THE CAPITAL MARKETS SUKUK GUIDELINES, 2026

Arrangement of Guidelines

PART IV – SHARI'AH COMPLIANCE SUPERVISION

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The Capital Markets Sukuk Guidelines

(Made under Section 29 (1) (d) of the Capital Markets Authority Act Cap 64 and pursuant to Regulation 41 of the Capital Markets (Offer of Securities) Regulations 2025)

IN EXERCISE of powers conferred on the Capital Markets Authority ("Authority) by Section 29 (1) (d), these Guidelines are made on this 2nd day of July 2026

PART I - PRELIMINARY

1. Title

These Guidelines may be cited as the Capital Markets Sukuk guidelines

2. Objectives of the Guidelines

In order to contribute positively towards Investor protection, fair and efficient capital markets, reducing capital markets systemic risk globally, reducing opportunities for regulatory arbitrage, and reducing the costs of conducting capital markets business across borders; furtherance of financial inclusion for country development, establishing regulatory capability for Islamic capital markets products, and to promote these products in Uganda, it is considered desirable to develop these Guidelines describing the process of issuance of Sukuk so as to facilitate the Issuers of investment securities to diversify their source of financing and provide an additional financial instrument to dedicated investors in the form of 'Sukuk' specifically aimed to finance or refinance projects that contribute positively to the environment. In addition, investors and other market participants can also rely on these Guidelines for developing better understanding of Sukuk and their relevance for sustainable finance approaches.

2. Application

These Guidelines shall apply to all issuances of Sukuk in the Republic of Uganda save as may be exempted under the CMA Act Cap. 64.

3. Definitions.

(1) In these Guidelines, unless there is anything repugnant in the subject or context; -

(i) *"Act"* means the Capital Markets Authority Act Cap 64

(ii) "*Authority*" means the Capital Markets Authority of Uganda;

(iii) "Guidelines" means these Guidelines for Issuance of Sukuk;

(iv) "*Issuer*" shall have the same meanings as defined in the Capital Markets Authority (Offer of Securities) Regulations, 2025.

(v) *"SRI Sukuk"* means the Sukuk whose proceeds will be exclusively used to finance any activities or transaction related to sustainable or responsible projects.

(vi) *"Sukuk"* means certificates of equal value representing undivided ownership shares in tangible assets, usufructs, services, or specific investment activities. Returns and redemption amounts are derived from the performance of the underlying assets in compliance with Shari'ah, without guarantee of principal or pre-determined interests fund, for such projects where proceeds of Sukuk can be utilized as per these Guidelines as shall be amended from time to time.

(vii) *"Sukuk Projects"* means all those projects financed or intended to be financed by the proceeds raised from issuing sukuk.

(viii) "Sukuk Prospectus/Information Memorandum" means a formal document that provides detailed information about a Sukuk issuance, including the issuer, the Sukuk underlying asset(s), the risks and risks mitigations, the Shari'ah compliance structure, and the terms of the offering.

(ix) *"Sukuk Lead Arranger"* is a financial institution, usually a licensee of a country's Capital Market Authority, that leads the Sukuk issuance process and assists the Issuer to manage the Sukuk.

(2) Abbreviations and Terminologies

AAOIFI	Accounting, Auditing Organization of Financial Institutions; a global Islamic finance standard setting body.
IFSB	Islamic Financial Services Board, a global Islamic Finance body that ensures Islamic financial products are resilient and do not cause global financial stability, a complimentary to what Basel Committee does to banking industry.
IIFM	International Islamic Finance Markets, a global Sukuk standard setting body.
IIRA	International Islamic Rating Agency, a global Shari'ah-compliant rating agency.
Issuer or Sukuk Originator	Any entity, approved by the CMA to issue a Sukuk and benefiting from the proceeds of subscription in the Sukuk.

Special Purpose Vehicle (SPV)	A company formed by an Originator and incorporated under the laws of Uganda to implement a specific private partnership under CMA such as to act as the Sukuk trustee.
Issue term	Maturity term of Sukuk which commences on issuance of the Sukuk and ends on redemption. Redemption date may be open.
Shari'ah Advisor	An entity or an individual well versed in Shari'ah law to advise and supervise of all Shari'ah-compliance matters of the issuance and issue Shari'ah-compliance certificates.
Trust Deed	An agreement whereby a Sukuk Originator entrusts the SPV/Trustee with the Sukuk underlying asset for the issuance of Sukuk to exercise the functions and powers specified in the Trust Deed to effect the instrument issuance and disclose the instrument Certificate holders.
Trustee	An entity created by the Sukuk Originator to be the Issuer in a Sukuk issuance and entrusted with the management of the Trust Property. In this case the Issuer/SPV.
Tangible asset	Physical resources or property owned by a company, having a real, measurable value, and a physical form, such as land, buildings, machinery, or inventory, that can be used in daily operations.
Intangible asset	Non-physical resource or asset that lacks physical substance but still holds value for a business (i.e., usufructs or right of use of a tangible asset)
Trust Assets	Includes any property, transferable or non- transferable, or any financial right on any tangible or intangible asset.
Delegate	An entity entrusted with the interests and rights of Sukuk Certificate holders. Sukuk Certificate holders' Agent.
CMA	Capital Markets Authority
SCD	Securities Central Depository
Issue term	Maturity term of Sukuk which commences on issuance of the Sukuk and ends on redemption. Redemption date may be open.
Transaction Agent	An entity that plays a crucial role in Sukuk issuance, including the Lead Arranger, Legal Advisor, Sukuk Delegate, Shari'ah

	Advisor, Reporting Accountant, Registrar, Transfer/Paying Agent, Paying Agent, Receiving bank, Sponsoring Broker, Rating Agency, Credit Enhancer, an Underwriter facilitating the issuance and management of the Sukuk.
Legal Advisor	A legal entity appointed by the Sukuk Issuer to advise it in all legal matters pertaining to Sukuk documentations and all other legal matters concerning the Sukuk.
Receiving Bank	A bank, preferably a Shari'ah-compliant bank, appointed by the Sukuk Issuer in which the Sukuk Issuer's bank account shall be opened for all Sukuk transactions.
Reporting Accountant	An Audit company appointed by the Sukuk Issuer entrusted with the task of reviewing all the financial reports of the Originator (including future financials) and providing its professional opinion on the same. In the continuous Issuer's obligations, it assists the Sukuk Issuer in all matters relating to Sukuk financials.
Registrar/Transfer & Paying Agent	An entity duly registered to deals with the business of registration and custody of securities and as a Custodian appointed by the Sukuk Issuer to keep the Sukuk Certificate holders' Register, effect Sukuk certificate transfer when sold in the secondary market and to disburse Sukuk periodic returns as a Paying Agent.
Sponsoring Broker	An entity licensed by a Capital Markets Authority (CMA) of a country that facilitates the issuance and trading of sukuk in a secondary market.
Rating Agency	An entity licensed by CMA that assesses the financial strength of companies and government entities, especially their ability to meet principal and periodic payments on their financial obligation. It is appointed by the Sukuk Issuer to assess the ability of the Sukuk instrument to meet the Issuer's financial obligations to Sukuk investors.
Credit Enhancer	An insurance of a bank appointed by the Sukuk Issuer to provide Takaful insurance cover to ensure that there will be no default in periodic or redemption amount in Sukuk instruments making it more attractive to investors.
An Underwriter	A financial institution appointed by the Sukuk Issuer to subscribe into the Sukuk issuance in the event that the Sukuk threshold shall be reached thus ensuring one hundred percent Sukuk subscription is reached.

(2) All other words and expressions used but not defined in these Guidelines shall have the same meanings as are assigned to them in the Capital Markets Authority Act Cap 64, and the Companies Act, Cap 106.

4. Issuance and promotion of Sukuk in Uganda:

(1) No person may issue, offer, or promote to the public a Sukuk in a public offering except with the approval of the Authority or otherwise excepted under the Act.

