



**Capital Markets Authority**

Protecting Your Investments



# ANNUAL REPORT

## 2016 - 2017



# Corporate Information

## Vision

To establish Uganda's capital market as the most efficient and trusted centre for attracting and providing capital in Africa.

## Mission

To foster a transparent, accessible and effective capital market in Uganda.

## Core Values

**Integrity:** We act ethically and work in the public interest, treating people fairly and honestly

**TeamWork:** We support and promote collaboration among the CMA team and with external stakeholders

**Accountability:** We strive to live up to the aspirations of our mission so as to deliver quality services and promote the best interest of our stakeholders

**Excellence:** We strive to pursue and deliver the highest quality of service to our stakeholders.

## Functions of the Authority

1. To approve prospectuses and other offering documents under which securities are offered to the public and to approve information memorandum.
2. To develop all aspects of the capital markets with particular emphasis on the removal of impediments to, and the creation of incentives for, long term investments in productive enterprise;
3. To create, maintain and regulate, through implementation of a system in which the market participants are self-regulatory to the maximum practicable extent, of a market in which securities can be issued and traded in an orderly, fair and efficient manner;
4. To cooperate with, provide information to, conduct any investigation or inquiry for, or otherwise assist any foreign regulatory authority in the performance of its duties;
5. To implement regional and international standards and best practice in securities markets, securities regulation and supervision;
6. To protect investor interests; and
7. To operate the Investor Compensation Fund established by section 81.

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# Letter of Transmission

10 December 2017

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 performance report and financial statements of the Capital Markets Authority in respect of the accounting period ended 30 June 2017.

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

Respectfully yours,



Grace Jethro Kavuma  
Board Chairman



# Chairman's Statement



I am pleased to present the Annual Report of the Capital Markets Authority (CMA) for the financial year ended June 2017, which provides a detailed account of the institution's activities, milestones and major challenges over the period.

As a Board, we have come a long way and we are now running the last lap. This year marks our final year as the Board of Directors, having served the Authority for the past three years on the appointment of the Hon. Minister of Finance, Planning and Economic Development. I therefore take this opportunity on behalf of the Board to thank the Hon. Minister for this opportunity.

During the financial year ended June 2017, the Board not only provided oversight in the effective regulation and development of our capital markets but also saw to it that the critical ingredient into our work, which is the human resource, is well facilitated and trained to deliver on the CMA's mandate. The Board equally received continuous training to enable us better appreciate the market dynamics and operations.

Towards the end of the previous financial year, the CMA Amendment Act came into effect and introduced a few changes, some of which had to be implemented during the year under review. Among

these was the introduction of new licensing categories. Consequently, a review of the several regulations including Licensing, Prospectus and Conduct of Business was undertaken and this is expected to be concluded soon. The Authority also issued Guidelines and Notices to facilitate regulation by providing clarity in the existing laws. These included guidelines for Exchange Traded Funds and a regulatory notice on insider trading.

A notable milestone in the year under review was the launch of the first ten-year Capital Markets Development Master Plan (CMDMP) for Uganda's capital markets industry. The Master Plan which has 27 recommendations and 96 actions provides a roadmap for the growth and development of our capital markets industry. The CMDMP which was launched in June 2017 by H. E the President of the Republic of Uganda has a broader vision of positioning Uganda's capital markets within the frontier market category of the Morgan Stanley Capital International for equities, as a way of attracting more international capital to meet the financing needs for the Government and private sector. While the Plan will be implemented by a Steering Committee that is Chaired by the Deputy Permanent Secretary/ Secretary to the Treasury, the Board is and will continue to be supportive of the implementation process.

As part of institutional development, the Authority developed a five-year strategic plan to give a longer horizon to our focus areas while ensuring increased output from the various activities. The Strategic



During the financial year ended June 2017, the Board not only provided oversight in the effective regulation and development of our capital markets but also saw to it that the critical ingredient into our work, which is the human resource, is well facilitated and trained to deliver on the CMA's mandate.

Plan has a three pronged approach that aims to facilitate and promote the development of the market; ensure the markets operate efficiently with integrity and; strengthen CMA's institutional capacity to deliver on its mandate.

As earlier mentioned, the human resources are the main drivers of our work and to this end; the Authority conducted a job evaluation exercise to inform the new job grading and the salary structure of the Authority. It is expected that with a competitive, fair and equitable pay structure, we will be in a better place to attract and retain a desirable staff base that is competent enough to deliver on our vision.

Furthermore, in a bid to address the challenge of high operating costs, the Authority made a decision to consider moving into its own home in order to cut out the high and ever increasing rental costs. Subsequently, CMA signed a Memorandum of Understanding with the Uganda Registration Services Bureau and Uganda Investment Authority to co-share the cost of construction of new office premises. This move is expected to see CMA save up to USD 87,000

per annum which is currently spent on renting office space. The Authority's reserves have therefore been earmarked to cover CMA's contribution towards the project and which is expected to kick off in at the beginning of 2018.

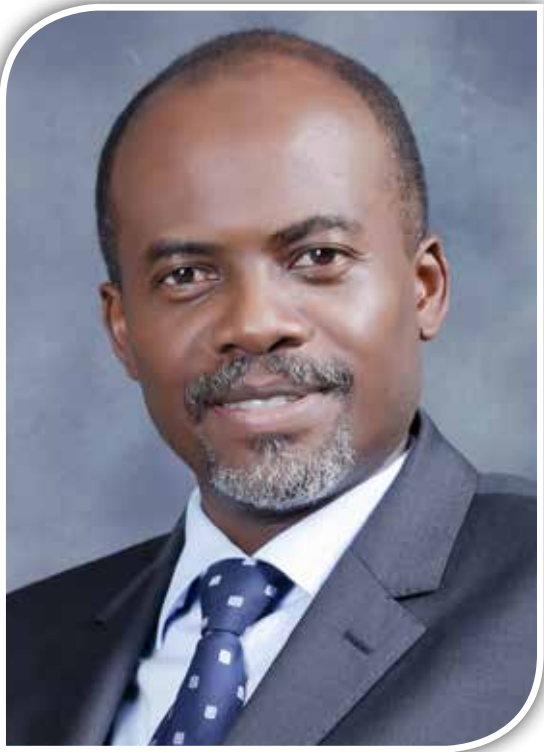
As I conclude my term of service, I wish to use this opportunity to thank the Minister of Finance for the continuous support towards the growth of our capital markets. I also thank the Governor, Bank of Uganda who has been very instrumental in providing guidance and support to the activities of the Authority. To our development partners, especially the Financial Sector Deepening Africa, we are truly grateful for the financial and technical support you have offered to uplift not only the institution, but the industry in general. I thank my fellow Board Members for working alongside me to drive the Authority forward into its twentieth year of existence – that is no mean feat! And to the dedicated and hardworking team of staff at the Authority, I thank you for making our life easy and tirelessly implementing the mandate of the Authority to your very best, regardless of the challenges.

I wish to reiterate the importance of efficient and effective regulation aimed at ensuring confidence in the market by both local and international investors at all times so that we can achieve our vision of establishing Uganda's capital market as the most efficient and trusted center for attracting and providing capital in Africa.

Grace Jethro Kavuma  
Board Chairman



# CEO's Review



The year 2016/17 was quite historic for the capital markets industry and the Capital Markets Authority (CMA) in particular. CMA started to implement its first five year Strategic Plan 2016/17 – 2020/21 approved by the Board towards the end of the previous financial year. A ten-year Capital Markets Development Master Plan (CMDMP) was also launched in the same year, with recommendations to the Authority and other players and entities that influence the growth of our capital markets. The two documents guided the technical and operational aspects of work at the CMA and below are highlights of the key activities.

## Capital Markets Development

The development of Uganda's first Ten-Year CMDMP (2016/17 – 2026/26) marked a new era for Uganda's capital markets growth. The Plan was developed with support from Financial Sector Deepening Africa (FSDA) and has three main objectives: First, to facilitate issuer access to market-based financing from domestic and foreign, individual and institutional

savings in order to reduce dependency on bank financing; secondly, to improve efficiency in the entire capital markets ecosystem and thirdly; to deepen the pool of formal savings and investment opportunities within our economy. Implementation of the plan will be monitored by the Authority. However, we will work closely with all the other implementing institutions to ensure that the plan is successfully executed. It is important that businesses are made aware of the existence and benefits of market based financing, access to which will be increased as the Government rate of borrowing continues to decline.

The CMA Act (as amended) gives us the mandate to carry out investor education which is aimed at ensuring that investors have sufficient knowledge and information to actively participate in Uganda's capital markets. The Authority continued to execute this mandate through the resource person's programme which saw CMA enrol up to twenty experienced and qualified Ugandans as resource persons. The programme, which has been running for the past three years targets organised groups such as investment clubs, Rotary Clubs, staff of the leading private and public sector organizations, SACCOs and individuals with an income and savings so that they can be educated about the available opportunities for investment in the capital markets. During the year, CMA reached out to total of 11,400 individuals, bringing the total number of Ugandans reached over the past three years to approximately 25,000. This sensitization is expected to stimulate market activity for equities listed on the stock exchange, treasury bills and bonds, as well as collective investment schemes.

As part of the plan to improve professionalism in the industry, CMA conducted the final pilot phase of the certification programme. A total of 25 participants were involved in undertaking the Regulatory and Market Practices (Kenya) paper in April 2017. Our objective is to roll out a certification programme for the industry in the coming financial year which will also help to improve understanding of the basic market practices.

During the year under review, the Authority, with support from FSDA also developed a Communication and Stakeholder Engagement Strategy. The Strategy aims to provide guidance on how CMA will communicate effectively with its key stakeholders as well as potential investors and issuers. Furthermore, the strategy provides guidance on how the facets of the CMDMP will be effectively communicated so that the Master Plan is well understood by the relevant stakeholders.

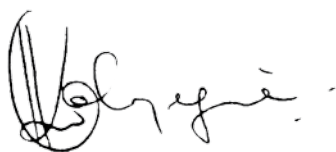
## Capital Markets Regulation and Supervision

The Authority has continuously strived to improve the efficiency of regulation of capital markets in Uganda over the past two decades in a bid to ensure that the market develops without compromise on investor protection. It should be noted that owing to the amendment of the CMA Act in May 2017, the Authority is required to review several secondary legislation to ensure alignment with the amendments in the Act. The Authority is in the process of reviewing several regulations to align these to the CMA Amendment Act 2016. Key among the new regulations developed is the Collective Investment Scheme Real Estate Investment Trusts (REITs) Regulations which are expected to transform the real estate market in Uganda. The development of the REITs regulations paves way for investors, especially pension funds to efficiently invest in real estate assets without exposure to construction risk while also providing an alternative capital raising avenue to property owners besides the traditional sources which are the banks.

