

Legal Update

STAKEHOLDER NEWSLETTER

What's New
**Four draft laws for stakeholder
 review & comments**

Greetings!

We are pleased that the Capital Markets Authority (CMA) has spent the past few months reviewing the legal and regulatory framework for Collective Investment Schemes. During the review, the CMA constituted a technical working group comprised of asset managers, custodians and trustees, who have had a series of meetings since December 2021. These experts reviewed the law and proposed changes with a view to develop the capital markets industry. We extend sincere appreciation to the technical working group for their participation and efforts during this process! The CMA has also proposed a legal notice to prescribe securities instruments in addition to those already provided for under the Capital Markets Authority Act Cap. 84. The proposed laws have been prepared for your review and a virtual stakeholder consultative workshop will be held on 28th April 2022. We request that you submit written comments to legaldepartment@cmauganda.co.ug

THE DRAFT CAPITAL MARKETS AUTHORITY (PRESCRIPTION OF SECURITIES INSTRUMENT) LEGAL NOTICE, 2022.

The CMA has powers under Section 1 of the Capital Markets Authority Act Cap 84 to prescribe any instrument to be a security.

The proposed securities instruments under the Legal Notice include commercial paper, Depository Receipts and Exchange Traded Funds.



Miriam Musaali, CMA's director legal & board affairs

Sections 30, 31 and 84 of the Collective Investments Schemes Act, 2003 give the Authority power to make regulations pertaining to Collective Investment Schemes (CIS) and matters which are authorized or required to be prescribed under the Act.

With the increase in Collective Investments Schemes (CIS) assets under management from UGX 499B to UGX 984B between December 2020 and December 2021, the conduct of operations of CIS has become of greater interest to the public, the CMA, and market operators. CMA has therefore proposed amendments to the CIS (Conduct of Business Miscellaneous Provisions) Regulations, the CIS (Licensing) Regulations, and the CIS (Unit Trusts) Regulations to enhance investor protection and streamline operations.

THE DRAFT COLLECTIVE INVESTMENTS SCHEMES (CONDUCT OF BUSINESS MISCELLANEOUS PROVISIONS) AMENDMENT REGULATIONS, 2022

The Collective Investment Schemes (Conduct of Business and Miscellaneous provisions) Regulations were first published in 2007. This is the first proposed amendment to this law and the suggested changes are in relation to the definitions, provisions on advertisements, obligations of operators, general record keeping, accounting records requirements and drafting improvements.

THE DRAFT COLLECTIVE INVESTMENT SCHEMES (LICENSING) AMENDMENT REGULATIONS, 2022

The Draft Collective Investment Schemes (Licensing) Amendment Regulations, 2022 seek to amend the Collective Investment Schemes (Licensing) Regulations, S.I 99/2003 which were enacted in 2003 and have not been amended since. The proposed changes are aimed at streamlining the application process and requirements for licenses under the Collective Investments Schemes legal regime. The regulations will apply to market entrants and intermediaries seeking renewal of their annual licenses.

THE DRAFT COLLECTIVE INVESTMENTS SCHEMES (UNIT TRUSTS) AMENDMENT REGULATIONS, 2022.

The Draft Collective Investment Schemes (Unit Trusts) Amendment Regulations, 2022 are the first proposed amendment to the Collective Investment Schemes (Unit Trusts) Regulations, S.I 100/2003, which were enacted in 2003. The suggested changes are intended to achieve the streamlining of the operations of unit trusts, clarify previously ambiguous provisions and enhance market growth and investor protection in the capital markets industry.