(2) All Issuers eligible to issue securities, either by way of public offer or private placement under the Act, read together with the Capital Markets Authority (Offer of Securities) Regulations, 2025 as the case may be, and meeting the criteria for use of proceeds as given under these Guidelines are eligible to issue Sukuk.

5. Sukuk to comply with international standards:

Eligible Issuers shall be expected to abide by internationally accepted standards and best practices including but not limited to the International Capital Market Association (ICMA)'s, Accounting and Auditing Organization of Financial Institutions (AAOIFI) Shari'ah Standard No 17, and related standards, International Islamic Finance Markets (IIFM) Sukuk documentations standards, and Islamic Financial Services Boards (IFSB) Sukuk risk management guidance.

6. Criteria for Use of proceeds:

(1) Proceeds of Sukuk shall be utilized to finance or refinance such projects that qualifies to be termed "Sukuk project".

(2) Proceeds from Sukuk must be utilized for Sukuk project(s), which should be appropriately described in the offer document.

(3) All designated Sukuk projects should provide clear socio-economic benefits, which will be assessed and, where feasible, quantified by the Authority as being eligible for financing through Sukuk.

7. Process for Project Evaluation and Selection:

a. An eligible Issuer shall prepare a 'Project Feasibility Study (technical or business), a Business Plan with Cashflow Projections for a period as shall be determined by the Authority.

b. The Issuer shall legally own Shari'ah-compliant underlying tangible or intangible assets for asset-based or asset-backed Sukuk (either as existing or future assets) and the tangible assets shall form not less than fifty -three percent (53%) of the total funds that need to be raised.

c. In case of the financing of large infrastructure projects, that the Issuer shall adopt processes and methods for identifying and managing material - social and environmental risks, associated with projects being financed;

d. If the project includes a refinancing, the Issuer shall describe the projects being refinanced and the share of the refinancing over the total Sukuk issuance amount.

e. The Issuer of a Sukuk shall prepare a report stating, among other things; -

   i. its issuance objectives and how it is aligned with Ugandan's national socio-economic priorities;
   ii. the process to be used by the Issuer to determine how the selected projects fit within the eligible Sukuk Projects categories;
   iii. the processes to be used by the Issuer to segregate, manage and track the allocation of the Sukuk proceeds and;
   iv. its post-issuance reporting commitments;

PART II - ISSUANCE OF SUKUK

8. Description of Sukuk

(1) All Sukuk certificates shall be of the same issue, terms and conditions, nominal value, and maturity date and in order for a Sukuk to have legal mandate, it shall be fully paid up on the date of subscription.

(2) As exception from the above, for certain types of Sukuk (e.g., Diminishing Mushaarakah Sukuk) departing conditions may be prescribed but shall be stated in the Sukuk Prospectus/Information Memorandum.

9. Restriction of subscription to and trading in Sukuk to Ugandan investors

(1) CMA may restrict subscription and trading in certain Sukuk to Ugandan investors only. Such issuances shall not be allowed to be traded outside Uganda. This is specifically about Exchangeable Sukuk which entails changing the Sukuk certificates into shares at Sukuk maturity.

(2) Restrictions placed by CMA shall take into consideration among others; prevailing national interests, the protection of Ugandan investors, and the supervision or enforcement capacity of the Authority in foreign jurisdictions.

10. Currency of Issuance

Sukuk can be issued in local currency or in any foreign currency subject to the provisions regulating foreign currencies.

11. Guaranteed Sukuk

(1) In the event of issuance of guaranteed Sukuk, the guarantees shall be provided as stated in the Sukuk offer document within six (6) months from the end of subscription period. Where no guarantees are provided during the

stated term, the Issuer or Sukuk Originator shall be obliged to refund the received amounts to the Sukuk Certificate holders within thirty (30) days.

(2) Creation of guarantees by the Issuer or Sukuk Originator shall be in accordance with the terms approved by the Authority.

12. Disclosure of Material Information

(1) The Sukuk Issuer shall disclose to the Authority and the Sukuk Delegate/ Agent, through the Sukuk Prospectus or Information Memorandum, of any material information that might affect the Sukuk issued by it;

(2) Where the Sukuk is listed on an approved Securities Exchange, the Issuer shall, in addition to the requirement in Guideline 12 (1) above, disclose any material information that may affect the Sukuk in line with the rules of the Securities Exchange;

(3) This Material Information disclosure shall continue even after the Sukuk issuance, as continuous obligation of the Issuer under the CMA Act;

13. Consistency of Contracts with the Sukuk Offer Documents

(1) The contracts, both Shari'ah and non-Shari'ah, under which the Sukuk are issued, shall be consistent with the provisions of these Guidelines and their respective Sukuk offer document.

(2) Where the Sukuk is to be listed on a Securities Exchange, the contracts under which the Sukuk are issued shall comply with the rules of the Securities Exchange and such an issuer shall submit a provisional certificate of compliance from the Securities Exchange alongside their application for approval to the Authority.

(3) In order for Sukuk to be tradable in the secondary market, its Shari'ah contract must be the one that allows for trading of certificates in the secondary market. If not, the Sukuk certificates shall not be allowed to trade in the Exchange.

14. Appointment of Lead Arranger

(1) The Sukuk Issuer/Trustee or Sukuk Originator intending to issue Sukuk shall appoint a Lead Arranger and shall sign an agreement with the Lead Arranger specifying the tasks and duties and such a Lead Arranger shall be authorized to deal with the Authority in this respect.

(2) The Sukuk Issuer or Sukuk Originator and Lead Arranger shall be responsible for the information, statements, and analysis provided in the Sukuk offer documents.

(3) The Lead Arranger may assign part of its functions to another entity licensed for issue management in Uganda without prejudice to their responsibility towards the Issuer or Sukuk Originator, CMA, and investors.

15. Requirements of a Sukuk Prospectus/Information

(1) The Sukuk Lead Arranger shall submit to the Authority an application for approval of the Sukuk offer document prior to the date specified for commencement of subscription signed by the Issuer, Sukuk Originator, Lead Arranger, Legal Advisor, Sukuk Delegate, Reporting Accountant, Shari'ah Advisor, and all Sukuk transaction agents;

(2) The Sukuk Prospectus or Information Memorandum, shall, in addition to the requirements prescribed under Sections 106 and 112 of the Capital Markets Authority Act, Cap. 64, and the Capital Markets Authority (Offer of Securities) Regulations, 2025, be accompanied by following documents:

(a) Receipt evidencing payment of the prescribed fees for the review and approval of the offer document by the Authority;

(b) Certified copy of the constitution documents of registration of the Issuer and Sukuk Originator in accordance with the Companies Act Cap. 106 and the Public Private Partnership Act Cap 111, where applicable;

(c) The registered resolution of the board of directors of both the Sukuk Originator and the Issuer approving issuance of the Sukuk.

(d) The registered resolution of the Originator's general meeting or partners' board if the Sukuk is convertible to shares or units after approval of the competent entities;

(e) Copy of appointment document of the Sukuk Transaction Agents and copy of the certificates of incorporation of each Agent as a legal entity;

(f) The Sukuk Prospectus/Information Memorandum in English language signed by the Issuer, the Sukuk Originator, Issuer Manager, Legal Advisor, The Sukuk Delegate, and Reporting Accountant in accordance with the format prescribed under the Act;

(g) The Shari'ah Advisors' certificate of Shari'ah-compliance confirming eligibility of the Issuer and all Sukuk documents compliance with Shari'ah precepts;

(h) Credit rating certificate for the cases stated in Guideline 19 of these Guidelines;

(i) Any additional statements or documents as may be deemed necessary by the CMA may deem necessary according to these Guidelines and other capital markets laws;

(j) The Authority shall not commence Sukuk Prospectus/Information Memorandum review process except after satisfying that all the above documents have been submitted.

