
STATUTORY INSTRUMENTS

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S T A T U T O R Y I N S T R U M E N T S

2025 No. 6

**THE CAPITAL MARKETS AUTHORITY (OFFER OF
SECURITIES) REGULATIONS, 2025**

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STATUTORY INSTRUMENTS

2025 No. 6

The Capital Markets Authority (Offer of Securities) Regulations, 2025

*(Under sections 130 and 149 of the Capital Markets
Authority Act, Cap 64)*

IN EXERCISE of the powers conferred upon the Capital Markets Authority by sections 130 and 149 of the Capital Markets Authority Act, these Regulations are made this 2nd day of December, 2024.

PART I—PRELIMINARY

1. Title

These Regulations may be cited as the Capital Markets Authority (Offer of Securities) Regulations, 2025.

2. Interpretation

In these Regulations, unless the context otherwise requires—

“abridged prospectus” means a summarised version of the approved prospectus;

“Act” means the Capital Markets Authority Act, Cap 64;

“additional issues” mean rights, bonus, and secondary offers;

“adviser or transaction adviser” in relation to an issuer of securities means an institution engaged in the provision of financial services which deals in securities, whether debt or equity, and has been contracted by the issuer as an adviser to the issuer of securities and includes lead adviser;

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

“bond” means a security, with a maturity period of at least one year, representing a debt obligation that allows an issuer to borrow from the public with a legal commitment to pay interest on the principal and return the principal when the bond matures;

“bond insurer” means an insurance company which insures or guarantees an issuer of securities against risk of default in payment of interest and payment of principal due under a guaranteed bond and in the event of the issuers default the bond insurer undertakes to make the scheduled payments to the bondholders;

“commercial paper” means a debt instrument issued for raising funds directly from investors without intermediation by banks or other financial institutions, with a maturity period not exceeding one year;

“direct listing” means a process by which a company can list by offering existing shares for sale to the public;

“offer document” means the document prepared by the issuer to provide information about the issue and the issuer that is in compliance with disclosure requirements and includes a prospectus;

“offeror” means a legal entity which offers securities to the public or to preselected investors and institutions;

“offeree” means a retail or professional investor;

“open offer” means a secondary market offering;

“paying agent” means a person who acts on behalf of an issuer and is responsible for facilitating distributions from the issuer to the shareholders;

“private placement” means sale of securities to pre-selected investors and institutions rather than on the open market and is an alternative to an initial public offering for a private company seeking to raise capital;

“private placement memorandum” means a legal document provided to prospective investors when selling stock or another security in a business as provided under sections 104 (2) and 105 (4) of the Act;

“primary jurisdiction” means the jurisdiction in which the applicant first listed its securities on a stock exchange;

“primary regulator” means the securities regulator in the primary jurisdiction;

“project bonds” means a bond issued by a special purpose vehicle to support the financing of a business or project where the servicing of the payments on the bonds is dependent primarily on the assets and or cash flows generated by the project which may have no or only limited history of operation;

“Registrar” means the Registrar of companies under the Companies Act;

“shelf prospectus” means a prospectus in respect of which the securities included are issued in one or more issues over a certain period;

“shelf registration” means a filing undertaken by issuer intending to access the market in the near future permitting issuers to disclose certain information in a shelf prospectus;

“special purpose vehicle” means a company or trust established for the purpose of holding assets, operating a business,

issuing bonds and making payments to investors and related activities;

“supplementary prospectus” means a prospectus published by an offeror in accordance with section 115 of the Act in instances where there is a significant change, a new matter arises or in case of significant inaccuracy in the prospectus.

3. Application

(1) These Regulations shall apply to conventional offer of securities or securities issued in compliance with Sharia’h principles.

(2) The provisions of the Act and these Regulations shall apply to securities offered to the public in compliance with Sharia’h principles where applicable with the necessary modifications.

PART II—REQUIREMENTS FOR PUBLIC OFFERS

4. Approval of public offers

(1) The Authority shall be responsible –

(a) to approve prospectuses and other offering documents under which securities are offered to the public; and

(b) to approve information memorandum.

(2) Where the offering, issuance and listing of securities is a requirement of any law, the entity that has been registered under that particular law or an associated entity shall be the entity to offer, issue and list securities in Uganda.

(3) Where the issuer is a regulated entity, the entity shall be required to provide a “No objection letter” from the sector regulator before seeking to issue any securities or financial instruments or guaranteeing their issue and the Issuer shall satisfy the Authority that by so doing they shall not be in breach of any law, regulation or guidelines in force.

5. Approval of listing of securities and profitability

(1) An approved securities exchange may approve the listing of a security on any market segment upon being satisfied that—

- (a) the issuer has obtained a letter of approval from the Authority for the public offer of the securities; and
- (b) has attained the total minimum subscription of shares as disclosed in the approved prospectus by the Authority in respect of public offering and listing of securities.

(2) The condition under sub-regulation (1), shall not apply where the Securities Exchange has waived the requirement for an issuer to list with the minimum float.

6. Announcement of public offer

A person whose public offer of securities is approved by the Authority shall state the approval on any announcement or communication of the public offer.

7. Announcement of listing

A person whose securities are approved by a stock exchange for a listing shall state the approval on any announcement or communication of the listing.

8. Appointment of transaction adviser

(1) A person proposing to offer its securities to the public shall appoint a transaction adviser approved by the Authority.

(2) A transaction adviser appointed under sub-regulation (1) shall, be domiciled in Uganda and be responsible for all the interactions with the Authority and shall ensure that the offer of securities is made in accordance with the Act and these Regulations.

PART III—REQUIREMENTS OF PROSPECTUSES

9. Information to be contained in prospectus

In accordance with section 112 (1) of the Act, a prospectus submitted to the Authority for approval shall be printed in font 12 Times New Roman and shall contain the information prescribed in Schedule I of these Regulations.

10. Issuer to comply with directions by Authority

(1) The Authority may require the applicant to furnish such further documents and information as the Authority may direct.

(2) The Authority may, after consultation with a person who intends to issue a prospectus, direct that the prospectus be amended within thirty working days from the date of the directive and give a copy of the amended prospectus to the Authority.

(3) A prospectus shall not be published without compliance with any amendment directed by the Authority under subregulation (2), unless the Authority has withdrawn the direction.

11. Approval and publication of prospectus

(1) An issuer may submit to the Authority for approval a prospectus in hard copy or electronic form.

(2) The issuer shall obtain written approval from the Authority before publication of the prospectus and shall deliver a copy of the approval to the Registrar of companies for registration.

(3) The prospectus shall be available to the public in any of the following ways-

- (a) by advertising in one or more daily newspaper with nationwide circulation where the offer to the public is made or the admission to trading is sought;

- (b) in a printed form at the offices of the securities exchange, or at the registered office of the issuer and at the offices of the financial intermediaries placing or selling the securities, including paying agents; and
- (c) in an electronic form on the issuer's website or on the website of the transaction adviser if any or such other licensed person placing or selling the securities, including paying agents.

(4) The procedure and process of acquisition and payment for the securities shall be disclosed in the prospectus.

(5) Where securities are offered through an electronic form, the results of the offer including the allocation process shall be posted on the issuer's website, which shall disclose the broad classification of the allottees into individuals, local institutional investors and foreign investors.

12. Declaration by applicant

(1) An application for approval of a prospectus shall include a declaration by the directors, stating that they have taken all reasonable care to ensure that to the best of their knowledge, information and belief—

- (a) all information required to be included in the prospectus under these Regulations is included; and
- (b) there are no other facts bearing on the application, which, in the applicant's opinion, should be disclosed.

(2) The directors shall also state that they accept responsibility for the information contained in the prospectus.

13. Allotment of securities

(1) Where applicable allotment of securities offered to the public shall be made based on the allotment policy disclosed in

the prospectus unless the results of the allotment make such policy impractical and in such a case, an amendment of the allotment policy shall be made with the approval of the Authority.

(2) Subject to sub-regulation (1), where the Authority has approved an amendment, the issuer shall announce the approval within twenty-four hours of the grant of approval.

(3) A person shall not publish the results of the allotment of the public offer without notifying the Authority of the results at least twenty-four hours prior to the date on which the allotment results are to be released to the public.

14. Pricing and valuation

(1) An Issuer may use book building process or fixed price methodology for pricing and valuation of securities that the Issuer intends to offer to the public.

(2) Where an issuer offers securities to the public or a section of the public and uses a book building process to determine the price for the offer of securities, the Issuer shall comply with the Capital Markets Authority (Book Building) Regulations, 2016.

(3) Where an issuer uses fixed price methodology for pricing and valuation of securities offered to the public, the Issuer shall provide information on the valuation models used and assumptions made in the determination of the price in the prospectus.

15. Power of the Authority to extend offer

The Authority may extend an offer where, in the opinion of the Authority, circumstances have occurred or new information has emerged that requires an issuer to extend the offer.

16. Advertisements and abridged prospectus

(1) An advertisement or abridged prospectus announcing a public offer or listing of securities for which a prospectus or a listing

statement is required under these Regulations shall not be issued to the public unless it states that a prospectus is published and gives an address in Uganda from which it can be obtained.

(2) The advertisements or abridged prospectus shall be submitted to the Authority within forty-eight hours prior to publication and the Authority may require amendments as it may consider necessary.

(3) The information concerning an offer to the public or the admission to trading shall be disclosed in an oral or written form, even if not for advertising purposes and shall be consistent with the information contained in the prospectus.

(4) An application form for subscription of the securities offered in a prospectus shall state, in a conspicuous position, where the prospectus may be obtained.

(5) An issuer shall publish an abridged prospectus in at least two daily newspapers of national circulation or on the company's website and the prospectus shall disclose basic information on the issuer that includes—

- (a) a summary of the financial statements for the five years immediately preceding the issue, where applicable;
- (b) the broad shareholding structure prior to the issue and the anticipated structure after the issue;
- (c) important highlights of the issue; and
- (d) any other information on the issue considered essential by the issuer.

