 1- FORM I. Reg.4,9**

**CAPITALMARKETSAUTHORITY ACT, CAP 84 (as amended)**

**PART 1**

**APPLICATION FOR APPROVAL OF A SECURITIES EXCHANGE OR A  
COMMODITIES EXCHANGE**

Note-

1. Name of the Company  
.....
2. Registered  
office.....
3. . Date of incorporation  
.....
4. Address.....  
.....
5. Email.....  
.....
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/authorized capital  
.....
  - (b) Number of  
shares.....
  - (c) Paid-up capital.....
9. Shareholders (please attach list)

Name	Address and telephone number	Number of shares held

10. (a) Directors (please attach a list)

Name	Identity card/Passport number	Date of appointment	Date of Birth	Permanent address and telephone number	Academic or professional qualification	Number of shares held in the company

(b) Secretary

Name.....

...

Address.....

(c) Chief Executive Officers and key personnel

Name	Identity card or Passport number.	Date of appointment	Date of birth.	Permanent address and telephone number	Academic and professional qualifications	Number of shares held in the company.

11. Particulars of other directorship (s) of the directors and Chief Executive Officer. ....

.....

...

.....

...

12. Particulars of shares held by the directors and Chief Executive Officer 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 key personnel of the applicant been a director of a company that has been:

(a) denied any license or approval under the Capital Markets Authority Act or equivalent in any other jurisdiction: Yes/No

If Yes, give details.....  
 .....  
 .....

(b) a director of a company providing banking, insurance, financial or investment advisory services whose license has been revoked by the appointing authority:

Yes/No. 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. if

Yes, give details.....

.....  
 .....

15. Has any court ever found that the applicant, or a person associated with the applicant was involved in the violation of the Capital Markets Authority Act or Regulations thereunder or

any other law governing the financial sector within or outside Uganda?

Yes/No. If Yes, give details.....

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

.....

...

16. Is the applicant or a person associated with the applicant is subject to any proceedings that could result in a “yes” answer to question 15? Yes/No. If “yes” give details.....

.....

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.....

...

17. (1) is the applicant, any shareholder, director or secretary of the applicant a member or director of a member company of any securities exchange, derivatives exchange or commodities exchange? Yes/No. If “yes” give details..

.....

...

.....

...

.....

...

(2) have any of the above persons been-

(a) refused admission as a commodity member of any securities organisation?

Yes/No. if Yes, give details.....

.....

.....

.....

(b) expelled from or suspended from trading on any securities organisation?

Yes/No if Yes, give details.....

.....

.....

.....

(c) subjected to any other form of disciplinary action by any securities, derivatives or commodity exchange? Yes/No if Yes, give details.....

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

18. Business references:

Name	Address	Telephone number(s)	Occupation

19. Profile of the chief executive officer and key personnel in the applicant company

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

20. List of office facilities of the applicant.....

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

21. Any other additional information considered relevant to this applicant.....

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

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

Note:

Please attach the documents and details referred to in regulation 3 and 12.

We enclose two copies each of the following documentation required to accompany the application—

- (a) Certified copies of the Memorandum and Articles of Association
- (b) Proposed rules of the Securities exchange or Commodities Exchange;
- (c) the audited annual accounts for the last three years of operation, or the period since inception, (*if shorter*) of the securities exchange;
- (d) details of the trading system clearing and settlement systems proposed to be adopted by the applicant; proposed to be adopted (e) business plan
- (f) Business continuity plan
- (g) Governance of the Exchange – list of directors indicating whether the director is Executive, non-executive or /and independent
- (h) Completed Fit and proper assessment form for each director including senior management and Chief Executive Officer
- (i) Audited financial statements of the securities or commodities Exchange

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

Signed by

Name: .....

Designation:.....

Signature: .....

*\*Delete as necessary.*

*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 application*

**SCHEDULE 1- FORM 2 Reg 29, 32, 45, 54**

**CAPITAL MARKETS AUTHORITY ACT, CAP 84**

**APPLICATION FOR A LICENCE/ RENEWAL OF LICENCE TO CONDUCT THE BUSINESS OF AN, INVESTMENT ADVISER, FUND MANAGER, INVESTMENT HOUSE, STOCK BROKER, DEALER OR CREDIT RATING AGENCY AUTHORIZED REGISTRAR OR CUSTODIAN**

Application is made for Credit rating agency/authorized registrar /custodian /stockbroker/ dealer/ investment adviser/ fund manager /investment house/dealer (tick as appropriate) 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 (Ugshs.) .....