(3) The Lead Arranger shall, in coordination with the Issuer and Sukuk Originator, include in the Sukuk Prospectus/Information Memorandum all necessary information relating to the Issuer and Sukuk Originator that enables the investor to take investment

decision.

(4) Where the Sukuk Issuer or Sukuk Originator fails to disclose any material information, to protect their interest or the interests of investors (except on matters relating to contractual terms, amount, copyright of intellectual property, the same shall be mentioned in the Sukuk Prospectus/Information Memorandum/Information Memorandum Issuer's Declaration page, with the causes, rationale, and impact.

(5) CMA's approval of a Sukuk Prospectus/Information Memorandum/Information Memorandum, shall not imply its consent or approval of the accuracy of information or statements or analysis therein, which responsibility shall be borne by the Issuer, Sukuk Originator, Lead Arranger and Legal Advisor.

16. Promotion and Advertising of a Sukuk Issuance

(1) The Issuer or Sukuk Originator shall, when making promotional advertising and campaigns, acquaint the potential investors with the rewards and risk of investment in Sukuk at issue and highlight the actual data stated in the Sukuk Prospectus/Information Memorandum;

(2) The promotion materials and campaigns shall also state that investors' rights will be restricted if the Lead Arranger or Sukuk Originator undergoes liquidation procedures as per the terms and conditions in the Trust Deed and Sukuk Prospectus/Information Memorandum;

(3) The Sukuk Originator or Lead Arranger or any other party shall not promote other additional statements not stated in the Sukuk Prospectus/Information Memorandum.

17. Appointment of collecting/ receiving agent and paying agent entity

(1) The Issuer/SPV shall appoint a collecting/receiving and paying agent entity, either a bank or an entity dealing with securities. There may be at least one (1) receiving and paying agent and not more than three (3) local entities for public offerings. The collecting entities shall have the following responsibilities:

(a) Allocate sufficient human, technical, and financial resources to support the subscription process at the head office, branches and the website;

(b) Designate one or more competent and authorized employees to administer the subscription process; they shall be directly responsible to the Sukuk Issuer/SPV and Lead Arranger and Sukuk Delegate for subscription affairs. The Sukuk Prospectus/Information Memorandum shall indicate the names, addresses, telephone and fax numbers and email addresses of such colleting/receiving and paying entities;

(c) Employ procedures and systems that help to verify subscription applications to ensure fulfillment of all requirements. The collecting entity shall assign an IT employee to coordinate with SCD and the Lead Arranger to manage all the aspects of IT of the issue, subscription process and the link with SCD's electronic system.

18. Oversubscription

(1) In the event of oversubscription, the Sukuk shall be allocated to subscribers on ***pro rata*** basis or as per the allocation method specified in the Sukuk Prospectus/Information Memorandum.

(2) CMA may decide to allow the Sukuk Issuer allocate a minimum limit of Sukuk certificates offered for subscription to the public equally among all subscribers and then allocate the remaining Sukuk certificates as set out in Guideline 18 (1) above.

(3) The Issuer or Sukuk Originator may, in the event of oversubscription, allocate additional Sukuk certificates or Sukuk to the subscribers provided such right shall be indicated in the Sukuk Prospectus/Information Memorandum with a Green Shoe option or an amendment made after the Prospectus/Information Memorandum approval and the percentage of such an oversubscription if intending to exercise such a right.

19. Credit Rating Certificate

(1) The Issuer or Sukuk Originator shall provide a credit rating certificate for the Sukuk they intend to issue or to extend the maturity of existing Sukuk in the following cases:

(a) The Sukuk is being offered to the public (a public offer)'

(b) If the Issuer or Sukuk Originator has lost a portion of their original capital;

(c) Any other cases where the CMA sees it is necessary to provide a credit rating certificate;

(2) The CMA may decline to approve the issue or extension of a Sukuk issuance if the rating agency report indicates the entity is unable to meet its obligations toward the Sukuk Certificate holders when they fall due;

(3) CMA may request to re-conduct the credit rating by another institution at the Issuer's or Sukuk Originator 's expense if required.

(4) *Instrument Rating During the Sukuk Tenure:* The Sukuk Issuer shall enter into contract with an approved Rating Agency to carry out continuous Sukuk instrument's rating until the Sukuk maturity. The Sukuk Prospectus/Information Memorandum shall include summary of the Rating Agency report and the rating grades accorded to the instrument by the Rating Agency.

20. Conversion of Sukuk Securities to Shares

(1) The Sukuk Issuer or Sukuk Originator may issue Sukuk convertible to shares (Convertible Sukuk) provided a resolution is made by the general meeting or partners meeting of the Sukuk Issuer or Sukuk Originator.

(2) The Sukuk certificates may be redeemed or converted to shares before or at the end of their term according to the terms and conditions specified in the Sukuk Prospectus/Information Memorandum and approved by the CMA.

(3) The Sukuk Issuer or Sukuk Originator may change the Sukuk maturity or conversion date provided the same is approved by the general meeting.

21. Sukuk Issuance Types

(1) Sukuk may be issued through a bullet issuance or a programme (in tranches) in several issuances through one Sukuk Prospectus/Information Memorandum covering all Sukuk certificates intended to be issued. The Sukuk Issuer or Sukuk Originator

shall in this case be obligated by the following:

(a) Prepare complementary Sukuk Prospectus/Information Memorandum approved by the CMA for each issue showing the details and terms and conditions of each issue (such as nominal value, type of Sukuk, maturity date, periodic returns or redemption of the Sukuk and yield rate);

(b) Prepare all Sukuk documentations as per global Sukuk best issuance practices;

(c) Notify the CMA of the results of Sukuk allotment and total amounts paid compared to the total issue amount specified in the Sukuk Prospectus/Information Memorandum.

22. Redemption of Sukuk

(1) The Sukuk may be redeemed at the end of their term and may be redeemed prior to the end of their term according to the Sukuk Prospectus/Information Memorandum.

(2) Sukuk may be redeemed wholly or partially by granting Sukuk certificate holders some form of securities in any other way in accordance with the provisions of the Sukuk Prospectus/Information Memorandum.

(3) The return accruing on the Sukuk shall be paid to the Sukuk investor as per the periodic return schedule and terms and conditions contained in the Sukuk Prospectus/Information Memorandum via receiving and paying agent as per the procedures applied by SCD in this regard.

(4) The Paying Agent shall deposit unclaimed returns in the Sukuk Issuers Reserve Account (Escrow or Sinking fund) account in a Shari'ah compliant bank.

(5) The Escrow Account shall be operated by the SCD and the method of reclaiming the unclaimed earned Sukuk return to investment shall be left in hands of the Shari'ah Advisors to the Sukuk issuance and CMA.

23. Sukuk Certificate holders' General Meetings

The Sukuk Delegate shall assume administration of the general meetings of Sukuk Certificate holders. The costs of the meetings shall be upon the Sukuk Certificate holders themselves so as not put a burden onto the Sukuk Issuer or Sukuk Originator.

24. Initial Information Disclosure

(1) The Sukuk Issuer or Sukuk Originator shall be obliged to upon request of the Authority do the following;

(a) Submit to Authority the names and nationalities of the persons to whom the Sukuk certificates are allocated and their contact numbers;

(b) Disclose the related parties of the Issuer or Sukuk Originator to whom the Sukuk Certificates are allocated to prevent the Issuer or Originator being part of Sukuk Certificate holders.

