



ANNUAL REPORT 2015-2016



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LETTER OF TRANSMISSION

30th November, 2015

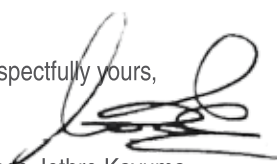
The Honorable Minister of Finance, Planning and Economic Development
Ministry of Finance, Planning and Economic Development
Apollo Kaggwa Road
P. O Box, 8147
Kampala

Dear Honorable Minister,

Pursuant to Section 8 (6) of the Capital Markets Authority Act (CAP 84), I have the honor to submit to you the annual report and accounts of the Capital Markets Authority in respect of the accounting period ended 30th June, 2015.

The report covers major activities, challenges, future plans, as well as the financial statements of the Authority.

Respectfully yours,



Grace Jethro Kavuma
Board Chairman



Our Core Values

Integrity
Efficiency
Fairness
Firmness
Excellence

Chairman's Review

The 2014 World Bank's Doing Business report ranked Uganda as number 132 out of 189 countries studied. The country where it is easiest to start and do business was Singapore while the worst was Chad. Mauritius, Rwanda and South Africa were the only African countries in the top 50, ranked 20, 32 and 41 respectively. In East Africa, Kenya ranked best at a ranking of 129 while Burundi and Tanzania were ranked 140 and 145, respectively. While our ranking has generally improved, players in the financial sector must double efforts to ensure that access to financing as a vital enabler for business growth improves even further.

Uganda's gross national savings as a percentage of GDP are the second highest in the East African region at 17.4% compared to Tanzania's 20.6%; followed by Rwanda at 10.7% and Kenya at 3.9%. This includes government and company as well as individual savings. While there are more ongoing efforts to enhance the level of savings, it is high time we also gave attention to the investment opportunities that will absorb the funds and ensure a proper balance. Government and its agencies as well as the private sector need to think deeply into how they will take advantage of funds available domestically, particularly in the capital markets and the fast growing pensions sector.

As the initial impacts of the global financial crisis recede, securities markets are fast emerging as an increasingly important financing option for real economic growth. The levels of innovation have gone higher especially in the debt and structured finance markets. Such innovation is likely to increase financing options, create wealth and cause diversification, but we also need to be aware of the risks that could come with this.

According to the International Organization of Securities Commissions (IOSCO), there is evidence that domestic credit provision by banks is being substituted "gradually" by market based financing in developed economies, especially in the US and Europe, where growth in corporate bonds outstanding has grown more quickly than bank credit. In Uganda and indeed most African countries, bank financing still dominates, despite the fact that it has been repeatedly said that bank financing alone cannot grow an economy. Africa has been earmarked as the hub for transformative economic activity and is globally looked at as the next growth frontier. The services industry is growing and attention has shifted to major commercial enablers including improvements in the transport sector and increase in supply of electricity.

We need to be prepared for this growth and transformation and a lot of resources, both human and financial, are urgently

required if we are to rise up to this challenge. As a regulator, we have and will continue to facilitate the process of accessing the much needed long term patient capital for businesses to expand. Uganda has for a long time been hit with the bug of lack of a clear vision for business expansion, at the macro and micro level; part of this was because there were hardly any viable alternative financing options that matched the kind of growth we envisage.

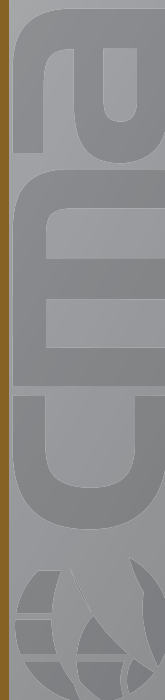
This is now possible, and as the CMA, we are committed to further making it easier, faster and cheaper to access this capital. However, for companies to access this capital there are a few critical things that must be met, such as improvements in corporate governance structures and adherence to the highest standards of financial reporting.

CMA is committed to developing more friendly and accommodative laws which will help businesses to quickly realize the opportunities for growth and expansion through the capital markets. Growth in our markets cannot be delayed any further and both the private sector and government are key in facilitating this transformation.

Significant progress has been made to date, especially with the passing of the CMA Bill by parliament which now awaits presidential ascent. The amended law is expected to make Uganda's capital markets more competitive as we will be fully compliant with the international principles of capital markets regulation.

To this end, I'd like to thank the Government and specifically the Ministry of Finance, Planning and Economic Development for their continued support in enabling the growth and sustainability of the Authority. I would also like to thank the Bank of Uganda for unremittingly supporting capital markets development in Uganda. For their unreserved service to the Authority, I would like to appreciate the Board for their astute counsel; as well as the management and staff who are responsible for the day to day execution of the Authority's functions.

Next year, CMA will be developing a new strategic plan for the next five years. We will be aiming to consolidate the efforts that have been put into developing a good regulatory framework to ensure that the market experiences growth in real terms. The intermediaries are expected to be at the center of transforming the market and as the regulator, we will continue to improve the environment within which they operate. With more efficient market makers, there is no doubt that our market will grow to the next level.



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Grace Jethro Kavuma,
Board Chairman

BOARD OF DIRECTORS

Miriam Magala,
Represents Uganda
Insurance Institute



Bemanya
Twebaze,
Registrar General



Nelson Nerima,
Represents Uganda
Law Society



Grace
K...
Ch...



Martin Francis
Kyeyune,
Represents Uganda
Manufactures Association



Paul Patrick
Mwanja -
Represents the Permanent
Secretary/ Secretary to the
Treasury, Ministry of Finance,
Planning and Econ. Devpt.



Michael
Represents U
Chamber of
and Ir

e Jethro
yuma,
airman

Keith
Kalyegira,
Chief Executive
Officer

Philip Andrew
Wabulya,
Represents the
Governor,
Bank of Uganda

Agnes Tibayeita
Isharaza,
Represents the Uganda
Bankers Association



Galabuzi,
ganda National
Commerce
dustry

Jacqueline
Kobusingye Opondo,
Represents Institute of
Certified Public accountants
of Uganda

Harriet Lwabi,
Represents the
Solicitor General



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CORPORATE GOVERNANCE

- Board of Directors
- Board Training
- Remuneration of the Board
- Board Committees
- Legal & Regulatory Affairs Committee
- The Finance, Human Resources & Administration Committee
- The Audit & Risk Management Committee
- Research & Market Development Committee

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CORPORATE GOVERNANCE

The Capital Markets Authority (CMA) is committed to the highest level of corporate governance and conducts its affairs in line with the principles of corporate governance.

Board of Directors

The CMA is governed by a unitary Board comprising a Chairperson and representatives from the private and public sectors. Six members are ex-officio, by virtue of their public offices while the other six members represent private sector interests. The roles of Chairman and Chief Executive are separate and distinct. With the exception of the Chief Executive Officer, all members of the Board are Non-Executive

The Board is appointed by the Minister of Finance, Planning and Economic Development and is accountable to the Minister, for ensuring compliance with the Capital Markets Authority Act (Cap 84).

The Board members have experience and expertise in legal, financial, business and administrative matters. Upon joining the Board, new members receive an induction and industry study tour organized by the Authority. Day to day operations of the Authority are performed by the Management team led by the Chief Executive Officer (CEO). The CEO develops and delivers the strategic objectives agreed to with the Board.

The Board meets at least once every three months to carry on the business of the Authority. During the year the Board met nine times to carry out their key functions. The key functions of the Board include reviewing, guiding and approving corporate strategy, operational plans, risk policy, annual budgets and business plans; setting performance objectives; monitoring corporate performance; and overseeing major capital expenditures.

The Board Secretary (Director Legal and Board Affairs), is responsible for effective administration of the Board proceedings, the provision of administrative and secretarial services as well as providing legal advice to the Board. The Chairman and the Board Secretary ensure that the agenda of the Board is in tandem with CMA's priorities. The Board Secretary also reviews papers before circulation to Board Members to ensure that the information is accurate and clear. The Members of the Board have all the resources required to carry out their roles and responsibilities.

The Board Members adhere to the standard of conduct expected of them and prescribed in the Board Manual. Instances of conflict of interest are addressed through disclosure and declaration of the interest is required under the Conflict of Interest Guidelines which apply to both Board and Staff.

Board Training

During the year, the Board received continuous professional development on issues that are pertinent to capital markets development.

The Board of Directors (as at 30th June 2015)

1. Mr. Grace Jethro Kavuma (Chairman of the Board)
2. Dr. Martin Francis Kyeyune
3. Ms. Jacqueline Kobusingye Opondo
4. Mr. Nelson Nerima
5. Ms. Agnes Tibayeita Isharaza
6. Ms. Harriet Lwabi
7. Mr. Michael Galabuzi
8. Mr. Philip Andrew Wabulya
9. Ms. Miriam Magala
10. Mr. Paul Patrick Mwanja
11. Mr. Bemanya Twebaze
12. Mr. Keith Kalyegira (Chief Executive Officer)

The CMA Board is composed of 12 members including the Chief Executive Officer in line with the CMA Act.

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Remuneration of the Board

The Members of the Board are entitled to remuneration and allowances out of the general fund of the Authority, as determined by the Minister of Finance, Planning and Economic Development. Below is a table summarizing the allowances relating to meetings.