(b) Number of shares .....

(c) Paid-up capital (Ugshs) .....

9. Shareholders (or investors) (please attach a list) Name Address & telephone number  
Number of shares held

10(a) Directors (please attach a list)

Name Identity card / Passport number Date of appointment Date of birth Permanent  
address & telephone number Academic or professional qualification Number of shares  
held in the company

Name	Identity card or Passpo rt number.	Date of appointment	Date of birth.	Permanent address and telephone number	Academic and professional qualifications	Number of shares held in the company.
------	---	------------------------	-------------------	---	--	---

(b) Secretary

Name.....

Address .....

(c) Chief executive and other key personnel Name Identity card / Passport number Date of  
appointment Date of birth Permanent address & telephone number Academic or  
professional qualification Number of shares held in the company

Name	Identity card or Passpo rt number.	Date of appointment	Date of birth.	Permanent address and telephone number	Academic and professional qualifications	Number of shares held in the company.
------	---	------------------------	-------------------	---	--	---

11. Particulars of other directorship(s) of the directors and  
secretary.  
.....

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. If Yes, give details.

(b) a director of a company providing banking, insurance, financial or investment advisory services whose licence has been revoked by the appropriate authority? Yes/No.

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. 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 outside Uganda ? Yes / No. 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. 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. If 'yes', give details.

(2) Have any of the above persons been - (a) refused admission as a trading participant of any securities organisation? Yes / No. If 'yes', give details

(b) expelled from or suspended from trading on any securities organisation? Yes/No. If 'yes' give details

(c) subjected to any other form of disciplinary action by any stock exchange? Yes/No. If 'yes', give details.

18. 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 securities exchange at which the applicant intends to seek admission as a trading participant  
.....
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

- Note: 1. The following shall be submitted with the application for a licence: a)  
memorandum and articles of association.
- b) certificate of incorporation
- c) business plan complying with the requirements of regulation 69 (stockbroker & dealer), regulation 61 (Investment adviser, fund manager, Investment House) regulation 67 (authorized securities dealers) of these regulations
- . d) management accounts for the period not exceeding six months prior to the date of application and audited annual accounts for the preceding two years (in the case of application of licence) and audited annual accounts for the preceding year (in the case of renewal of licence);
- e) a declaration by the directors as to whether after due enquiry by them in relation to the interval between the date to which the last accounts have been made and a date not earlier than fourteen days before the date of the application –
- (i) the business of the company has, in their opinion, been satisfactorily maintained;

- (ii) there have, in their opinion, arisen any circumstances adversely affecting the company's trading or value of its assets;
- (iii) there are any contingent liabilities by reason of any guarantees given by the company or any of its subsidiaries;
- (iv) there are, since the last annual accounts, any changes in published reserves or any unusual factors affecting the profit of the company or any of its subsidiaries.
- f) a copy of the bank guarantee to be lodged with the securities exchange or the central depository (where applicable).
- g) a declaration by persons authorized as prescribed to accompany the application form;
- h) an application fee

**CAPITAL MARKETS AUTHORITY ACT, CAP 84**

**Schedule 1- form 3 Reg.21**

**Application for a License 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—

**1. Particulars of shareholders, Directors and Secretary**

**(a) Share holders**

<b>Name</b>	<b>Address</b>	<b>Amount of shares held</b>	<b>Date of acquisition</b>

**(b) Particulars of directors and secretary**

<b>Name</b>	<b>residential address</b>	<b>Date of birth</b>	<b>Educational qualifications</b>	<b>Office held</b>	<b>Date of appointment</b>

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 - 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 of .....20..

1.(signature of Applicant)

.....

(Name of applicant/director/

2.(signature of secretary)

**SCHEDULE 1 FORM 4 Reg 66**

**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 this .....day of..... , 20...

.....(Signature) (Applicant)

**SCHEDULE 1- FORM 5. Reg 37**

**CAPITAL MARKETS AUTHORITY ACT, CAP 84**

**APPLICATION FOR REGISTRATION AS A VENTURE CAPITAL FUND**

Please attach annexure(s) where necessary. Any annexure(s) should be clearly identified.