(6) Where a director named in a prospectus as a director or as having agreed to become a director either immediately or after an interval of time fails to comply with any of the provisions of these

Regulations he or she shall be cautioned by the Authority and required to comply with these Regulations.

(7) Where a director is cautioned in accordance with sub-regulation (6) and continues to breach any of the provisions of these Regulations, he or she shall be summoned to appear before the Authority and shall provide a written and oral explanation for his or her conduct.

(8) Where the Authority is satisfied that the commissions or omissions of the director referred to in sub-regulation (7), are in breach of these Regulations, the director shall be liable to pay a fine of one hundred currency points and in case if a countenance default a fine of one hundred currency points for every day of default.

17. Validity of prospectus

A prospectus shall be valid for six months after its registration with the Registrar of companies.

18. Continuous disclosure obligations

An issuer whose securities have been listed shall comply with the continuing obligations specified in the Act and the Securities exchange rules with respect to the relevant market segment.

19. Prospectus approval fees

(1) A prospectus submitted to the Authority for approval shall be accompanied by proof of payment of the fees prescribed in Schedule VII of these Regulations.

(2) The fees paid to the Authority shall not be refundable in case the—

- (a) Authority does not approve the prospectus;
- (b) applicant withdraws the prospectus; and
- (c) Authority issues directions for the amendment of the prospectus.

(3) Where a prospectus or information memorandum approved relates to the issuing of additional securities the issuer shall pay additional approval fees prescribed in Schedule VII to the Authority.

Short form prospectus

20. Information in short form prospectus

A short form prospectus submitted to the Authority for approval shall be in a form of a letter addressed to the Authority and shall include, in a summarised form containing the information specified in the Part III of Schedule I to these Regulations.

21. Caution

A short form prospectus submitted to the Authority for approval shall include a section clearly marked “Caution” as provided for in Schedule I to these Regulations.

22. Validity of short form prospectus

A short form prospectus shall be valid for six months after its registration with the Registrar of Companies.

Shelf prospectus

23. Use and application of shelf prospectus

An issuer may use shelf prospectus for public offering where certain issuers are allowed to offer and sell securities to the public without a separate prospectus for each act of offering and without the issue of a further prospectus.

24. Scope of securities

A Shelf prospectus shall be applicable to all types of securities as defined under the Act if there is full disclosure as required by these Regulations.

25. Requirement for shelf prospectus and supplementary shelf prospectus

(1) An issuer may issue or offer securities under a shelf registration where at the time of the issue or offer, there is in force a shelf prospectus, which has been registered by the Authority.

(2) A shelf prospectus shall be effective for a period of two years from the date of its issue and shall be subject to renewal upon change in information contained in the shelf prospectus as may be approved by the Authority.

(3) The information in the shelf prospectus shall be updated prior to the issuance of any securities.

(4) The shelf prospectus shall be updated by the filing of a supplementary prospectus to the shelf prospectus with the Authority, which shall include an information statement and any other relevant information.

26. Contents of shelf prospectus and supplementary shelf prospectus

(1) The shelf prospectus shall contain the information specified in Parts I and II of Schedule I of these Regulations.

(2) Notwithstanding the provisions of regulation 24, the shelf prospectus shall indicate that it is a shelf prospectus and that it shall expire two years from the date of approval by the Authority.

27. Delivery of shelf prospectus

A shelf prospectus shall be made accessible to the public at the offices of the issuer and by publishing the shelf prospectus on the websites of the Authority, the issuer and other online platforms.

PART IV—APPLICATION FOR A DIRECT LISTING

28. Application for approval for direct listing

(1) An application for approval of a direct listing shall be by way of a formal letter accompanied by—

- (a) an Information Memorandum;
- (b) a letter of no objection from the applicant's primary regulator where the applicant is listed in a jurisdiction other than Uganda; and

(c) proof of payment of the prescribed fees.

(2) The Authority may require an applicant to furnish such further information or documentation, as the Authority may deem fit and necessary for purposes of the application.

(3) The applicant shall prove that as at the date of the submitting the application and for a period of at least two years prior to the date of the application, none of the directors of the applicant have—

- (a) any petition under insolvency laws filed against the director;
- (b) any criminal proceedings in which he or she has been convicted of fraud or any felony;
- (c) been a subject of any ruling of a court of competent jurisdiction or any governmental body, the effect of which is to permanently or temporarily prohibit him or her from acting as a fund manager, director, broker, dealer or employee of any financial institution or engaging in any business practice or activity.

(4) The applicant shall have at least one hundred shareholders by the time of application for direct listing.

29. Eligibility criteria for direct listing

An applicant shall satisfy the eligibility criteria under Schedule II of these Regulations before presenting an application for a direct listing to the Authority.

30. Contents of information memorandum

(1) An information memorandum submitted to the Authority for approval of a direct listing shall contain the information specified in Schedule III of these Regulations.

(2) An information memorandum shall include a declaration by the directors, stating that they have taken all reasonable care to ensure that to the best of their knowledge, information and belief that—

- (a) the information required to be included in the information memorandum under these Regulations or by an amendment or directive made or issued by the Authority has been so included; and
- (b) there are no other facts bearing on the application, which in the applicant's knowledge and belief should be disclosed to the Authority.

(3) The Authority may on the application by the applicant, in its discretion, waive, modify or dispense with any criteria specified in Schedule III of these Regulations.

(4) An information memorandum shall not be published or distributed without compliance with any amendments, directions made or issued by the Authority.

31. Disclosure requirements for additional issues

An issuer of securities that proposes to have a rights issue, scrip dividend, capitalisation issues and open offers shall comply with the disclosure requirements in Schedule IV of these Regulations.

PART V—COMMERCIAL PAPER

32. Application for issue of commercial paper

An application to issue commercial paper shall contain the information in Schedule V of these Regulations and shall be accompanied by the following information—

- (a) a certificate of incorporation;
- (b) memorandum and articles of association;
- (c) a company resolution authorising issue of a commercial paper;

- (d) audited financial statements for the last two financial years and in case the audited financial statements are older than four months, the issuer shall provide the Authority with latest management accounts; and
- (e) a cash flow projection for the next twelve months or less, depending on the term of the commercial paper.

33. Continuous disclosure obligations

(1) The issuer shall furnish to the Authority, as soon as possible any information that affects its credit worthiness.

(2) During the period the commercial paper remains outstanding the issuer shall submit to the Authority half-yearly unaudited financial statements and annual audited financial statements.

(3) During the period the commercial paper remains outstanding, the issuer shall as soon as possible, publish on its website, the accounts required to be submitted to the Authority under subregulation (2).

34. Guarantee for commercial paper

(1) The Authority may require an issuer of commercial paper offered to the public to obtain a guarantee.

(2) The Authority may require the issuer to obtain an assurance as regards the competency of the guarantor as it shall deem necessary.

35. Public announcement

The issuer shall make a public announcement in both electronic and print media with nationwide circulation at least one week before the issue opens.

36. Appointment of intermediaries

The issuer shall appoint a placement agent, a receiving bank, a payment bank, a registrar and trustee for the issue.

PART VI—PRIVATE PLACEMENTS

37. Private placement memorandum

(1) For purposes of this part, an offer of securities shall be regarded as private placement and shall be deemed not to be an offer to the public if the offer is made under the conditions provided in sections 104 (2) and 105 of the Act.

(2) The offerer shall file a private placement memorandum disclosing the information required in section 105 (2) of the Act to the Authority specifying—

- (a) the terms of the offer;
- (b) the risks of the investment;
- (c) details of the management and Board including their identification documents, the names and residence of each of them;
- (d) financial position of the company, use of the proceeds, company operations, the subscription procedure; and
- (e) any other information as may be required by the Authority.

(3) The disclosures included in the private placement memorandum shall vary as may be directed by the Authority depending on which exemption from approval is being sought, the target investors and the complexity of the terms of the offering.

PART VII—DISCLOSURE REQUIREMENTS FOR BONDS

38. Application

(1) Subject to section 102 of the Act, this Part of the Regulations shall apply to—

- (a) offers and issues of bonds offered in Uganda by companies incorporated in Uganda under the Companies Act as a public company and authorised to offer securities in Uganda;

- (b) State owned enterprises incorporated under the Companies Act or established by Act of Parliament in Uganda or in another jurisdiction and authorised to issue securities in Uganda;
- (c) Local Government; and
- (d) an entity declared by the Authority under section 109 of the Act.

(2) An Issuer satisfying the requirements prescribed in Schedule VI of these Regulations shall qualify to issue a bond.

39. Approval and consent by sector regulator

(1) Subject to subregulation (4), an institution licenced by the Central Bank or any other regulatory body shall before making an application to the Authority for approval to issue a bond to which these Regulations apply or guarantee issuance of a bond, satisfy the Authority that they are authorised by law or guidelines issued by Central Bank or the relevant regulatory body to issue or guarantee issuance of bonds.

(2) An application for approval of the issue of a bond by a Local Government or State owned enterprises shall be lodged with all the necessary approvals and consents by policy or law in force.

(3) Applications for issues of a bond by a Local Government shall comply with the Local Government Act, and any other relevant law.

(4) Insurance companies licensed by the Insurance Regulatory Authority shall satisfy the Authority that issuing or guaranteeing the issue of financial instruments does not contravene any law, regulation or guidelines issued by the Insurance Regulatory Authority.

40. Classification of offers

(1) An offer of bonds shall fall into any of the following categories—

- (a) restricted issues;
- (b) private placements issues; or
- (c) general public issues.

(2) Subject to subregulation (1) an issue made under any of the clarifications referred to in subregulation (1), may be converted to another classification to permit issues to be made to a wider group of investors by completing—

- (a) the additional requirements applicable to that class;
- (b) revising offering documentation; and
- (c) obtaining the prior approval of any regulatory body or party and the Authority.

41. Classification of bonds

(1) The Authority may prescribe different categories of bonds and prescribe additional disclosure requirements applicable to the category of the bond where applicable.