25. Sukuk Transaction Agents

(1) Every Sukuk issuance shall have Transaction Agents;

(a) Transaction Manager/Lead Arranger/Lead Advisor
(b) Legal Advisor
(c) Sukuk Delegate
(d) Reporting/Issue Accountant
(e) Shari'ah Advisor
(f) Registrar and Transfer Agent
(g) Sponsoring Broker (for public offer)
(h) Receiving Bank/Paying Agent/Calculation Agent
(i) Rating Agency
(j) Credit Enhancer/ Performance Guarantor
(k) Book Runner (Optional)

(2) All transaction agents shall sign a Transaction Agents' Agreement with the Sukuk Issuer/SPV/Trustee, the written agreement shall set out the rights and obligations of each Sukuk transaction agent.

(3) On matters pertaining to purely dealing in securities, the transaction agents shall be from among the companies operating in the field of securities to be appointed by the Issuer/SPV/Trustee or Sukuk Originator, in case of Asset-based Sukuk.

(4) The Agent shall not be a related party of the Issuer or Sukuk Originator. The person or entity shall be deemed related party in the events specified in the principles of governance set out by the CMA.

26. Sukuk Documents

The Sukuk Issuer/SPV shall keep all Sukuk documentations, records and assets related to the Sukuk.

27. Sukuk Assets

(1) The Sukuk issuance shall be according to the best international practices and;

(2) A Sukuk can be either asset-backed or asset-based, as the case may be, but the Sukuk underlying assets should not be less than Fifty-three (53%) at the beginning of the Sukuk issuance and should not diminish below 33% throughout the Sukuk tenure.

(3) A Sukuk can be issued as stand-alone Sukuk structures or a hybrid of two or more Sukuk structures, as the case may be and can contain tangible and intangible assets including receivables.

PART III – SPECIAL PURPOSE VECHICLES (SPV), AND SUKUK ASSETS FINANCIAL TRUSTS

28. Formation of a Special Purpose Vehicle

(1) The Sukuk certificate shall be issued in favour of the Sukuk Issuer or Sukuk Originator through a Special Purpose Vehicle (SPV) to be established according to

the provisions of these guidelines under Shari'ah-compliant contracts as specified in AAOIFI standards and the Fiqh Academy pronouncements.

(2) The SPV shall not be established outside Uganda.

(3) The SPV shall not amend its constitutive documents before maturity of the Sukuk issued by it except after obtaining the CMA's approval

(4) The operational costs of the SPV shall originate from the Sukuk proceeds or from the Sukuk Originator's funds.

(5) The SPV shall not have employees except for its directors who will be between three (3) and five (5) depending on the size of the Sukuk volume to be issued and a few supporting officials.

(6) The SPV shall be a limited liability company and shall be registered under the Companies Act Cap 106.

(7) The legal eligibility term of SPV shall expire according to Sukuk maturity and may be renewed for a similar term or terms and on the same terms and conditions required for another Sukuk issuance and the license shall be on request by the Sukuk Issuer at least three (3) months prior to the end of the license term.

(8) The Sukuk Originator shall have no direct control over the SPV although it is formed by the Sukuk Originator. The management of the SPV may be by its own directors acting as executive directors or by SPV management agent which may outsource for this function.

29. Activities carried out by the SPV

(1) The SPV shall carry out the following activities:

(a) Issuance of Sukuk by way of public offering, rights issue or private placement with the proceeds in favour of the Sukuk Originator according to the Sukuk Prospectus/Information Memorandum approved by the CMA.

(b) Acquiring or owning tangible assets and non-tangible assets to back up the Sukuk issuance through assets' securitization process and Sukuk certificate pricing.

(c) Acquiring financial and non-financial rights for the purpose of financing the Sukuk Originator by issuing the Sukuk.

(d) Receiving the Sukuk proceeds (through its bank transaction account at a Shari'ah-compliant bank) from Sukuk subscribers for and on behalf of the Sukuk Originator and channeling the same to the Sukuk Originator.

(e) Opening a Sinking Fund/Escrow account in a Shari'ah-compliant bank to act as a reserve account in preparation of the Sukuk redemption at maturity of the Sukuk.

(f) Owning the Sukuk assets and keeping them as a trustee on behalf of the Sukuk Certificate holders.

(g) Acting on behalf of the Sukuk Certificate holders in all the contracts with the Sukuk Originator and other participants in the issuance of Sukuk.

(h) Receiving the periodic returns from the Sukuk Originator payable to the Sukuk certificate holders and notifying the paying agent to execute periodic returns as per the schedule specified in the Sukuk Prospectus/Information Memorandum

(i) At Sukuk maturity, liquidation of the Sukuk assets at redemption and distribution of the redemption amount to the Sukuk certificate holders on pro rata basis according to their subscription amounts

(j) Promptly reporting to the Sukuk certificate holders via the Sukuk Delegate, all matters that might affect their rights and quarterly reports prepared by the Lead Arranger.

(k) Carry out all financial activity of the Sukuk trust

(l) Any other activity approved by CMA in accordance with the Act and regulations thereunder.

30. Responsibilities of the SPV; -

The SPV shall ensure that:

(1) The Prospectus/Information Memorandum relating to a Sukuk, being offered to the public must include:

(a) details of the members of the SAB appointed by the Issuer who have undertaken the review of the relevant Securities; and

(b) details of the qualifications and experience of each of the members of that SAB.

(2) The Prospectus/Information Memorandum issued in relation to an issue of Sukuk must include;

(a) the opinion of the SAB in respect of whether the Sukuk are Shari'ah compliant;

(b) a detailed description of the structure of the underlying transaction and an explanation of the flow of funds; and

(c) the disclosures required by the AAOIFI Shari'ah Standards in respect of investment Sukuk.

(3) The Prospectus/Information Memorandum relating to Islamic Investment Funds being offered to the public must also include a prominent **Disclaimer** in bold font, on its front page as follows:

"CMA does not accept any responsibility for the content of the information included in the Prospectus/Information Memorandum, including the accuracy or completeness of such information. The liability for the content of the Prospectus/Information Memorandum lies with the issuer of the

Prospectus/Information Memorandum and other Transaction Agents, such as the experts, whose opinions are included in the Prospectus/Information Memorandum with their consent. CMA has also not assessed the suitability of the Securities to which the Prospectus/Information Memorandum relates to any particular investor or type of investor and has not determined whether they are Shari'ah compliant. If you do not understand the contents of this Prospectus/Information Memorandum or are unsure whether the Securities are Shari'ah-compliant you should consult an authorised financial advisor."

31. Cancellation of the SPV license

(1) The SPV license may be cancelled in any of the following events:

(a) Automatically at the end of the term of the Sukuk issued by the SPV.

(b) By a decision for cause provided notice is served on the SPV in any way to remedy the infringement during the term specified by the CMA in the notice in any of the following events:

i) If it lacks any of the terms and conditions of the license.

ii) Infringing the provisions of the capital markets laws and Companies Act, Cap. 106.

iii) Failure to discharge its obligations properly even after being warned by the CMA or Uganda Registration Services Bureau under the Companies Act, Cap 106

32. SPV Obligations to the Authority

(1) The Sukuk SPV shall notify the CMA of any proceedings that may affect its financial position.

(2) It shall also notify the CMA on any issues or challenges being faced by it on its implementation of its financial and non-financial obligations about the Sukuk it has issued.

33. Creation of Sukuk Assets and Financial Trust

(1) The Sukuk assets and financial trust may be created under written Trust Instrument/Trust Deed after the approval of CMA including the following statements:

(a) The names of the Sukuk Originator and Trustee.

(b) Description of the Trust Property and of its basic characteristics.

(c) The duration of the asset and financial trust and any provision of early termination.

(d) The Sukuk volume expected to be managed under the Trust Deed.

(e) The duties and powers of the Trustee to the Trust (The SPV).

(f) Any other statements required by the CMA.

(2) The Sukuk Trust Property must be defined and must not violate any law or the provisions of Shari'ah.

(3) Where the violation leads to invalidity of the Trust Property or obligation or being null and void for any reason, the Sukuk Originator shall take the necessary procedures to create another trust according to the provisions of these Guidelines including protection of the Sukuk certificate holders with an amount not less than the invalidated trust.