1. Name of Applicant .....
2. Date of establishment .....
3. Company Number .....
4. Physical and Postal Address of principal office.....  
.....
5. Registered Office .....
6. Telephone: ..... 7. Fax No:.....
8. Email Address: .....
9. Details of capital structure:
  - (a) Nominal capital (Ugshs.)  
.....
  - (b) Number of shares .....of (Ugshs.  
.....each.
  - (c) Paid-up capital (Ugshs) .....
  - (d) Number and broad description of fund: (e) Components (of each Fund):
    - i. Equity  
.....  
.....
    - ii. Shareholder Loans  
.....
    - iii. Debt  
.....
    - iv. Other (Explain)  
.....  
.....
10. Details of subsidiary and associate companies with the percentage of shareholding in each.

.....  
.....  
.....  
11. Details of holding and affiliated companies with percentage of  
shareholding of the holding company.

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

14. . Provide the following details in respect of each Director and the Secretary. In respect of each individual copies of the national identify cards or passport shall be annexed.

Name .....

Previous names (if any) .....Year  
and place of birth .....

Nationality and how acquired .....

Identification Card/ Passport number and date issued .....

Postal address & telephone number .....

Number of shares held in Applicant .....

Shareholdings (directly or indirectly) in other Companies

.....  
Directorships in Companies .....

.....  
Educational qualifications and year obtained ..... Professional  
qualifications and year obtained:.....

Memberships of professional bodies .....

Employment/business record.....

Specific experience related to the provision of venture  
capital..... In case of  
Secretary:

Registration No. ....

Practising Certificate No.

15. Particulars of the auditor of the approved venture capital fund

Name: .....

Physical & postal Address: .....

Telephone: .....

Email address: .....

Fax: .....

Practising Certificate No. ....

**Provide individual responses to the following questions in respect of each of the shareholders, directors and secretary :**

16. Have you at any time been placed under receivership, declared bankrupt, or compounded with or made an assignment for the benefit of creditors, in Uganda or elsewhere? If 'yes', give details

.....  
.....

17. Have you been a director, shareholder or manager of a company that has been: (a) denied any licence, approval or registration to carry out business in the financial sector in any jurisdiction, or had such licence withdrawn after it was made or any authorization revoked: Yes/No. If Yes, give details.

.....  
.....

(b) a director of a company providing banking, insurance, financial or investment advisory services whose licence has been revoked by the appropriate authority? If Yes, give details.

.....  
.....

(c) subjected to any form of disciplinary action, censure, warned as to future conduct or publicly criticized by any regulatory authority or professional body in any country with regard to competence, soundness of judgment or otherwise. If yes, give details.

.....  
.....

17. Have you been involved in a violation of any law designed for protecting members of the public against financial loss due to dishonesty or incompetence. If 'yes', give details.

.....  
.....

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

.....  
.....

19. Have you or any entity in which you are or have been associated as a director, shareholder or manager, been the subject of an investigation, in any country, by a

government department or (including tax authorities), professional association or other regulatory body? If 'yes', give details.

.....  
.....

20. Are you and/or a person associated with you now the subject of any proceeding that could result in a 'yes' answer to the above questions (19), (20), (21) and (22)? If 'yes,' give details.

.....  
.....

21. Are you a shareholder or director of a member company of any securities exchange? If 'yes', give details.

.....  
.....

(2) Have you been -

(a) refused membership of any securities organisation? If 'yes', give details

.....  
.....

(b) expelled from or suspended from trading on or membership of any securities organisation? If 'yes' give details

.....  
.....

(c) ) subjected to any other form of disciplinary action by any stock exchange? If

'yes', give details.

.....  
.....

We .....(Director),..... (Director) and .....(Secretary) declare that all the information given in this application form is complete and true.

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

Signed:

..... ) Director

.....) Director

.....) Secretary

**SCHEDULE 1- FORM 6. Reg 37**

**CAPITAL MARKETS AUTHORITY ACT, CAP 84**

**APPLICATION FOR REGISTRATION AS A VENTURE CAPITAL FUND**

Please attach annexure(s) where necessary. Any annexure(s) should be clearly identified.

- 1. Name of Applicant .....
- 2. Date of establishment .....
- 3. Company Number .....
- 4. Physical and Postal Address of principal office.....  
.....
- 5. Registered Office .....
- 6. Telephone: .....
- 7. Fax No:.....
- 10. Email Address: .....
- 11. Details of the Fund Manager/ General Partner:

Name	Address

- 8. Total funds under management/ Size of Fund (Ugx/US \$).....  
.....