(2) For avoidance of doubt sub regulation (1) applies to a bond issued in accordance with shariah principles

PART VIII—MISCELLANEOUS

42. Civil penalties

A person who contravenes or fails to comply with any of the provisions of these Regulations, the Authority may if it is satisfied that the failure or contravention was willful, impose a civil penalty of at least one hundred and fifty currency points for each day of continuous default.

43. Interventions by Authority

(1) Where the Authority is satisfied that,—

- (a) an issuer is contravening, has contravened any provision or requirement under the Act;
- (b) an issuer has failed to comply with any provision of or requirement under these Regulations or rules of its listing exchange;
- (c) an issuer has furnished the Authority with false, inaccurate or misleading information;
- (d) an issuer or other obligated party has furnished the Authority with false, inaccurate or misleading information; or
- (e) an issuer or offeror has contravened a provision of the Act or these Regulations.

(2) The Authority shall notify the issuer or offeror for a hearing to determine whether to issue directions to the issuer or offeror of an approved offer or in the case of other listed securities to the responsible or relevant party—

- (a) to cease and desist from the breach;
- (b) to do or not to do any matter as specified; or
- (c) with regard to any other matter that the Authority may consider necessary.

44. Appeals

(1) Any person dissatisfied with the decision of the Authority may appeal to the Tribunal.

(2) A person intending to lodge an appeal with the Tribunal shall notify the Authority within seven days of receipt of the decision of the Authority and the Authority shall refer the matter to the Tribunal.

45. Revocation of SI. 84-2 and SI. No 43 of 2004

The Capital Markets Authority (Prospectus Requirements) Regulations SI. 84-2 and the Capital Markets (Cross Border Introductions) Regulations, 2004 are revoked.

SCHEDULE I

Reg. 9, 19, 20, 21 and 26

THE CAPITAL MARKETS AUTHORITY ACT CONTENTS OF PROSPECTUSES

PART - I

MATTERS TO BE STATED ON FIRST PAGE OF PROSPECTUS

A prospectus submitted to the Authority for approval shall state in clearly legible and prominent letters on its first page, a section headed “CAUTION” with accompanying details as specified in the Act. In addition, the following shall be included in the prospectus-

“The Authority does not accept any responsibility for the content of the information included in the prospectus, including the accuracy or completeness of such information. The liability for the content of the prospectus lies with the issuer of the prospectus and other persons, such as experts, whose opinions are included in the prospectus with their consent. The Authority has also not assessed the suitability of the securities to which the prospectus relates to any particular investor or type of investor and has not determined whether they are compliant. If you do not understand the contents of this prospectus or are unsure whether the securities to which the prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorized advisor.”

PART II

INFORMATION TO BE STATED IN PROSPECTUS

A prospectus submitted to the Authority for approval in accordance with these Regulations shall contain all information which, according to the particular nature of the issuer and of the securities offered to the public or admitted to trading on a regulated market is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses, and prospects of the issuer and of any guarantor, and of the rights attaching to such securities.

This information shall be presented in an easily analyzable and comprehensible form and shall contain the following information —

1. Identity of directors, senior management, advisers and auditors.

The purpose of this information is to identify the company representatives and other individuals involved in the company's offer or admission to trading; these are the persons responsible for drawing up the prospectus and those responsible for auditing the financial statements. The information concerning the company's directors and senior managers shall allow investors to assess their experience, qualifications and levels of remuneration.

(1) The following information relating to directors should be disclosed—

- (a) The full name, age (or date of birth) home or business address, nationality and function in the company/entity.
- (b) directors, alternate and proposed directors of the issuer and each of its subsidiaries including details of other directorships;
- (c) the senior management of the issuer including the chief executive, board secretary and finance director, with details of professional qualifications and period of employment with the issuer for each such person; and founders, if the issuer has been established as a family business or in existence for fewer than five years and the nature of family relationship, if any.
- (d) detailed disclosure of chief executive or other senior management changes planned or expected during twenty-four months following the listing of the security or appropriate negative statement.
- (e) A description of other relevant business interests and

activities of every such person mentioned above and, if required by the Authority particulars of any former forename or surname of such persons.

- (f) In the case of a foreign issuer, information similar to that described above, relative to the local management, if any. Where the Authority considers the parent company is not adequately represented on the directorate of its subsidiaries, an explanation is required.
 - (g) The total aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer by any member of the group during the last two completed financial years under any description whatsoever.
 - (h) A statement showing the aggregate of the direct and indirect interests of the directors in, and the direct and indirect interests of each director holding in excess of three per centum of the share capital of the issuer, distinguishing between beneficial and non-beneficial interests, or an appropriate negative statement. The statement should include by way of a note any change in those interests occurring between the end of the financial year and the date of publication of the prospectus, or if there has been no such change, disclosure of that fact.
 - (i) All relevant particulars regarding the nature and extent of any interests of directors of the issuer in transactions which are or were unusual in their nature or conditions or significant to the business of the group, and which were effected by the issuer.
- (2) Whether any director, executive officer, person nominated to become a director or executive officer is or has been involved in any of the following events—
- (a) that person or any partnership in which he or she was a partner or any company of which he or she was an executive officer is or has been the subject of a filing of a petition under any bankruptcy law;

- (b) that person has been convicted in a criminal proceeding or is a named subject of a ruling of a court of competent jurisdiction or any governmental body, that permanently or temporarily prohibited him or her from acting as an investment adviser or as a director or employee of a broker or dealer, director or employee of any financial institution or engaging in any type of business practice or activity;
- (c) the number of each class of shares of the issuer held by each director;
- (d) whether any director has the intention to sell any holdings in the same class of securities to be issued by the issuer in the public distribution within one year after the conclusion of the distribution;
- (e) details of any material acquisitions or disposals of share capital of the issuer by each director within one-year period prior to the public distribution;
- (f) material details of all options to purchase securities of the issuer or any subsidiary or holding company of the issuer, granted to be purchased or exercised by each director within one year prior to the public distribution;
- (g) details of any existing contracts between the directors and the issuer; or
- (h) any other interests of Board and management in any material transactions related to the issuer.

2. Board Committees, members of each committee

3. Details of Share ownership structure

4. Offer information and expected timetable

Key information regarding the offer such as the offer period and the identification of important dates relating to that offer.

5. Information on business of company

Information about the company's business operations, the products it makes or the services it provides, and the factors which affect the business. It is also intended to provide information regarding the adequacy and suitability of the company's properties, plant and equipment, as well as its plans for future capacity increases or decreases.

(1) The following information on the company shall be disclosed—

- (a) history and development of the company;
- (b) incorporation details of the issuer including authorized and issued share capital;
- (c) business overview;
- (d) organisational structure; and
- (e) property, plant and equipment.

6. Major shareholders and related-party transactions

(1) The purpose is to provide information regarding the major shareholders and others that may control or have an influence on the company. It also provides information regarding transactions the company has entered into with persons affiliated with the company and whether the terms of such transactions are fair to the company.

(2) The following information shall be provided regarding the issuer's major security holders, which means security holders that are beneficial owners of at least three per centum or more of each class of the issuer's voting securities:

- (a) provide the names of the major security holders, and the number of securities and the percentage of outstanding securities of each class owned by each of them as of the most recent practicable date, or an appropriate negative statement if there are no major security holders;

- (b) Disclose any significant change in the percentage ownership held by any major security holders during the past three years; and
- (c) Indicate whether the issuer's major security holders have different voting rights, or an appropriate negative statement.

(3) Information shall be provided as to the portion of each class of securities held in Uganda and the number of security holders in Uganda—

- (a) To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled by any other corporation, foreign government or any other natural or legal persons severally or jointly, and, if so, give the name of such controlling corporation, government or other person, and briefly describe the nature of such control, including the amount and proportion of capital held giving a right to vote.
- (b) Describe any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.
- (c) In so far as is known to the issuer, the name of any person other than a director who, directly or indirectly, is interested in ten per centum or more of the issuer's capital, together with the amount of each person's interest.
- (d) Provide the information required on (a) and (b) below for the period since the beginning of the issuer's preceding five financial years up to the date of the prospectus, with respect to transactions or loans between the issuer and—

- (i) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the issuer;
- (i) associates
- (ii) individuals owning, directly or indirectly, an interest in the voting power of the issuer that gives them significant influence over the issuer, and close members of any such individual's family;
- (iii) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the issuer, including directors and senior management of the issuer and close members of such individuals' families; and
- (iv) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major security holders of the issuer and enterprises that have a number of key management in common with the issuer. The amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent or subsidiaries to or for the benefit of any of the persons listed above.

(4) The information given should include the largest amount outstanding during the period covered, the amount outstanding as of the latest practicable date, the nature of the loan, the transaction in which it was incurred, and the interest rate on the loan.

(5) Full information of any material inter-company finance.

(6) Where a statement or report attributed to a person as an

expert is included in the prospectus, a statement that it is included, in the form and context in which it is included, with the written consent of that person, who has authorised the contents of that part of the Information Memorandum, and has not withdrawn his consent.

(7) If any of the named experts employed on a contingent basis, owns an amount of securities in the issuer or its subsidiaries which is material to that person, or has a material, direct or indirect economic interest in the issuer or that depends on the success of the listing, provide a brief description of the nature and terms of such contingency or interest.

(8) Provide a copy of the share register to the Authority.

7. Key information

Summarise key information about the company's financial condition, capitalisation and risk factors. If the financial statements included in the document are restated to reflect material changes in the company's group structure or accounting policies, the selected financial data shall also be restated.

8. Selected financial data

(1) Specify which financial statements must be included in the document, as well as the periods to be covered, the age of the financial statements and other information of a financial nature. The accounting and auditing principles that will be accepted for use in preparation and audit of the financial statements will be determined in accordance with financial statements prepared and audited in accordance with the accounting and auditing standards adopted by the Institute of Certified Public Accountants of Uganda.

(2) Consolidated statements and other financial information.

(3) Significant changes in accounting policies and estimates.