(4) Where creation of such new trust is not possible, the Sukuk Originator shall compensate the Sukuk investors for any loss they may have incurred due to the invalidation.

(5) The Sukuk Originator shall be obliged to:

(a) Deliver the Trust Property/Assets or evidence of the Sukuk Originator 's right therein to the Issuer/Trustee/SPV not more than sixty (60) days from the date of creation of the Sukuk trust.

(b) Deliver to the Trustee the documents and provide all necessary documents relating to the Trust Property/Assets including the latest assets evaluation by a licensed assets' valuer.

(c) Refrain from any act that may affect delivery of the Trust Property and causing transfer of the trust ownership difficult or impossible.

34. The Sukuk Trustee

(1) The Sukuk Trust shall be managed by the Issuer/SPV as the Trustee who shall be a company duly licensed under Companies Act, Cap. 106, or by an entity dealing in securities licensed to carry out the business of Investment Advisor appointed by the Sukuk Originator. The contract between the Sukuk Originator and the Issuer/SPV as the Trustee shall specify their rights and obligations.

(2) The Trustee shall exercise its powers specified in the Trust Instrument/Trust Deed and in accordance with provisions of these Guidelines without interference by the Sukuk Originator. The Trust shall be null and void if the Trust Instrument provides otherwise.

(3) The Sukuk Originator or Sukuk Delegate may request the court to remove the Trustee or replace it if it violates the limits of its powers provided for in the Trust Instrument/Trust Deed or in the provisions of these Guidelines.

(4) When that happens, the Sukuk trust shall be under the supervision of the Sukuk Delegate until a new Trustee is in place with approval of the CMA.

(5) During its Sukuk trust management period, the Sukuk Delegate will act as the

Trustee for both the Originator and the Sukuk certificates holders and shall discharge all the obligations of the Trustee.

(6) The Trustee shall be obliged to:

(a) Cooperate with the Sukuk Originator to transfer the Trust Property to the Trustee.

(b) Take all necessary actions to perform its duties in accordance with the Trust Instrument/Trust Deed with good will and at the best practices.

(c) Maintain the necessary accounting books and records, and the records of the Trust both operational and management records and all works or transactions relating to the Trust.

(d) Keep the accounts and records of the financial trust separate from the accounts and records of any other business of the Sukuk Originator.

(e) It shall not deal with any other business than the management of the Trust and Sukuk issuance.

(f) It shall notify the Sukuk Originator and Sukuk certificate holders, through Sukuk Delegate, of any matter that may have effect(s) on the value of the Trust Property or its investment.

(g) Keep the Trust Property separate from its own property.

(h) Carry out any works or repairs required of the Trust Properties/Assets through a Service Agent assigned to this function.

(7) Confidentiality and Integrity: The Trustee/SPV is prohibited from disclosing any accounts, data or information relating to the Sukuk Trust or giving the documents relating to the Trust to others except where:

(a) Required by the Originator or Sukuk Transaction Agents.

(b) Required under applicable laws or required or permitted under the Trust Instrument/Trust Deed.

(c) Required pursuant to an order of a court.

(d) Required by the CMA.

(8) The Sukuk Trustee/SPV is prohibited from using the Trust Property for its personal benefits or for the benefit of third parties in violation of the provision of the Trust Instrument/Trust Deed.

(9) Any agreement exempting the Trustee/SPV from personal liability in whole or in part for intentional error or recklessness shall be null and void.

(10) The CMA, the Sukuk Originator and Sukuk Certificate holders, via Sukuk

Delegates, shall have the right to question the Trustee and they have the right to access and to obtain copies of the Trustee/SPV bank accounts, documents and records of the Trust.

(11) The Trustee, in case of losing such capacity, whether as a result of removal or replacement or liquidation or bankruptcy, must submit to the Sukuk Originator and Sukuk Certificate holders and the CMA a final account of the Trust supported by all the data and documents related to the work the Trustee has done for the benefit of the Trust.

35. Sukuk Trust Register

(1) The Issuer shall establish a "**Register of the Sukuk Trust**" in which detailed data on the trust shall be recorded as per the form prepared by CMA for this purpose after payment of the prescribed fee.

(2) The Issuer shall complete Sukuk certificates registration procedures of the Sukuk Trust immediately after completing Sukuk certificates allocation process in not more than fifteen (15) days.

(3) The Trustee must inform the CMA of any modification to the data and information recorded in the Register of Sukuk Trust, both legal and financial.

(4) The Sukuk Originator, the Trustee and the Sukuk Certificate holders may view the information relating to the financial trust and each of them has the right to obtain an official certificate of the data and information recorded in the Register.

36. Termination of the Sukuk Trust

(1) The Sukuk Trust shall terminate:

(a) At the expiry of the specified Sukuk tenure.

(b) If the Sukuk Originator, Trustee/SPV and Sukuk Certificate holders agree in writing to terminate the financial trust, however the agreement shall not be effective unless approved by the general meeting of Sukuk Certificate holders.

(c) If the Trust Instrument/Trust Deed expressly provides for termination in certain specified circumstances or Forced Sukuk Redemption.

(2) Unless the Trust Instrument/Trust Deed provides otherwise, upon expiry of the Sukuk Trust, the Trust Property shall be returned to the Sukuk Originator in return for the redemption amounts.

PART IV -SHARI'AH COMPLIANCE SUPERVISION

37. Responsibility to ensure that Sukuk issue is Shari'ah compliant

The Sukuk Issuer/SPV/Trustee shall ensure that the Sukuk issue is Shari'ah compliant through one of the following means after approval of the Authority:

(a) The appointment of the issue Shari'ah Advisor to review the Sukuk issuance documentations for Shari'ah-compliance before the Sukuk issuance and issue a Shari'ah compliance certificate.

(b) Use the service of the existing Shari'ah Advisory Board (SAB) to ensure continuous Shari'ah-compliance of the Sukuk issuance up to its maturity, including reporting to CMA.

(c) Assign a Shari'ah Advisor the task of performing annual Shari'ah-compliance Audit, address Non-Shari'ah-compliance (NSC) issues and then issue a Shari'ah-compliance certificate.

(d) In all cases, the number of Shari'ah scholar members of the Shari'ah Advisor entity to a Sukuk issuance shall be an odd number and shall not be less than three (3) Scholars knowledgeable in Shari'ah law of transaction (Fiqh Mu'amalat), skilled, experienced and competent to perform their duties under fit and proper status.

(e) The SAB members shall elec t one of them to be SAB Chairman and another to be SAB Secretary in order to manage the Shari'ah compliance affairs of the Sukuk issuance.

38. Constitution of a Shari'ah Advisory Board (SAB)

(1) A SAB consists of at least 3 members, where each member shall possess at least one of the following qualifications:

(a) A minimum of a degree in Islamic law (Shari'ah), Islamic banking and finance or its equivalent with demonstrated expertise in fiqh al-mu'amalat (Islamic commercial jurisprudence) or;

(b) Certification as a Shari'ah advisor, Auditor or lawyer from a recognized international body such as AAOIFI or an equivalent institution with at least three years post- certification experience.

(2) Any appointments, dismissals or changes in respect of members of the SAB are approved by the Governing Body of the Issuer; and

(3) No member of the SAB shall be a director or have controlling interest in the Issuer or the SPV.

39. Policy in relation to SAB

An entity that issues sukuk in Uganda must document its Shari'ah Governance and Compliance policy in relation to:

(a) how appointments, dismissals or changes will be made to the SAB;

(b) the process through which the suitability of SAB members will be considered and;

(c) the remuneration of the members of SAB.

40. Independence of SABs

(1) An entity that issues Sukuk in Uganda must take reasonable steps to ensure that the members of the SAB are independent of and not subject to any conflict of interest with respect to the firm.