CMA continued to play its oversight role in the market through issuing new and reviewing existing licenses, conducting regular inspections and surveillance. During the period under review, we embarked on implementation of the Risk Based Supervision approach and as a result, a total of nine inspections were conducted. Two adhoc inspections were also conducted during the year. Additionally, Anti-Money Laundering/ Countering Financing of Terrorism (AML/CFT) as well as offsite inspections were carried out to ensure compliance with the AML/CFT provisions under the AML laws. AML/CFT remains a vital area of focus during our inspections especially since as a country, joint financial sector efforts are in high gear to ensure we comply with the required international standards.

As the market grows albeit at a slow pace, coupled with the globalization wave that has been enhanced by technological advancements, the regulator needs to be more alert to what goes on in the market. The Authority is therefore looking to enhance its surveillance of the market through increased staff training to heighten our ability to detect and investigate market abuses and clamp down on the marketing of investment products by unlicensed intermediaries. In that respect, CMA will endeavour to work closely with other law enforcement organs in executing this role.

Given this review, I now invite you to read the details in the subsequent reports, which also include the financial statements of the Authority that were once again, unqualified by our external auditors. I thank the Minister of Finance and all the Ministry technocrats for their support towards capital markets growth and the Board for the guidance they have given us as management to move the institution to the next level. We are optimistic that the coming year will present bigger and better opportunities for the Authority and the industry.



Keith Kalyegira  
**Chief Executive Officer**



# THE BOARD OF DIRECTORS



**Grace Jethro Kavuma**  
Board Chairman



**Jacqueline Kobusingye Opondo**  
Represents Institute of Certified Public Accountants of Uganda



**Bemanya Twebaze**  
Registrar General



**Miriam Magala**  
Represents Uganda Insurance Institute



**Nelson Nerima**  
Represents Uganda Law Society



**Paul Patrick Mwanja**  
Represents the Permanent Secretary/ Secretary to Treasury, Ministry of Finance, Planning and Econ. Dev't.



**Agnes Tibayeita Isharaza**  
Represents the Uganda  
Bankers Association



**Martin Francis Kyejune**  
Represents Uganda  
Manufacturers Association



**Philip Andrew Wabulya**  
Represents the Governor,  
Bank of Uganda



**Harriet Lwabi**  
Represents the Solicitor  
General



**Keith Kalyegira**  
Chief Executive Officer



**Donald Nyakairu**  
Represents the Uganda  
National Chamber of  
Commerce and Industry





## Corporate Governance Report

- Board of Directors
- Board Training
- Remuneration of the Board
- Board Committee
- Board Evaluation

# Corporate Governance Report

The Authority is committed to the highest level of corporate governance and conducts its affairs in line with the principles and best practices of good corporate governance.

## 1. Board of Directors

CMA is governed by a Board of Directors appointed by the Minister of Finance, Planning and Economic Development from the private and public sectors. Six members are ex-officio, by virtue of their public offices while five represent private sector interests. The roles of Chairman and Chief Executive Officer (CEO) are distinct. With the exception of the CEO, all members of the Board are Non-Executive Directors. The Chairman is selected among the members and appointed by the Minister.

The Board members have experience and expertise in legal, financial, business and administrative matters. Upon joining the Board, the new members are inducted and taken on an industry study tour organized by the Authority. Day to day operations of the Authority are performed by the Management team led by the 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 four times, including a special meeting which was convened at the end of the financial year and doubled as a Board retreat from 02 - 03 June, 2017. The objective of the retreat was to review in detail the Board performance as well as that of the Authority and approve operational plans for the next financial year.

The Board Secretary (Director, Legal and Board Affairs), is responsible for the administration of the Board proceedings, the provision of administrative and secretarial services as well as legal advice to the Board. The Chairperson and the Board Secretary ensure that the agenda of the Board is in tandem with CMA's priorities. The Members of the Board have all the resources required to carry out their roles and responsibilities.

A Board Manual is in place that guides the operations of the Board. The Board Members adhere to good corporate governance standards as prescribed in the Board Manual. Instances of conflict of interest are addressed through disclosure whenever cases arise particularly so at the beginning of each meeting. The Board also adheres to the Conflict of Interest Guidelines which apply to both Board and Staff. The conflict of interest guidelines mainly apply to declaration of directorships in companies and participation in trading in the securities market.

## 2. Board Training

During the year, the Board received continuous development and exposure on issues that are pertinent to capital markets regulation and development such as corporate governance and capital markets development and securities regulation. This was done through their attendance of conferences, workshops and seminars both within the country and overseas.

## 3. 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. In 2016, the Minister conducted a review of the Board allowances and below in Table A is a summary of the old and the revised Board allowance structure.

**TABLE A: BOARD ALLOWANCES**

Position	Monthly Retainer (Before Review)	Sitting allowance (Before Review)	Monthly Retainer (After Review)	Sitting Allowance (Before Review)
Chairman	UGX 300,000	UGX 300,000	1,000,000	300,000
Member	UGX 200,000	UGX 250,000	850,000	250,000

## 4. Board Committees

All the 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 period under review 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 and are guided by the Terms of Reference stipulated in the Board Manual.

### a) Legal & Regulatory Affairs Committee

The purpose of the Legal & Regulatory Affairs Committee is to 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. The Committee held a total of nine meetings during the year to consider among other things, new licences; regulations for stakeholder consultation; and requests for approval to conduct investigations.

### b) The Finance, 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. It also reviews and recommends to the Board matters related to the Authority's human resources policies and any amendments thereto intended to attract, develop and retain qualified and high performing talent for achievement of the Authority's strategic objectives. Five meetings were held during this period to consider recruitments, financial reports and other matters.

### c) The Audit & Risk Management Committee

The critical role of internal audit makes it imperative to have an independent Audit Committee. 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 30 June 2016, the Internal Audit work plan and the internal Audit quarterly reports. The Committee also considered the CMA Risk Management quarterly reports.

### d) 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 conducting research and market development, and this includes review of policy papers, research notes and papers; review of public education programmes and strategies, etc. The Committee held a total of four meetings.

## 5. Board Evaluation

A board evaluation exercise was conducted in May 2017 by an independent consultant. The evaluation report confirmed the Board's adherence to the key aspects of Corporate Governance and the effectiveness of the Board Committees.



## Legal and Board Affairs

- Reprint of the CMA Act
- Review and Development of Regulations
- Draft Regulations for Corporate Governance
- Anti-Money Laundering
- Admission into Appendix A of IOSCO MMoU

# Legal and Board Affairs

The Legal and Board Affairs Department is responsible for providing legal counsel to the Authority as well as Company Secretarial Services to the Board. In addition, the department is tasked with initiating, reviewing and developing laws, working closely with the relevant offices under the Ministry of Justice and Constitutional Affairs to ensure a robust capital markets regulatory framework that is relevant and in line with international principals and standards of securities regulation.

## 1. Reprint of the CMA Act

Following the previous reviews of the CMA Act Cap 84 which culminated into the 2011 and 2016 amendments, the Authority decided to consolidate these amendments into a single document to ease reference. Consequently, the department embarked on the consolidation which will result into a reprint of the Act. Towards the end of the financial year under review, the draft reprint of the CMA Act had been submitted to the office of the Attorney General, pending final approval. The reprint of the CMA Act is part of CMA's efforts to make our laws more user-friendly and easily accessible.

## 2. Review and Development of Regulations

CMA continues to engage with the First Parliamentary Counsel and Uganda Printing & Publishing Corporation on the different regulations under their consideration for publication. These include;

- The Collective Investments Schemes Fees Instrument
- The Securities Central Depository Fees Instrument
- The Collective Investments Schemes (Foreign Schemes Order), 2015
- The Capital Markets (Investor Compensation Fund) Regulations, 2015
- The Capital Markets (Real Estate Investment Trusts Schemes) Regulations 2017

Once these regulations are gazetted, CMA will ensure their implementation by the relevant players in the industry.

Additionally, the following regulations were revised and approval to conduct stakeholder consultations was granted by the CMA Board:

- The Capital Markets (Establishment of Stock Exchange) Amendment Regulations, 2017
- The Capital Markets (Licensing) Amendment Regulations, 2017
- The Capital Markets (Prospectus Requirements) Amendment Regulations, 2017
- The Capital Markets (Principles and Conduct of Business) Amendment Regulations, 2017

During the period under review, the Legal and Board Affairs Department concluded a consultancy for the review and development of the following Regulations:

1. Capital Markets (Fees and Penalties) Regulations
2. Capital Markets (Financial and Accounting) Regulations
3. Capital Markets (Stock Exchange) Regulations
4. Merged Capital Markets (Prospectus Requirements) Regulations

### 3. Draft Regulations for Corporate Governance

The department developed draft Capital Markets (Corporate Governance) Regulations, which are yet to be submitted to the Board for consideration.

The Authority also participated in the review of draft Corporate Governance Regulations by the Electricity Regulatory Authority. The regulations are aimed at providing a corporate governance framework for players in the electricity sector.

### 4. Anti-Money Laundering

CMA participated in the Africa/Middle East Regional Review Group (RRG) meeting which took place on 21 September 2016 at the Ministry of Economy and Finance in Rome Italy, preceding the FATF meetings which will run from 16 - 21 October 2016. The RRG is a sub-working group of the International Cooperation Review Group, which is one of the working groups of the Financial Action Task Force (FATF). The report of the RRG feeds into the ICRG report, which in turn feeds into the plenary meetings.

The reviewers commended Ugandan Authorities for the progress made. They urged Uganda to address all the issues highlighted in the action plan by January 2017 to enable the RRG conduct an onsite visit and assessment of Uganda in May 2017.

### 5. Admission into Appendix A of IOSCO MMoU

CMA was officially admitted as a signatory to Appendix A of the International Organization of Securities Commissions (IOSCO) Multi-lateral Memorandum of Understanding (MMoU) on 16 December 2016. This followed the 2016 amendment of the CMA Act, which subsequently provided grounds for the re-submission of an application to be admitted to this prestigious level of membership in the global body. The MMoU provides an international benchmark for cross-border co-operation and offers securities regulators with the tools for combating cross-border fraud and misconduct that can weaken global markets and undermine investor confidence. CMA Uganda became the 112th member to append its signature to the memorandum which was instituted in 2002. Admission to this cluster also means that Uganda's regulator will have increased access to knowledge and research through the IOSCO network which will boost our investor education and market development activities.