9. Capital of issuer—

(1) The capital of issuer to state—

- (a) the authorized share capital, the amount issued, the amount paid-up and the description and nominal value of the shares;
- (b) particulars of any capital of the issuer's subsidiaries which has, within the two years immediately preceding the public distribution, been issued and fully or partly paid-up otherwise than in cash and the consideration, if any, for which that capital has been issued;
- (c) particulars of any capital of the issuer or of any of its subsidiaries which has, within the two years immediately preceding the publication of the prospectus, been issued for cash and the price and terms upon which that capital has been issued and, if not already fully paid, the dates when any installments are payable with any amounts of installments in arrears;
- (d) any other material alterations in the share capital of the issuer within the two years immediately preceding the public distribution;
- (e) all substantial shareholders of the issue, together with particulars of their respective holdings of share capital;
- (f) A statement of opinion by its directors on whether the capital is adequate for the purposes of the business of the applicant and its subsidiaries, any extent of inadequacy and the proposed manner in which those inadequacies are to be financed; and
- (g) the number of shares to be listed upon the first listing date (if applicable) following the public distribution, indicating whether the issuer or any substantial shareholder has the intention to cause additional shares to be listed within a

twelve-month period after the initial listing.

10. Debt of issuer—

In relation to the issuer and its subsidiaries, any material outstanding indebtedness, including bank loans, overdrafts, debentures, hire purchase agreements, mortgages, bank acceptance credits and financial guarantees by the issuer and other contingent liabilities shall be indicated in the prospectus; and the particulars shall include the date, maturity and character of the indebtedness, rate of interest, basic repayment provisions and any provisions which allow for the conversion of the debt into another class of securities of the issuer;

11. Information on bankers—

The name and business address of the major bank providing services to the issuer as lender, provider of credit facilities, or guarantor of any indebtedness and the name and business address of any registrar appointed by the issuer to provide services with respect to the issue;

12. Rights of holders—

The rights applicable to holder soft shares as regards dividends, capital, preemptive rights to subscribe to new issues of shares, redemption (where applicable), voting rights and the creation or issue of further shares of equal priority with the shares;

13. Details of offer and admission to trading details.

The details of the offer and admission to trading details shall include-

- (a) information regarding the offer and the admission to trading of securities, the plan for distribution of the securities and related matters;
- (b) offer and admission to trading;
- (c) reasons for the offer;
- (d) plan for distribution including application procedure (rejections and refunds, foreign investor participation);

- (e) mention of the auditors, transfer agents, and registrar;
- (f) markets;
- (g) holders of securities who are selling;
- (h) dilution (for equity securities only);
- (i) expenses of the issue auditors;
- (j) transfer Agents; or
- (k) registrar of companies.

14. Use of proceeds

A statement on the intended use of the net proceeds of the issue including transient use of the proceeds.

15. Risk factors

In relation to the business of the issuer, information shall be presented on any new venture risks, construction risks, licensing risks, potential increased competition, regulation, dependence on key personality, taxation, level of indebtedness, dilution, unexpectedness of dividend;

16. Operating and financial review and prospects

(1) The purpose is to provide the management's explanation of factors that have affected the company's financial condition and results of operations for the historical periods covered by the financial statements, and management's assessment of factors and trends which are expected to have a material effect on the company's financial condition and results of operations in future periods.

- (2) Operating results
- (3) Liquidity and capital resources
- (4) Research and development, patents and licences, etc.
- (5) Trends.

17. A statement on legal status and affairs of the issuer—

(1) A brief history of the initial organization of the business, including the form and name under which the initial organisation took place the nature and results of any bankruptcy, receivership or similar proceedings with respect to the issuer.

(2) The nature and results of any other material reclassification, mergers and acquisitions consolidation of the issuer or any of its significant subsidiaries.

(3) The acquisition or disposition of any material amount of assets otherwise than in the ordinary course of business and any material changes in the mode of conducting the business;

(4) A summary of the material provisions of the articles of association with respect to annual general meetings of shareholders, voting rights of shareholders, the election and removal of directors and the rights of directors to vote on proposals in which they have a personal interest;

(5) A legal due diligence report including, but not limited to, the following—

- (a) whether all licences and consents required to perform the business or proposed business of the issuer have been duly obtained;
- (b) the legal opinion provided by a competent law firm;
- (c) any agreements or contracts with respect to the proposed issue of securities including, where applicable, but not limited to underwriting contracts, agreements or contracts with any securities exchange, registrar of companies and trustees of bonds, debentures or other credit securities;
- (d) any material litigation; on-going, threatened or otherwise, prosecution or other civil or criminal legal action in which the issuer or any of its directors is involved;

- (e) whether the existing capital of the issuer and any proposed changes to it is in conformity with applicable laws and has received all necessary authorisations; and any other material items with regard to the legal status of the issuer and the proposed issue;
- (f) the validity of evidence of ownership of land, plant and equipment and other important and relevant assets of the issuer; and
- (g) any other material items with regard to the legal status of the issuer and the proposed issue.

18. Additional Information

Information, most of which is of a statutory nature, that is not covered elsewhere in the prospectus.

19. Material contracts

The dates of and parties to all material contracts (not being contracts entered into in the ordinary course of business) entered into within the two years immediately preceding the publication of the prospectus, together with a summary of the principal contents of each contract, including particulars of any consideration passing to or from the issuer or any subsidiary, shall be indicated in every prospectus;

20. Documents on display

- (1) List of documents available for inspection, where they can be viewed from, and at what time
- (2) The following information on where to find information on the land and fixed assets of issuer and subsidiaries should be disclosed —
 - (a) the validity of ownership of land, plant and equipment and other important and relevant assets of the issuer;
 - (b) particulars of the location, area or tenure (including in the case of leaseholds the rent and unexpired term) of the factories and main buildings;

- (c) particulars about the primary plant and equipment, including cost, age, model and vendor, indicating whether the plant and equipment is expected to be replaced within two years after the conclusion of the public distribution; and
- (d) evaluation report with respect to the estimated value of the land and property and equipment shall be provided to the authority.

PART III—INFORMATION TO ACCOMPANY PROSPECTUS TO BE
SUBMITTED TO THE AUTHORITY

21. Information to accompany prospectus

(1) A statement showing the financial performance of the issuer and its subsidiaries during the preceding two financial years shall accompany a prospectus submitted to the Authority.

(2) The directors of the issuer shall include a statement analyzing the financial statements included in the prospectus, that serves to explain the present and prospective financial conditions of the issuer

(3) The issuer shall also provide the following items to the authority—

- (a) a copy of its memorandum and articles of association;
- (b) a copy of all required authorisations with respect to its memorandum and articles of association and to the changes in its structure;
- (c) Valuation report (if required by the Authority in relation to any land, property or equipment) where applicable, a copy of proposed underwriting agreements and contracts, proposed agreements with securities exchanges for the listing of the securities to be offered (where appropriate), proposed agreements or contracts filed with the registrar of companies.

22. Information concerning the issuer

(1) Name and details of incorporation of the issuer.

(2) If material, state whether the articles or other establishing documents of the issuer have been amended and describe the substance of the material amendments.

(3) Intercorporate Relationships - Describe, by way of a diagram or otherwise, the intercorporate relationships among the issuer and the issuer's subsidiaries as of the most recent financial year end of the issuer.

(4) General Development of the Business of the issuer.

(5) Describe the general development of the business of the issuer over its last two financial years. Include only major events or conditions that have influenced the general development of the issuer's business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also, discuss changes in the issuer's business that are expected to occur during the current financial year of the issuer.

(6) Trends - Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the issuer's business, financial condition or results of operations, providing forward-looking information based on the issuer's expectations any significant acquisition completed by the issuer during its most recently completed financial year.

(7) Operations.

(8) Describe the business of the issuer with reference to the reportable operating and the issuer's business in general. Include the following for each reportable operating segment of the issuer.

(9) The extent to which the business of the segment is cyclical or seasonal.

(10) A description of any aspect of the issuer's business that may be affected in the current financial year by renegotiation or termination of contracts or sub-contracts and the likely effect.

(11) The number of employees, as at the most recent financial year end or as an average over the year, whichever is more relevant.

(12) Any risks associated with the operations of the issuer.

(13) Disclose the nature and results of any bankruptcy, receivership or similar proceedings against the issuer or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the issuer or any of its subsidiaries, within the three most recently completed financial years or the current financial year.

(14) Disclose the nature and results of any material reorganization of the issuer or any of its subsidiaries within the three most recently completed financial years or the current financial year.

23. Financial Information

Provide the following financial data for the issuer in summary form for each of the two most recently completed financial years, accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the business including-

- (a) Net sales or total revenues;
- (b) Income from continuing operations;
- (c) Net income or loss, Total assets;
- (d) Total long-term financial liabilities;

- (e) Cash dividends declared per share for each class of share; or
- (f) Such other information as the issuer believes would enhance an understanding of and would highlight trends in financial condition and results of operations.
- (g) Describe any restriction that could prevent the issuer from paying dividends
- (h) Disclose the issuer's dividend policy.
- (i) Details of the offer and admission to trading
- (j) Reasons for the offer, allotment criteria, policy markets, selling shareholders and expenses of the issue.

24. Directors and senior management

(1) Name, Residential address, Occupation - List the name and residence of each director and senior manager of the issuer and indicate their respective positions and offices held with the issuer and their respective principal occupations within the five preceding years. Identification documents such as a passport or national identification document should be submitted to the Authority and recent passport photographs.

(2) State the period or periods during which each director has served as a director and when his or her term of office will expire.

(3) State the number and percentage of securities of each class of voting securities of the issuer or any of its subsidiaries beneficially owned, directly or indirectly, by all directors and senior officers of the issuer.

(4) State whether any director has been subject to Bankruptcy proceedings.

25. Governance

Disclose the board committees of the issuer and identify the members of each committee.

26. Conflict of interest

Disclose particulars of existing or potential material conflicts of interest between the issuer or a subsidiary of the issuer and a director or officer of the issuer or a subsidiary of the issuer.

