

Housing Finance Bank Uganda Limited

During the quarter ended December 31, 2024, the Capital Markets Authority (the Authority) observed that the entity in question submitted its quarterly return on January 24, 2025. This submission contravened Regulation 6(1) of the Capital Markets Authority (Accounting and Financial Requirements) Regulations, 2022, which requires all approved persons to submit Management Accounts to the Authority by the fifteenth day of the month following the end of each quarter.

In response to the breach, the Authority issued a directive through a letter dated February 5, 2025, requiring the entity to submit a written explanation by February 14, 2025. The entity was expected to detail the cause of the delayed submission and outline measures to ensure compliance going forward.

In its response dated February 14, 2025, the entity acknowledged the breach and attributed the delay to internal system challenges arising from a prolonged system migration process, which affected the timely finalization of accounts. After considering the explanation, the Authority, through a letter dated March 27, 2025, imposed a fine of one hundred currency points—equivalent to Uganda Shillings Two Million (UGX 2,000,000)—in accordance with Regulation 8 of the same Regulations. The Regulation prescribes a penalty of one hundred currency points for any breach, and an additional twenty currency points for each day the contravention continues.

On April 4, 2025, the entity formally appealed the Authority's decision, citing its strong history of compliance and the prompt implementation of corrective actions to prevent recurrence. After a comprehensive review, the Authority, on May 9, 2025, communicated its decision to reconsider the penalty. In reaching this decision, the Authority considered several mitigating factors, including the entity's prompt acknowledgment of the breach, full cooperation throughout the review process, absence of any wilful or reckless misconduct, and its otherwise commendable compliance record.

In light of these factors, the Authority resolved to rescind the previously imposed financial penalty and instead issued a formal warning to the entity, cautioning against future breaches of the reporting requirements.