(2) An Authorised Firm conducting sukuk related business must ensure that the systems and controls it is required to maintain adequately manage conflict of interest.

(3) A member of the SAB is obliged to notify the Authorised Firm of any conflict of interest that such member may have with respect to the Authorised Firm or, in the case of an Investment Trust, the Trustee;

(4) The Authorised Firm in 40 (3) above will take appropriate steps to manage any such conflict of interest so that the firm's activities are conducted appropriately and in compliance with Shari'ah, the interests of a client are not adversely affected, and that all Clients are fairly treated and not prejudiced by any such conflict of interests; and

(5) If the Authorised Firm is unable to manage a conflict of interest as provided above, it must dismiss or replace the member as appropriate.

(6) Shari'ah supervision shall be continuous throughout the tenure of the Sukuk and not limited to pre-issuance review or annual Audit. The Shari'ah Advisory Board (SAB) shall have the authority to monitor compliance on an on-going basis and report directly to the Authority in Addition to the Issuer.

41. Information about SAB to be given to CMA

An entity issuing Sukuk must provide CMA, upon request, with information on its appointed or proposed SAB members about their qualifications, skills, experience and independence.

42. Obligation to assist SAB

An entity issuing sukuk must take reasonable steps to ensure that it and its employees:

(a) provide such assistance as the SAB reasonably requires to fulfil its duties; and
(b) give the SAB right of access at all reasonable times to relevant records and information; and
(c) do not interfere with the SAB's ability to discharge its duties; and
(d) do not provide false or misleading information to the SAB.

43. Record-keeping

(1) An entity issuing sukuk must establish and retain records of:

(a) its assessment of the competence of the SAB members; and

(b) the agreed terms of engagement of each member of the SAB;

for at least 6 years following the date on which the individual ceased to be a member of the SAB.

(2) *Records of assessment of competency of SAB*

The records of the assessment of competence of SAB members in 43 (1) above, where applicable, must include at a minimum:

(a) the factors that have been considered when making the assessment of competence;

(b) the qualifications and experience of the SAB members;

(c) the basis upon which the Islamic Financial Institution considers that the proposed SAB member is suitable and;

(d) details of any other SABs of which the proposed SAB member is, or has been, a member.

44. Shari'ah reviews to be undertaken

An entity issuing Sukuk must ensure that all Shari'ah reviews are undertaken by the SAB in accordance with the AAOIFI Standards on Governance.

45. Annual Shari'ah report

(1) An entity issuing Sukuk must publish an annual report from the SAB which complies with the AAOIFI Standards on Governance.

(2) An entity issuing Sukuk must give the CMA, a copy of each annual report of the institution's SAB within 3 months after the day the relevant financial year of the institution ends.

46. Financial promotions and communications

(1) Before an entity issuing sukuk issues or approves a financial promotion or communication, it must ensure that the communication material discloses the identity of the SAB which has reviewed the relevant products or services. These disclosures are in addition to the information required to be disclosed in financial promotions, by the Authority.

(2) Financial communication means any communication (made through any medium including brochures, telephone calls, TV Ads, Sign Posts/Billboards Ads and presentations) the purpose or effect of which is:

(a) to promote or advertise specified products;

(b) to promote or advertise any regulated activity (or any activity that would be a regulated activity if it was carried on in or from the CMA); or

(c) to invite or induce any person to enter into an agreement with any person in relation to a specified product; or

(d) to invite or induce any person to engage in any regulated activity (or an activity that would be a regulated activity if it was carried on

47. Internal Shari'ah reviews

(1) An entity issuing Sukuk must perform an internal Shari'ah review to assess the extent to which the entity complies with fatwas, rulings and guidelines issued by its SAB.

(2) It must perform the internal Shari'ah review in accordance with the AAOIFI Standards on Governance.

(3) It must ensure that:

(a) the internal Shari'ah review is performed by its internal audit function or compliance oversight function; and

(b) the individuals or departments involved in performing the review are competent and sufficiently independent to assess compliance with Shari'ah.

48. Shari'ah Advisory Board's Meetings

(1) The Shari'ah Advisory Board (SAB) to the issuance may convene its meetings through attendance in person or via electronic means.

(2) The meeting of the SAB shall not be valid unless attended by majority of the members. Resolutions of the SAB shall be by the majority of the Scholars in attendance and shall be binding to all Sukuk issuance transaction parties as well as non-transaction parties.

(3) The SAB may issue its decisions by documents circulated electronically provided the decision is agreed by majority of the members as follows:

(a) Present the decision to be issued to all members together with all documents required for consideration and decision making.

(b) Every member shall record his stance on the decision and in the event of objection or differing in Shari'ah opinions from other members' opinions, shall write the causes and justifications of objection or Shari'ah opinions. If any member is inaccessible the SAB Secretary shall record the same in the decision.

(c) Decision taken by circulation, members' reservations (if any) and names of inaccessible members (if any) shall be tabled in the next meeting of the SAB to be included in the minutes.

49. Non-interference by Sukuk Originator

The Sukuk Originator and SPV shall not interfere in the work of the SAB and must enable the SAB to perform its duties including access to all relevant records and provision of information and documents relevant to the issue and provision of reasonably required assistance.

PART V -SUKUK CERTIFICATE HOLDERS GENERAL MEETINGS

50. General Meetings

(1) There shall be Sukuk Certificate holders' general meeting once every calendar year. The Sukuk Delegate shall give out a notice for the general meeting advertised in a

daily newspaper in English;

(2) A general meeting of registered Sukuk Certificate holders, as they appear in the Sukuk Certificate holders' Register kept by the Sukuk Registrar, shall be formed to protect their common interests. The resolutions of the general meeting shall be binding on all Sukuk Certificate holders

(3) The general meeting shall have a secretary and legal advisor to be appointed by the Agent. The Issuer or Sukuk Originator shall bear the related expenses.

(4) The Sukuk Delegate shall chair such meeting and one of the registered Sukuk Certificate holders shall be elected to be the meeting's Secretary.

(5) The Sukuk certificate holders' general meetings' Quorum shall be attained by a simple majority of not less than 51% of the Sukuk Certificate holders holding more than 10% of the Sukuk certificates total value.

(6) The decisions of the general meetings shall be reached by a two-thirds of the Certificate holders in attendance with two-thirds of the Certificate holders holding more than 10% of the value of the Sukuk certificates being in consensus with the other Certificate holders.

51. Request for redemption of Sukuk by certificate holders

(1) The general meeting of Sukuk Certificate holders may request redemption of the Sukuk and refund of their subscriptions before they fall due if the Trust Deed and the Final Terms and Conditions of the issue are violated and the Issuer/SPV/Trustee or Originator fails to address the Sukuk Certificate holders concerns repeatedly.

(2) The resolution of the general meeting to demand an early Sukuk certificate redemption shall be binding to all Sukuk transaction parties as per the Sukuk Prospectus/Information Memorandum.

(3) If the parties do not abide by the Certificate holders' resolution, the Sukuk Delegate may institute an arbitration or a court procedure to demand explicit and unilateral fulfillment of the Sukuk Certificate holders by the Issuer/SPV/Trustee or Originator.

52. Matters to be resolved by general meeting under the prospectus to comply with the Companies Act, Cap. 106

The Sukuk Prospectus/Information Memorandum shall specify the matters to be resolved by the general meeting in a manner not inconsistent with these Guidelines and the Companies Act Cap 106.

53. Certificate holders' General Meetings Notices

(1) The notice to the Sukuk Certificate holders' general meeting shall not be valid unless it contains the agenda and substitute date of the second general meeting where quorum is not present in the first general meeting.

(2) The notice, after approval by the CMA, shall be sent to each Sukuk Certificate holder on the addresses registered with Registrar/SCD. The advertisement and notice shall be published in a prominent daily newspaper at least fifteen (15) days before the date appointed for the meeting.