SCHEDULE- II
THE CAPITAL MARKETS AUTHORITY ACT

Reg. 29

**ELIGIBILITY CRITERIA FOR APPLICANTS FOR
APPROVAL OF A DIRECT LISTING**

1. **Eligibility criteria**

(1) An applicant for the approval of a direct listing shall meet the following criteria—

- (a) a company limited by shares and registered as a public company under the companies law of its primary jurisdiction; or
- (b) a foreign company registered as operating in Uganda in accordance with the Companies Act.

(2) The applicant's shares must be freely transferable and not subject to any restrictions on marketability of pre-emption rights.

2. **Audited financial statements**

(1) The applicant must have published audited financial statements complying with International Financial Reporting Standards for an accounting period of at least two years ending on a date not longer than three months prior to the proposed direct listing.

(2) If more than three months have elapsed since the end of the applicant's last accounting period for which financial statements have been prepared, the applicant must prepare unaudited interim financial statements from the end of the last accounting period.

(3) The period covered by the unaudited interim financial statements should not exceed six months.

(4) The applicant must have prepared audited financial statements for the latest accounting period on a going concern basis

and the accompanying audit report must not contain any emphasis of matter or qualifications.

(5) At the date of the application, the applicant shall not be in breach of any loan covenants (if it has any).

(6) As at the date of the application and for a period of at least two years prior to the date of the application, none of the directors of the applicant should have—

- (a) any petition under bankruptcy laws filed against him or her (for individual directors) or any winding up petition pending (for corporate directors);
- (b) any criminal proceedings in which he or she has been convicted of fraud or any felony;
- (c) been a subject of any ruling of a court of competent jurisdiction or any governmental body, the effect of which is to permanently or temporarily prohibit him or her from acting as a fund manager, director, broker, dealer or employee of any financial institution or engaging in any business practice or activity.

(7) The applicant must have declared profits after tax attributable to shareholders in at least three of the last five completed accounting periods prior to the proposed date of the direct listing.

(8) The applicant must not be insolvent or under insolvency proceedings.

SCHEDULE - III

Reg.30

THE CAPITAL MARKETS AUTHORITY ACT

CONTENTS OF INFORMATION MEMORANDUM

1. **Caution statement**

An Information Memorandum shall contain, on its first page, the caution statement specified in the Act.

2. **Declaration**

A declaration in the following form:

- (a) The directors of [the issuer], whose names appear on page [] of the information memorandum, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with facts and does not omit anything likely to affect the import of such information.
- (b) The name, home and business address and function of each of the persons giving the declaration set out in paragraph 2(a) above
- (c) The names and addresses of the issuer's bankers, legal advisers, sponsors, reporting accountants and any other expert to whom a statement or report included in the Information Memorandum has been attributed.

3. **Listing and Listing Statistics**

- (1) The proposed listing price and the basis of determining the price.
 - (a) The nature and amount of the securities to be listed.

- (b) A statement of the resolutions, authorisations and approvals by virtue of which the securities are to be listed.
- (c) A summary of the rights attaching to the securities, and in particular the extent of the voting rights, entitlement to distributions and, in the event of liquidation, in any surplus and any other special rights. Where there is or is to be more than one class of securities of the issuer in issue, details must be given for each class.
- (d) If the rights evidenced by the securities being listed are or may be materially limited or qualified by the rights evidenced by any other class of securities or by the provisions of any contract or other documents, include information regarding such limitation or qualification and its effect on the rights evidenced by the securities to be listed.
- (e) The time limit (if any) after which entitlement to distributions lapses and an indication of the person in whose favor the lapse operates.
- (f) The fixed date(s) (if any) on which entitlement to distributions arises.
- (g) Details of any other securities exchanges (if any) where admission to listing is being or will be sought.
- (h) The names and addresses of the issuer's registrar and paying agent(s) for the shares in any other country where admission to listing has taken place.
- (i) The following information must be given concerning the terms and conditions of the listing at a securities exchange where such listing is being effected at the same time as the subject listing or has been effected within the three

months preceding application of the subject listing- (a) if the listing has been or is being made simultaneously on the markets of two or more countries

- (j) the listing price
- (k) the period during which the Information Memorandum will be available prior to the admission to listing and the names of the agents where the Information Memorandum may be accessed;
- (l) a statement or estimate of the overall amount of the charges relating to the listing payable by the issuer, stating the total remuneration of the financial intermediaries;
- (m) A description of the securities for which application is made and, in particular, the number of securities and nominal value per security or, in the absence of nominal value, the accounting par value or the total nominal value, the exact designation or class, and coupons attached;
- (n) The securities exchange at which the securities will be listed and the dates on which the securities will be admitted to listing and on which dealings will commence. The names of the securities exchanges (if any) on which securities of the same class are already listed;
- (o) A statement whether the issuer assumes responsibility for the withholding of tax at source;
- (p) Where there is a substantial disparity between the listing price and the effective cash cost to directors or senior management, or affiliated persons, of securities acquired by them in transactions during the past five years, or which they have the right to acquire, include a comparison between that offer price and the listing price;

- (q) The following information on expenses shall be provided-
- (i) the total amount of the discounts or commissions agreed upon by the financial intermediaries and the issuer shall be disclosed, as well as the percentage such commissions represent of the total amount of the listing costs per share;
 - (ii) an itemised statement of the major categories of expenses incurred in connection with the listing and by whom the expenses are payable, if other than the issuer. The following expenses shall be disclosed separately-
 - (A) advertisement;
 - (B) printing of listing statement;
 - (C) approval and listing fees;
 - (D) financial advisory fees; and
 - (E) the legal fees;
 - (F) The information may be given subject to future contingencies. If the amounts of any items are not known, estimates (identified as such) shall be given; and
 - (G) a statement or estimate of the overall amount, percentage and amount per security of the charges relating to the listing are payable by the issuer, stating the total remuneration of the intermediaries.

3. **Executive summary**

An Information Memorandum must contain an accurate executive summary of all its key contents and information.

4. **Information on issuer**

(1) The name, registered office and, if different, head office of the issuer. If the issuer has changed its name within the last five years, the old name must be printed in bold type under the new name.

(2) The country of incorporation of the issuer.

(3) The date of incorporation and the length of life of the issuer, except where indefinite.

(4) The legislation under which the issuer operates and the legal form which it has adopted under that legislation.

(5) A description of the issuer's principal objects with reference to its constitution documents.

(6) The place and date of registration of the issuer and its registration number.

(7) A statement that for a period of not more than fourteen days before the date of listing and until fourteen days after the date of listing, at a named place as the Authority may agree, the following documents (or copies thereof), where applicable, could be inspected-

(a) The information memorandum;

(b) The constitution documents of the issuer;

(c) Any trust deed of the issuer or of its subsidiary undertakings which is referred to in the Information Memorandum;

(d) The following documents material contracts and directors' service contracts or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;

- (e) Copies of service agreements with managers or secretaries; underwriting, vendors' and promoters' agreements entered into during the last two financial years;
- (f) the latest competent person's report, in the case of a mineral company;
- (g) all reports, letters, and other documents, balance sheets, valuations and statements by any expert any part of which is included or referred to in the Information Memorandum;
- (h) written statements signed by the auditors or accountants setting out the adjustments made by them in arriving at the figures shown in any accountants' report and giving the reasons therefore;
- (i) the audited accounts of the issuer where available or the audited accounts of a sponsor in the case where the issuer is a special purpose entity; and
- (j) Where any of the documents are not in the English language, translations into English must also be available for inspection. In the case of material contracts, a translation of a summary of such document may be made available for inspection, if the Authority so requires.

5. Information on share capital listed in schedule 1, part 2 paragraph (i) –(iv)

6. Details on any material changes to the business of the applicant in the areas as specified in schedule 1, part two paragraph 6

7. Risk factors specified in schedule 1, part 2, paragraph 17.
Information on bankers and other advisers specified in Schedule 1, part 2, paragraph 13.

8. Description of Structure of Securities on Offer

An information memorandum must provide information on the structure of the offering indicating the roles of different parties therein providing an illustrative schematic diagram of the same.

9. Ring fencing of Underlying Assets

An information memorandum must provide information to the satisfaction of the Authority on custodial arrangements aimed at ensuring that any underlying securities where applicable are ring-fenced

10. Information on service providers

An Information Memorandum must include details of custodians, registrars and receiving in the jurisdiction of primary listing, in Uganda and in any other jurisdiction where the applicant is seeking admission on a stock exchange.

11. Legal opinion outlining the matters specified in Schedule 1, part 2, paragraph 18.

12. Trading and settlement procedures

(1) An Information Memorandum must include details of the modalities and procedures of existing or proposed trading and settlement of the applicant's shares in the Ugandan market.

(2) Information relating to directors and senior management specified in schedule 1, part 1, paragraph 1.

(3) Capital of the applicant specified in schedule 1, part 2, paragraph 11.

(4) Major shareholders and related party specified in schedule 1, part 1, paragraph 6.

13. Governing law

An Information Memorandum shall state that the Laws of Uganda shall be applicable to the application for a direct listing.

14. **Tax policy**

(1) An Information Memorandum must include a statement of the tax payable on income from the transfer of shares, both in the primary jurisdiction and in Uganda, including whether the applicant assumes the responsibility for withholding of tax at source.

(2) Use of net proceeds of the issue including transient use of the proceeds.

INFORMATION TO ACCOMPANY AN INFORMATION MEMORANDUM

15. **Accompanying documents**

An Information Memorandum shall be accompanied by the following documents—

- (a) certified copies of the applicant's Certificate of Incorporation;
- (b) certified copies of the Memorandum and Articles of Association;
- (c) A term sheet for the offer; and
- (d) copies of all required authorizations from professional advisors.
- (e) Information on when and where these documents can be viewed from.

16. **Financial Information**

An applicant must provide audited accounts which cover at least three years. Accounts relating to a period shorter than 3 years may be accepted if the Authority is satisfied that the targeted investors have the necessary information available to arrive at an informed judgement concerning the applicant and the securities for which listing is sought; If the applicant is a newly formed company evidence of financial guarantees or three year audited accounts of the sponsor must be provided.

17. Additional information required by Authority

An Information Memorandum must contain any other additional information as may be required or directed to be included by the Authority, including any proposed amendments or clarifications.