## Corporate Services

- Introduction
- Challenges

# Corporate Services

## 1. Introduction

The Corporate Services department is a key enabler of the delivery of the Authority's strategic goals. In 2016/17, the department continued to build on the work of previous years and sought to improve the work environment to enable CMA achieve its objectives.

The focus of the department in the period under review included;

- a) Building staff capability to effectively and efficiently deliver on the Authority's mandate. Several technical and behavioral learning interventions were undertaken to enhance individual and organizational capabilities for better service delivery.
- b) Enhancing the reward and compensation structure of the Authority through a thorough job evaluation exercise which was used to inform job grading and the salary structure of the Authority. With a competitive, fair and equitable pay structure, the Authority will be in a better place to attract and retain desirable staff.
- c) Digital transformation – the Authority set out to start a process of automating its key business processes to better serve its stakeholders. This initiative is a major one that will require substantive funding to roll out. Through its I.T Unit, a needs assessment was undertaken and scoping of the appropriate systems and applications to be acquired is under way. The Authority hopes to phase the automation process over 3 years.

## 2. Challenges

The Authority suffered high staff turnover in the period. This affected the smooth running of operations to some extent. However, with the review of the compensation and salary structure, and some changes in policy, we are hopeful that the future is bright.



## Market Supervision

- Inspections
- Approval of the Whistleblower's policy
- Investigations & Enforcement Actions
- Supervisory Colleges

# Market Supervision

## 1. Inspections

### a) Onsite Inspections

During the period under review 9 Risk Based inspections were carried out. This was the third round of Risk Based Inspections carried out since 2014 when the Authority commenced the implementation of a Risk Based Supervision (RBS) regime. The Market supervision Department undertook a risk profiling exercise for all Licensed and approved firms. Firms inspected were considered risky by the Authority. The Department also carried out two (2) adhoc inspections during the period. The inspections lasted for three months (September – November 2016) a total of 576 man hours was used for 2016 inspection inspections. For the first time, the department undertook Anti-Money Laundering/ Countering Financing of Terrorism (AML/CFT) inspections. The focus areas for the risk based inspections were integrity and competence of staff of licensed entities, 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.

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

Licensee	Inspections
Brokers	3
Fund managers & CIS Managers	3
Investment Advisers	1
Uganda Securities Exchange	1
Securities Central Depository	1

Table 1: completed inspections per license category.

### b) Off- 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 Department. The reports provided important information that was used by the Department to identify potential breaches and seek out appropriate remedies together with the regulated entities.

## 2. Approval of the Whistleblower's Policy

The CMA Board approved the Markets Operations Procedure Manual. The policy sets out to provide clear reporting channels for whistleblowing for market players and members of the public and CMA staff who feel the need to raise matters of concern relating to operations in the capital markets industry. The policy also promotes individual responsibility and organizational accountability; ensuring concerns are raised and dealt with constructively. The policy aims to provide:

- The public (including staff, executives, contractors, consultants and appointed representatives of the Authority, licensed firms and listed entities) with avenues to raise those concerns and, where possible, receive feedback on any action taken;

- Reassurance that those raising the concerns will be protected from reprisal or detriment if they have raised a concern in good faith;
- Enhance detection and investigation of malpractices

### a) Scope of the policy

The policy covers reporting of malpractice (such as breach of Capital Markets Laws) perpetrated by staff, executives, contractors, and consultants, appointed representatives of the Authority, licensed, approved and listed entities and investors in relation to all activities or operations undertaken within the capital markets industry. The policy also applies to incidents that occurred before it came into force.

### b) Responsibility for whistleblowing

Section 21A of the CMA Amendment Act 2016 places a duty on persons who in the course of providing services to approved or key persons or the Securities Exchange or a listed company, comes into possession of information that the approved person is engaged in conduct involving fraud. The person in possession of such information is required to report the matter to the Authority. In addition staff and consultants internal to CMA have a responsibility to whistle blow to the Authority.

Section 2(1) of the Whistle-blowers protection Act 2010 provides for disclosure of information where a person believes that that information tends to show that a corrupt, criminal or other unlawful act has been committed, is being committed or is likely to be committed; that a public officer or employee has failed, refused or neglected to comply with any legal obligation to which that officer or employee is subject; and that a miscarriage of justice has occurred, is occurring or is likely to occur.

### c) Where to address the whistleblowing concerns

CMA encourages all concerns about wrongdoing in the capital markets industry to be raised immediately in person to the address below;

**The Chief Executive Officer**  
 Capital Markets Authority  
 Jubilee Insurance Centre, 8th Floor  
 14 Parliament Avenue  
 Tel: +256 414 342788/91  
 +256 312 264950/1  
 Email: info@cmauganda.co.ug

### d) Protection of whistleblowers

The policy also stipulates the protection mechanism for Whistle-blowers. If a person raises a genuine concern in good faith CMA will strive to protect the confidentiality of the whistle-blower. Section 21 A ( 4) of the CMA Amendment Act 2016 provides for protection against criminal, administrative or other actions in relation to the person's employment as a result of reporting actions involving fraud by approved or key persons. Section 9 and 10 of the Whistle-blowers protection Act 2010 provides for protection against victimization and court Action in event of disclosure of information by a Whistle-blower.

### e) Rewarding a whistleblower

The policy provides for Whistle-blower rewards. A whistle-blower shall be rewarded five percent of the money recovered for his or her disclosure consequent upon the recovery of the money, OR ten percent of the sum of the penalty or fine levied, based on that disclosure. In cases where no monies will be recovered by the Authority, a monetary token may be advanced by the Board or management as delegated.

### 3. Investigations & Enforcement Actions

#### a) Insider trading Investigation

During the period, the Authority directed the Uganda Securities Exchange to investigate a suspected insider trading case that had been earlier detected through the Authority's Surveillance mechanism. The Investigation was lasted for one and half Months. Upon conclusion of the Investigation it was concluded that the suspected insider trading did not take place.

#### b) Penalty Levied against Baroda Capital Markets

In July 2015 the CMA commenced investigations into a fraud committed on the USE SCD. The fraud occurred when an employee of the USE created 11,000 fictitious shares on the UMEME Counter. The fictitious shares were traded by Baroda Capital Markets.

The CMA Board at its meetings of 1 December and 5 May 2016 imposed an administrative penalty of UGX 10 Million on Baroda Capital Markets for its failure to act with due care, skill and diligence or observe high standards of market conduct. The Authority also gave personal warnings to the staff of the Baroda Capital Markets and the USE for negligence in their work as well as in their dealings with the client. However, Baroda petitioned the Authority its decision on the amount of the Penalty. At its meeting of December 14, 2016 the Board considered Baroda's petition and on a "without prejudice basis" scaled down the penalty and Baroda Capital Markets complied subsequently.

### 4. Supervisory Colleges

The Authority participated in the Fourth Supervisory College under EASRA. The College took place between 21st and 25th of November 2016 in Kampala and involved the inspection of the Uganda Securities Exchange and the Securities Central Depository. Participants included supervision staff of CMA Uganda and CMA Kenya.





## Research and Market Development

- Market Activity
- Fund Management
- Equity Turnover by Broker
- Rankings for Fund Managers by AUM as at June 2017
- Ranking of CIS Managers by AUM as at June 2017
- Public Education
- Certification Program
- Communication Strategy
- Capital Markets Development Master Plan
- Key Challenges Facing Uganda's Capital Markets
- Capital Markets Outlook for 2017/18

# Research and Market Development

## 1. Market Activity

### a) Equity Markets

#### i. Primary Markets

The USE did not report any primary market activity in the financial year 2016/17. However, during the year, CIC General Insurance Uganda received approval from CMA for a public offer for the sale of 724,900 ordinary shares at Ush 10,000 each to Uganda Co-operative Savings and Credit union through a public offer of shares. This was aimed at raising capital as well as increasing the stake held by the Uganda Co-operative Savings and Credit Union that currently holds a 0.7% ownership in the CIC Africa (Uganda) Limited.

#### ii. Secondary Offers

During the year under review, private equity firm Actis through its special purpose vehicle (Umeme Holdings Limited) exited the Umeme counter by selling down 232 million shares. The sale of the 14.3% stake in the company marked the full exit of Actis from Umeme. The sale raised a total of Ush 113 million.

**Table 1: Secondary Market Activity Indicators**

	2016/17	2015/16	Change (%)
Equity Turnover (Ush, Billion)	117.5	204.3	-42.5
Average Turnover per session (Ush, Billion)	0.41	0.76	-46
Share Volume (Ush, Million)	1,111.14	1,230.74	-9.7
Domestic market Capitalization (Ush Trillion)	4.26	4.49	-5.1
USE Local Counter Index (Points)	367.43	390.24	-6.0

Source: USE Market Reports

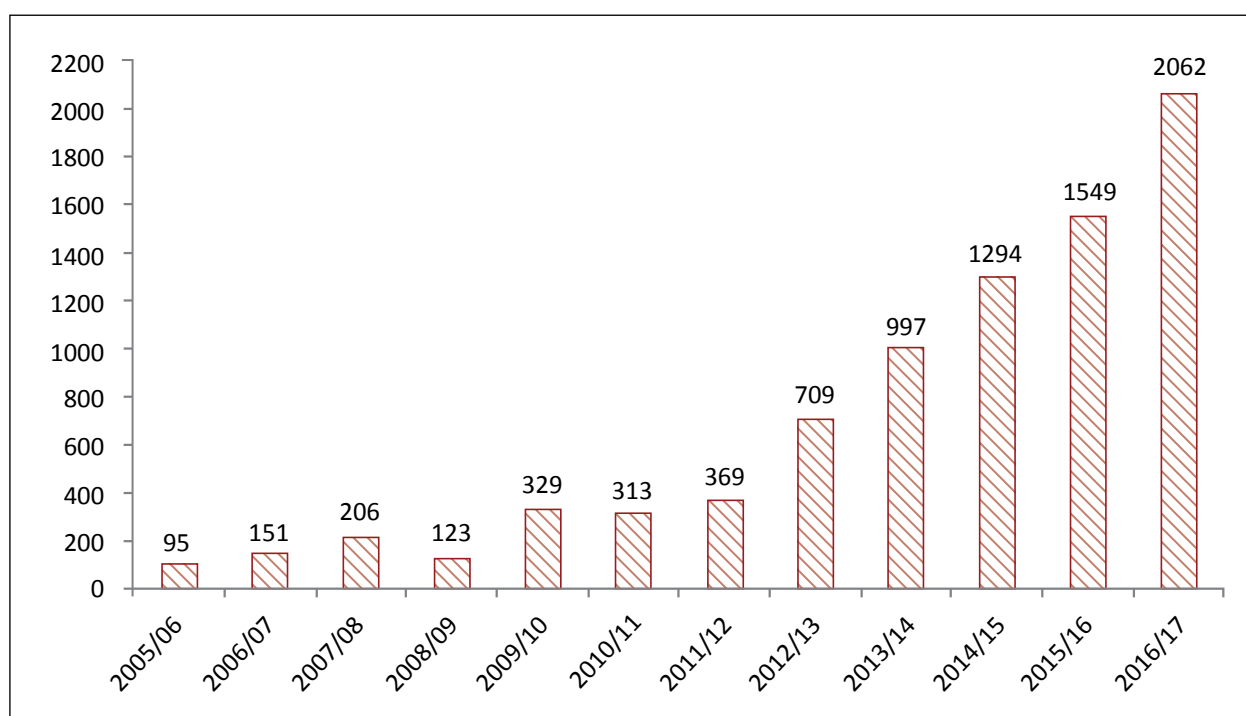
Equity turnover at the Uganda Securities Exchange dipped by 42.5% in the financial year 2016/17 to Ush 117.5 billion from Ush 204.3 billion recorded in the previous financial year. Average turnover per session also trended downwards to Ush 0.41 billion per session from Ush 0.76 billion recorded in the previous financial year. Share volume receded by 9.7% from Ush 1,230.74 million in the previous financial year to 1,111.14 million. The slump in market activity was partially due to economic slowdown in the financial year, global policy uncertainty that saw off-shore investors remain on the sidelines and the general negative market sentiment in the period under review.

