

Gold Kach Limited

The Capital Markets Authority reviewed the return submitted by the said entity for the quarter ending December 2024. It was observed that the return was submitted on 16th January 2025, in contravention of Regulation 6(1) of the Capital Markets Authority (Accounting and Financial Requirements) Regulations, 2022, which requires approved persons to submit Management Accounts by the 15th day of the month following the end of the quarter.

Additionally, the entity was found to have breached Regulation 4(2) of the same Regulations, which requires approved persons to maintain adequate working capital sufficient to meet at least three months of operating costs. The entity reported working capital of UGX 347,000,000, against operating costs of UGX 362,000,000, indicating an insufficient capital position.

The Authority also noted a violation of Regulation 4(1) of the Capital Markets (Fund Manager) Regulations, 2004, which mandates that a fund manager must maintain shareholder funds (paid-up share capital and reserves) of not less than UGX 150,000,000 at all times during the license period. The entity's shareholder funds were only UGX 11,000,000, significantly below the regulatory requirement.

These breaches were communicated to the entity via a letter dated 3rd February 2025, and the entity responded through a letter dated 11th February 2025, acknowledging the findings. In its response, the entity clarified that the working capital shortfall was due to a miscalculation—reporting an annualized figure of UGX 362 million instead of the accurate quarterly figure of UGX 117.3 million for operating costs. The Authority accepted this explanation regarding the working capital computation.

However, having considered all aspects of the review, the Authority, through a letter dated 27th March 2025, imposed the following two penalties:

1. A fine of one hundred (100) currency points, equivalent to UGX 2,000,000, under Regulation 8 of the Capital Markets Authority (Accounting and Financial Requirements) Regulations, 2022. This regulation stipulates that non-compliance attracts a fine of 100 currency points, and in cases of continued contravention, an additional 20 currency points per day may apply.
2. A fine of one hundred (100) currency points, equivalent to UGX 2,000,000, in accordance with Section 19(2)(e) of the Capital Markets Authority Act, Cap 84, for failure to maintain the minimum required shareholder funds.

On 25th April 2025, the entity remitted the total sum of UGX 4,000,000 to the Investor Compensation Fund, in compliance with the Capital Markets Authority Act, Cap 84 and the Investor Compensation Fund Regulations.