

**THE DRAFT CAPITAL MARKETS (ACCOUNTING AND FINANCIAL
REQUIREMENTS) REGULATIONS, 2021**

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STATUTORY INSTRUMENT

2021 No.....

The Capital Markets Authority (Accounting and Financial Requirements) Regulations, 2021.

(Under Sections 35 (2) and 101 (2) (d) and (p) of the Capital Markets Authority Act as amended)

IN EXERCISE of the powers conferred on the Capital Markets Authority by Sections 35 (2) and 101 (2) (d) and (p) of the Capital Markets Authority Act, as amended, these Regulations are made thisday of 2021.

PART I -PRELIMINARY

1. Title

These Regulations may be cited as the Capital Markets Authority (Accounting and Financial Requirements) Regulations, 2021

2. Interpretation

In these Regulations, unless the context otherwise requires—

“Act” means the Capital Markets Authority Act Cap 84, any amendments thereto;

“approved person” means any person licensed, approved or authorised to conduct capital markets business, except the fund managers as defined under the Capital Markets Act, Cap 84 of the Act

“Working Capital” means the difference between the monetary value of all assets of an approved person expected to be held for a period of not more than twelve months and the monetary value of all liabilities of an approved person expected to be settled in a period of not more than twelve months.

PART II—ACCOUNTING RECORDS

3. Maintenance of records

(1) An approved person shall at all times maintain proper accounting records for the approved person’s transactions, assets and liabilities.

- (2) The accounting records shall:
 - (a) disclose, at all times, the financial position and performance of the approved person; and
 - (b) be prepared in accordance with the accounting standards as determined by the Institute of Certified Public Accountants of Uganda.
- (3) The approved person shall retain accounting records for a minimum period of ten years. The records shall be produced within 5 working days when requested for by the Authority.

PART III – FINANCIAL REQUIREMENTS

4. Working Capital Requirement

An approved person shall have the minimum working capital for any three months' period as prescribed in Schedule 2 of these Regulations.

5. Paid Up Share Capital Requirement

- (1) An approved person shall have the minimum authorized, issued and paid up share capital as prescribed in Schedule 1 of these Regulations.
- (2) A dealer shall not allow its exposure to a single security to exceed 300 hundred percent of their minimum paid up share capital; or
- (3) Allow the book value of the listed securities it carries on its own account to exceed 150 percent of its minimum paid up share capital.

6. Reporting

- (1) All approved persons shall submit management accounts on quarterly basis to the Authority by the fifteenth day of the month following the quarter.
- (2) All approved persons shall submit audited financial statements to the Authority within 3 months from the end of the financial year.

PART IV— FINANCIAL STATEMENTS

7. Preparation and audit

- (1) The accounts and records of an approved person shall, in each financial year, be audited and reported upon by an external auditor.
- (2) An approved person shall provide all information and explanations required for the audit of its financial statements to its external auditors.

- (3) External auditors shall notify the Authority in event of failure by an approved person to provide all information and explanations required for the audit of its financial statements.
- (4) An approved person shall inform the Authority of the removal of an Auditor and the reasons for the removal.

PART V- MISCELLANEOUS

8. Penalties

Where any person contravenes or otherwise fails to comply with the provisions of these Regulations, the Authority may impose a penalty of one hundred currency points and twenty currency points for each day of continuous default.

9. Transition period

- (1) All approved persons shall comply with all the requirements of these Regulations within twelve months from the date of commencement of these Regulations.
- (2) The approved persons shall be required to maintain the capital requirements previously applicable until the expiration of the transition period following which they shall comply with the provisions of the schedule to these regulations.

10. Repeals

The Capital Markets (Accounting and Financial Requirements) Regulations S. I 84-4 shall be deemed repealed after the transitional period of 12 months from the date of publication of these regulations.

SCHEDULE

Minimum Paid Up Share Capital (amounts in UGX)

	Approved person category	Minimum Capital (Ugx.)
1.	Investment Advisor	20,000,000
2.	Broker	70,000,000
3.	Dealer	70,000,000
4	Broker/ Dealer	70,000,000
4.	Fund manager	375,000,000
5.	Stock Exchange	2,000,000,000
6.	Commodities Exchange	2,000,000,000

7.	Commodities Broker	70,000,000
8.	Investment House	450,000,000
9.	Credit Rating Agency	20,000,000
10.	Custodian	1,650,000,000
11.	Venture Capital Fund	1,500,000,000

SCHEDULE 2
Minimum working capital (amounts in UGX)

	Approved person category	Minimum Capital (Ugx)
1.	Investment Advisor	20,000,000
2.	Broker	60,000,000
3.	Dealer	60,000,000
4.	Fund manager	160,000,000
5.	Stock Exchange	300,000,000
6.	Commodities Exchange	300,000,000
7.	Commodities Broker	60,000,000
8.	Investment House	200,000,000
9.	Credit Rating Agency	20,000,000
10.	Custodian	200,000,000
11.	Venture Capital Fund	160,000,000