TABLE A: ALLOWANCES RELATING TO MEETINGS

	Retainer Per Month	Sitting allowance Per Meeting
Chairman	UGX 300,000	UGX 300,000
Members	UGX 200,000	UGX 250,000

Board Committees

The CMA Board exercises its oversight role through a governance structure comprising various committees namely;

•	Finance, Human Resources & Administration Committee
•	Legal & Regulatory Affairs Committee
•	Research & Market Development Committee
•	Audit & Risk Management Committee

All Board Committees are governed by terms of reference developed by the Board and are mandated to make recommendations to the Board on all matters under their consideration. The function and structure of the Committees for the year under review were reviewed and are described below. In terms of composition, the Committees comprise Board Members with pertinent expertise in the various areas in order to maximize technical capability at the Committee level, where issues are dealt with in depth. The quorum for each Committee is at least half of the appointed Members. Each Committee determines its own procedures.

Legal & Regulatory Affairs Committee

The purpose of the Legal & Regulatory Affairs Committee is to also oversee the development of an appropriate legal and regulatory framework for the capital markets industry. The Committee oversees the implementation and enforcement of compliance matters by the Authority. During the period July 2014 - June 2015, the Legal & Regulatory Affairs Committee convened ten meetings to consider applications for licenses for broker dealers, Unit Trust Schemes and Unit Trust Managers. The Committee also met to consider the amendments to the CMA Act and to approve applications for cross listing of securities as well as public offers of debt securities. The Committee further met to consider the amendments to the USE Fees Charges and Penalties Rules.

The Finance, Human Resources & Administration Committee

The Committee is a merger of the Finance & Planning Committee and the Human Resources & Administration Committee. The Committee is responsible for guiding the Board on policy matters relating to Finance, Human Resources & Administration. The Authority submitted to the Ministry of Finance, Planning and Economic Development, quarterly reports of activities and financial matters. At the end of every financial year, the Authority submits its annual report and audited accounts which are published and made available to the public. The Committee reviews and recommends to the Board material policies governing the Authority's human resources and any amendments thereto intended to attract, develop and retain qualified and high performing talent for achievement of the Authority's strategic objectives. The Committee convened four meetings during the period to consider the CMA budget for the financial year 2015/2016 as well as to review the budget performance for 2013/2014 and review proposals for amendment of the CMA fee structure.



The Audit & Risk Management Committee

The critical role of internal audit makes it imperative to have an independent Audit Committee. In terms of its functions, the Audit and Risk Management Committee plays a critical role in the corporate governance structure by overseeing internal controls, accountability, reporting structures and risk management. The Audit Committee held three meetings during the period under review to consider the audited financial statements for the year ended 30th June 2013, the Internal Audit work plan and the internal Audit quarterly reports. The Committee also considered the CMA Risk Management quarterly reports.

Research & Market Development Committee

The role of the Research and Market Development Committee is to assist the Board in the formulation of policies that are geared towards research and market development. The Research and Market Development Committee met twice during the year to consider the findings from the Capital Markets Investors and Players Survey, development and future plans for research and market development and a policy paper on Real Estate Investment Trusts (REITS).

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LEGAL AND BOARD AFFAIRS

- CMA Amendment Bill
- CMA Uganda IOSCO Re Application
- Update on CMA Draft Laws and regulatory framework
- Update on the approved EAC Council directives
- Draft directives for stakeholder consultations
- Anti-Money Laundering
- Appointment of the Chief Executive of the Uganda Securities Exchange

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LEGAL AND BOARD AFFAIRS

CMA Amendment Bill

The CMA Amendment Bill was approved by the Cabinet of Uganda. The amendments are to cater for new developments in both the domestic and international markets, Compliance with the International Organisation of Securities Commissions (IOSCO) Multi-lateral Memorandum of Understanding (MMoU) on information sharing among international securities regulators and compliance with the East African Community Common Market Protocol. The Bill will be forwarded to the Parliament of Uganda for consideration and enactment into law.

CMA Uganda IOSCO Re application

The CMA Uganda re-application to IOSCO was reviewed by the IOSCO Screening Committee. The Screening Group considered the Verification Teams report on Uganda and it approved the CMA Uganda re-application. The admission of Uganda as an IOSCO Member, Appendix A Category is dependent on the passing of the CMA Amendment Bill. Once the Bill is enacted into law, CMA Uganda will submit a formal application to the IOSCO Secretariat for consideration and approval.

Update on stock exchange rules submitted to CMA

1) ALT Xchange Rules; the CMA Board approved the following rules submitted by ALT X Exchange Limited:

- a. ALT X Exchange Central Securities Depository Rules,
- b. ALT X Exchange amendments to the Fees and Penalties Rules,
- c. ALT X Exchange Asset Backed Securities Rules and
- d. ALT X Exchange Depository Receipts Rules.

The approved Rules were communicated to the Stock Exchange for implementation of the Rules.

2) Uganda Securities Exchange Rules; the CMA Board approved the following rules submitted by the Uganda Securities Exchange

- a. The Uganda Securities Exchange Equity Trading Rules, 2015,
- b. The amendments to the Uganda Securities Exchange Rules, 2003 and
- c. The Securities Central Depository Rules 2009.

Update on other CMA draft laws and regulatory framework

1) **Draft Capital Markets (Real Estate Investments Trust) Regulations, 2015;** the draft Regulations were approved by the CMA Board subject to additional comments from stakeholders. The Regulations will be forwarded to the First Parliamentary Counsel, Ministry of Justice for approval before publication.

2) **Draft Capital Markets (Investor Compensation Funds) Regulations, 2015 and the draft Capital Markets (Exchange Traded Funds) Guidelines.** The draft Regulations and Guidelines were approved by the Board to be exposed for stakeholder consultation. The comments from the stakeholders on the draft Regulations and Guidelines will thereafter be submitted and considered by the Legal and Regulatory Affairs Committee of the CMA Board and the CMA Board.

The CMA Board approved the order for recognition of Foreign Schemes for cross border offering of Collective Investments Schemes under the Collective Investments Schemes Act.

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Update on the approved EAC Council Directives

The Sectoral Council on Finance and Economic Affairs at its meeting held on 18th May 2012 resolved that the harmonization of EAC securities Legal and regulatory framework would proceed by way of EAC Council Directives. The Capital Markets Insurance and Pensions Committee (CIMPC) meeting held in April 2013 agreed to develop Council Directives as the most feasible option given the different levels of development in the EAC Capital Markets.

The EAC Council Directives below had been approved by the Sectoral Council and await transposition and domestication into Ugandan law.

1. Council Directive on Anti-Money Laundering in the Securities Markets
2. Council Directive on the Investor Compensation Funds
3. Council Directive on Investor Protection
4. Council Directive on Takeovers and Mergers
5. Council Directive on Conduct of Business
6. Council Directive on Self-Regulatory Organizations
7. Council Directive on Public Offers for Equity Securities
8. Council Directive on Public Offer for Fixed Income Securities
9. Council Directive on Public Offers for Asset Backed Securities
10. Council Directive on Collective Investment Schemes
11. Council Directive on Corporate Governance for EAC Market Intermediaries
12. Council Directive on admission to trading on a secondary exchange
13. Council Directive on Regional Listings in the Securities Market

Draft directives for stakeholder consultations

The following EAC Council Directives were exposed for stakeholder consultations.

1. Council Directive on Competent Authorities
2. Council Directive on Regulated Activities
3. Council Directive on Real Estate Investment Trusts
4. Council Directive on Evaluative and Analytical Services
5. Council Directive on Credit Rating Agencies
6. Council Directive on Business Continuity
7. Council Directive on Securities Exchanges
8. Council Directive on Central Securities Depositories

Anti-Money Laundering

CMA Uganda is currently a member of the Uganda Anti Money Laundering Committee which is administratively set up by the Ministry of Finance, Planning and Economic Development. The committee is tasked with coordination of national efforts to prevent Anti Money Laundering and combating financing of Terrorism.

Appointment of the Chief Executive of the Uganda Securities Exchange

The CMA Board cleared the appointment of Mr. Paul Bwiso as Chief Executive of the Uganda Securities Exchange.





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MARKET SUPERVISION

- Supervisory Matters
- Approvals
- Licensing of New Market Intermediaries
- Renewal of Licenses
- First Supervisory College under the East African Securities Regulatory Authorities (EASRA)

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MARKET SUPERVISION

1. Supervisory Matters

(i) Inspections

During the period under review, 21 inspections were carried out. The inspection is conducted on an annual basis by the Market Supervision Department to assess compliance with applicable laws, regulations, codes of conduct and best practice standards, evaluate internal control systems and appraise business development efforts of the licensed persons. At the end of each inspection, a summary of findings is prepared within a report for each licensee detailing key areas that they need to address. The Market Supervision Department completed and issued inspection reports to the Licensees

The inspections carried out during the period under review involved collection of data and interviews with key staff members so as to understand the overall performance of the licensed firm. The benefit of the inspections was that it provided the most timely, accurate and reliable information to assist the Authority in carrying out its supervisory role. The focus areas for the inspections were, integrity and competence, management and corporate governance, IT and disaster recovery, financial resources, handling of client assets, knowledge and treatment of customers, rules and practices concerning conflict of interest, relationship with the Authority, record keeping and follow-up on issues from the last inspection

(ii) Risk Assessments

In November 2014, the CMA commenced transition of its supervisory approach from a compliance based approach to a risk based approach. The risk based supervision approach focuses on the identification of potential risks faced by a business and the assessment of controls in place to minimize and mitigate those risks. A stakeholder seminar was held on 14th November 2014 and licensees were sensitized on Enterprise Risk Management and on how to implement it. Each intermediary was tasked with putting in place a risk profile and documenting mitigating controls. During the inspection, the registers were discussed and the necessary guidance provided by officers from the Authority.