SCHEDULE — IV

Reg. 31

THE CAPITAL MARKETS AUTHORITY ACT

DISCLOSURE REQUIREMENTS FOR ADDITIONAL ISSUES

(Rights, scrip dividend, bonus issues and secondary offers.)

1. An issuer of securities to the public must ensure equality of treatment for all holders of such securities of the same class in respect of all rights attaching to such securities.

2. An issuer proposing to issue shares for cash may first offer those shares to existing shareholders in proportion to their existing holdings. Only to the extent that the securities are not taken up by such persons under the offer, may they then be issued for cash to others or otherwise than in the proportion to their existing holdings.

3. An issuer shall not issue shares which confer a controlling interest without prior approval of shareholders in general meeting through a special resolution.

4. An issuer intending to make an additional issue should make an announcement within twenty four hours from the board's resolution to recommend the additional issue to the shareholders and such announcement shall state that the issue is subject to the approval of the shareholders and the Authority.

5. (a) Where an issuer obtains a general approval from the shareholders to issue shares for purposes of acquisition and authorizes directors to issue such shares for that purpose, the directors shall disclose to the shareholders and the general public any acquisition involving such shares in which an existing shareholder has an interest, or where the shareholding percentage or structure of the existing shareholding will change as a result of such acquisition.

(b) Where as a result of such acquisition a shareholder by virtue of shares arising out of the acquisition is in a position to exercise control of an issuer, such acquisition shall only be carried out with a special resolution of the shareholders in general meeting notwithstanding the existence of the general provisions.

6. Where an issuer which has listed shares has received notification from its parent company that the parent company proposes to participate in future issues of shares by the issuer not made to existing shareholders in proportion to their existing holdings (in order to maintain its percentage shareholding in the issuer), such participation shall first be authorised by the shareholders in general meeting by special resolution and such authority shall be valid for a period of twelve months unless renewed by shareholders at another general meeting.

7. An issuer must obtain the consent of shareholders before any subsidiary company of the issuer makes any issue of shares for cash or transfer of existing shares of such subsidiary company so as to materially dilute the issuer's percentage interest in the shares of that subsidiary company. For the purposes of this paragraph and paragraph 5 (1) above, a subsidiary company which represents 25% or more of the aggregate of the share capital and reserves or profits (after deducting all charges except taxation and excluding extraordinary items) of the group will be regarded as a major subsidiary company.

8. The obligation to obtain the consent of shareholders set out in paragraph 7 does not apply if the subsidiary company is itself listed and so must comply with paragraph 6. In such a case, the issuer must ensure that its equity interest in the subsidiary company is not materially diluted through any new cash issue or transfer of shares by such subsidiary company. In the case of a rights issue, if the issuer does not propose to take up its rights, an arrangement must be made for the rights to be offered to its shareholders so that they can avoid a material dilution in their percentage equity interest.

9. In a rights issue or open offer an issuer need not comply with paragraph (8) above with respect to—

- (a) securities representing fractional entitlements; or
- (b) securities which the directors of the issuer consider necessary or expedient to exclude from the offer on account of either legal problems under the laws of any territory, or the requirements of a regulatory body, provided that the Authority's consent is obtained.

10. In relation to a rights issue in which shareholders are given the right to participate in proportion to the amount of existing shares, such rights shall allow for renunciability in part or in whole in favor of a third party at the option of the entitled shareholders.

11. In relation to rights issues the issuer shall fix the closing date for the receipt of applications for, and acceptance of the new shares not later than thirty days after the books closing date.

12. An issuer shall issue to the persons entitled to a rights issue within ten days after a books closing date—

- (a) letter of entitlement of rights; and
- (b) provisional letter of allotment incorporating:
 - (i) form of acceptance;
 - (ii) request for splits;
 - (iii) form of renunciation; and
 - (iv) excess shares application form.

13. Except in the case of a rights issue to shareholders, no director of an issuer shall be given preferential allotment directly or indirectly in an issue of shares or other securities with rights of conversion to shares unless shareholders in general meeting have approved of the specific allotment to be made to such director.

The notice of meeting shall state:

- (a) the number of securities to be so allotted;
- (b) the precise terms and conditions of the issue; and
- (c) that such directors shall abstain from exercising any voting rights.

14. When shareholders are offered a specific entitlement in a new issue of shares, such entitlement must be on pro rata basis with no restrictions placed on the number of shares to be held before entitlements accrue.

15. Once the basis of the entitlement is declared the issuer shall not make any subsequent alterations to such entitlements.

16. (a) Where the shares for which application is being made are offered by way of rights, open offer or otherwise or allotted by way of capitalization of reserves or undistributed profits or bonus issue to the existing shareholders, the application shall be lodged with the Authority at least ten days prior to the date of books closure.

- (b) The Authority shall be at liberty to impose such conditions as it deems fit for the protection of existing shareholders and potential investors in approving the application
- (c) Where the shareholder's resolutions have not been obtained, the Authority may approve the application subject to the approval of the shareholders.

17. (1) The issuer's application shall state:

- (a) the applicant's name and date, place and number of incorporation;
- (b) the dates of resolutions passed by its board of directors and shareholders (where already obtained) furnish copies as required under the Companies Act, authorizing the

issue of new shares, and if there were any proceedings of a court of law involved, the date and outcome of such proceedings;

- (c) designation or title of each class of shares proposed for additional listing and its amount, par value and whether fully paid;
- (d) the number of additional shares to be listed;
- (e) the effective date on which the additional shares are to be fully qualified for admission to trading;
- (f) the exchange at which the applicant's shares are listed;
- (g) purpose of issuance;
- (h) the names of the persons responsible for the application;
- (i) number of shares authorized by the articles and number of shares issued and fully paid;
- (j) where applicable, the number of un-issued shares of each class of security reserved for issuance for any purpose, and purpose for which they are reserved;
- (k) a brief description of the rights attached to the shares with regard to voting, dividends, liquidation proceeds, pre-emption in future capital increases or any other special circumstances;
- (l) the date with effect from which the additional shares will qualify for dividend, whether dividend will be paid in full, and the circumstances relevant to the time limitation on the right to dividend;
- (m) the nature of the document of title (if any) and its proposed date of issue;
- (n) how any fractions will be treated;

- (o) details regarding the proposed listing of the letters of allocation, the subsequent listing of the new shares and the amount payable in respect of listing fees;
- (p) details regarding the letters of allocation such as—
 - (i) acceptance;
 - (ii) renunciation;
 - (iii) splitting; and
 - (iv) mode of payment.
- (q) in the case of a rights or bonus issue or open offer—
 - (i) how shares not taken up will be dealt with and the time in which the offer may be accepted;
 - (ii) whether or not the documents of title (if any) are renounceable; and
 - (iii) a statement in bold and uppercase, on the front page, drawing shareholders' attention to the type of election to be made (i.e. whether shareholders will receive either cash or scrip if they fail to make the election);
- (r) Where the shares for which application is being made are shares of a class which is already listed, being offered by way of rights or open offer, a table of high and low traded market values for the securities of the class to which the rights issue or offer relates for the first dealing day in each of the six months before the date of the information memorandum and for the last dealing day before the announcement of the rights issue or offer and (if different) the latest practicable date prior to publication of the information memorandum;
- (s) a statement pointing out possible tax implications for non-residents.

(2) The issuer's application shall be endorsed with the following declaration under the signature of two directors or one director and the secretary:

"We hereby declare that all information stated in this application and the statements contained in the report are correct, and neither the board of directors' minutes, audit reports or any other internal documents contain information which could distort the interpretation of the report".

18. An issuer shall issue to the persons entitled to a rights issue within ten days after a books closing date—

- (a) letter of entitlement of rights; and
- (b) provisional letter of allotment incorporating:
 - (i) form of acceptance;
 - (ii) request for splits;
 - (iii) form of renunciation; and
 - (iv) excess shares application form.

19. An issuer shall not close its register to determine shareholders' entitlement to participate in a rights, bonus issue or capitalization issue or open offer until one week after the information memorandum to shareholders has been approved by the Authority.

20. All schemes involving the issue of shares or other securities (including options) to employees shall comply with the registration and approval procedures for employee share ownership schemes prescribed by the exchange

21. The issuer shall in the case of rights or bonus issue:

- (a) show a timetable in respect of the following events—
 - (i) books closure date to determine rights entitlement;
 - (ii) last day for splitting;

- (iii) last day for exercise or rights;
 - (iv) last day for renunciation of rights;
 - (v) last day for application for additional shares; and
- (b) state—
- (i) the rights new issue ratio, date and basis of determining the price of new issue shares;
 - (ii) the expected net proceeds and its application;
 - (iii) if any underwriting agreement exists, a copy of such agreement shall be submitted to the Authority;
 - (iv) the names and addresses of the auditors who have audited the accounts of the issuer during the preceding three years; and
 - (v) the names and addresses of the stockbrokers sponsoring the application for admission to listing.

22. An application for rights issue shall be accompanied by the following—

- (a) information about the management of the applicant;
- (b) a statement on any important development(s) affecting the applicant or its business since the latest annual report of the applicant;
- (c) if the applicant's securities have been suspended, provide details of the same;
- (d) if the shares to be listed are to be issued in connection with the acquisition of a controlling interest in, or of all the assets subject to a liability of another company and that company's profit and loss accounts to the date of the last balance sheet supplemented by the latest available interim statements;

- (e) one copy of each contract, plan or agreement pursuant to which the shares applied are to be issued;
- (f) if the shares applied for are to be issued in acquisition of an equity interest in another company, or properties or other assets, one copy of any engineering, geological or appraisal report, which may have been obtained in connection with the proposed acquisition;
- (g) one copy each of all letters of approval from the relevant government authorities; and
- (h) a statement or estimate of the cost involved in the application divided into—
 - (i) brokerage expenses;
 - (ii) approval and listing fees;
 - (iii) printing;
 - (iv) advertising;
 - (v) professional fees (legal, auditors, valuers); and
 - (vi) other costs.