Domestic market capitalization closed lower at Ush 4.26 trillion dropping by 6%, from Ush 4.49 trillion. The USE Local Counter Index dipped by 6% closing the year at 367.43 index points from 390.24 index points. This was mainly due to a decline in the prices of most listed domestic counters.

## 2. Fund Management

The total funds under management by fund managers licensed by CMA stood at Ush 2.06 trillion as at the end of the financial year 2016/17. This was an increase of 33% from Ush 1.55 trillion at the end of the fiscal year 2015/16. 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.

## Funds under Management (Ush, Billion)



Source: CMA Market Supervision Department

### 3. Equity Turnover by Broker

A breakdown of equity turnover at the USE during the financial year by broker indicates that Crested Capital traded the highest equity value, accounting for 44% of the total equity turnover. The top three trading members of the USE accounted for 90% of the total equity turnover during the financial year.

Table 2: Equity Turnover by Broker

Broker	Equity Turnover Traded (%)
Crested Capital	44
Standard Bank Group Securities Limited	36
African Alliance (Uganda) Ltd	10
Baroda Capital Markets (U) Ltd	4
Equity Stock Brokers	3
Dyer & Blair Uganda Ltd	2
UAP Financial Services Ltd	1
Total	100

Source: Market Supervision Department

## 4. Rankings for Fund Managers by AUM as at June 2017

At the end of the financial year, Sanlam Investment East Africa had the highest Assets under Management (AUM), managing 44% of the total AUM in the industry. The top three Fund managers controlled 80% of the total funds under management.

**Table 3: Assets under Management per Fund Manager**

No	Fund Manager	AUM (Ushs Billion) – June 2017	%
1	Sanlam Investments EA	911.7	44
2	Gen Africa	477.8	23
3	Stanlib Uganda Limited	261.1	13
4	UAP Financial Services	171.6	8
5	African Alliance	166.1	8
6	ICEA Investment Services	74.2	4
	<b>Total</b>	<b>2,062.5</b>	<b>100</b>

*Source: Market Supervision Department*

A breakdown of AUM by asset class indicates that, the lion's share was invested in government bonds, at 58% of the total AUM.

**Table 4: Asset Allocation**

Asset	(%)
Cash	1
Equities	17
Corporate Bonds	1
Fixed Deposits	8
Treasury Bills	13
Government Bonds	58
CIS	1
Other investments (off-shore , real estate and foreign currency)	1
<b>TOTAL</b>	<b>100</b>

*Source: Market Supervision Department*

## 5. Ranking of CIS Managers by AUM as at June 2017

At the end of the financial year, CIS Managers had **Ush 20.8 billion** in AUM. This was an exponential increase, that more than tripled AUM from **Ush 6.2 billion** at the close of the previous financial year.



**Table 5: CIS Assets under Management by Manager**

No.	CIS Manager	AUM (Ushs Billions)	%
1	Stanlib	12.7	61
2	ICEA	4.7	23
3	UAP	3.4	16
<b>Total</b>		<b>20.8</b>	<b>100</b>

Source: Market Supervision Department

A breakdown of the CIS assets by fund type indicated that a large portion of the assets were held in income funds<sup>1</sup> (61%).

**Table 6: Assets under Management by Fund Type**

Type	AUM (Ushs Billions)	%
Money Market Funds	7.5	36
Balanced Funds	0.7	3
Income Funds	12.6	61
<b>Total</b>	<b>20.8</b>	<b>100</b>

Source: Market Supervision Department

## 6. Public Education

CMA's public education, hinged on outreach to potential investors through face to face presentations made to groups, continued in the period under review. The campaign is conducted through external resource persons contracted by CMA who sensitize the public on saving and investing in the capital markets. In the fiscal year 2016/17, a total of 11,400 individuals were reached as a result of the sensitizations organized and conducted by both the resource persons and also as initiated by the authority. The outreach is expected to stimulate market activity for exchange listed products, treasury securities and collective investment schemes.

In the same breath, CMA also continued with outreach aimed at exposing businesses to the long term capital options available in the capital markets. Several key stakeholders and influencers in potential issuers of securities were engaged to raise awareness on the availability of non-bank financing through capital markets.

Going forward, CMA intends to review the public education approach with a view to adopting a mass campaign specifically for investors. CMA is exploring the option of tapping into the mass media to disseminate information on saving and investing in capital markets. At the same time, CMA is looking at outsourcing the issuer outreach exercise to external resource persons.

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<sup>1</sup> CIS funds that emphasize current income either monthly or quarterly by investing in money market instruments, preferred stock, dividend paying stocks and other debt obligations.

## 7. Certification Program

CMA concluded the pilot phase for the market certification program in April 2017. Over 25 participants drawn from CMA and market intermediaries participated in the two stage pilot program. The lessons learnt during the pilot phase will inform the eventual launch of a market certification program in Uganda. The market certification program when rolled out is expected to provide minimum competence requirements for staff of market intermediaries in order to: develop an ethical culture; encourage innovations; and develop an understanding of legal principles necessary for regulation of capital markets. CMA has been working with the Chartered Institute of Securities and Investment to develop the certification program and the rolling out is expected in the financial year 2017/18.

## 8. Communication Strategy

CMA concluded the development of a Communication strategy with the support of Financial Services Deepening Africa (FSDA). The communication strategy is expected to provide a standardized and professional method of communicating with stakeholders. This will in turn contribute to CMA being able to fulfill its organizational objectives. Particularly, the communication strategy is expected to provide messaging to different stakeholders in the implementation of the master plan to ensure that various interest groups are kept abreast of the process.

## 9. Capital Markets Development Master Plan

CMA successfully launched the Capital Markets master plan on 15th June 2017. The launch was graced by the Rt. Hon Prime Minister of Uganda who represented His Excellency the President during the launch attended by industry captains, market intermediaries and other stakeholders. The master plan is an industry blueprint that will guide the development of Uganda's capital markets for the next 10 years to better serve national long term capital needs. Specifically, the Master plan seeks to position Uganda's capital markets within the frontier market category of the Morgan Stanley Composite Index for Equities and Bonds respectively as a way of attracting more international capital to meet the financing needs for both the government and private sectors. The eventual outcome once these objectives are met will be a capital market that is better able to more meaningfully contribute to economic growth.

Additionally, the master plan seeks to: improve access to long term finance for the public and private sector; facilitate deepening and broadening of securities markets; and improve efficiency in securities market.

## 10. Key Challenges Facing Uganda's Capital Markets

### a) Rigid legal and regulatory framework

The capital markets framework remains rigid, characterized by onerous requirements on issuers, duplicative procedures and lack of flexibility to allow for innovation and product development. To remedy the situation, CMA is experimenting with a Principle Based regulatory framework that is not prescriptive. This is expected to ease access to capital markets and encourage innovation.

### b) Limited supply of securities or few issuers

The private sector in Uganda today is heavily dominated by family controlled companies. Most businesses tend to remain private despite the challenges faced like low savings and absence of long term financing. In addition, the reporting requirements and disclosures that are needed for listing have hampered the issuance drive. To boost supply of securities, CMA will be outsourcing its issuer education drive to increase reach to potential issuers of securities.



### **c) Costs involved in issuance process**

The costs that are incurred by private companies planning on listing are rather high especially for small cap issuers. Payment that accrues to transaction advisors, lawyers and accounting experts makes the costs even higher for small time potential issuers. CMA will continue engaging different parties in the public offering value chain to impress upon them the need for reasonable fees as a way of boosting market access.

## **11. Capital Markets Outlook for 2017/18**

The economy is projected to rise to expand in the financial year 2017/18 from 3.9% posted in the financial year under review. With a target of becoming a middle income country by the year 2020, the government is targeting an annual growth rate of 7% in the medium term towards this end. Key drivers will be infrastructure spending, low interest rates stimulating private sector spending, low inflation and recovery of the global economy.

The markets are expected to respond positively to the economic growth with market activity expected to see an uptick. In additionally, with the implementation of the Master Plan underway, there is expected to be activities by the implementing parties towards achievement of the reforms.

Finally, reforming of the pension sector is to be a primary focus this financial year. CMA will continue supporting efforts aimed at reforming the pension sector. A reformed pension sector will provide savings to finance the real economy, critical to socio-economic transformation.