The table below depicts the number of inspections conducted per license category.

Licensee	Inspections
Brokers/ dealers	8
Fund managers	6
Investment	5
Trustees Collective Investment Schemes	2
Uganda Securities Exchange	1

Table 1: completed inspections per license category.

(iii) On- site Monitoring activities

All Licensees are required to submit audited financial statements annually. Broker/dealers are required to submit monthly net capital reports while fund managers are required to submit quarterly portfolio reports. During the period under review these reports were submitted and were reviewed by the Market Supervision Team. The reports provided important information that was used by the team to identify potential breaches and seek out appropriate remedies together with the licensed firms.



2. Approvals

(i) DFCU Bank Bonus Issue

The CMA Board approved the issue of 248.60 Million bonus shares of DFCU Bank Ltd in the ratio of one share for every share held. The bonus issue was meant to capitalize the company and set up new branches in a bid to foster financial inclusion.

(ii) National Insurance Corporation (NIC) Bonus Issue

The CMA Board approved the issue of 819.66 million bonus shares of NIC in the ratio of 11 shares for every 8 shares held. The bonus issue will enable NIC to demerge its composite business and set up separate life and non –life entities in line with the Insurance Act.

(iii) ALT- X Clearing Limited

The Board approved the application of ALT –X Clearing Limited for a Securities Central Depository License.

3. Licensing of New Market Intermediaries

The CMA Board approved the following new licenses during the period under review.

Licensee	Category
Baraka Capital.	broker/dealer
BD Wealth management	Investment Advisor
Britam Asset Managers	fund manager
Vestq Ltd	fund manager

Table 2 New Licenses issued during the period under review

The licensing of new market intermediaries fulfills CMA’s objective of diversifying the market intermediaries’ base. This is expected to result in enhanced competition and help to bring costs for issuers and investors down as well as spur more innovation in Uganda’s capital markets industry.

4. Renewal of Licenses

During the period under review the following licenses were issued for 2015/2016/.

Licensee	No of Licenses
Brokers/ dealers	10
Fund managers	8
Investment Advisor	5
Trustees Collective Investment Schemes	2
Unit Trust Managers Collective Investment Scheme (SCD License)	3
Representative Licenses	2
	84

Table 3: No of licenses issued for 2015/2016

5. First Supervisory College under the East African Securities Regulatory Authorities

The 36th East African Securities Regulatory Authorities (EASRA) Consultative Committee Meeting held on the 19th October 2012 resolved that supervisory colleges should be developed and surveillance programs for market intermediaries operating regionally as well as cross-listed companies be developed.

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The CMA participated in the first supervisory college under EASRA which took place in Kenya between April 21 to 23 2015. The team participated in the inspection of two turns Dyer and Blair Investment Bank and Dry Associates Limited. The supervisory college was very insightful and the CMA resolved to focus on implementation of the operational aspects of Risk Based Supervision, review various regulations that have been over taken by current trends and increase the level of regulatory cooperation





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COMMUNICATION AND PUBLIC RELATIONS

Public Relations and Media Relations
Publications/ Information Material
Social/ New Media Outreach
The Kikonyogo Capital Markets Award
Directors and Company Secretaries Conference
Future Outlook

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COMMUNICATION AND PUBLIC RELATIONS

The Authority continues to strengthen its communication and public relations component to ensure better stakeholder relations, as well as the understanding of our work and mandate by the stakeholders including investors, issuers, licensed and listed entities, and the general public.

CMA's communication and public relations is geared towards market development, and majority of the communication activities are aimed at supporting market growth.

Public Relations and Media Relations

During the year, both print and broadcast media coverage focused on events and major activities that were taking place within the Authority. These included the Kikonyogo Capital Markets Award, the Kampala Private Equity and Venture Capital Conference which was organised in partnership with the Uganda Investment Authority, National Social Security Fund, and others, and other routine activities including the launch of the process to develop the capital markets development masterplan, launch of the client service charter and the market development campaign. Radio interviews, mentions and spot adverts were held on four FM stations to increase the level of awareness about capital markets.

Publications/ Information Material

The July 2015 Capital Markets Journal was published under the theme, "Driving Growth; the next steps" and 500 copies were printed and distributed. Information material including flyers, journals and reports were distributed during exhibitions held alongside other events including the Banking, Finance and Insurance Expo, the East African Manufacturers Summit Exhibition, the Kampala Private Equity Conference, among others. Brochures were also distributed during the public education drive held across the country targeting potential investors.

Social/ New Media Outreach

The Authority enhanced its outreach mechanisms by increasing engagement through social media tools. The number of likes on the CMA facebook page increased from 380 at the end of June, 2014 to 4,270 likes as at the end of June, 2015 owing to the page promotion that was done in May, 2015. The number of followers on the twitter page grew from 1,030 as at June, 2014 to 2,295 as at June, 2015, while the LinkedIn page also saw an increment in number of followers from 30 to 108 as at June 2015. The challenge remains to actively engage this audience with the relevant information and ensure the platforms are as interactive as possible.

A documentary capturing the growth of the capital markets in Uganda, and the future of the industry was produced and has been uploaded on the CMA website to increase knowledge of the industry for both potential investors and issuers. The documentary will also be screened at the various CMA events to ensure increased outreach.

The Kikonyogo Capital Markets Award

The 12th Kikonyogo Capital Markets Award (KCMA) focused on the contribution of the Broker/Dealer community and Financial Journalists to the development of the capital markets industry. These awards recognized the Broker/Dealers who have tremendously contributed to secondary market activity at the Uganda Securities Exchange and have also attracted the most investors to trade at the Uganda Securities Exchange in 2014; as



well as financial journalists that had consistently reported about the sector during the same period.

Over 100 guests attended the event hosted by CMA and the Finance Minister under the theme, “Making Capital Markets work for Savers and Businesses”, at the Kampala Serena Hotel on 7th May, 2015. The key note address was delivered by East African businessman, Dr. Chris Kirubi who stressed that Ugandans must learn to save and invest, and urged business owners to consider listing their companies for business sustainability.

Directors and Company Secretaries Conference

Together with ICSA Uganda, CMA hosted the 4th annual directors and company secretaries’ conference on 26th February, 2015 at Protea Hotel, Kampala. The conference was held under the theme “Access to finance through good governance” and attracted over 120 participants. The conference was co-sponsored by Stanbic Bank Uganda, New Vision, Centenary Bank and ACCA Uganda. Prior to the conference, a press briefing was held to announce the conference, and both events were well covered by the local media.

Future Outlook

The main focus will be on supporting investor and issuer outreaches through exhibitions, one on one meetings, social and traditional media.

Visibility of the CMA will be enhanced through various activities including quarterly press briefings, media and events that increase the brand’s presence among the public

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RESEARCH AND MARKET DEVELOPMENT

- Market Activity at the Uganda Securities Exchange (USE)
- Fund Management
- Key Risks Facing Uganda's Capital Markets
- Public Education Campaign
- Research Publications

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RESEARCH AND MARKET DEVELOPMENT

1.0 Market Activity at the Uganda Securities Exchange (USE)

Corporate Actions

During the period under review, the National Insurance Corporation (NIC) had a bonus issue of 11 new shares for every 8 shares held. Shareholders received a total of 819.66 million bonus shares enabling the company capitalize US \$ 1.41 million. The recapitalized funds saw the company demerge its composite business and set up separate life and non-life entities in line with Uganda's Insurance Act. NIC was listed at the USE in March 2010 as part of the government divestiture program. The company is a provider of insurance and risk management services. The company has over 2,000 shareholders.

Notable Transaction

A notable transaction in the period under review was the transfer of 137 million shares by private equity fund Norwegian Norfund to Norfinance AS, its subsidiary investment company in a transaction valued at US \$ 16.52 million. The internal restructuring resulted in a change of shareholder as Norfinance AS (established as an investment vehicle to hold Norfund's financial services assets in Africa) had the entire shareholding interest of Norfund in DFCU transferred to it.

Secondary Market Activity

Major market indicators posted mixed performance in the period under review. Equity turnover dipped by 7% to Ush 310 billion from Ush 333 billion the previous financial year. This led to a 7 % decline in the average turnover per trading session to Ush 1.24 billion from Ush 1.33 billion in the previous fiscal year. Share volume also trended downwards by 24% to 1,848.05 million from 2,436.45 million in the previous fiscal year (see table 1). The drop in equity turnover and share volume was driven by rising interest rates that saw investors shift to the government bond market and a weak shilling that led to off-shore investors' scaling down activity.

