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Bill No. 21 *Capital Markets Authority (Amendment) Bill* **2015**

THE CAPITAL MARKETS AUTHORITY (AMENDMENT) BILL, 2015

MEMORANDUM

1. OBJECT

The object of this Bill is to amend the Capital Markets Authority Act, Cap. 84. The Bill seeks to provide for the re-establishment of the Board, its functions and meetings and for committees of the Board of directors; the appointment of the Board secretary; the composition and functions of the Authority; power to require production of books by approved persons and key persons; assistance to foreign regulatory Authorities; statement of principles and codes of practice; exercise of disciplinary powers by the Authority; power to close or suspend trading; promotion and flotation of securities; grounds for approval of licenses; appointment of a statutory manager; establishment, constitution, functions and proceedings of the Capital Markets Tribunal; market abuse and for connected purposes.

2. DEFECTS IN THE EXISTING LAW

Currently, the Capital Markets Authority has a challenge of addressing the administrative and operational short comings in the current law, meeting compliance with the International Organization of Securities Commission Multilateral Memorandum of Understanding requirements and to implement the provisions of the East African Common Market Protocol.

Further, the Capital Markets Authority Act in its current form does not adequately comply with international standards for anti money laundering and combating financing of terrorism. The Bill seeks to address these shortcomings.

3. REMEDIES

The Bill therefore seeks to amend the Capital Markets Authority Act to make it compliant with good corporate governance principles. In this regard the Bill provides for the criteria for appointment of the Board of directors and Secretary to the Board; the Board is to be composed of nine persons appointed by the Minister to hold office for five years, and eligible for reappointment for only one more term. The Bill provides for the functions of the Board and the conduct of meetings of the Authority and establishment of committees of the Board.

The Bill further provides for record keeping and for the production of books by approved persons and key persons to comply with, among other things, the international standards for anti money laundering and combating financing of terrorism and also to ensure that there is an adequate and effective supervisory and oversight programme for all financial sectors.

The Bill further seeks to regulate persons who intend to carry on a business as a securities exchange or a commodities exchange by requiring those persons to seek approval as securities exchanges or commodities exchanges in a manner prescribed by the Authority.

The Bill also establishes a fidelity fund to insulate the securities exchange from liabilities arising out of the wrongs committed by the employees of a securities exchange. The Bill provides for an interim securities exchange in the event that the current securities exchange ceases its business operations.

The Bill also seeks to provide for procedural criteria for granting of licences and approvals to persons whom the Authority believes are capable of operating in the securities industry efficiently, honestly and fairly. In this regard the Bill provides for a statutory manager to manage the assets of approved persons during periods where licences are revoked or suspended.

The Bill provides for recognition of self regulatory organizations and requires an organization that seeks to be recognized to apply for recognition as a self regulatory organization. Self regulatory organizations are required to make Rules relating to matters for which they have regulatory or supervisory functions.

The Bill also seeks to establish the Capital Markets Tribunal with the mandate of handling and resolving all disputes arising from the Act. The Bill provides for proceedings before the Tribunal, remuneration of the members of the Tribunal and appeals from the Tribunal.

Finally, the Bill seeks to provide a new Schedule 3 which spells out the criteria to determine whether employees of the Authority, Board members of the Authority and the approved persons are fit and proper to hold those positions.

MATIA KASAIJA (MP)
Minister of Finance, Planning & Economic Development.