## Financial Statements

- Authority Information
- Report of the Directors
- Statement of the Directors' Responsibilities
- Report of the Independent Auditors

### 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

**CAPITAL MARKETS AUTHORITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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**REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

8th Floor, Jubilee Insurance Centre  
14 Parliament Avenue  
P. O. Box 24565, Kampala, Uganda

**DIRECTORS**

Mr. Grace Jethro Kavuma- Chairman  
Mr. Keith Kalyegira – **Chief Executive Officer**  
Ms. Harriet Lwabi  
Ms. Miriam Magala  
Mr. Paul Patrick Mwanja  
Mrs. Agnes Tibayeita Isharaza  
Mr. Philip Wabulya  
Mr. Bemanya Twebaze  
Mr. Nelson Nerima  
Mrs. Jacqueline Kobusingye Opondo  
Mr. Michael Galabuzi\* (**Resigned on 20 October 2016**)  
Dr. Martin Francis Kyeyune  
Mr. Donald Nyakairu\* (**Appointed on 20 October 2016**)

**SECRETARY**

Mrs. Angela Kiryabwire Kanyima  
Director Legal and Board Affairs  
Capital Markets Authority

**BANKERS**

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

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

DFCU Bank Uganda Limited  
Plot 26, Kyadondo road  
P. O. Box 70 Kampala, Uganda

Bank of Uganda  
37-47, Kampala road  
P. O. Box 7120 Kampala, Uganda

**AUDITORS**

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

**DELEGATED AUDITORS**

Ernst & Young  
Certified Public Accountants (Uganda)  
Ernst & Young House  
Plot 18, Clement Hill Road  
Shimoni Office Village  
P. O. Box 7215 Kampala, Uganda

# CAPITAL MARKETS AUTHORITY REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2017

The directors submit their report together with the audited financial statements for the year ended 30 June 2017, which disclose the state of affairs of Capital Markets Authority ('the Authority').

## 1. 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, sub-section 1 and 2 of the CMA Act (Cap 84).

## 2. RESULTS

The financial results for the year are as below:

	<b>General Fund</b>	<b>Investor Compensation Fund</b>	<b>Total</b>
	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>
Surplus before tax	845,854	386,882	1,232,736
Withholding tax on investment income	(114,995)	(53,577)	(168,572)
Surplus for the year	<b><u>730,859</u></b>	<b><u>333,305</u></b>	<b><u>1,064,164</u></b>

## 3. RESERVES

The reserves for the year are set out on page 31.

The Authority entered into an agreement with Uganda Registration Services Bureau and Uganda Investment Authority for the purchase of Office Space. The reserves are marked to meet the cost of the office space as agreed in the agreement.

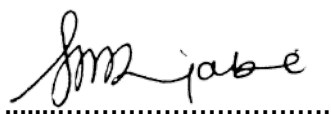
## 4. DIRECTORS

The directors who held office during the year and to the date of this report were as set out on page 26.

## 5. 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 2017, M/S Ernst & Young Certified Public Accountants were appointed to act on behalf of the Auditor General.

**By order of the Board**



**DIRECTOR LEGAL AND BOARD AFFAIRS**

Date..... 28 SEPTEMBER.....2017

# CAPITAL MARKETS AUTHORITY STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2017

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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 Act, and for such internal controls as the 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.

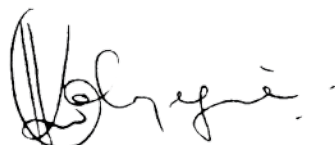
Nothing has come to the attention of the directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this report.

The financial statements were approved by the Board of Directors on ... 28 SEPTEMBER ... 2017 and signed on its behalf by:



.....

**Director**



.....

**Director**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017**

Note	2017		2017		2016		2016	
	General Fund	Investor Compen- sation Fund (Note 15 (c))	Total	General Fund	Investor Com- pensation Fund (Note 15 (c))	Total	Ushs'000	
<b>Revenue</b>	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>	
3	3,083,802	-	3,083,802	2,906,621	-	2,906,621	2,906,621	
4	582,741	-	582,741	34,500	-	34,500	34,500	
	94,558	-	94,558	65,960	-	65,960	65,960	
5	-	-	-	41,476	-	41,476	41,476	
6(a)	513,479	272,656	786,135	495,892	196,951	692,843	692,843	
6(b)	-	25,084	25,084	35,272	-	35,272	35,272	
17	25,350	-	25,350	-	-	-	-	
7	24,524	-	24,524	56,517	-	56,517	56,517	
	627,323	89,519	716,842	522,957	74,787	597,744	597,744	
	<b>4,951,777</b>	<b>387,259</b>	<b>5,339,036</b>	<b>4,159,195</b>	<b>271,738</b>	<b>4,430,933</b>	<b>4,430,933</b>	
<b>Expenses</b>								
8	2,538,308	-	2,538,308	2,576,658	-	2,576,658	2,576,658	
9	841,767	377	842,144	747,373	491	747,864	747,864	
10	725,848	-	725,848	566,909	-	566,909	566,909	
	<b>4,105,923</b>	<b>377</b>	<b>4,106,300</b>	<b>3,890,940</b>	<b>491</b>	<b>3,891,431</b>	<b>3,891,431</b>	
<b>Surplus before tax</b>	<b>845,854</b>	<b>386,882</b>	<b>1,232,736</b>	<b>268,255</b>	<b>271,247</b>	<b>539,502</b>	<b>539,502</b>	
Withholding tax on investment income	(114,995)	(53,577)	(168,572)	(67,414)	(31,500)	(98,914)	(98,914)	
<b>Surplus for the year</b>	<b>730,859</b>	<b>333,305</b>	<b>1,064,164</b>	<b>200,841</b>	<b>239,747</b>	<b>440,588</b>	<b>440,588</b>	
Other comprehensive income, net of tax	-	-	-	-	-	-	-	
<b>Total comprehensive income for the year, net of tax</b>	<b>730,859</b>	<b>333,305</b>	<b>1,064,164</b>	<b>200,841</b>	<b>239,747</b>	<b>440,588</b>	<b>440,588</b>	

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017**

	2017	2017	2016	2016	2016
	General Fund	Investor Com- pensation Fund (Note 15)	Total	General Fund	Investor Com- pensation Fund (Note 15)
Note	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
<b>ASSETS</b>					
<b>Noncurrent assets</b>					
Property and equipment	61,304	-	61,304	82,122	82,122
	<b>61,304</b>	-	<b>61,304</b>	<b>82,122</b>	<b>82,122</b>
<b>Current assets</b>					
Held-to-maturity investments	2,526,640	1,466,803	3,993,443	1,702,860	3,153,444
Accounts receivable	219,114	20,600	239,714	136,513	174,871
Fixed deposit balances	1,518,642	215,361	1,734,003	902,036	902,036
Broker/dealer bank account	2,195	-	2,195	2,657	2,657
Investor Compensation Fund bank account	-	135,964	135,964	-	37,913
16(a)					
Cash and bank balances	296,773	-	296,773	765,944	765,944
	<b>4,563,364</b>	<b>1,838,728</b>	<b>6,402,092</b>	<b>3,510,010</b>	<b>5,036,865</b>
<b>Total assets</b>	<b>4,624,668</b>	<b>1,838,728</b>	<b>6,463,396</b>	<b>3,592,132</b>	<b>5,118,987</b>
<b>RESERVES AND LIABILITIES</b>					
<b>Reserves</b>					
General fund	3,988,667	-	3,988,667	3,277,892	3,277,892
	<b>3,988,667</b>	-	<b>3,988,667</b>	<b>3,277,892</b>	<b>3,277,892</b>
<b>Non-current liabilities</b>					
Investor Compensation Fund liabilities	-	1,838,728	1,838,728	-	1,505,424
Capital grant	61,307	-	61,307	82,125	82,125
	<b>61,307</b>	<b>1,838,728</b>	<b>1,900,035</b>	<b>82,125</b>	<b>1,587,549</b>
<b>Current liabilities</b>					
Broker/dealer deposits	95,000	-	95,000	95,000	95,000
Payables & accrued expenses	479,694	-	479,694	137,115	158,546
	<b>574,694</b>	-	<b>574,694</b>	<b>232,115</b>	<b>253,546</b>
<b>Total reserves and liabilities</b>	<b>4,624,668</b>	<b>1,838,728</b>	<b>6,463,396</b>	<b>3,592,132</b>	<b>5,118,987</b>

The financial statements were approved by the Board of Directors on..... P.đ. S.E.P.T.E.M.B.E.R. .... 2017 and signed on its behalf by:



Director

**CAPITAL MARKETS AUTHORITY**



Director

**STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 30 JUNE 2017**

	<b>General Fund</b>
	<b>Ushs'000</b>
<b>At 1 July 2015</b>	3,094,497
Total comprehensive income for the year	200,841
Transfer to Investor Compensation Fund (Note 15)	<u>(17,446)</u>
<b>At 30 June 2016</b>	<b>3,277,892</b>
<b>At 1 July 2016</b>	3,277,892
Total comprehensive income for the year	730,859
Transfer to Investor Compensation Fund (Note 15)	<u>(20,084)</u>
<b>At 30 June 2017</b>	<b><u>3,988,667</u></b>



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

		2017 Ushs'000	2016 Ushs'000
<b>OPERATING ACTIVITIES</b>	<b>Note</b>		
Surplus before tax		1,232,736	539,502
<b>Adjustments for:</b>			
Interest income		(786,134)	(692,843)
Depreciation	<b>12</b>	24,524	54,716
Amortisation of software		-	2,422
Release of capital grants	<b>17</b>	(24,524)	(56,517)
Gain on disposal of property and equipment		-	(41,476)
Transfer to Investor Compensation Fund	<b>15c)</b>	<u>(20,084)</u>	<u>-</u>
		<b>426,518</b>	<b>(194,196)</b>
(Increase)/decrease in receivables	<b>14</b>	(64,843)	95,543
Increase/(decrease) in payables and accrued expenses	<b>19</b>	<u>321,148</u>	<u>(349,198)</u>
<b>Net cash flows generated from/(used in) operating activities</b>		<b><u>682,823</u></b>	<b><u>(447,851)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	<b>12</b>	(3,706)	(61,379)
Proceeds from disposal of property and equipment		-	43,280
Purchase of government securities and fixed deposits		(1,600,000)	(3,828,618)
Interest income received on investments		545,595	564,499
Redemption of government securities and fixed deposits		<u>-</u>	<u>4,311,909</u>
<b>Net cash flows (used in)/generated from investing activities</b>		<b><u>(1,058,111)</u></b>	<b><u>1,029,691</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital grant received	<b>3(a)</b>	<u>3,706</u>	<u>61,379</u>
<b>Net cash flows from financing activities</b>		<b><u>3,706</u></b>	<b><u>61,379</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(371,582)</b>	<b>643,220</b>
Cash and cash equivalents at the beginning of the year		<u>806,514</u>	<u>163,294</u>
<b>Cash and cash equivalents as at 30 June</b>	<b>17</b>	<b><u>434,932</u></b>	<b><u>806,514</u></b>

# CAPITAL MARKETS AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2017

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#### 1. REPORTING ENTITY INFORMATION

The Capital Markets Authority was established in Uganda under the Capital Markets Authority Act and is domiciled in Uganda.