9. Details of shareholders (Limited Partners)

Name	Address

10. Details of Investee Companies

Name of Investee	Sector

We .....(Director),..... (Director) and  
.....(Secretary) declare that all the information given in this application  
form is complete and true.

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

Signed:

..... ) Director

.....) Director

.....) Secretary

**SCHEDULE 1 FORM 7**

*Regulation 63*

**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 thereunder, the Authority has not found merit in your application  
and rejects the same due to the following reasons:-

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

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

.....  
Chief Executive Officer

.....  
Secretary to the Board

**SCHEDULE 1 FORM 8**

**Regulation 62**

**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 securities exchange of which the applicant is or proposes to be a member.

\_\_\_\_\_

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

.....  
Chief Executive Officer

.....  
Secretary to the Board

**SCHEDULE 1 FORM 9**

**Regulation 72**

**THE CAPITAL MARKETS AUTHORITY ACT.**

**APPLICATION FOR RENEWAL OF LICENCE.**

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 \_\_\_\_\_

**SCHEDULE 1 FORM 10**

*Regulation 64*

**THE CAPITAL MARKETS AUTHORITY**

**NOTICE OF REVOCATION OF LICENCE**

To .....

Following the notice of intention to revoke a license served on you on the ....day 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 of .....20.....; 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.....

.....  
Chief Executive Officer

.....  
Secretary to the Board

**SCHEDULE 1 Form 11,**

**Reg 64**

**THE CAPITAL MARKETS AUTHORITY**

**NOTICE OF SUSPENSION OF LICENCE.**

To .....

Following the notice of intention to revoke a license served on you on the ....day 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 of .....20.....; 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.....

.....  
Chief Executive Officer

.....  
Secretary to the Board

## SCHEDULE 2 .

### FIT AND PROPER REQUIREMENTS FOR APPROVED PERSONS

#### 1. Application of Fit and Proper Requirements

(1) These requirements apply to shareholders, directors or senior managers of an approved person.

(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 commodities or securities exchanges, professional bodies, or government bodies or agencies;
- (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;
- (xiii) 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, has gone through a scheme of arrangements, restructure, liquidation or insolvency proceedings .

**SCHEDULE 3** Sections 8, 24, 30, 34,101

**FEEES**

<b>Approval Category</b>	<b>Fees (Ugx)</b>
<b>Stock broker License</b>	-Application fee – 750,000  -Annual Licencing and renewal fees – 2,000,000
<b>Dealer License</b>	-Application fee – 750,000  -Annual licencing and renewal fees – 1,000,000
<b>Broker / Dealer License</b>	Application fee – 750,000  -Annual licencing and renewal fees – 2,500,000
<b>Commodities broker License</b>	-Application fee – 750,000  -Annual licensing fee – 2,000,000
<b>Investment advisor License</b>	-Application fee – 250,000  -Annual licencing and renewal fees – 100,000
<b>Fund manager License</b>	-Application fee – 750,000  -Annual licencing and renewal fees – 3,700,000
<b>Representative license</b>	-Application fee – 150,000  -Annual licencing and renewal fees – 500,000
<b>Custodian License</b>	-Application fee – 750,000  -Annual licensing and renewal fees – 2,000,000
<b>Credit rating agency license</b>	-Application fee – 750,000  -Annual licencing and renewal fees – 2,000,000
<b>Investment house license</b>	-Application fee – 750,000  -Annual licencing and renewal fees – 5,000,000

<b>Authorization for a Registrar</b>	-Application fee – 750,000 -Annual licencing and renewal fees – 1,000,000
<b>Venture capital fund registration</b>	-Registration fee – 750,000 -Annual registration fees – 1,000,000
<b>License Category</b>	<b>Fees (Ugx)</b>
<b>Securities exchange approval</b>	-Application fee – 10,000,000 - Annual fee –UGX 7.500,000
<b>Commodities exchange approval</b>	-Application fee – 7,000,000 -Annual fee – UGX 5,000,000
<b>Transaction adviser approval</b>	-Application fee – 2,000,000
<b>Underwriter approval</b>	-Application fee – 2,000,000
<b>Replacement of license</b>	Application fee – 50,000
<b>Certification of license</b>	Application fee – 50,000

**JACQUELINE KOBUSINGYE OPONDO,**  
*Chairperson, Capital Markets Authority*