THE CAPITAL MARKETS AUTHORITY (AMENDMENT) BILL, 2015

ARRANGEMENT OF CLAUSES

Clause

1. Amendment of section 1 of principal Act.
2. Amendment of section 4 of principal Act.
3. Insertion of new section 4A and 4B in principal Act.
4. Replacement of section 5 of principal Act.
5. Insertion of new section 5A in principal Act.
6. Repeal of section 6 of principal Act.
7. Replacement of Section 7 of principal Act.
8. Amendment of section 8 of principal Act.
9. Replacement of Section 9 of principal Act.
10. Repeal of section 10 of principal Act.
11. Replacement of Section 11 of principal Act.
12. Amendment of section 12 of principal Act.
13. Replacement of section 13 of principal Act.
14. Replacement of section 16 of principal Act.
15. Replacement of section 17 of principal Act.
16. Replacement of section 18 of principal Act.
17. Replacement of Section 19 of principal Act.
18. Amendment of section 20 of principal Act.
19. Insertion of new section 20A in principal Act
20. Insertion of new section 21A in principal Act.
21. Replacement of Section 22 of principal Act.
22. Insertion of new sections 22A, 22B, 22C and 22D in principal Act.
23. Insertion of new Part IIA in principal Act.
24. Amendment of Part III of principal Act.
25. Replacement of section 23 of principal Act.
26. Amendment of section 24 of principal Act.
27. Amendment of section 26 of principal Act
28. Amendment of section 27 of principal Act
29. Amendment of section 28 of principal Act.
30. Amendment of section 29 of principal Act.
31. Insertion of new sections 29A, 29B, 29C and 29D of principal Act.
32. Amendment of sections 25, 26, 27, 28 and 29 of principal Act.
33. Amendment of Part IV of Principal Act.
34. Amendment of section 35 of principal Act.

Clause

35. Amendment of section 36 of principal Act.
36. Amendment of section 38 of principal Act.
37. Amendment of section 40 of principal Act.
38. Amendment of section 41 of principal Act.
39. Replacement of section 42 of principal Act.
40. Amendment of section 43 of principal Act.
41. Insertion of new section 43 A in principal Act
42. Amendment of section 44 of principal Act.
43. Insertion of new sections 44 A and 44B in principal Act.
44. Amendment of section 45 of principal Act.
45. Replacement of section 46 of principal Act.
46. Repeal of section 47 of principal Act.
47. Insertion of new Part IVA in principal Act.
48. Replacement of section 48 of principal Act.
49. Repeal.
50. Replacement of section 64 of principal Act.
51. Replacement of section 65 of principal Act.
52. Amendment of section 67 of principal Act.
53. Amendment of section 68 of principal Act.
54. Replacement of section 69 of principal Act.
55. Repeal of sections 70 to 75 of principal Act.
56. Insertion of new section 76A in principal Act.
57. Amendment of section 81 of principal Act.
58. Replacement of head note of Part IX of principal Act.
59. Amendment of section 88 of principal Act.
60. Amendment of section 89 of principal Act.
61. Amendment of section 90 of principal Act.
62. Amendment of section 90A of principal Act.
63. Amendment of section 90AE of principal Act.
64. Insertion of new Part XB in principal Act.
65. Replacement of section 91 of principal Act.
66. Amendment of section 95 of principal Act.
67. Replacement of section 100 of principal Act.
68. Replacement of section 101 of principal Act.
69. Repeal of section 102 of principal Act.
70. Amendment of Schedule 2 of principal Act.
71. Insertion of new schedule 3 and 4 in principal Act.

A Bill for an Act

ENTITLED

THE CAPITAL MARKETS AUTHORITY (AMENDMENT) ACT, 2015

An Act to amend the Capital Markets Authority Act; to provide for the establishment of the Board, its functions, meetings and committees of the Board of directors, the appointment of the Board secretary; the composition and functions of the Authority; power to require production of books by approved persons and key persons; power to search premises; assistance to foreign regulatory Authorities; duty to report; statement of principles and codes of practice; guidelines and regulatory notices; publication of information; public statements; exercise of disciplinary powers by the Authority; power to close or suspend trading; promotion and floatation of securities; grounds for approval of licenses; appointment of a statutory manager; appeals; establishment, constitution, functions and proceedings of the Capital Markets Tribunal; market abuse and for connected purposes.