The financial statements for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 28 September 2017.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

##### a) Basis of preparation

The financial statements are prepared on a historical cost basis of accounting.

##### b) Currency

The financial statements are presented in Uganda shillings, which is also the authority's functional currency, and all values have been rounded to the nearest thousand (Ushs'000).

##### c) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Capital Markets Authority Act.

##### d) Revenue recognition

Interest income is recognised in profit or loss on an accruals basis using the effective interest method.

Commission income is recognised in profit or loss on an accruals basis and is computed in accordance with the Capital Markets Authority Act.

Licensing fees is recognised in profit or loss. The fees charged by the Authority are in accordance with the Capital Markets Authority (Licensing) regulations. Licensing fees from broker/dealers and investment advisers are recognised when the Authority has received an application for license or renewal trading fees from brokers/dealers are recognised when received.

##### e) 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. Both the asset and the grant are recognised at the nominal amount.



## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### f) Foreign currencies

The authority's functional currency is Uganda Shillings (Ushs). Transactions in foreign currencies are initially recorded at the spot exchange rates between the functional currency and the foreign currency at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

### g) Property and equipment

Property and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in an 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 profit or loss during the financial year in which they are incurred.

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

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

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 of disposal and its value in use. Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset. An item of property and equipment is derecognised upon disposal or when no

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### g) Property and equipment (continued)

future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

## **h) Intangible Assets**

Where software is not an integral part of the related hardware, computer software is treated as an intangible asset. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortized on a straight-line basis over their useful lives of 4 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

### **i) Impairment of non-financial assets**

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. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **i) Impairment of non-financial assets (continued)**

asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

### **j) Fair value of measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs



such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 23 for further disclosures.

#### **k) 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's cash in government securities and other investments.

#### **l) Taxation**

Capital Markets Authority is an exempt organization in accordance with Section 2 of the Income Tax Act 1997. In accordance with section 21(f) of the Income Tax Act 1997, any business income that is not related to the function constituting the basis of the organisation's existence is classified as exempt income. In that regard, withholding tax has been charged to the interest income on government securities and fixed deposits.

#### **m) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts.

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **n) Financial Instruments**

#### **i) 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.

#### **ii) Financial 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 (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. These include investments in government securities.

#### **Bank balances and receivables**

Bank balances, fixed deposits 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', or designated as 'financial investments available for sale' or 'financial assets at fair value through profit or loss'.

#### **Subsequent measurement**

After initial measurement, bank balances, held-to-maturity investments and receivables are subsequently measured at amortised 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 amortisation is included in profit or loss. The losses arising from impairment are recognised in profit or loss.

### **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

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **n) Financial Instruments (continued)**

has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### **iii) 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 amortised 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 profit or loss.

#### **iv) 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.

#### **v) 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 be reliably estimated.

Evidence of impairment may include indications that a 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

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **l) Financial Instruments (continued)**

reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

### **m) Leases**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Authority will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The Authority currently does not have any assets on finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

### **n) 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 policies are dealt with below:

#### **i) Held-To-Maturity Financial Assets**

The Authority follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Authority evaluates its intention and ability to hold such assets to maturity. If the Authority fails to keep these assets to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to classify the entire class as available-for-sale. Details are included in Note 14 of the financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**n) Critical accounting estimates and judgements in applying the Authority’s accounting policies**

**ii) Useful lives of property and equipment**

Estimates of useful lives of property 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. Details are included in Note 12 to the financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**o) New or Revised Pronouncements, Interpretations and Amendments Which Became Effective during the year**

New or revised pronouncements	Effective Date	Effect on CMA
<b>Disclosure Initiative (Amendments to IAS 1)</b>		
<p>Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:</p> <p>clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;</p> <ul style="list-style-type: none"> <li>• clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity’s share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.</li> </ul>	<p>Effective for annual periods beginning on or after 1 January 2016</p>	<p>The amendment did not have any impact on the financial statements of the Authority.</p>

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### o) New or Revised Pronouncements, Interpretations and Amendments Which Became Effective during the year

New or revised pronouncements	Effective Date	Effect on CMA
<b>IFRS 9 Financial Instruments (2014)</b>		
<p>A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:</p> <ul style="list-style-type: none"> <li>• Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to IAS 39; however there are differences in the requirements applying to the measurement of an entity's own credit risk.</li> <li>• Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.</li> <li>• Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures</li> <li>• Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.</li> </ul>	<p>Effective for annual periods beginning on or after 1 January 2018.</p>	<p>The Authority is currently assessing the impact of the new standard on its financial statements.</p>
<b>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</b>		
<p>Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:</p> <ul style="list-style-type: none"> <li>• require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)</li> <li>• require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.</li> </ul> <p>These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.</p>	<p>Effective date deferred indefinitely.</p>	<p>The amendment will not have any impact on the financial statements of the Authority.</p>

**CAPITAL MARKETS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	Ushs'000	Ushs'000
<b>3. GOVERNMENT GRANTS</b>		
Ministry of Finance, Planning and Economic Development	2,687,508	2,768,000
Bank of Uganda (note 3(a))	<u>396,294</u>	<u>138,621</u>
	<b><u>3,083,802</u></b>	<b><u>2,906,621</u></b>
<b>a) Bank of Uganda grant</b>		
Total funds received	400,000	200,000
Transfer to capital grant (Note 12)	<u>(3,706)</u>	<u>(61,379)</u>
	<b><u>396,294</u></b>	<b><u>138,621</u></b>
<b>4. PROSPECTUS AND FLOATATION FEES</b>		
Prospectus application fee	<b><u>582,741</u></b>	<b><u>34,500</u></b>
<b>5. INTEREST INCOME</b>		
Interest income on investments	<b><u>513,479</u></b>	<b><u>495,892</u></b>
<b>6. OTHER INCOME</b>		
<b>a) Miscellaneous income</b>	<u>-</u>	<u>35,272</u>
	<u>-</u>	<b><u>35,272</u></b>
<b>b) Gain on foreign exchange translation</b>		
Unrealised exchange gain	<b><u>25,350</u></b>	<u>-</u>
The average exchange rate of the UGX/USD was 3,590.9 (2016: 3,405)		
<b>7. COMMISSION INCOME</b>		
Trade commission income	<b><u>627,323</u></b>	<b><u>522,957</u></b>
<b>8. STAFF COSTS</b>		
Salaries and wages	1,619,395	1,772,817
Staff provident fund	224,973	249,463
Staff welfare	262,268	272,997
NSSF contribution	172,729	176,804
Staff medical scheme	55,689	62,326
Insurance & Group Personal Accident	34,127	-
Overtime & other allowances	<u>169,127</u>	<u>42,251</u>
	<b><u>2,538,308</u></b>	<b><u>2,576,658</u></b>

**CAPITAL MARKETS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2017**

<b>9. ADMINISTRATION EXPENSES</b>	<b>Ushs'000</b>	<b>Ushs'000</b>
Office general expenses	151,689	120,246
Office rent	296,523	320,940
Depreciation	24,524	54,716
Legal and compliance	74,799	40,684
Motor vehicle maintenance and fuel	24,856	25,190
Telephone, fax, postage and e-mail	10,177	13,539
Subscriptions	64,465	56,624
Publication, printing and stationery expenses	16,769	21,164
Statutory audit expenses	39,695	34,289
Consultancy fees	75,764	2,240
Internal audit fees	25,600	25,600
Office repairs and maintenance	12,082	8,566
Bank charges	6,234	5,453
Advertisement and media coverage	18,590	15,700
Amortisation of software	<u>-</u>	<u>2,422</u>
	<b><u>841,767</u></b>	<b><u>747,373</u></b>
<b>10. OTHER OPERATING EXPENSES</b>		
Regional integration and joint inspections	212,383	142,314
Capacity building	160,787	129,833
Mass education	171,205	126,858
Directors' fees and allowances	98,844	60,050
Other board expenses	<u>82,629</u>	<u>107,854</u>
	<b><u>725,848</u></b>	<b><u>566,909</u></b>
<b>11. SURPLUS BEFORE TAX</b>		
The surplus before tax is stated after charging:		
Statutory audit fees	39,695	34,289
Depreciation	24,524	54,716
Directors' fees and allowances	98,844	60,050
Amortisation of software	<u>-</u>	<u>2,422</u>
	<b><u>163,063</u></b>	<b><u>151,477</u></b>

**CAPITAL MARKETS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2017**

**12. PROPERTY AND EQUIPMENT**

	Office Equipment Ushs'000	Furniture & fittings Ushs'000	Motor vehicles Ushs'000	Total Ushs'000
<b>Cost</b>				
At 1 July 2015	153,306	303,044	419,273	875,623
Additions	50,934	10,445	-	61,379
Disposal	-	(8,770)	(160,103)	(168,873)
<b>At 30 June 2016</b>	<b><u>204,240</u></b>	<b><u>304,719</u></b>	<b><u>259,170</u></b>	<b><u>768,129</u></b>
Additions	3,706	-	-	3,706
<b>At 30 June 2017</b>	<b><u>207,946</u></b>	<b><u>304,719</u></b>	<b><u>259,170</u></b>	<b><u>771,835</u></b>
<b>Accumulated depreciation</b>				
At 1 July 2015	119,280	292,338	386,742	798,360
Charge for the year	17,598	4,590	32,528	54,716
Disposal	-	(6,969)	(160,100)	(167,069)
<b>At 30 June 2016</b>	<b><u>136,878</u></b>	<b><u>289,959</u></b>	<b><u>259,170</u></b>	<b><u>686,007</u></b>
Charge for the year	20,125	4,399	-	24,524
<b>At 30 June 2017</b>	<b><u>157,003</u></b>	<b><u>294,358</u></b>	<b><u>259,170</u></b>	<b><u>710,531</u></b>
<b>Net carrying amount</b>				
<b>At 30 June 2017</b>	<b><u>50,943</u></b>	<b><u>10,361</u></b>	<b><u>-</u></b>	<b><u>61,304</u></b>
<b>At 30 June 2016</b>	<b><u>67,362</u></b>	<b><u>14,760</u></b>	<b><u>-</u></b>	<b><u>82,122</u></b>

<b>2017</b>	<b>2016</b>
<b>Ushs'000</b>	<b>Ushs'000</b>

**13. HELD-TO-MATURITY INVESTMENTS**

**Government Securities**

Maturing after three months	2,526,640	1,702,860
<b>Total held-to-maturity investments</b>	<b><u>2,526,640</u></b>	<b><u>1,702,860</u></b>

**14. FIXED DEPOSIT BALANCES**

**Fixed deposits**

Maturing within three months	810,652	902,036
Maturing after three months	707,990	-
<b>Total fixed deposit balances</b>	<b><u>1,518,642</u></b>	<b><u>902,036</u></b>

The weighted average effective interest rate earned on the above investments for the year ended 30 June 2017 was 16.25% (2016:12.33%).