Table 1: Market Indicators at the Uganda Securities Exchange

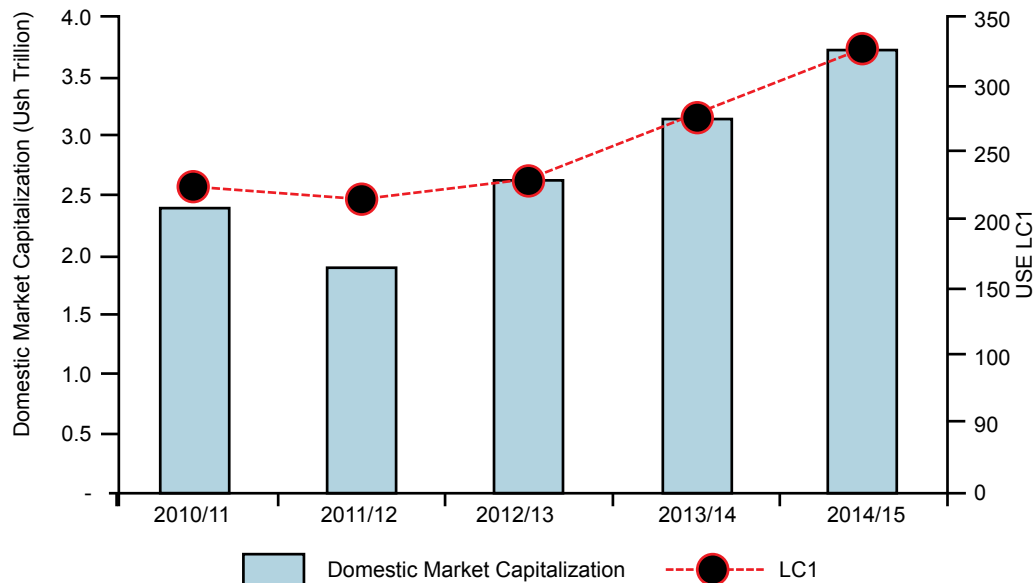
	2014/15	2013/14	Change (%)
Equity Turnover (Ush, Billion)	310	333	(7)
Average Turnover per session (Ush, Billion)	1.24	1.33	(7)
Share Volume (Million)	1,848.05	2,436.45	(24)
Source: USE Market Reports			

Bucking the trend, domestic market capitalization rose by 18% to close the fiscal year at Ush 3.73 trillion from Ush 3.16 trillion. This was due to an increase in the prices of most domestic counters at the USE. Rising in tandem with the domestic market capitalization, the USE LCI was up by 18% to 324.28 points from 276.04 points (see figure 1).

Figure 1: Trends in Domestic Market Capitalization and USE Local Counter Index

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Source: USE Market Reports

Going forward, market activity is likely to be affected by the direction taken by interest rates, foreign exchange rates, inflation and the adoption of a wait-and-see attitude by off-shore investors due to heightened political activity.

1.1 Fund Management

The total funds under management by fund managers licensed by CMA stood at Ush 1.24 trillion as at the end of the third quarter of the fiscal year 2014/15. This was an increase of 24% from Ush 997 billion as at the end of the fiscal year 2013/14. The increase in funds under management was as a result of the appreciation in value of underlying assets as well as the recruitment of new members by schemes whose funds are under management.

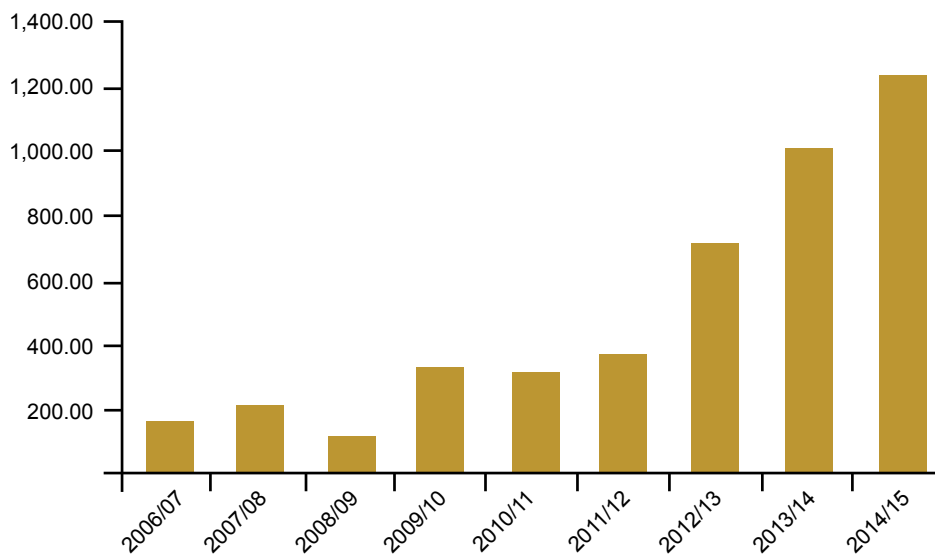


Figure 2: Funds under Management (Ush Billion)



2.0 Key Risks Facing Uganda's Capital Markets

The key risks facing Uganda's capital markets include:

- **Market concentration risk**- cross listed companies account for more than 80% of the total markets capitalization. Three domestic counters with the highest market capitalization account for 80% of the total domestic market capitalization. In addition to that, equity turnover in the fiscal year saw the Umeme counter account for over 60% of the total equity turnover in the fiscal year 2014/15;
- **The limited market liquidity** occasioned by the buy and hold strategy of g investors;
- **The lack of market depth** with only equities and corporate bonds as the only available products. This coupled with a limited free float provides limited room for diversification by investors
- **The market is vulnerable to macroeconomic shifts** such as the rising inflation and increase in interest rates that have seen investors re-allocate resources towards government securities. High inflation can also act as a disincentive for investors as it erodes real returns for investors;
- **A limited number of institutional investors** in the markets which denies the markets the benefits of having institutional investors such as improved price discovery, improved allocative efficiency and promotion of management accountability;
- **The lack of strong market intermediaries** who can serve as market makers; and
- **The low levels of awareness** regarding opportunities in the capital markets among potential investors and issuers of securities. This has in turn contributed to low market liquidity and a limited number of security issuances respectively.

3.0 Public Education Campaign

CMA launched a refocused public education campaign in the fiscal year 2014/15. The campaign involved reaching out to potential investors through face to face presentations made to groups. Towards this end, CMA recruited 25 resource persons at the commencement of the fiscal year to supplement internal public education efforts. The resource persons traversed the country educating the public on how to save and invest in the capital markets. By the end of the financial year 2014/15, the campaign had reached a total of 9,100 individuals.

At the same time, efforts aimed at stimulating the issuance of securities by sensitizing entrepreneurs on fund raising opportunities in the capital markets were also part of the public education campaign. A total of six events were held reaching over 300 potential issuers of equity and debt securities in the fiscal year.

4.0 Research Publications

The RMD department stepped up efforts aimed at disseminating pertinent information on capital markets. CMA continued publication of its flagship survey, the Capital Markets Players Survey. Additionally several policy brief and policy papers were completed to support decision making as well as the drafting of new regulations.

Our Core Values

Integrity
Efficiency
Fairness
Firmness
Excellence



Capital Markets Authority
Protecting Your Investments



HUMAN RESOURCE AND ADMINISTRATION

- Organization Structural Review
- Staff Capacity Building

ANNUAL
REPORT
2015-2016

HUMAN RESOURCE AND ADMINISTRATION

The Human Resource and Administration department is responsible for the strategic and comprehensive approach to managing people; the workplace culture and environment to enable employees contribute effectively and productively to the overall organizational direction and the accomplishment of its goals and objectives. In the year under review, the department undertook several activities;

Organization Structural Review

Organizations have to change in order to adapt, improve and prepare for the future by causing and addressing strategic, anticipatory and reactive change. The Authority deemed it necessary to review the organizational structure with a view to further aligning its human resources with the Authority's strategic directions and priorities as well as strengthening efficient and effective service delivery to CMA stakeholders. In March 2015, the Authority adopted a new organizational structure which will enable the achievement of short and long term strategic objectives.

Staff Capacity Building

Various capacity building interventions and initiatives were implemented to enhance the capacity of CMA to achieve its short and long term strategic objectives.

Our Core Values

Integrity
Efficiency
Fairness
Firmness
Excellence



Capital Markets Authority
Protecting Your Investments

FINANCIAL STATEMENTS

- Authority Information
- Report of Directors
- Statement of Directors' Responsibility
- Financial Statements
- Statement of profit or loss and other comprehensive income
- Statement of Financial Position
- Statement of changes in Reserves
- Statement of Cash Flows
- Notes to the financial statements

ANNUAL
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2015-2016

CAPITAL MARKETS AUTHORITY

AUTHORITY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

DIRECTORS

Reappointed 1 November 2014

Mr. Grace Jethro Kavuma- (Chairman)
Ms. Harriet Lwabi
Ms. Miriam Magala
Mr. Paul Patrick Mwanja
Mrs. Agnes Tibayeita Isharaza
Mr. Philip Wabulya
Mr. Bemanya Twebaze

Appointed 1 November 2014

Mr. Nelson Nerima
Mrs Jacqueline Kobusingye Opondo
Mr. Michael Galabuzi
Dr. Martin Francis Kyeyune

Term expired 31 October 2014

Mr. John Fisher Kanyemibwa
Mr. Deo.J.B.Kayemba
Mr. Michael Muwazi

Resigned on 3 March 2014

Mr. Awel Uwihanganye

CEO – appointed 1 December 2013

Mr. Keith Kalyegira

REGISTERED OFFICE

Capital Markets Authority
8th Floor, Jubilee Insurance Centre
14 Parliament Avenue
P O Box 24565
Kampala

BANKERS

Stanbic Bank Uganda Limited
17 Hannington Road
Crested Towers
P.O. Box 7131
Kampala

Standard Chartered Bank Uganda Limited
5 Speke Road
P.O. Box 7111
Kampala

SECRETARY

Mrs. Angela Kiryabwire Kanyima
Director Legal and Board Affairs
Capital Markets Authority
8th Floor, Jubilee Insurance Centre
14 Parliament Avenue
P.O. Box 24565
Kampala

CAPITAL MARKETS AUTHORITY

AUTHORITY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

AUDITORS

Auditor General
Ministry of Finance Building
Plot 2/12 Apollo Kaggwa Road
P.O. Box 7083
Kampala

DELEGATED AUDITORS

Deloitte & Touche
Certified Public Accountants (Uganda)
3rd Floor Rwenzori House
1 Lumumba Avenue
P.O. Box 10314
Kampala



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CAPITAL MARKETS AUTHORITY

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2015

The directors present their report together with the audited financial statements for the year ended 30 June 2015, which disclose the state of affairs of Capital Markets Authority ('the Authority').