BE IT ENACTED by Parliament as follows:

1. Amendment of section 1 the Capital Markets Authority Act. The Capital Markets Authority Act, in this Act referred to as the principal Act, is amended in section 1—

(a) by inserting the following definitions in their appropriate alphabetical position—

"accountant" means a person enrolled as a member of the Institute of Certified Public Accountants of Uganda in accordance with the Accountants Act, 2013;

"application duly made" means an application for a licence or approval under this Act in relation to which all documents and information required by this Act to be provided in support of the application and any further information required by the Authority have been provided by the applicant to the Authority;

"approved person" means a regulated person and includes a person authorised by the Authority to carry out any activity under this Act or any other Act for whose administration the Authority is wholly or partly responsible;

"approved stock exchange" means a securities exchange approved by the Authority under section 24;

"authorised person" means a person authorised by the Authority to carry on any activity under this Act;

"authorised registrar" means a company registrar engaged in the business of keeping of registers of members, and shareholders, debenture holders or unit holders for public companies or collective investment schemes which are its clients and performing other related functions for them;

"beneficial owner" includes a natural person who is, alone or with an associate, the ultimate owner or controller of a legal person or arrangement or, if there is no legal person or arrangement, the person on whose behalf a transaction is being conducted;

"body corporate" includes a company incorporated or registered under the Companies Act or any body corporate formed and registered under any other law in Uganda or any other jurisdiction;

"book" includes any register, document or other record of information and any account or accounting record; however compiled, recorded or stored, whether in written or printed form or microfilm by electronic process or otherwise;

"capital markets" means a market where funds are raised from individual and institutional investors by companies and governments through sale of shares or issue of debt to fund the activities of the companies or governments;

"Chief Executive" means the chief executive officer of the Authority appointed under section 7;

"collective investment scheme" has the same meaning as in the Collective Investment Schemes Act, 2003;

"commodities exchange" means a market exchange or a place where commodities and derivatives products are offered for sale, purchase or exchange; and includes any clearing or settlement or transfer services connected with the transaction;

"controller" means an accountant who has responsibility for all accounting-related activities within a firm or organisation;

"credit rating agency" means an organisation which provides the service of evaluating the relative credit worthiness of issuers of securities and assigning ratings to those securities;

"custodian", means a financial institution or body corporate licensed or approved under this Act or the Collective Investment Schemes Act, 2003 whose business includes taking responsibility for the safe custody of the cash, funds, securities, financial instruments, documents of title or assets of scheme funds or investors and performing related services;

"depository" in relation to an investment company with variable capital, means the person with whom the property of the collective investment scheme is entrusted for safe keeping;

"derivative" means a standardised type of securities or financial instrument which derives its value from the value of the underlying assets, indices or interest rates;

"financial instrument" includes securities, mortgage contracts, property contracts, pension contracts, insurance contracts, leasehold contracts, certificates of interest and any variations or derivatives;

"foreign regulatory authority" means a foreign authority which exercises regulatory functions corresponding to the functions of the Authority under a securities or other law or any person outside Uganda exercising such regulatory functions;

"fund manager" means a body corporate approved by the Authority which, under a contract or arrangement with a client, undertakes on behalf of a client whether on a discretionary authority granted by the client or otherwise, the management of a portfolio of securities for the purpose of investment or management of the assets of a collective investment scheme, or management of the portfolio of a registered venture capital fund;

"governing council" in relation to a stock exchange, means the persons for the time being in whom the governance of the securities exchange is vested;

"investment house" means a non-deposit taking institution licensed by the Authority to advise on offers of securities to the public or a section of the public, take-overs, mergers, acquisitions, corporate restructuring involving companies listed or quoted on a securities exchange, privatization of companies listed or to be listed on a securities exchange or underwriting of securities issued or to be issued to the public, and to engage in the business of a stockbroker or dealer;

"key person" means any current or former controller, beneficial owner, director, manager, employee or associate of an approved person and includes an agent;

"licensed person" means an individual or body corporate licensed by the Authority under this Act;