**CAPITAL MARKETS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2017**

	2017 Ushs'000	2016 Ushs'000
<b>15. ACCOUNTS RECEIVABLE</b>		
Dealers/brokers	90,959	37,022
Prepayments	126,959	62,813
Sundry debtors	1,196	36,468
Activity advance	—	210
	=	
	<b><u>219,114</u></b>	<b><u>136,513</u></b>

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

	2017 Ushs'000	2016 Ushs'000
<b>16. INVESTOR COMPENSATION FUND</b>		
<b>a) Investor compensation fund bank balance</b>	<b><u>135,964</u></b>	<b><u>37,913</u></b>
<b>b) Investor compensation fund liabilities</b>		
Investor compensation fund bank balance	135,964	37,913
Investments	1,682,164	1,450,584
Receivables	20,600	38,358
Payables	—	(21,431)
	<b><u>1,838,728</u></b>	<b><u>1,505,424</u></b>

**c) Investor compensation fund account movement**

At the beginning of the year	1,505,424	1,248,231
Interest on treasury bonds and fixed deposits	219,079	165,451
Commission income	89,519	74,787
10% of surplus from general fund	20,084	17,446
Fines & Penalties	5,000	-
Bank charges	(377)	(491)
At 30 June	<b><u>1,838,729</u></b>	<b><u>1,505,424</u></b>
<b>**Reconciliation of the interest on fixed income</b>		
Interest on fixed income (gross)	272,656	196,951
Withholding tax on treasury bonds at 20%	(50,715)	(17,646)
Withholding tax on fixed deposits at 15%	(2,862)	(13,854)
	<b><u>219,079</u></b>	<b><u>165,451</u></b>

As per the Capital Markets Authority, Chapter 84, Section 81(2), the authority is mandated to make contributions from the General Fund to the Investor Compensation Fund.

**CAPITAL MARKETS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2017**

	2017 Ushs'000	2016 Ushs'000
<b>17. CASH AND BANK BALANCES</b>		
(a) Cash and Bank balances owned by CMA		
Cash at bank	295,285	765,299
Cash at hand	<u>1,488</u>	<u>645</u>
	<b><u>296,773</u></b>	<b><u>765,944</u></b>
(b) Bank balances held on behalf of investors		
Investor compensation fund bank balance(Note 15(a))	135,964	37,913
Broker/dealer bank balance	<u>2,195</u>	<u>2,657</u>
	<b><u>138,159</u></b>	<b><u>40,570</u></b>
	<b><u>434,932</u></b>	<b><u>806,514</u></b>
Cash and cash equivalents		
For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks net of bank overdrafts. The cash and cash equivalents at 30 June comprise the following:		
(c)		
Cash at bank and in hand belonging to the entity	296,773	765,944
Investor compensation fund bank account	135,964	37,913
Broker/dealer bank account	<u>2,195</u>	<u>2,657</u>
	<b><u>434,932</u></b>	<b><u>806,514</u></b>
<b>18. CAPITAL GRANT</b>		
At 1 July	82,125	77,263
Capital grant received during the year	3,706	61,379
Release of capital grant to income	<u>(24,524)</u>	<u>(56,517)</u>
At 30 June	<b><u>61,307</u></b>	<b><u>82,125</u></b>
<b>19. BROKER/DEALER DEPOSITS</b>		
Broker/dealer deposits	<b><u>95,000</u></b>	<b><u>95,000</u></b>

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. The licensee paid the deposit in the year 2017/2018.

**CAPITAL MARKETS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	Ushs'000	Ushs'000
<b>20. PAYABLES AND ACCRUED EXPENSES</b>		
Creditors	167,094	58,282
Other payables	292,600	58,833
Credit card payable	<u>20,000</u>	<u>20,000</u>
	<b><u>479,694</u></b>	<b><u>137,115</u></b>

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**

**(i) Government of Uganda**

The Bank of Uganda provides an annual contribution to the Authority so that it can meet its mandate. In addition, the Authority also purchases Government Securities for which Bank of Uganda is the custodian.

**(ii) Ministry of Finance Planning and Economic Development**

Ministry of Finance, Planning and Economic Development provide the biggest annual contribution to the Authority so that it can meet its mandate. In addition, the Authority reports to the Minister on a quarterly performance.

**(iii) Directors**

The Board of Directors provide direction to the Authority so that it can meet its mandate.

	2017	2016
	Ushs'000	Ushs'000
<b>b) Amounts due from related parties</b>		
Bank of Uganda – Held-to-maturity investments	2,526,640	1,702,860
<b>c) Transactions with related parties</b>		
<b>Bank of Uganda</b>		
Grant received	400,000	200,000
<b>Ministry of Finance Planning and Economic Development</b>		
Grant received	2,687,508	2,768,000
Interest income on government securities	465,184	103,603
<b>Board members' remuneration</b>		
Members' fees and allowances	98,844	60,050

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

## CAPITAL MARKETS AUTHORITY NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 22. 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 endeavors 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 investing 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:

#### a) Credit risk

Credit risk arises from accounts receivables, bank balances, fixed deposit 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 risk as at 30 June is made up of the following:

	2017 Ushs'000	2016 Ushs'000
Held-to-maturity investments	3,993,443	3,153,444
Fixed deposit balances	1,734,003	902,036
Bank balances	433,444	805,869
Receivables	<u>112,755</u>	<u>112,058</u>
	<b><u>6,273,645</u></b>	<b><u>4,973,407</u></b>

No collateral is held for any of the above financial assets. There are no financial assets that are past due as at the end of the reporting period but not impaired. There are also no financial assets that are individually determined to be impaired as at the end of the reporting period.

#### b) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and market

**CAPITAL MARKETS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**22. FINANCIAL RISK MANAGEMENT (Continued)**

**b) Liquidity risk (continued)**

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 of 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 summarizes the maturity profile of the Authority's financial assets and liabilities based on contractual undiscounted amounts.

	<b>0-3 months Ushs'000</b>	<b>4-6 months Ushs'000</b>	<b>7-12 months Ushs'000</b>	<b>&gt;12 months Ushs'000</b>	<b>Total Ushs'000</b>
<b>At 30 June 2017</b>					
<b>Financial assets</b>					
Cash & bank balances	434,932	-	-	-	434,932
Held-to-maturity investments	-	-	-	4,951,869	4,951,869
Fixed deposit balances	810,652	923,351	-	-	1,734,003
Receivables	<u>112,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,755</u>
<b>Total</b>	<b><u>1,358,339</u></b>	<b><u>923,351</u></b>	<b><u>-</u></b>	<b><u>4,951,869</u></b>	<b><u>7,233,559</u></b>
<b>Financial liabilities</b>					
Payables and accrued expenses	479,694	-	-	-	479,694
Broker and dealer deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,000</u>	<u>95,000</u>
<b>Total</b>	<b><u>479,694</u></b>	<b><u>-</u></b>	<b><u>95,000</u></b>	<b><u>-</u></b>	<b><u>574,694</u></b>
<b>Net liquidity gap</b>	<b><u>878,645</u></b>	<b><u>923,351</u></b>	<b><u>(95,000)</u></b>	<b><u>4,951,869</u></b>	<b><u>6,658,865</u></b>
	<b>0-3 Months Ushs'000</b>	<b>4-6 months Ushs'000</b>	<b>7-12 months Ushs'000</b>	<b>&gt;12 months Ushs'000</b>	<b>Total Ushs'000</b>
<b>At 30 June 2016</b>					
<b>Financial assets</b>					
Cash & bank balances	806,514	-	-	-	806,514
Held-to-maturity investments	-	-	-	3,910,271	3,910,271
Fixed deposit balances	902,036	-	-	-	902,036
Receivables	<u>73,300</u>	<u>38,758</u>	<u>-</u>	<u>-</u>	<u>112,058</u>
<b>Total</b>	<b><u>1,781,850</u></b>	<b><u>38,758</u></b>	<b><u>-</u></b>	<b><u>3,910,271</u></b>	<b><u>5,730,879</u></b>

**CAPITAL MARKETS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**22. FINANCIAL RISK MANAGEMENT (Continued)**

**b) Liquidity risk (continued)**

	0-3 Months	4-6 months	7-12 months	>12 months	Total
<b>At 30 June 2016</b>	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>
<b>Financial liabilities</b>					
Payables and accrued expenses	158,546	-	-	-	158,546
Broker and dealer deposits	-	-	-	95,000	95,000
<b>Total</b>	<b>158,546</b>	<b>-</b>	<b>-</b>	<b>95,000</b>	<b>253,546</b>
<b>Net liquidity gap</b>	<b>1,623,304</b>	<b>38,758</b>	<b>902,036</b>	<b>3,815,271</b>	<b>5,477,333</b>

**(b) 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 opened a dollar account to handle foreign exchange transactions as well as holding accounts in banks where the exchange rates are favorable. The carrying amounts of the authority's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	US\$ Ushs'000
<b>As at 30 June 2017</b>	
<b>Financial assets</b>	
Bank balances	238,598
<b>Total assets</b>	<b>238,598</b>
<b>As at 30 June 2016</b>	
<b>Financial assets</b>	
Bank balances	402,843
<b>Total assets</b>	<b>402,843</b>

The sensitivity analysis would show that the surplus for the year would decrease/increase by (2017: Ushs'000 11,929) (2016: Ushs 20,142) if the market risk variables of the US dollars appreciated/depreciated by 5% against the Uganda Shilling.