PRINCIPAL ACTIVITY

The Authority was established under the Capital Markets Authority Act (Cap 84) for the purpose of promoting and facilitating the development of an orderly, fair and efficient capital markets industry in Uganda and regulating stock exchanges, brokers/dealers, investment advisors and all other persons dealing in securities business.

The Authority is mainly funded from the Government of Uganda consolidated fund as stipulated in section 8, subsection 1 and 2 of the CMA Act (Cap 84).

RESULTS

	General Fund Ushs'000	Investor compensation Fund Ushs'000	Total Ushs'000
Surplus before tax	219,260	220,748	440,008
Withholding tax on investment income	(44,791)	(17,113)	(61,904)
	<hr/>	<hr/>	<hr/>
Surplus for the year	<u>174,469</u>	<u>203,635</u>	<u>378,104</u>

DIRECTORS

The present membership of the board of directors is set out on page 2.

AUDITORS

In accordance with Article 163 of the Constitution of the Republic of Uganda and Sections 13 (1) (a), 17 and 23 of the National Audit Act, 2008, the financial statements of the Authority shall be audited once every year by the Auditor General. Section 23 of National Audit Act, 2008 permits the Auditor General to appoint private auditors to carry out such audit on his/her behalf. For the year ended 30 June 2015, Deloitte & Touche Certified Public Accountants were appointed to act on behalf of the Auditor General.

BY ORDER OF THE BOARD



DIRECTOR LEGAL & BOARD AFFAIRS

21st October, 2015

Kampala

CAPITAL MARKETS AUTHORITY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Capital Markets Authority Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of the operating results of the Authority for that year. It also requires the directors to ensure the Authority keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

The directors are responsible for the preparation of financial statements that give a true and fair view, in accordance with International Financial Reporting Standards and the requirements of the Capital Markets Authority's Act, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Capital Markets Authority Act. The directors are of the opinion that the accompanying financial statements give a true and fair view of the state of the financial affairs of the Authority and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

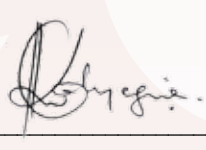
Nothing has come to the attention of the directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this report.

Signed on behalf of the Board of Directors by:



Director

21st October, 2015



Director

21st October, 2015

CAPITAL MARKETS AUTHORITY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015		2014		
		General Fund Ushs'000	Investor Compensation Fund Ushs'000	Total Ushs'000	Investor Compensation Fund Ushs'000	Total Ushs'000
Revenue						
Government grants	5	2,617,069	-	2,617,069	-	2,719,189
Donations	6	15,000	-	15,000	-	48,400
Prospectus and floatation fees		69,600	-	69,600	-	177,750
Licensing fees income		72,262	-	72,262	-	67,198
Disposal of Fixed Assets		2,909	-	2,909	-	-
Interest income		298,809	114,975	413,784	66,995	261,546
Other income	7	6,170	-	6,170	-	14,977
Release of capital grants	18	66,822	-	66,822	-	66,806
Commission income		744,417	106,235	850,652	130,344	1,038,433
		3,893,058	221,210	4,114,268	197,339	4,394,299
Expenses						
Staff costs	8	(2,362,167)	-	(2,362,167)	-	(2,414,365)
Administration expenses	9	(707,888)	(462)	(708,350)	(405)	(637,627)
Other operating expenses	10	(603,743)	-	(603,743)	-	(586,646)
		(3,673,798)	(462)	(3,674,260)	(405)	(3,638,638)
Surplus before tax						
Withholding tax on investment income	11	219,260	220,748	440,008	196,934	755,661
		(44,791)	(17,113)	(61,904)	(9,365)	(41,836)
Surplus for the year		174,469	203,635	378,104	187,569	713,825
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the year, net of tax		174,469	203,635	378,104	187,296	713,825

CAPITAL MARKETS AUTHORITY

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

	Note	General Fund Ushs'000	Investor Compensation Fund Ushs'000	2015 Total Ushs'000	General Fund Ushs'000	Investor Compensation Fund Ushs'000	2014 Total Ushs'000
ASSETS							
Non-current assets							
Motor vehicles and equipment	12	77,263	-	77,263	123,154	-	123,154
Intangible assets	13	2,422	-	2,422	4,845	-	4,845
		79,685	-	79,685	127,999	-	127,999
Current assets							
Held-to-maturity investments	14	3,376,160	1,133,211	4,509,371	1,045,443	672,119	1,717,562
Receivables	15	247,192	23,193	270,385	261,154	22,134	283,288
Broker/dealer bank account		3,161	-	3,161	3,602	-	3,602
Investor Compensation Fund bank account	16(a)	-	138,664	138,664	-	297,717	297,717
Bank and cash balances	17	21,469	-	21,469	1,890,644	-	1,890,644
		3,647,982	1,295,068	4,943,050	3,200,843	991,970	4,192,813
Total assets		3,727,667	1,295,068	5,022,735	3,328,842	991,970	4,320,812

CAPITAL MARKETS AUTHORITY

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 30 JUNE 2015

	Note	General Fund Ushs'000	Investor Compensation Fund Ushs'000	2015 Total Ushs'000	General Fund Ushs'000	Investor Compensation Fund Ushs'000	2014 Total Ushs'000
RESERVES AND LIABILITIES							
Reserves							
General fund		3,094,497	-	3,094,497	2,972,654	-	2,972,654
		3,094,497	-	3,094,497	2,972,654	-	2,972,654
Non-current liabilities							
Investor Compensation Fund liabilities	16(b)	-	1,248,231	1,248,231	-	991,970	991,970
Capital grant	18	77,263	-	77,263	123,154	-	123,154
		77,263	1,248,231	1,325,494	123,154	991,970	1,115,124
Current liabilities							
Broker/dealer deposits	19	125,000	-	125,000	120,000	-	120,000
Payables & accrued expenses	20	430,907	46,837	477,744	113,034	-	113,034
		555,907	46,837	602,744	233,034	-	233,034
Total Reserves and Liabilities		3,727,667	1,295,068	5,022,735	3,328,842	991,970	4,320,812

The financial statements on pages 6 to 31 were approved and authorised for issue by the Board of Directors on

2015 and were signed on its behalf by:


Director


Director

CAPITAL MARKETS AUTHORITY

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 JUNE 2015

	General Fund Ushs'000
At 1 July 2013	2,536,403
Total comprehensive income for the year	526,256
Transfer to Investor Compensation Fund	(90,005)
	<hr/>
At 30 June 2014	<u>2,972,654</u>
	<hr/>
At 1 July 2014	2,972,654
Total comprehensive income for the year	174,469
Transfer to Investor Compensation Fund	(52,626)
	<hr/>
At 30 June 2015	<u>3,094,497</u>

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CAPITAL MARKETS AUTHORITY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 Ushs'000	2014 Ushs'000
OPERATING ACTIVITIES			
Surplus before tax		440,008	755,661
Adjustment for:			
Interest income		(413,784)	(261,546)
Depreciation	12	66,822	66,806
Amortisation of software	13	2,423	5,856
Release of capital grants	18	(66,822)	(66,806)
Gain on disposal of property and equipment		(2,909)	-
Write-off of damaged software		-	-
		<u>25,738</u>	<u>499,971</u>
Decrease in receivables		12,903	29,656
Increase/ (decrease) in payables and accrued expenses		369,710	(50,231)
		<u>408,351</u>	<u>479,396</u>
INVESTING ACTIVITIES			
Purchase of property and equipment	12	(20,931)	(32,110)
Proceeds from disposal of property & equipment		2,909	
Purchase of treasury bills & Fixed deposits		(3,640,907)	(4,178,590)
Interest income received on investments		64,673	175,402
Redemption of treasury bills & Fixed deposits		1,136,305	4,705,675
		<u>(2,457,951)</u>	<u>670,377</u>
Net cash flows (used in)/ generated from investing activities			
FINANCING ACTIVITIES			
Capital grant received	18	20,931	32,110
		<u>20,931</u>	<u>32,110</u>
Net cash flows from financing activities			
Net (decrease) / increase in cash and cash equivalents		(2,028,669)	1,181,883
Cash and cash equivalents as at 1 July		2,191,963	1,010,080
		<u>163,294</u>	<u>2,191,963</u>
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	17	163,294	2,191,963

CAPITAL MARKETS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

1 REPORTING ENTITY

The Capital Markets Authority was established in Uganda under the Capital Markets Authority Act (Cap 84) and is domiciled in Uganda.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)



CAPITAL MARKETS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

2.1 *New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements (Continued)*

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Authority has applied the amendments to IAS 1, Presentation of Items of Other Comprehensive Income, for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' (and the 'income statement' is renamed as the 'statement of profit or loss'). The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The new terminologies have been adopted in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements (as part of the Annual Improvements to IFRSs 2009 – 2011 Cycle issued in May 2012)

The Annual Improvements to IFRSs 2009 – 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Authority are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

IAS 19 Employee Benefits (as revised in 2011)

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset.