"material" in relation to the definition of material information and the effect of information on the price or value of securities, is information that would, or would be likely, to influence persons who commonly invest in securities in deciding whether or not to buy or sell those securities;

"market advisor" means a person licensed by the Authority under this Act to conduct the functions of a market advisor under the Rules of a securities exchange;

"material information" in relation to an offer of securities to the public or an issuer of such securities is information that—

(a) a reasonable person would expect, if it were generally available to the market, to have a material effect on the price or value of listed securities of the issuer; and

(b) relates to particular securities, a particular issuer or issuers of securities to the public, rather than securities generally or issuers generally;

"money-laundering" means the process of turning illegitimately obtained property into seemingly legitimate property and it includes concealing or disguising the nature, source, location, disposition or movement of the proceeds of crime and any activity which constitutes a crime under section 116 of the Anti-Money Laundering Act;

"nominee" means a person who, in exercising a right in relation to a security, is entitled to exercise that right only in accordance with instructions given to that person either directly or indirectly or through an agency of one or more persons, and a person is the nominee of another person where he is entitled to exercise such a right only in accordance with instructions given by that person;

"offer" includes an invitation and any proposal to make an invitation to make an offer;

"officer" means an officer of the Authority and includes a member of the Authority's staff or an agent of the Authority;

"Registrar of Companies" means the Registrar of Companies under the Companies Act;

"regulated person" means any person who has been granted a licence under this Act, or under the Collective Investment Schemes Act, the Securities Central Depositaries Act or any other Act for whose administration the Authority is wholly or partly responsible or an approved or formerly approved Securities Exchange or any persons associated with such licensees or approved stock exchanges;

"relevant bodies" means the bodies specified in Schedule 1 to this Act;

"representative" means a person approved by the Authority who is in the employment of the approved person and plays a critical role in that company, and includes a trader, director, general manager, analyst or any other person employed by the licensee;

"registered venture capital fund" means a company approved by the Authority and incorporated for purposes of providing risk capital to businesses in Uganda with high growth potential, whereby not less than eighty per cent of the funds so invested consist of equity or quasi-equity investment in eligible enterprises;

"securities central depository" means a Securities Central Depository approved by the Authority under section 5 of the Securities Central Depositaries Act, 2009;

"securities exchange" means a market, exchange, securities organization or other place at which securities are offered for sale, purchase or exchange, including any clearing, settlement or transfer services connected with the transaction;

"self regulatory organisation" means a person that is organised for the purpose of regulating the operations and the standards of practice and business conduct, in capital markets, of its members and their representatives with a view to promoting the protection of investors and the public interest;

"stockbroker" means a person who carries on the business of buying or selling of securities as an agent for an investor in return for a commission;

"stock market" means a market, or other place at which, or a facility by means of which—

(a) offers to sell, purchase or exchange securities are regularly made or accepted;

(b) offers or invitations are regularly made, being offers or invitations that are intended or may reasonably be expected to result, whether directly or indirectly, in the making or acceptance of offers to sell, purchase or exchange securities; or

(c) information is regularly provided concerning the prices at which, or the consideration for which, particular persons, or particular classes of persons, propose, or may be reasonably be expected, to sell, purchase or exchange securities;

"suspicious transaction" for the purposes of money-laundering means a transaction which is inconsistent with a client's known legitimate business or personal activities or with the normal business for that client's type of account or business relationship or a complex and unusual transaction or complex or unusual pattern of transactions that has no apparent or visible economic purpose;

"this Act" includes any regulations made under this Act;

"Tribunal" or "the Capital Markets Tribunal" means the Capital Markets Tribunal established under Part XB;

"underwriter" means a body corporate approved by the Authority to carry on or conduct the function of underwriting;

(b) by repealing the following definitions and substituting the following—

"(j) "company" means a company registered under the Companies Act, 2012 or an existing company;

(n) "dealer" means a person who carries on a business of dealing in securities on his or her own account;