(3) The Sukuk Delegate shall file the minutes of the meeting with the CMA within

seven (7) days from the day following the meeting after being signed by the meeting Secretary and Sukuk issue Legal Advisor and approved by the Chairperson of the meeting.

(4) The CMA shall certify five (5) copies of the minutes to indicate filing in consideration of the prescribed fee and handout certified copy of the minutes to the Sukuk Delegate, Uganda Securities Exchange, the Sukuk Registrar/SCD, the Sukuk Issuer/SPV/Trustee or Originator, as the case may be.

(5) The provisions for notice and convening general meeting, attendance, proxy and voting via electronic means stipulated in the Trust Deed and Final Terms and Conditions of the Sukuk issuance Prospectus/Information Memorandum shall apply in a manner not inconsistent with these Guidelines.

54. Certificate holders Meetings' Quorum and Conduct

(1) The ordinary general meeting of Sukuk Certificate holders shall not be valid unless such general meeting is attended by a number of Certificate holders of the Sukuk representing at least two-thirds of the Sukuk's issue amount, failing which a second general meeting shall be convened. The second general meeting shall be valid if it is attended by a number representing one third of the Sukuk Certificate holders of Sukuk 's issue amount, provided that such second general meeting shall be held within thirty (30) days of the date of the first general meeting.

(2) Resolutions of the general meeting of Sukuk's Certificate holders for approval of the following shall not be valid unless the meeting is attended by at least two thirds of the representatives of the Sukuk's Certificate holders unless the Sukuk Prospectus/Information Memorandum requires a higher attendance:

(a) Amending the Final Terms and Conditions of the issue or the rights attached to the Sukuk 's Certificate holders.

(b) Cancellation of the Sukuk Trust Deed.

(c) Early redemption of the Sukuk 's certificates and refund of their value.

(d) Extension of the term/tenure of the Sukuk.

(e) Conversion of the Sukuk's certificates to shares of the Originator.

(3) In all circumstances, the resolutions of the general meeting of the Sukuk Certificate holders shall be adopted by a majority of two-thirds of those present at the meeting. The Sukuk Prospectus/Information Memorandum may require a higher percentage for voting in the five instances mentioned above.

(4) The Certificate holders of Sukuk may attend the ordinary general meeting personally or via electronic means. They may appoint a proxy to attend the general meeting and vote on the resolutions with one vote for every Sukuk Certificate holder.

(5) Sukuk Certificate holders or Certificate holders representing all Sukuk or of the same issue may convene a general meeting to consider any matter in respect of which the adoption of resolutions is within the authority of the general meeting, without observing the procedures and dates regulating it, with the exception of giving a notice to the CMA of the date of convening the general meeting.

(6) The Sukuk Delegate shall send the notice to the Sukuk Certificate holders to their addresses registered with Registrar/SCD or by any other available electronic means at least fifteen (15) days before the date appointed for the meeting. CMA may send an observer to attend the meeting.

(7) Sukuk Certificate holders shall have the right to access the minutes of the general meeting at the premises of the Sukuk Delegate. All stakeholders shall have the right to access the minutes of Sukuk Certificate holders' general meetings and obtain true copies in consideration of the Sukuk management.

(8) Where any Sukuk Certificate holders or their representatives withdraw from a general meeting after declaring quorum is present, their withdrawal shall not affect the validity of the general meeting or the resolutions.

55. Role of the Sukuk Delegate and/or Transaction Agent

(1) The Sukuk Delegate shall monitor the execution by the Sukuk Issuer/SPV/Trustee and Originator, as the case may be, on their obligations to protect the Sukuk Certificate holders interests mentioned in the Sukuk Prospectus/Information Memorandum. In particular, it shall be responsible for the following:

(a) Assisting in the preparation of Sukuk documentations and subsequent successful Sukuk issuance.

(b) Calling for any reports or information related to their obligations from the Issuer, Sukuk Originator or Delegate and checking the records, registers, accounts, assets, documents and reports related to the Issuer or Sukuk Originator.

(c) Ensuring that the profits due to the Sukuk Certificate holders are paid by the Issuer from the Sukuk Originator on the due dates as specified in the Sukuk Prospectus/Information Memorandum.

(d) Follow up of the Sukuk Issuer/SPV/Trustee and Originator 's execution of the issuance Final Terms and Conditions related to creating guarantees and ensuring the guarantees are adequate to meet the claims of Certificate holders when due and if not obliged to ensure that they shall be enforceable.

(e) Verifying compliance with the provisions of the Sukuk Prospectus/Information Memorandum in the event of redemption or conversion into shares or units in case of Convertible Sukuk.

(f) Ensuring that the general meeting of the Sukuk Certificate holders, on the expenses of the Sukuk Issuer/SPV/Trustee or Sukuk Originator, pursuant to the provisions of these Guidelines, to consider any urgent matters that might adversely affect the interests of Sukuk Certificate holders, or if requested by one or more persons holding at least ten percent (10%) of the total issued Sukuk certificates.

(g) Ascertaining that the funds raised through the issue of the Sukuk certificates are utilized in accordance with the designated use of proceeds explained in the Sukuk Prospectus/Information Memorandum.

(h) Ensuring there are no material changes in the issue Trust Deed and Final Terms and Conditions of Sukuk without prior approval of the Originator and Issuer's Board of Directors and approved by the general meeting of the Sukuk Certificate holders.

(i) Notifying the board of directors of the Issuer or Sukuk Originator of all the resolutions of the general meeting of Certificate holders within thirty (30) days from the meeting day.

(j) Carrying out any other acts or tasks as may be required by the Issuer or Sukuk Certificate holders.

(2) The Sukuk Delegate shall be remunerated by the Issuer/SPV/Trustee or Originator as the case may be.

(3) *Seeking Expert and Professional assistance:* Without prejudice to any Sukuk Transaction Agent's responsibilities and duties under these guidelines and the contract therewith, the Agents may seek the assistance of experts and professionals to perform their duties as per Trust Deed, Final Terms and Conditions and Sukuk Transaction Agents' Agreement.

(4) *Attendance of the general and Board meetings by a Sukuk Delegate or transaction agent:* The Sukuk Delegate may attend the general or Board of Directors' meetings of the Issuer/SPV/Trustee or Sukuk Originator and the Issuer or Sukuk Originator must invite the Agent to attend such meetings and provide the Agent with the agenda and all reports presented to their partners, Shareholders or unit-holders and may take part in the discussion without having the right to vote.

(5) *Preservation of sukuk certificate holders' rights:* The Sukuk Delegate may take all precautionary measures to preserve the rights of Sukuk Certificate holders specifically:

(a) Representing the Sukuk holders before the Issuer or Sukuk Originator, third parties in a court of law.

(b) Chairing the ordinary or extraordinary general meeting of the Sukuk holders.

(c) Instituting an action, in the name of the Sukuk holders general meeting, as instructed by the general meeting for the purpose of preserving the common interest of the Sukuk holders.

(6) The Transaction Agents shall not have direct or indirect interest in the Issuer/SPV/Trustee or Sukuk Originator or conflict of interest with Sukuk Certificate holders with regard to the Sukuk the Issuer or Sukuk Originator.

56. Information Disclosure Procedures

(1) The Issuer/SPV/Trustee or Sukuk Originator shall, in every year commencing on the date of issuance of the Sukuk, and through its website to provide confirmation that the Sukuk issue is compliant with the regulatory framework and it is Shari'ah-compliant and any other confirmations or report the CMA may require.

(2) The Issuer/SPV/Trustee or Originator, unlisted in the electronic dissemination system, shall disclose the audited financial statements not more the ninety (90) days after the end of their financial year.

(3) The Issuer/SPV/Trustee or Sukuk Originator shall immediately disclose, to CMA and the Sukuk Transaction Agents, any material information that might affect the issued Sukuk.