23. The issuer shall state in tabular form, for each issue or series of funded or long-term debt of the issuer and its subsidiary companies, the following—

- (a) full title (including interest rate and maturity date);
- (b) amount authorized by the debt instrument;
- (c) amount issued to-date;
- (d) amount redeemed;
- (e) amount outstanding;
- (f) issue price;

- (g) date of payment of interest; and
 - (h) date and terms of redemption.
24. The issuer shall, in the case of acquisitions, state—
- (a) whether the shares applied for are to be issued as a total or part of the consideration for the acquisition of—
 - (i) a controlling interest in, or the major part of the business and assets of, another company; or
 - (ii) specific assets or properties;
 - (b) names of parties involved in the acquisition and the date of contract entered into;
 - (c) the transaction, and the assets or business to be acquired, in sufficient detail to indicate the relative value thereof in relation to the consideration to be paid;
 - (d) the principle followed and factors considered in determining the consideration to be paid in the acquisition, and the persons making the determination and their relationship to the applicant;
 - (e) why the management of the issuer regards the acquisition as a favorable one from its point of view; and
 - (f) whether or not any officer, director or major shareholder of the issuer (or a related company of the issuer) has any direct or indirect beneficial interest in the assets to be acquired or the consideration to be paid and, if such interest does exist, describe it.

25. If the controlling interest in, or the major part of the business and assets of, another company is being acquired, the issuer shall state briefly the history and business of that other company and furnish the financial statements of that other company.

26. If any engineering, geological or appraisal reports, were

obtained in connection with the proposed acquisition the issuer shall include appropriate excerpts from such reports.

27. If the shares applied for are in respect of bonus shares capitalized from reserves the issuer shall—

- (a) identify the reserves from which the bonus shares are to be capitalized;
- (b) show a three-year schedule of the movements in the relevant reserve accounts; and
- (c) where any of the reserves were created following a revaluation of the assets of the issuer, submit a copy of the relevant appraisal report, and a certificate from the issuer's auditors that the reserves are sufficient to cover the capitalization.

28. The issuer shall:

- (a) make a declaration that the annual accounts have been audited; and
- (b) furnish a statement from the issuer's auditor stating all circumstances regarding the additional listing known to the auditor, which could influence the evaluation by investors of the assets, liabilities, financial position, results and prospectus are included in the report.

29. Where an issuer considers it necessary to make underwriting arrangements for the rights issue, details of such underwriting arrangements shall be subject to the approval of the Authority.

30. Disclosure of underwriting agreement, costs, details of the underwriter and relationship (if any) of the underwriter to the issuer or any of its directors shall be made.

SCHEDULE—V

Reg. 32

THE CAPITAL MARKETS AUTHORITY ACT CONTENTS OF AN INFORMATION MEMORANDUM FOR A COMMERCIAL PAPER

1. An offer for commercial paper shall contain the following information;
 - (a) Date of incorporation of the issuer
 - (b) Details and qualifications of the directors and senior management of the issuer
 - (c) Risk factors
 - (d) Description of the guarantee agreement
 - (e) Debt ratios such as debt to equity or debt to assets
 - (f) Size of the issue
 - (g) Use of proceeds
 - (h) Tenor of the issue
 - (i) Date of renewal for the commercial paper

SCHEDULE—VI

Reg. 38

THE CAPITAL MARKETS AUTHORITY ACT, CAP 84 INFORMATION REQUIREMENTS FOR A BOND

PART I—SPECIFIC REQUIREMENTS FOR BONDS ISSUED AS RESTRICTED ISSUES

1. Potential Investors

Subject to the exception below in relation to transferability restricted issues may be made only to persons falling within the categories covered by section 104 (2) (b), (c), (d) and (e) of the Act and an offer or issue to be a Restricted issue may not include other persons.

2. Minimum issue size

There is no minimum issue size for a restricted issue.

3. Transferability and Listing

(1) Restricted Issues are not transferable in the first 12 months of issue and the offering document and the bond must include this restriction.

(2) After the initial 12 months Restricted Issues are only transferable to a person who would have qualified as an initial investor.

(3) Restrictions on transfer must be disclosed on the bond and in the offering document and:

(a) An acquiring investor shall be required to provide a certificate of its qualification as an investor to the transferor and the issuer and any trustee and if requested shall provide a copy to Authority; and

(b) The issuer and any trustee cannot register a transfer unless a certificate is provided and a provision to this effect must be included in the offering documentation.

- (c) The restrictions on transfer do not apply where the transfer is made because of the death or insolvency of an investor or the issuer.
- (d) Listing is not required and listing on a public exchange is not permitted.

4. Prospectus or Information Memorandum, short form offering document, minimum disclosure requirements, terms of trust deed and minimum size, operating track record, profitability and history, guarantee:

- (a) These regulations do not provide specific requirements for Restricted Issues
- (b) Issuers need to satisfy themselves as to disclosure requirements, if any, for compliance with the Companies Act, Capital Markets Act or these Regulations and any other law or legislation applicable to the issuer as regards disclosure.
- (c) There is no requirement for a guarantee. Where an issue is guaranteed then disclosure on the guarantor's finances should be included in the offering documentation and the guarantor will be liable for any disclosure on the same basis as an issuer.

5. Authority's prior approval for Restricted Issue is not required

Issuers need to satisfy themselves as to requirements, if any, to comply with the Companies Act, Capital Markets Act, or these Regulations and any other law applicable to the issuer or issue.

6. Investors' rights

Dependent on general law, terms of documentation and applicable provisions, if any, of the Companies Act and Capital Markets Authority Act.

7. Rating of bonds subject to Restricted Issue

(1) Rating of the bond is optional, there is no requirement for Restricted Issues to be rated.

(2) Regulation of use of intermediaries in conjunction with a Restricted issue.

(3) Companies Act and Capital Markets Authority Act provisions apply.

8. Reporting of transfers and trades

Companies Act and Capital Markets Authority Act provisions apply.

9. Secured or unsecured bonds and requirement for Security or Note Trustee, Trustee Qualifications

(a) Appointment is optional; and

(b) Most bonds, however, will fall under the definitions of debentures and debt securities and attention is drawn to the need to comply with the existing debenture and debt securities provisions of Companies Act and Capital Markets Authority Act.

10. Ongoing and continuous reporting

The Companies Act, Capital Markets Authority Act and Regulations made thereunder apply.

11. Audit

The Companies Act and Capital Markets Authority Act provisions apply.

12. Supervision and enforcement

The Companies Act and Capital Markets Authority Act provisions apply.

13. Guarantees of Restricted Issue bonds

The Companies Act and Capital Markets Authority Act or Prospectus Regulations provisions apply.

PART II—PRIVATE PLACEMENT ISSUES

14. Potential Investors

Subject to the exception below in relation to transferability only those persons who would qualify under section 104 of the Act may qualify as investors in a Private Placement Issue.

15. Minimum issue size

There is no minimum issue size provided for by these Regulations but, if listed, the listing exchange may impose restrictions.

16. Transferability and Listing of Private Placement Issues and reporting of trading—

- (a) Transfer permitted amongst the category of investors permitted to invest in the issue subject to the requirement for a rating as discussed below.
- (b) Where a rating is required then a transfer cannot take place to an investor who would not have qualified to invest in the original issue until a rating is obtained.
- (c) Restrictions on transfer must be disclosed on the bond and in the Prospectus and an acquiring investor shall be required to provide a certificate of its qualification as an investor to the transferor and the issuer and any trustee and if requested shall provide a copy to Authority.
- (d) The issuer and any trustee cannot register a transfer unless a certificate is provided and a provision to this effect must be included in the Prospectus.
- (e) The restrictions on transfer do not apply where the transfer is made because of the death or insolvency of an investor or the issuer.

- (f) Listing is not required and listing on a public exchange is not permitted.
- (g) Listing is not required but unless trading is via an ATS system or a limited exchange that maintains records of trading including volumes and price of trade both the Seller and the buyer shall report the date, price and volume of the bond traded to the Authority by the end of the day of the trade.
- (h) To provide transparency the Authority, or a party authorized by the Authority for the purpose, shall maintain a registry of trades and such register shall be open for inspection by the public upon the payment of a fee, if any.

17. Short Form Prospectus

Permitted as per terms of Capital Markets Authority Act and these regulations.

18. Minimum Disclosure Standards in Prospectus

The minimum disclosure standards set out in these Regulations apply.

19. Minimum operating track record, profitability and history of Issuer

(1) An issuer will not be required to demonstrate profitability or meet other operating performance requirements but, shall be required to include in the Prospectus audited financial statements for the 3 years prior to the application.

(2) No period of profitable trading or compliance with ratios will be required, The Authority's review of these financial statements will be to ensure inclusion and compliance with the disclosure requirements but will not constitute a merit-review.

20. The role of Authority

No Private Placement offer or issue of bonds is to be made except

pursuant to a private placement memorandum which has been subject to the prior approval of the Authority.

21. Investor Rights

It is intended that investors will have rights under offer documentation, the Companies Act and Capital Markets Authority Act as if this was an offer to the public.

22. Rating of Private Placement Issues of bonds

(1) All Private Placement Issues of bonds must be rated by a credit rating agency approved or licensed by the Authority if bonds are to be offered or issued to or transferable to an investor that is a bank a pension fund, an insurance company or another regulated financial institution.

(2) Where bonds are required to be rated then the issuer will be required to covenant to continue to have the bond rated while any monies are outstanding on the bonds and to provide to the rating agency the information required for it to undertake ratings.

(3) The restriction on transfer shall not apply where the transfer is as a consequence of insolvency or where the bank, pension fund, insurance company or other regulated financial institution is exercising its rights under a mortgage, charge or similar security.

23. Regulation and use of Intermediaries

All placements of bonds the subject of a Private Placement Issue must be undertaken through a person licenced by the Authority, except where the securities are to be issued only to the persons falling into the categories covered by section 104 (2) (b), (c), (d) or (e) of the Act.