(t) "investment adviser" means a body corporate that—

(i) carries on a business of advising other persons on securities; or

(ii) as part of a regular business, issues or publishes, analyses or reports on securities;

but does not include—

(A) a person who is the proprietor of a newspaper where—

(aa) in so far as the newspaper is distributed generally to the public, it is distributed only to subscribers to, and purchasers of, the newspaper for value;

(ab) the advice is given or the analysis or reports are issued or published only through that newspaper;

(ac) that person receives no commission or other consideration for giving advice or for issuing or publishing the analyses or reports; and

(ad) the advice is given and the analyses and reports are issued or published solely as incidental to the conduct of that person's business as a newspaper proprietor; and

(B) such other persons as the Authority may, prescribe;

(v) "licence" means a licence granted under this Act;

(w) "listing rules", in relation to an approved stock exchange, means the rules governing or relating to—

(i) the admission to the official list of the securities exchange of securities issued by companies or other bodies corporate, governments or other persons for the purpose of their quotation on the stock exchange, or for their removal from the official list and for other related purposes; or

(ii) the activities or conduct of companies or other bodies corporate, governments, and other persons, who are admitted to that list;

whether those rules—

(A) are made by the securities exchange or are contained in any of the constituent documents of the stock exchange; or

(B) are made by another person and adopted by the stock exchange;

(z) "Minister" means the Minister responsible for finance;

(gg) "rules", in relation to an approved stock exchange, means the rules governing the exchange or the conduct of its members, by whatever name called;

(hh) "securities" means—

(i) debentures or bonds issued or proposed to be issued by a government;

(ii) debentures, shares, bonds or notes issued or proposed to be issued by a body corporate;

(iii) any right, warrant, option or future in respect of any debenture, shares, bonds, notes, depository receipts or in respect of commodities or derivatives; or

(iv) units, interest or share offered under a collective investment scheme; or

(v) investment contracts; or

(vi) any financial instruments, commonly known as securities, but does not include—

(A) bills of exchange;

(B) promissory notes; or

(C) certificates of deposit issued by a bank or financial institution licensed under the Financial Institutions Act, 2004;

(vii) any other instrument prescribed by the Authority to be a security;

(ii) "shares" means the interest of members of a body corporate who are entitled to share in the capital or income of that body corporate and includes stock;

(nn) "underwriting" means the purchase or commitment to purchase or distribute any issue or offer of securities with a view to immediate or prompt public distribution by or through them;

(oo) "unit" has the same meaning as it has in the Collective Investment Schemes Act, 2003;

(pp) "unit trust scheme" has the same meaning as it has in the Collective Investment Schemes Act, 2003."

2. Amendment of section 4 of principal Act.

Section 4 of the principal Act is amended by repealing subsections 4(3) to 4(13).

3. Insertion of new sections 4A and 4B of principal Act.

Immediately after section 4 of the principal Act, there is inserted the following—

"**4A. Official seal of the Authority**

(1) The official seal of the Authority shall be in a form determined by the Board.

(2) The official seal shall, when affixed to any document, be authenticated by the signatures of the Chief Executive Officer and the Secretary to the Board.

(3) In the absence of the Chief Executive Officer, the person performing the functions of the Chief Executive Officer, shall sign in his or her place.

(4) In the absence of the Secretary, the person performing the functions of the Secretary shall sign in the place of the Secretary.

(5) An instrument or contract which if executed or entered into by a person other than a body corporate would not require to be under seal, may be executed or entered into on behalf of the Authority by the Chief Executive Officer or the Secretary to the Board or a person duly authorised by resolution of the Board.

(6) Every document purporting to be an instrument or contract executed or issued by or on behalf of the Authority in accordance with this section shall be taken to be executed or issued until the contrary is proved.

4B. Objects of the Authority

The objects of the Authority are—

(a to promote confidence in the capital markets;

(b) to ensure honesty and transparency in capital markets transactions;

(c) to carry out investor education;

(d) to protect investors; and

(e) to reduce systemic risk."