The application of the amendment had no effect on the Authority's financial statements as the Authority does not have defined benefit obligations and plan assets.

CAPITAL MARKETS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

2.2 Impact of new and amended standards and interpretations on the financial statements for the year ended 30 June 2015 and future annual periods.

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss. The directors of the Authority anticipate that the application of IFRS 9 in the future may not have a significant impact on amounts reported in respect of the Authority's financial assets and financial liabilities

CAPITAL MARKETS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

2.2 Impact of new and amended standards and interpretations on the financial statements for the year ended 30 June 2014 and future annual periods.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and ‘simultaneous realisation and settlement’.

The directors of the Authority do not anticipate that the application of these amendments to IAS 32 will have a significant impact on the financial statements as the Authority does not have any financial assets and financial liabilities that qualify for offset.

2.3 Early adoption of standards

The Authority did not early-adopt any new or amended standards in 2014/15.

CAPITAL MARKETS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards. For the purposes of the Capital Markets Authority Act, in these financial statements, the balance sheet is equivalent to the statement of financial position and the profit and loss account is represented in the statement of profit or loss and other comprehensive income.

BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention.

CURRENCY

The financial statements are presented in Uganda shillings (Ushs'000)

REVENUE RECOGNITION

Government grants and donations including non-monetary grants are only recognised when there is reasonable assurance that the grants and donations will be received and the Authority will be able to comply with the conditions attaching to them. The grants are recognised as income on a systematic and rational basis over the useful life of the assets they are used to acquire.

Interest income is recognised in the statement of comprehensive income on an accruals basis. Licensing fees from broker/dealers and investment advisers are recognised when the Authority has received an application for licence or renewal trading fees from brokers/dealers are recognised when received.

GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

TRANSLATION OF FOREIGN CURRENCIES

Transactions in foreign currencies during the year are converted into Uganda shillings at rates ruling at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

MOTOR VEHICLES AND EQUIPMENT

Motor vehicles and equipment is stated at historical cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation is calculated on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

Office equipment	3 years
Furniture and fittings	5 years
Motor vehicles	4 years

CAPITAL MARKETS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MOTOR VEHICLES AND EQUIPMENT (CONTINUED)

The Authority assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Authority estimates the asset's recoverable amount. Where the carrying amount of an asset exceeds its estimated recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment losses are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An item of motor vehicle and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized.

INTANGIBLE ASSETS

Where software is not an integral part of the related hardware, computer software is treated as an intangible asset. Intangible assets are measured initially at cost and are subsequently shown at historical cost less any accumulated amortization. Intangible assets are amortized on a straight-line basis over their useful lives of 4 years.

INVESTOR COMPENSATION FUND

The Investor Compensation Fund consists of contributions by the Authority (10% of any surplus for the prior year) from the general fund, compensation fund fees charged on brokers' commission and interest accruing from investment of the fund cash in treasury bills and other investments.

TAXATION

Capital Markets Authority is an exempt organization in accordance with Section 2 of the Income Tax Act 1997.

CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash on hand, cash at bank, investments maturing within 3 months and other short term highly liquid investments.

FINANCIAL INSTRUMENTS

a) *Initial recognition of financial instruments*

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental costs of acquisition or issue.

b) *Finance assets*

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Authority commits to purchase or sell the asset.

The Authority's financial assets include bank balances, held-to-maturity investments and receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity investments when the Authority has the positive intention and ability to hold until maturity.

CAPITAL MARKETS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

b) Finance assets (continued)

Bank balances and receivables

Bank balances and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as 'Financial assets held for trading', designated as 'financial Investments-available for sale' or 'financial assets designated at fair value through profit or loss'.

Subsequent measurement

After initial measurement, bank balances, held-to-maturity investments and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Amortisation is calculated by taking into account any discount or premium on acquisition fees and costs that are an integral part of the effective interest rate. The amortization is included in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Authority has transferred substantially all the risks and rewards of the asset, or (b) the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

c) Financial liabilities

The Authority's financial liabilities include payables and broker dealer deposits.

Subsequent measurement

After initial measurement, the Authority's financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

CAPITAL MARKETS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF FINANCIAL ASSETS

The Authority assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can reliably be estimated.

Evidence of impairment may include indications that the debtor or group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE AUTHORITY'S ACCOUNTING POLICIES

In the process of applying the entity's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas of judgement in applying the Authority's accounting policy are dealt with below:

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Provisions

Where the Authority has a legal or constructive obligation as a result of a past event that will result in an outflow of economic benefits from the Authority, provisions are recognized. The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the reporting date.

Motor vehicles and equipment

Estimates of useful lives of motor vehicles and equipment are made.

The depreciation method reflects the pattern in which economic benefits attributable to the asset flows to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to technological obsolescence, maintenance programs, refurbishments and the intention of management.

The estimation of the useful life of an asset is a matter of judgement based on the past experience of the Authority with similar assets and the intention of management.

	2015 Ushs'000	2014 Ushs'000
5 GOVERNMENT GRANTS		
Ministry of Finance, Planning and Economic Development	2,338,000	2,301,299
Bank of Uganda (note a)	279,069	417,890
	<u>2,617,069</u>	<u>2,719,189</u>
a) Bank of Uganda grant		
Total funds received	300,000	450,000
Transfer to capital grant (Note 18)	(20,931)	(32,110)
	<u>279,069</u>	<u>417,890</u>
The transfers to the capital grant are used to purchase motor vehicles and equipment.		
6 DONATIONS	2015 Ushs'000	2014 Ushs'000
Donations for the Kikonyogo Capital Markets Award (KCMA) event	15,000	48,400
	<u>15,000</u>	<u>48,400</u>
7 OTHER INCOME		
Miscellaneous income	6,000	14,977
Other income	170	-
	<u>6,170</u>	<u>14,977</u>
8 STAFF COSTS		
Salaries and wages	1,678,410	1,656,712
Staff provident fund	238,091	239,473
Staff welfare	217,812	261,918
NSSF contribution	168,604	146,772
Staff medical scheme	57,556	58,897
Overtime & other allowances	1,694	6,994
Staff gratuity	-	43,599
	<u>2,362,167</u>	<u>2,414,365</u>

	2015 Ushs'000	2014 Ushs'000
9 ADMINISTRATION EXPENSES		
Office general expenses	121,914	151,892
Office rent	255,161	205,649
Depreciation	66,822	66,806
Legal and compliance	28,637	13,163
Motor vehicle maintenance and fuel	21,716	33,552
Telephone, fax, postage and e-mail	17,437	16,262
Subscriptions	51,629	32,637
Publication, printing and stationery expenses	27,670	22,376
Statutory audit expenses	32,766	32,766
Consultancy fees	25,160	-
Internal audit fees	22,000	22,000
Office repairs and maintenance	17,412	11,601
Bank charges	5,438	5,623
Advertisement and media coverage	11,703	16,085
Foreign exchange loss	-	954
Amortisation of software	2,423	5,856
	<u>707,888</u>	<u>637,222</u>
10 OTHER OPERATING EXPENSES		
Regional integration and joint inspections	202,266	170,901
Capacity building	183,169	182,870
Mass education	100,238	129,928
Directors' fees and allowance	55,400	56,650
Other Board expenses	62,670	46,297
	<u>603,743</u>	<u>586,646</u>
11 SURPLUS BEFORE TAX		
The surplus before tax is stated after charging:		
External Auditors' remuneration	32,766	32,766
Depreciation	66,822	66,806
Directors' fees and allowances	55,400	56,650
	<u>155,000</u>	<u>156,222</u>

12 MOTOR VEHICLES AND EQUIPMENT

	Office equipment	Furniture & fittings	Motor vehicles	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Cost				
At 1 July 2013	150,059	299,270	419,273	868,602
Additions	30,520	1,590	-	32,110
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2014	180,579	300,860	419,273	900,712
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 July 2014	180,579	300,860	419,273	900,712
Additions	16,138	4,793	-	20,931
Disposal	(43,411)	(2,609)	-	(46,020)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015	153,306	303,044	419,273	875,623
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At 1 July 2013	130,556	286,393	293,803	710,752
Charge for the year	15,581	4,756	46,469	66,806
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2014	146,137	291,149	340,272	777,558
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 July 2014	146,137	291,149	340,272	777,558
Charge for the year	16,554	3,798	46,470	66,822
Disposal	(43,411)	(2,609)	-	(46,020)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015	119,280	292,338	386,742	798,360
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 30 June 2015	<u>34,026</u>	<u>10,706</u>	<u>32,531</u>	<u>77,263</u>
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2014	<u>34,442</u>	<u>9,711</u>	<u>79,001</u>	<u>123,154</u>
	<hr/>	<hr/>	<hr/>	<hr/>

	2015 Ushs'000	2014 Ushs'00
13 INTANGIBLE ASSETS		
Cost		
At 1 July	28,332	28,332
	-----	-----
At 30 June	28,332	28,332
	-----	-----
Amortization		
At 1 July	23,487	17,631
Charge for the year	2,423	5,856
	-----	-----
At 30 June	25,910	23,487
	-----	-----
Net Book Value	2,422	4,845
	=====	=====

Intangible assets include computer software.