24. Secured or unsecured

Private Placement bonds may be either secured or unsecured. However, most bonds will be classified as debentures and debt securities and attention is drawn to the need to comply with the existing debenture and debt securities provisions of Companies Act and Capital Markets Authority Act.

25. Appointment of note Trustee and requirement to use approved Trust Deed

(1) A note Trustee must be appointed for each Private Placement issue.

(2) The note Trustee shall be licensed or approved by the Authority under legislation administered by the Authority.

(3) The Trust Deed shall meet the requirements set out in these Regulations.

26. Appointment of security Trustee

Were the bonds are secured then a security Trustee unrelated to the issuer, and licenced or approved by the Authority under legislation administered by the Authority shall be appointed.

27. Qualification of Trustees

The Trustees shall be licensed or approved by the Authority under the legislation administered by the Authority.

28. Ongoing reporting

During the period the corporate bond remains outstanding the issuer shall submit to the Authority, the Registrar of Companies, to any trustee appointed and to bondholders half yearly unaudited financial statements and annual audited financial statements within 3 months of the end of the financial period. If the issue is guaranteed, then the unaudited and audited financial statements must also be provided by the guarantor.

29. Audit

The Companies Act and Capital Markets Authority Act provisions, if any apply.

30. Continuous reporting

(1) The continuous reporting provisions of the Companies Act and the Capital Markets Authority Act and these Regulations

which impose obligations on reporting to shareholders apply to require reporting to bondholders and are extended to include any matter which impacts on or has the potential to impact on the credit or ability to meet scheduled payments by an Issuer or the ability or potential ability of a guarantor to meet its obligations if called.

(2) The reporting will be required to the same parties to whom reporting is required, above, by the ongoing reporting provisions in these regulations.

31. Supervision and enforcement: Supervision and enforcement
The Companies Act and Capital Markets Authority Act provisions, if any, apply as if the Prospectus and the issue and offer were in respect of an issue or offer to the public.

32. Bondholder meetings
Provision should be included in the Trust Deed to permit bondholders and the note Trustee and any Security Trustee to call meetings on bondholders in the event of a failure of the issuer to make a scheduled payment or a breach of a covenant, representation or warranty included in the Prospectus or Trust Deed.

33. Guaranteed Bonds and Guarantors
A guarantee is not required but if the bonds are guaranteed then the Prospectus must contain the required information in respect of the guarantor and the provisions of these Bond regulations relating to Guarantees and Guarantors shall be met.

34. Information on the use of proceeds shall be provided.

PART III—GENERAL PUBLIC ISSUES

35. Classification
(1) The bond and the related offering documentation shall clearly state the classification of the bond.

(2) In the absence of a classification being stated on the

bond and in the offering documentation the bond shall be assumed to be classified as a General Public Issue and required to comply with the provisions of these Regulations and the law applying to General Public Offers and issuers shall be liable as if an offer to the public as a General Public Issue.

36. Potential investors

Subject to complying with these provisions, the Companies Act and the Capital Markets Authority Act there is no restriction on investors to whom offers can be made.

37. Minimum issue size

The minimum issue size is that, if any, provided for from time to time by the listing exchange.

38. Transferability and Listing of General Public Issues and reporting of trading

(1) All General Public Offers are required to be listed on a stock exchange in Uganda and may be jointly listed on any other stock exchange. In addition to being listed in Uganda bonds may be listed on another exchange.

(2) The listing exchange may impose trading reporting.

39. Prospectus

(1) The Issuer of a General Public Offer is required to prepare a Prospectus and to comply with the provisions of the Companies Act and Capital Markets Authority Act and these Regulations.

(2) The Prospectus shall include an Application Form for the issue of bonds.

(3) Applications can only be accepted if a completed Application Form attached to the Prospectus is received.

(4) Issuers and other parties named in the Prospectus e.g.

transaction advisors, lawyers, accountants and auditors are required to undertake reasonable due diligence in relation to information contained on the Prospectus and to include a statement that this has been undertaken.

40. Short Form Prospectus

Permitted as per terms of Capital Markets Authority Act and these regulations

41. Minimum Disclosure Standards

The minimum disclosure standards in the Prospectus apply as per the Capital Markets Authority Act and these regulations.

42. Audit

The Prospectus must be accompanied by audited financial statements for at least the 3 years preceding the issue and an accountant's report relating to its audited financial statements for at least three years preceding the issue.

43. Accountants Report

The accountant's report shall disclose the following information for the last three financial years preceding the issue:

- (a) earnings before interest and taxes (EBIT) interest cover;
- (b) funds from operations to total debt percentage;
- (c) free cash flow to total debt percentage;
- (d) total free cash flow to short term obligations;
- (e) net profit margin;
- (f) post tax return (before financing) on capital employed;
- (g) long-term debt to capital employed ratio;
- (h) secured and unsecured debt total debt to equity ratio;
- (i) the value of related party transactions including debt and guarantees, and

- (j) in disclosing debt and ratios etc the issuer shall disclose—
 - (i) shareholder’s nonrecourse loans; and
 - (ii) non-recourse loans where non-recourse loans are loans that the shareholder has agreed not to call and not to prove for in any insolvency, administration or winding up in priority to any other creditors.
- (k) any other information that the Authority may deem to be necessary.

44. The Authority’s role

No General Public Issue or offer or issue of bonds is to be made except pursuant to a Prospectus approved by the Authority prior to an issue or offer.

45. Investor Rights

The investors may have rights under offer documentation, the Companies Act and Capital Markets Authority Act applicable to an offer to the public via a Prospectus.

46. Rating General Public Issues of bonds

(1) All General Public Issues of bonds shall be rated by a credit rating agency, approved or licensed by the Authority under legislation administered by the Authority, prior to the Authority approving the issue.

(2) The issuer will be required to covenant to continue to have the bond rated while any monies are outstanding on the bonds and to provide to the rating agency the information required for it to undertake ratings.

47. Regulation and use of Intermediaries

All placements of bonds the subject of a General Public Offer shall be undertaken through a person licensed by the Authority.

48. Secured or unsecured and debt securities provisions

(1) The Secured or unsecured and debt securities shall be disclosed.

(2) The restrictions under the existing the Companies Act and The Capital Markets Authority Act to the use of the term debenture unless obligations are secured should be noted and complied with.

(3) The bonds shall be classified as debentures and debt securities.

(4) The Secured or unsecured and debt securities shall comply with the existing debenture and debt securities provisions of Companies Act and Capital Markets Authority Act.

49. Appointment of note Trustee and requirement to use approved Trust Deed

(1) A note Trustee unrelated to the issuer shall be appointed for each General Public Issue.

(2) The note Trustee shall be licensed or approved by the Authority under legislation administered by the Authority.

50. Trust deed

The Trust Deed shall meet the requirements set out in these Regulations.

51. Appointment of security Trustee and requirement to use approved Trust Deed

(1) Where the bonds are secured then a Security Trustee unrelated to the issuer must be appointed.

(2) The Authority shall give a no objection to the security Trustee appointed by the issuer.

52. Ongoing reporting

(1) During the period the bond remains outstanding the issuer shall submit to the Registrar of Companies, the Authority, trustee and to bondholders half yearly unaudited financial statements and annual audited financial statements within 3 months of the end of the financial year.

(2) If the issue is guaranteed, then the unaudited and audited financial statements must also be provided by the guarantor.

53. Audit

The Companies Act and the Capital Markets Authority Act provisions, apply.

54. Continuous reporting

The continuous reporting provisions of the Companies Act, Cap. 106 the Capital Markets Authority Act and the Trust Deed shall meet the requirements set out in these Regulations .which impose obligations on reporting to shareholders apply to require reporting to bondholders and are extended to include any matter which impacts on or has the potential to impact on the credit or ability to meet scheduled payments by an Issuer or the ability or potential ability of a guarantor to meet its obligations if called.

55. Supervision and enforcement

The Companies Act Cap. 106 and the Capital Markets Authority Act provisions apply.

56. Bondholder meetings

Provision should be included in the Trust Deed to permit bondholders, the Note Trustee and the Security Trustee to call meetings on bondholders in the event of a failure of the issuer to make a scheduled payment or a breach of a covenant, representation or warranty included in the Prospectus or Trust Deed.

PART V—MISCELLANEOUS REQUIREMENTS

57. Announcement of offer

The issuer, other than for a Restricted Issue, must make a public announcement in English language in both the electronic and print media with nationwide circulation at least one week before the issue opens.

58. Advisers

The issuer, other than for a Restricted Issue, must appoint advisers for the issue from among banks, licensed investment advisers and broker or dealers.

59. Placing agents

The issuer, other than for a Restricted Issue, must appoint placing agents from among banks, licensed investment advisers and broker or dealers.

60. Receiving Banks

The issuer, other than for a Restricted Issue, must designate one receiving bank. All payments made by bondholders with respect to the issue shall be made in the issuer's name and shall be banked in a designated bank account in the receiving bank.

61. Payment and settlement agents

The issuer, other than for a Restricted Issue, must designate payment and settlement agents from among banks.

SCHEDULE VII—FEES

Reg. 19

THE CAPITAL MARKETS AUTHORITY ACT

No.	ITEM	Fees (Ug. Shs)
1	Application fee for prospectus for debt or fixed income security	0.1% of the value of issue
2	Application fee for prospectus for equity security	0.2% of the value of issue
3	Application fee for prospectus or information memorandum for any other securities	0.2% of the value of issue
4	Application fee for approval of additional securities	Main Investment Market Segment - 0.1% of the market value of the additional securities to be listed -Alternative Market Segments - 0.1% of the market value of the additional securities to be listed.
5	For submission of a private placement memorandum	1,000,000
6	Application fee for a supplementary prospectus	4,000,000
7	Application fee for approval of a shelf prospectus	4,000,000
8	Application fee for approval of an information memorandum for a direct listing	2,000,000
9	Application fee for approval of an information memorandum for a cross boarder direct listing	0.1% of the value of the issue
10	Application fee for resubmission of a prospectus, information memorandum or private placement	2,000,000

SAUL SSEREMBA

Chairperson, Capital Markets Authority