PART VI – SUSTAINABLE AND RESPONSIBLE INVESTMENTS

57. Sustainable and Responsible Investments (SRI) Sukuk

(1) The Sukuk Issuer/SPV/Trustee or Originator intending to issue a Sukuk to finance Sustainable and Responsible Investments (SRI) shall comply with the provisions of these guidelines.

(2) No Issuer/SPV/Trustee or Originator shall use or adopt the definition of sustainable or responsible Sukuk or introduce themselves to the others as Issuers or Originators of such type of Sukuk unless they comply with the provisions of this Part and that the projects for which the proceeds of such Sukuk will be used shall be consistent with one or more of the objectives of the United Nations for sustainable development under one of the Sustainable Development Goals (SDGs).

(3) The Sukuk Issuer/SPV/Trustee or Originator intending to issue sustainable or responsible Sukuk shall put in place policies and processes to ensure compliance with the general framework specified for such type of Sukuk in these Guidelines.

58. Eligible investment projects for sustainable sukuk

(1) Investment projects are eligible for issuance of sustainable or responsible Sukuk if they include an endeavor to achieve one or more of the following objectives:

(a) Protection and preservation of environment and natural resources.

(b) Wise use of energy.

(c) Encouraging use of alternative and renewable energy.

(d) Reducing emission of greenhouse gases.

(e) Addressing or mitigating specific social issues or endeavor to achieve positive social results to specific targeted category of the population.

(f) Improving the quality of life in the community.

(2) The targeted population under 58(e) above shall include but not limited to:

a) People living below the nation's poverty line
b) Excluded and/or marginalized population and/or communities
c) Vulnerable groups as a result of natural disasters
d) People with disabilities
e) Migrant and/or displaced persons
f) Undereducated population
g) Underserved population owing to a lack of quality access to essential goods and services
h) Unemployed population

(3) Sustainable or responsible projects include, but are not limited to:

(a) **Green projects** related to:

i. Renewable energy
ii. Energy efficiency
iii. Pollution prevention and control
iv. Environmentally sustainable management of living natural resources and land use
v. Terrestrial aquatic biodiversity
vi. Clean transportation
vii. Sustainable water and wastewater management
viii. Climate change adaptation
ix. Eco-efficient products, circular economy adapted products, production 6technology and processes
x. Green buildings that meet regional, national or internationally recognized standards or certification.

(b) **Blue projects** related to:
i. Seas and oceans-related projects
ii. Ocean conservation projects
iii. Reducing plastic waste in oceans
iv. Sustainable fisheries
v. Sustainable use of marine environment resources

(c) **Social projects** related to

i. Affordable basic infrastructure
ii. Access to basic services like water and education
iii. Affordable housing
iv. Job creation and programs designed to prevent or mitigate unemployment resulted from social and economic crisis including the future impact for financing small and medium and micro enterprises.
v. Food security and sustainable food systems
vi. Social and economic empowerment and development

(d) **Project combining green, blue and social projects** as stated in A, B and C above.

(e) **Endowment Projects** related to development of *Awqaaf* properties and assets.

59. General framework for SRI Sukuk

(1) Below are basic components of the general framework of sustainable or responsible Sukuk;

a. Use of proceeds
b. Process for project evaluation and selection
c. Management of proceeds
d. Reporting

(2) The Sukuk Issuer/SPV/Trustee or Originator shall ensure use of proceeds obtained from issuing sustainable or responsible Sukuk only for the purpose of financing the activities and transactions related to the project eligible for such

type of investment including but not limited to the following activities and transactions;

(3) The Sukuk Issuer/SPV/Trustee or Originator shall put in place internal processes for evaluation and selection of project eligible as sustainable or responsible investments.

a) Buying accounts receivables arising from financing projects eligible for sustainable or responsible investments provided the receivables shall be Shari'ah-compliant.

b) Acquiring a project eligible for sustainable or responsible investments directly or through establishing a company to own the project.

c) Refinancing existing investments or financing facilities to finance a project eligible as a sustainable or responsible investment.

d) Other expenditure related to or supporting research and development that may relate to more than one category of eligible projects as sustainable or responsible investments.

(4) The Sukuk Issuer/SPV/Trustee or Originator shall ensure, in relation to the activities and transactions including acquisition of a company executing an eligible project for sustainable or responsible investments, that the company that will be acquired is not carrying out projects other than the eligible projects.

(5) The Sukuk Issuer/SPV/Trustee or Originator shall ensure depositing the proceeds of eligible projects as sustainable or responsible investments in a designated account for that purpose and follow up the account regularly.

(6) The Sukuk Issuer/SPV/Trustee or Originator shall provide the following information to Sukuk Certificate holders annually through the website of its website or that of the Originator:

(a) The original amount designated for eligible projects for sustainable or responsible investments.

(b) Amounts used for the eligible projects for sustainable and responsible investments.

(c) Amounts not used and the location or where invested pending use.

(d) List of eligible projects for sustainable or responsible investments for which the proceeds of Sustainable or Responsible Investments Sukuk are allocated and brief description of the eligible projects for Sustainable or Responsible Investments and their impact or expected impact including the main methodology or assumptions used to identify the impact or expected impact.

60. Reporting on project impact

(1) The Sukuk Issuer/SPV/Trustee or Originator may, on reporting on the impact or expected impact of eligible projects for sustainable or responsible investments use the following parameters:

(a) Qualitative performance indicators
(b) The following quantitative performance indicators;
(c) Renewable energy projects or energy efficiency:

i. Power generation
ii. Reducing or avoiding emission of greenhouse gases
iii. Number of populations to whom clean energy is provided
iv. Reducing water use or reducing the number of cars

(d) Social Projects

i. Number of Sukuk investors
ii. Reducing the number of the unemployed
iii. Increasing the number of users of public transport
iv. Increasing the rates of literacy and life expectancy

(2) Where confidentially agreements or competitive considerations limit the Issuer's or Sukuk Originator's ability to provide comprehensive statements as specified in above, generic information can be provided acceptable to the external auditor.

(3) Information related to the Issuer or Sukuk Originator and the details of the general framework of the Issuer or Sukuk Originator of the sustainable or responsible investments or Sukuk shall be made available to the public through the website of the approved exchange on which the Sukuk is listed and the websites of the Issuer or Sukuk Originator throughout the term of sustainable or responsible investments or Sukuk and the following information shall be made available as minimum:

(a) The overall objectives of the Issuer or Sukuk Originator

(b) Uses of the proceeds of the sustainable or responsible investments or Sukuk. In the event all or proportion of the proceeds are used for refinancing the Issuer or Sukuk Originator shall state the amount of the proceeds allocated for refinancing and the eligible projects for sustainable or responsible investments to be refinanced.

(c) Eligible projects for responsible or sustainable investments for which the proceeds will be allocated.

(d) Details of the eligible projects for sustainable or responsible investments and the targeted impact from the eligible projects for sustainable or responsible investments.

(e) Processes used by the Issuer or Sukuk Originator for evaluation and selection of eligible projects for responsible or sustainable investments.

(f) The standards used by the Issuer or Sukuk Originator to identify the material environmental or social risks related to the eligible projects for sustainable or responsible investments.

(g) The processes adopted by the Issuer or Sukuk Originator for management of the proceeds from issuance of sustainable or responsible investments or Sukuk.

(h) Statement that the Issuer or Sukuk Originator is complaint with the environmental and social standards, governance standards and best practices related to eligible projects for sustainable or responsible investments.

(i) An independent, internationally recognized external auditor shall be appointed to evaluate and report on the eligible projects for sustainable or responsible investments or the compliance of the Sukuk Issuer/SPV/Trustee or Originator with the requirements of these Guidelines.

(j) The external auditor's report shall be published on the website and the CMA may object to the external auditor.

Issued this 2nd day of July, 2026

MR. SAUL SSEREMBA

Chairperson, Capital Markets Authority