14 HELD-TO-MATURITY INVESTMENTS

(a) Fixed deposits		
Maturing within three months	3,389,661	1,058,981
Maturing after three months	1,119,710	523,194
	-----	-----
	4,509,371	1,582,175
	-----	-----
(b) Treasury bills		
Maturing within three months	-	135,387
Maturing after three months	-	-
	-----	-----
	-	135,387
	-----	-----
Total held-to-maturity investments	4,509,371	1,717,562
	=====	=====

The weighted average effective interest rate earned on the above investments for the year ended 30 June 2015 was 11.32% (2014: 12%).

	2015 Ushs'000	2014 Ushs'000
15 RECEIVABLES		
Dealers/brokers	177,102	161,171
Prepayments	63,275	52,937
Sundry debtors	28,870	1,717
Staff advances	738	67,463
Activity advance	400	-
	-----	-----
	270,385	283,288
	=====	=====

Amounts due from dealer/brokers are non-interest bearing and have a 20 day payment period. The other receivables are non-interest bearing and are due on demand.

	2015 Ushs'000	2014 Ushs'000
16 INVESTOR COMPENSATION FUND		
a) Investor compensation fund account	138,664	297,717
b) Investor compensation fund liabilities		
Amount on investor compensation fund account (Note 16 (a))	138,664	297,717
Investments	1,133,211	672,119
Receivables	23,193	22,134
Payables	(46,837)	-
	<u>1,248,231</u>	<u>991,970</u>
c) Investor compensation fund account movement		
At 1 July	991,970	714,396
Interest on fixed income**	97,862	57,630
Commission income	106,235	130,344
10% of surplus from general fund	52,626	90,005
Bank charges	(462)	(405)
	<u>1,248,231</u>	<u>991,970</u>
**Reconciliation of the interest on fixed income		
Interest on fixed income (gross)	114,975	66,995
Withholding tax on fixed deposits at 15% (Treasury Bills 20%)	(17,113)	(9,365)
	<u>97,862</u>	<u>57,630</u>
17 CASH AND BANK BALANCES		
Cash at bank	20,145	1,348,436
Cash at hand	1,324	1,302
*Matured Fixed deposit with DFCU bank	-	540,906
	<u>21,469</u>	<u>1,890,644</u>

*This amount relates to a fixed deposit investment held with DFCU bank which had matured by 30 June 2014. As at that date, the principal and interest earned were held with DFCU. The investment was rolled over after year end on 16th July 2014.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and investments in money market instruments maturing within three months, net of bank overdrafts. The cash and cash equivalents at 30 June comprise the following:

	2015 Ushs'000	2014 Ushs'000
Cash at bank and in hand	21,469	1,890,644
Investor compensation fund bank account	138,664	297,717
Broker/dealer bank account	3,161	3,602
	<u>163,294</u>	<u>2,191,963</u>

	2015 Ushs'000	2014 Ushs'000
18 CAPITAL GRANT		
At 1 July	123,154	157,850
Capital grant received during the year	20,931	32,110
Release of capital grant to income	(66,822)	(66,806)
	<u>77,263</u>	<u>123,154</u>

19 BROKER/DEALER DEPOSITS

Broker/dealer deposits	125,000	120,000
	<u>125,000</u>	<u>120,000</u>

Broker/dealer deposits relate to deposits received from licensees as stipulated by the licensing regulations at the time of commencing business and are refundable upon exit. There was one new licensee during the year under review.

	2015 Ushs'000	2014 Ushs'000
20 PAYABLES AND ACCRUED EXPENSES		
Creditors	422,411	54,957
Other payables	55,333	58,077
	<u>477,744</u>	<u>113,034</u>

The amounts payable do not attract any interest and are ordinarily settled within 30 days.

21 RELATED PARTIES

i) Transactions and balances with related parties

The following were the transactions carried out with related parties and the balances as at 30 June:

a) List of related parties

Bank of Uganda
Ministry of Finance Planning and Economic Development
Directors

b) Amounts due from related parties

	2015 Ushs'000	2014 Ushs'000
Bank of Uganda – Held-to-maturity investments	-	135,387
	<u>-</u>	<u>135,387</u>

21 RELATED PARTIES (CONTINUED)

i) Transactions and balances with related parties (continued)

c) Transactions with related parties

	2015 Ushs'000	2014 Ushs'000
<u>Bank of Uganda</u>		
Interest income received from held-to-maturity investments	-	21,422
Grant received	300,000	450,000
<u>Ministry of Finance Planning and Economic Development</u>		
Grant received	2,338,000	2,301,299
<u>Board members' remuneration</u>		
Members' fees and allowances	55,400	56,650

The transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions.

22 CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2015 (2014: Nil).

23 FINANCIAL RISK MANAGEMENT

The Authority has exposure to the following risks from its financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk

The Authority's business activities include the promotion and facilitation of the development of an orderly, fair and efficient capital markets industry in Uganda. Management endeavours at all times to minimise risks. Management has put in place policies in all its functions as a control against risk exposure.

The Authority generates some of its revenues by investing in various income generating activities which involve trading in Government securities. These activities expose the Authority to a variety of financial risks, including credit risk, liquidity risk and market risk. The Authority's overall risk management programme focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by management under policies approved by the Board. Management reviews the market trends and information available to evaluate the potential exposures and then develops strategies to mitigate against market risks. Management provides written principles for overall risk management, as well as written policies covering specific areas such as foreign currency risk, interest rate risk, credit risk and investing excess liquidity.

The Authority's risks are managed as follows:

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk

Credit risk arises from amounts receivables, bank balances and held-to-maturity investments. As part of the credit risk management system, management monitors the status of financial institutions where deposits are maintained.

The amount that best represents the Authority's maximum exposure to credit as at 30 June is made up as follows:

	2015 Ushs'000	2014 Ushs'000
Held-to-maturity investment	4,509,371	1,717,562
Bank and cash balances	163,294	2,191,963
Receivables	270,385	283,288
	<u>4,943,050</u>	<u>4,192,813</u>

All the above financial assets were fully performing and none are impaired. No collateral is held for any of the above financial assets. All financial assets that are neither past due nor impaired are within their approved credit limits, and no financial assets have had their terms renegotiated.

(b) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and market securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Authority monitors its risk to shortage of funds using budget analysis. This involves analysing maturities of both its financial assets and liabilities. The Authority's objective is to maintain a balance between continuity of funding and flexibility through the use of investments and cash collections from share trading operations on the Uganda Securities Exchange.

The table below summarises the maturity profile of the Authority's financial assets and liabilities based on contractual undiscounted payments.

	0-3months Ushs'000	4-6months Ushs'000	7-12months Ushs'000	Total Ushs'000
At 30 June 2015				
Financial assets				
Cash & bank balances	163,294	-	-	163,294
Held-to-maturity investments	3,389,661	805,528	314,182	4,509,371
Receivables	270,385	-	-	270,385
	<u>3,823,340</u>	<u>805,528</u>	<u>314,182</u>	<u>4,943,050</u>
Financial liabilities				
Payables and accrued expenses	422,411	-	55,333	477,744
Broker and dealer deposits	-	-	125,000	125,000
	<u>422,411</u>	<u>-</u>	<u>180,333</u>	<u>602,744</u>
Net liquidity gap	<u>3,400,929</u>	<u>805,528</u>	<u>133,849</u>	<u>4,340,306</u>

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

At 30 June 2014

Financial assets

Cash & bank balances	2,191,963	-	-	2,191,963
Held-to-maturity investments	658,581	1,058,981	-	1,717,562
Receivables	283,288	-	-	283,288

	3,133,832	1,058,981	-	4,192,813
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Financial liabilities

Payables and accrued expenses	55,408	-	57,625	113,033
Broker and dealer deposits	-	-	120,000	120,000

	55,408	-	177,625	233,033
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Net liquidity gap	3,078,424	1,058,981	(177,625)	3,959,780
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d) Market Risk

Foreign currency risk

The Authority undertakes certain transactions denominated in foreign currencies and is therefore exposed to exchange rate fluctuations. The Authority minimises the impact of foreign exchange rate fluctuations through negotiation of foreign exchange rates. In addition the Authority is looking at possibilities of opening a dollar account to handle foreign exchange transactions as well as holding accounts in banks where the exchange rates are favourable. As at year-end, there were no balances denominated in foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority's exposure to the risk of changes in market interest rate will arise from general increase in interest rates since the Authority invests mainly in fixed deposits with banks. The risk would be lost opportunities to invest funds at higher rates. Another risk that the Authority faces is loss of funds in case of bank failure since fixed deposits are not secured. The Authority invests in more than one bank and for shorter periods as a risk diversification strategy. The Authority does not have any interest bearing liabilities.

