Capital Markets Authority
Protecting Your Investments

**REGULATORY NOTICE No. 1/2016**

Date: 29th June 2016
To: All stakeholders

**REGULATORY NOTICE ON THE IMPLICATIONS OF THE AMENDMENT TO THE CAPITAL MARKETS AUTHORITY ACT, CAP 84 AS AMENDED.**

The Capital Markets Authority (Amendment) Act No. 8 of 2016 was passed by the Parliament of Uganda on the 1st March 2016. The Act came into force on 20th May 2016.
The amendments will have implications on the governance and operational aspects of CMA, licensed and approved persons; and the entire capital markets industry in Uganda.

Below is a highlight of the changes introduced in the Amendment Act.

1. CMA and its regulatory framework complies with the International Organization of Securities Commissions (IOSCO) Principles on Securities Regulation, Financial Action Task Force recommendations on Anti-money Laundering and Combating of Financing of Terrorism and the East African Common market Protocol. To this end CMA Uganda will now make a formal application to IOSCO to become a signatory of the IOSCO Memorandum of Understanding as the regulatory framework will be compliant with the IOSCO Principles of Securities Regulation.

2. The establishment of the Capital Markets Tribunal which will have the mandate to handle and resolve all disputes related to capital markets in Uganda.

3. Introduction of a fitness and proper criteria for the CMA Board Members and all approved persons.

4. Power to recognize Self-Regulatory organizations and such organizations include Securities Exchanges, Commodities Exchanges or member associations for approved persons.

5. Introduction of new categories for approvals and licenses to include stock broker, dealer, authorized depositary, commodities exchange, securities exchange, transaction adviser, investment adviser, fund manager, representative, authorized registrar, custodian, credit rating agency, underwriter, investment house, venture capital fund and market adviser.

6. Introduction of a statutory manager for approved persons whose license or approval is revoked or suspended by the CMA.

7. CMA's oversight over listed companies has been enhanced through the criminalization of false or misleading financial statements of listed companies. This will ensure transparency and integrity of the financial statements of listed companies.

8. Whistleblowers protection for persons responsible for preparing and approving financial statements and financial information of listed companies if they report breach of the securities laws.

9. Corporate Governance changes that is, the Board Composition reduction of members from twelve to eleven; establishment of the post of Board Secretary; increase in the tenure of Board Members from three to 5 years and recognition of Committees of the CMA Board.

10. Inclusion of the implementation of the EAC Council Directives, decisions or recommendations relating to the securities markets in the East African Region.

    Extension of the Authority's powers to tracing and freezing any assets including the bank accounts of any person who upon investigation by the Authority is found to have engaged in any fraudulent dealings in the securities or insider trading; supervision of Anti-money laundering and combating of financing of terrorism in the Capital Markets and performance of functions conferred on the Authority as an accountable person under the Anti-Money Laundering Act, 2013.

11. Amending the Authority's regulatory mandate in aspects like inspections, investigations, disclosure, power to search premises and assistance to foreign regulatory Authorities, and power to issue statement of Principles and Codes of Practice in respect to the conduct and financial standing expected of an approved person.

12. Granting the Authority the power to issue Guidelines and Regulatory Notices, intended to support flexibility and market development in instances of lack of regulatory framework.

13. Establishment of a Fidelity Fund to insulate the securities exchange from liabilities arising out of the wrongs committed by the employees of the securities Exchange. The Fidelity

fund will be administered by the CMA and the fund will operate an account licensed by the Central Bank of Uganda.

Keith Kalyegira
**Chief Executive Officer**