**CAPITAL MARKETS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**22. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) 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 would arise from general increase in interest rates since the Authority invests mainly in fixed deposits and government securities. 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.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on fixed deposits and government securities. With all other variables held constant, the Authority's profit before tax is affected through the impact on floating rate interest rates, as follows:

Increase/decrease in percentages	Effect on profit before tax	
	2017	2016
	Ushs'000	Ushs'000
5%	286,372	202,774
(5%)	(286,372)	(202,774)

**23. FAIR VALUE OF MEASUREMENT**

The fair values of financial assets and liabilities together with the carrying value shown in the statement of financial position are analysed as follows:

Financial instrument categories	30 June 2017		30 June 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Ushs '000	Ushs '000	Ushs '000	Ushs '000
<b>Assets</b>				
<b>Loans and receivables</b>				
Accounts receivable	112,755	112,755	112,058	112,058
Fixed deposit balances	1,734,003	1,734,003	902,036	902,036
Broker/dealer bank account	2,195	2,195	2,657	2,657
Investor compensation fund bank account	135,964	135,964	37,913	37,913
Cash and bank balances	296,773	296,773	765,944	765,944
<b>Held to maturity investments</b>				
Held to maturity investments	3,993,443	4,951,869	3,153,444	3,910,271
	<b>6,275,133</b>	<b>7,233,559</b>	<b>5,036,865</b>	<b>5,730,879</b>

**CAPITAL MARKETS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**23. FAIR VALUE OF MEASUREMENT (Continued)**

Financial instrument categories	30 June 2017		30 June 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Ushs '000	Ushs '000	Ushs '000	Ushs '000
<b>Liabilities</b>				
<b>Financial liabilities measured at amortised cost</b>				
Investor compensation fund liabilities	1,838,727	1,838,727	1,505,424	1,505,424
Payables & accrued expenses	479,694	479,694	158,546	158,546
	<b>2,318,421</b>	<b>2,318,421</b>	<b>1,863,970</b>	<b>1,863,970</b>

**Fair value hierarchy**

At 30 June 2017	Level 1	Level 2	Level 3	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
<b>Assets and liabilities not measured at fair value for which fair values have been disclosed</b>				
Held-to-maturity investments	-	-	4,951,869	<b>4,951,869</b>

At 30 June 2016	Level 1	Level 2	Level 3	Total
	Shs'000	Shs'000	Shs'000	Shs'000
<b>Assets and liabilities not measured at fair value for which fair values have been disclosed</b>				
Held-to-maturity investments	-	-	3,910,271	<b>3,910,271</b>

**23. FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE**

**Investments held-to-maturity**

The fair value for these held-to-maturity assets is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics. The carrying amount of investment securities is a reasonable approximation of fair value.

**24. EVENTS AFTER THE REPORTING PERIOD**

There are no reportable events after the reporting date (2016: None)

**CAPITAL MARKETS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**25. CONTINGENT LIABILITIES**

There were no contingent liabilities as at 30 June 2017 (2016: Nil).

**26. COMMITMENTS**

**Capital Commitments**

The Authority had no capital commitments as at 30 June 2017 (2016: None).

**Rental payments**

The total of future rental payments are;

<b>Period</b>	<b>Ushs'000</b>
Not later than one year	212,161
1-2 years	212,161

There are current rental contract runs till 30 September 2019.

There are no future minimum sublease payments and contingent rental terms

## LIST OF APPROVED PERSONS

LICENSEE	LICENSE HELD	ADDRESS	CONTACT
<b>African Alliance Uganda Ltd</b>	Fund Manager, Stock Broker & Investment Adviser	1st Floor Workers House 1 Pilkington Road Kampala, Uganda Tel: 0417-777700/1 Fax: 0414-235575 Email: info@africanalliance.co.ug	Mr. Kenneth Kitariko
<b>ALTX Clearing Ltd</b>	Securities Central Depository	Plot 1 Mackenzie Close, Kololo P. O. Box 40138 Kampala, Uganda Tel: 0790-536781, 0312-209600 E-mail: info@altxafrica.com	Mr. Joseph Kitamirike
<b>ALTX (East Africa) Ltd</b>	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 Kitamirike
<b>Baraka Capital (U) Ltd</b>	Stock Broker & Investment Adviser	2nd Floor Itiri House Plot 2157 Port Bell Road Luzira P. O. Box 36307 Kampala, Uganda Tel: 0392-176927 Email: info@barakacapital.com	Ms. Carolyn Papaok
<b>Baroda Capital Markets Ltd</b>	Stock Broker & Investment Adviser	Plot 18 Kampala Road P. O. Box 7197, Kampala, Uganda Tel: 0414-233680/3 Fax: 0414-258263 Email: barodacapitalmarket@gmail.com	Mr. Ritesh Jaiswal
<b>BD Wealth Management Ltd</b>	Investment Adviser	Ground Floor, House of Hope, Plot 10 Windsor Loop, Kololo P. O. Box 1328, Kampala, Uganda Tel: 0414-230811 Fax: +441603603453 Email: office@bd-wm.com	Mr. Alan Dempster
<b>Britam Asset Managers Company (U) Ltd</b>	Fund Manager	Course View Towers, 1st Floor Yusuf Lule Road P.O Box 36583 Kampala, Uganda Tel: 0417-702600, +256 312 305 600 Email: info@britam.com	Mr. Ronald Kasolo

LICENSEE	LICENSE HELD	ADDRESS	CONTACT
<b>Crested Capital</b>	Stock Broker, Dealer & Investment Adviser	1st Floor Impala House Plot 13/15 Kimathi Avenue P. O. Box 31736, Kampala, Uganda Tel: 0414-230900 Fax: 0414-230612 Email: info@crestedcapital.com	Mr. Robert Baldwin
<b>Deloitte Uganda Ltd</b>	Investment Adviser	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
<b>Dyer and Blair Uganda Ltd</b>	Stock Broker & Investment Adviser	Ground Floor, Rwenzori House Plot 1 Lumumba Avenue P. O. Box 36620, Kampala, Uganda Tel: 0414-233050, 0312-265469 Email: sharesuganda@dyerandblair.com	Ms. Esther Kakiiza
<b>Equity Stock Brokers Uganda Ltd</b>	Stock Broker & Investment Adviser	Orient Plaza, Plot 6/6A Kampala Road P. O. Box 3072, Kampala, Uganda Tel: 0414-236012/3/4/5 Fax: 0414-348039 Email: equity@orient-bank.com	Ms. Gloria Kangabe
<b>GenAfrica Asset Managers Ltd</b>	Fund Manager	Mezzanine Floor, Eco Bank Building Plot 4 Parliament Avenue P. O. Box 75200, Kampala Tel: 0414-252343, 0414-252350 Email: genesis@swiftkenya.com	Ms. Amanda Bbosa
<b>ICEA Asset Management (U) Ltd</b>	Fund Manager & Unit Trust Manager/ Collective Investment Scheme Manager	2nd Floor ,Rwenzori Courts P. O. Box 33953, Kampala, Uganda Tel: 0414-347535, 0414-232337 Email: icea@africaonline.co.ug	Mr. Robert Katabaire
<b>KCB Bank Uganda Ltd</b>	Trustee - Collective Investment Schemes	7th Floor Commercial Plaza Plot 7, Kampala Road P. O. Box 7399, Kampala Tel: 0417-118227 Fax: 0414-345751 Email: kcbugandaho@kcb.co.ug	Ms. Judy Rwamba
<b>PCP Uganda Ltd</b>	Fund Manager	Plot M697, Equata Building 2nd Floor UMA Show Grounds, Lugogo P. O. Box 15373, Kampala, Uganda Tel: 0312-264983/4 Fax: 0312-264985 Email: info@pearlcapital.net	Mr. Edward Isingoma Matsiko

LICENSEE	LICENSE HELD	ADDRESS	CONTACT
<b>PKF Consulting Ltd</b>	Investment Adviser	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
<b>Pricewaterhouse Coopers Ltd</b>	Investment Adviser	10th Floor Communications House 1 Colville Street Kampala Tel: 0414-236018, 041-233743 Fax: 0414-239153 Email: general@ug.pwc.com	Mr. Francis Kamulegeya
<b>Regency Wealth Management Uganda Ltd</b>	Investment Adviser	5th Floor, Shumuk House, Office SH9 Kampala, Uganda Tel: 0312-314316, 079-1224611 E-mail: matthew@regency-wealth.com	Mr. Matthew Turner
<b>Rock Financial Services Ltd</b>	Stock Broker & Investment Adviser	Second Floor, Nakawa House Plot 7, Portbell Road P.O. Box 28810, Kampala Tel: +256-393 262799 Email: edrukap@gmail.com	Mr. Edward Ruyonga
<b>Sanlam Investments East Africa Ltd</b>	Fund Manager	1 Pilkington Road, 7th Floor Workers House P. O. Box 9831, Kampala, Uganda Tel: 0414 -340707/8, 0312-265618 Fax: 0414 -340750 Email: Mubbale.Mugalya@sanlameastafrica.com	Mr. Mubbale-Kabandamawa Mugalya
<b>SBG Securities</b>	Stock Broker & Investment Adviser	4th Floor, Crested Towers (Short) 17 Hannington Road P. O. BOX 7131, Kampala, Uganda Tel 0312-224600, 0312-224985 Email: chiefexec-sbgs@stanbic.com	Mr. Bethuel Karanja
<b>Standard Chartered Bank Uganda Ltd</b>	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
<b>STANLIB Uganda Ltd</b>	Fund Manager & Unit Trust Manager/ Collective Investment Scheme Manager	Plot 9, Yusuf Lule Road Building 9 Kitante, Office Suite 6B P. O. Box 7131, Kampala, Uganda Tel: 0312-335007/6/4322/634/589 Fax: 0414-259643/31116 Email: investorinfo2@stanbic.com	Ms. Annette Rumanyika Mulira



LICENSEE	LICENSE HELD	ADDRESS	CONTACT
<b>Uganda Securities Exchange (USE)</b>	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, Email: info@use.or.ug	Mr. Paul Bwiso
<b>UAP Financial Services Ltd</b>	Stock Broker, Fund Manager & Unit Trust Manager/ Collective Investment Scheme Manager	6th Floor, UAP Nakawa Business Park, (1st Tower) Plot 3-5 New Port Bell Road P. O. Box 1610, Kampala, Uganda Tel: 0414-332824 Email: financialservices@uap.co.ug, info@uap.co.ug	Mr. Simon Mwebaze
<b>Xeno Technologies Uganda Ltd</b>	Fund Manager & Unit Trust Manager/ Collective Investment Scheme Manager	6th Floor Workers House Plot 1, Pilkington Road P.O. Box 2237 Kampala, Uganda Tel: +256 (0) 392 177488 Email: uganda@myxeno.com	Mr. Aeko Ongodia





OUR CORE VALUES:  
Integrity | Efficiency | Fairness | Firmness | Excellence

**CAPITAL MARKETS AUTHORITY**

8th Floor, Jubilee Insurance Centre,  
14 Parliament Avenue

P. O. Box, 24565, Kampala, Uganda

Tel: +256 414 342 788/91

+256 312 264 950/1

Fax: +256 414 342 803

Email: [info@cmauganda.co.ug](mailto:info@cmauganda.co.ug)

Website: [www.cauganda.co.ug](http://www.cauganda.co.ug)