24 EVENTS AFTER THE REPORTING PERIOD

There are no reportable events after the reporting date.

25 COMMITMENTS AND CONTINGENCIES

The Authority had no capital commitments as at period end (2014: Nil)

LIST OF LICENCEES

LICENSEE	LICENSE HELD	ADDRESS	CONTACT
African Alliance Uganda Limited	Investment Advisor (Fund Management), Unit Trust Manager & Broker/Dealer	1st Floor Workers House 1 Pilkington Road Kampala, Uganda Tel: 0414-235577, 0417-777720 Fax: 0414-235575 E-mail: info@africanalliance.co.ug	Mr. Kenneth Kitiriko
ALT-Xchange Ltd	Stock Exchange	Plot 1 Mackenzie Close, Kololo P. O. Box 40138 Kampala, Uganda Tel: 0790-536781, 0312-209600 E-mail: info@altxafrica.com	Mr. Joseph Kitimirike
ALT-X Clearing Ltd	Central Securities Depository	Plot 1 Mackenzie Close, Kololo P. O. Box 40138 Kampala, Uganda Tel: 0790-536781, 0312-209600 E-mail: info@altxafrica.com	Mr. Joseph Kitimirike
Baraka Capital (U) Limited	Broker/Dealer & Investment Advisor	2nd Floor Itiri House Plot 2157 Port Bell Road Luzira P. O. Box 36307 Kampala, Uganda Tel: 0392-176927 E-mail: info@barakacapital.com	Ms. Carolyn Papaok
Baroda Capital Markets Limited	Broker/Dealer & Investment Advisor	Plot 18 Kampala Road P. O. Box 7197, Kampala, Uganda Tel: 0414-233680/3 Fax: 0414-258263 E-mail: barodacapitalmarket@gmail.com	Mr. Avinash Kumar Sahani
BD Wealth Management Ltd	Investment Advisor	Office E06, Ntinda Shopping Centre, Kimera Road P. O. Box 1328, Kampala, Uganda Tel: 0701-099959 Email: office@bd-wm.com	Mr. Allan Bukenya
Britam Asset Managers (U) Limited	Fund Manager	1st Floor, Plot 21, Yusuf Lule Road Course View Towers P. O. Box 36583 Kampala, Uganda Tel: 0414-232879, 0417-702600 Email: Britam@britam.co.ug	Mr. Jude Anyiko
Burbidge Capital (U) Limited	Investment Advisor & Broker/Dealer	Suite FC6, Crown House 4a Kampala Road P. O. Box 3331, Kampala Tel: 0794-476967 E-mail: ssemukaaya@burbidgecapital.com	Mr. Joel Ssemukaaya

Our Core Values

Integrity
Efficiency
Fairness
Firmness
Excellence

Crane Financial Services Limited	Broker/Dealer & Investment Advisor	Crane Chambers, Plot 38, Kampala Road P. O. Box 22572, Kampala, Uganda Tel: 0414-341414, 0414-345345 Fax: 0414-231578 E-mail: cfs@cranefinancialservices.com	Mr. Vivek Sharma
Crested Capital (formerly Crested Stocks and Securities Ltd)	Broker/Dealer & Investment Advisor	1st Floor Impala House Plot 13/15 Kimathi Avenue P. O. Box 31736, Kampala, Uganda Tel: 0414-230900 Fax: 0414-230612 E-mail: info@crestedsecurities.com	Mr. Robert Baldwin
Deloitte Uganda Limited	Investment Advisor	3rd Floor Rwenzori House 1 Lumumba Avenue P. O. Box 10314, Kampala, Uganda Tel: 0414-343850, 0752-740300 Email: admin@deloitte.co.ug	Mr. George Opiyo
Dyer and Blair Uganda Limited	Broker/ Dealer & Investment Advisor	Ground Floor, Rwenzori House Plot 1 Lumumba Avenue P. O. Box 36620, Kampala, Uganda Tel: 0414-233050, 0312-265469 Email: sharesuganda@dyerandblair.com	Mr. Edward Serunjogi
Equity Stock Brokers Limited	Broker/Dealer & Investment Advisor	Plot 6/6A Orient Plaza P. O. Box 3972, Kampala, Uganda Tel: 0414-236012/3/4/5 Fax: 0414-348039 E-mail: equity@orient-bank.com	Ms. Gloria Kangabe
Genesis Kenya Investment Management Limited	Fund Manager & Investment Advisor	Mezzanine Floor, Eco Bank Building Plot 4 Parliament Avenue P. O. Box 75200, Kampala Tel: 0414-252343, 0414-252350 Fax: 0414-253344 E-mail: genesis@swiftkenya.com	Mr. Ronald Kasolo
ICEA Asset Management (U) Limited	Investment Advisor (Fund Management) & Unit Trust Manager	2nd Floor Rwenzori Courts P. O. Box 33953, Kampala, Uganda Tel: 0414-347535, 0414-232337 E-mail: icea@africaonline.co.ug	Mr. Robert Katabaire
KCB Bank Uganda Limited	Trustee - Collective Investment Schemes	7th Floor Commercial Plaza Plot 7, Kampala Road P. O. Box 7399, Kampala Tel: 0417-118200 Fax: 0414-345751 E-mail: kcbugandaho@kcb.co.ug	Ms. Judy Rwamba
PCP Uganda Limited	Investment Advisor (Fund Management)	Plot M697, Equata Building 2nd Floor UMA Show Grounds, Lugogo P. O. Box 15373, Kampala, Uganda Tel: 0312-264983/4	Mr. Edward Isingoma Matsiko



		Fax: 0312-264985 Email: info@pearlcapital.net	
PineBridge Investment Co. Limited	Investment Advisor (Fund Management)	1 Pilkington Road, 7th Floor Workers House, P. O. Box 9831, Kampala, Uganda Tel: 0414 -340707/8, 0312-265618 Fax: 0414 -340750 E-mail: Nicholas.Malaki@pinebridge.com, Dennis.Mugalya@pinebridge.com	Mr. Dennis Mugalya
PKF Consulting	Investment Advisor	Plot 1B Kira Road Kalamu House P. O. Box 24544, Kampala, Uganda Tel: 0414-341523/5 Fax: 0414-251370, 0414-341371 E-mail: pkfkam@ug.pkfea.com	Mr. Charles Ogutu
Price waterhouse Coopers Limited	Investment Advisor	10th Floor Communications House 1 Colville Street Kampala Tel: 0414-236018, 041-233743 Fax: 0414-239153 E-mail: general@ug.pwc.com	Mr. Francis Kamulegeya
Profin Group (Uganda) Limited	Investment Advisor	Plot 10 School Lane Naguru, Kampala P. O. Box 36697, Kampala, Uganda Tel: 0414-533261/2 Fax: 0414-533261 Email: Uganda@theprofiningroup.com	Mr. Kevin Day & Ms. Susanna Ndikuwera
SBG Securities (formerly CFC Stanbic Financial Services Limited)	Broker /Dealer & Investment Advisor	4th Floor, Crested Towers (Short) 17 Hannington Road P. O. BOX 7131, Kampala, Uganda Tel: 0414-715460, 0312-224600, 0312-224985 E-mail: chiefexec-sbgs@stanbic.com	Ms. Evelyne Kinara
Standard Chartered Bank Uganda Limited	Trustee - Collective Investment Schemes & Investment Adviser	Plot 5, Speke Road P. O. Box 7111, Kampala, Uganda Tel: 0312-294459, 0414-340077 Fax: 0414-231473 Email: ug.service@sc.com	Ms. Cecilia Namuddu
STANLIB Uganda Limited	Investment Advisor (Fund Management) & Unit Trust Manager	Building 9 Kitante, Suite 6B Plot 9, Yusuf Lule Road P. O. Box 7131, Kampala, Uganda Tel: 0312-335007/6 Fax: 0414-254697 E-mail: investorinfo2@stanbic.com	Ms. Annette Rumanyika Mulira

Our Core Values

Integrity
Efficiency
Fairness
Firmness
Excellence

UAP Financial Services Limited	Investment Advisor (Fund Manager), Broker/Dealer & Unit Trust Manager	6th Floor, UAP Nakawa Business Park (1st Tower) Plot 3-5 New Port Bell Road P. O. Box 1610 Kampala, Uganda Tel: 0312-370290, 0414-332743, 0312-332743 Fax: 0414-346449 Email: financialservices@uap.co.ug, info@uap.co.ug	Mr. Francis Kajura
Uganda Securities Exchange (USE)	Stock Exchange, Securities Central Depository	4th Floor, Block A, North Wing Plot 3-5, UAP Nakawa Business Park P. O. Box 23552, Kampala, Uganda Tel: 0312-370815, 0312-370817, 0312-370818 E-mail: info@use.or.ug	Mr Paul Bwiso, CEO
Vestq Ltd	Investment Advisor (Fund Management)	Plot 21, Yusuf Lule Road, Course View Towers P. O. Box 7519, Kampala, Uganda Tel: 0772-426666 E-mail: info@vestq.com	Ms. Esther Nambi



Integrity, Efficiency, Fairness, Firmness and Excellence



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