4. Replacement of section 5 of principal Act

For section 5 of the principal Act, there is substituted the following—

"5. Functions of the Authority

(1) The functions of the Authority are—

(a) to approve prospectuses and other offering documents under which securities are offered to the public and to approve information memorandum;

(b) 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;

(c) 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;

(d) 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;

(e) to implement regional and international standards and best practice in securities markets, securities regulation and supervision;

(f) to protect investor interests; and

(g) to operate the Investor Compensation Fund established by section 81.

(2) For the purpose of carrying out its objects, the Authority may exercise, perform and discharge all or any of the following powers, duties and functions—

(a) advise the Minister on all matters relating to the development and operation of capital markets;

(b) maintain surveillance over securities to ensure orderly, fair and equitable dealings in securities;

(c) grant a licence to any person to operate as a stockbroker, dealer or investment adviser, fund manager, investment house, collective investment scheme, market adviser, representative, trustee, custodian or depository; and ensure the proper conduct of that business;

(d) grant approval to any person to operate as a commodities exchange, securities exchange, securities central depository, credit rating agency, registrar, underwriter, clearing house, clearance and settlement facility or to operate in any other capacity which directly contributes to the attainment of the objectives of this Act; and to ensure the proper conduct of that business;

(e) approve venture capital funds;

(f) approve any other persons dealing in securities or exercising any functions related to securities, and their agents and to control and supervise their activities with a view to maintaining proper standards of conduct and professionalism in the securities business;

(g) inquire into the affairs or conduct of any approved person and to hear and determine any complaints concerning any act or omission, which, if proven, would be a breach of this Act and to refer, in its discretion, that inquiry or complaint to the Capital Markets Tribunal;

(h) publish, when the Authority considers it appropriate, any report or comment made by the Authority in the course of the exercise of its functions;

(i) conduct any investigation or inquiry relevant to the securities markets in Uganda or elsewhere and publish any report arising from that investigation or inquiry;

(j) make and maintain effective arrangements for consulting practitioners and consumers on its general policies and proposed legislative measures for the capital markets industry;

(k) formulate principles for the guidance of the securities industry;

(l) monitor the solvency of licence holders and take measures to protect the interests of customers where the solvency of any licence holder is in doubt;

(m) protect the integrity of the securities market against any abuses;

(n) monitor takeovers and mergers in respect of listed companies in Uganda and adopt measures for the supervision and regulation of takeovers and mergers in order to protect the interests of investors and to provide for an orderly and well-informed capital markets;

(o) formulate measures to minimise and supervise any conflict of interest that may arise for licensed persons and the Authority;

(p) create the necessary environment for the orderly growth and development of the capital markets;

(q) co-operate with and enter into agreements for mutual co-operation and assistance with other regulatory authorities, whether within or outside Uganda, for the development and regulation of cross border activities in capital markets and provide assistance and information to those authorities;

(r) perform the functions conferred on the Authority by the Companies Act, 2012;

(s) implement East African Community Council regulation directives, decisions or recommendations relating to the securities markets in the East African Region;

(t) trace and freeze any assets, including the bank accounts of any person who, upon investigation by the Authority, is found to have engaged in any fraudulent dealings in securities or insider trading;

(u) act as the supervisory authority for anti-money laundering and combating of financing of terrorism in the capital markets and perform the functions conferred on the Authority, as an accountable person, under the Anti-Money Laundering Act, 2013; and

(v) undertake such other activities as are necessary or expedient for giving full effect to the provisions of this Act."

5. Insertion of new section 5A of principal Act.

Immediately after section 5 of the principal Act, there is inserted the following—

"5A. Independence of the Authority.

(1) The Authority shall be independent in the performance of its functions and duties and shall not be subject to the direction or control of any person.

(2) Subject to subsection (1), the Minister may give the Authority policy guidance."

6. Repeal of section 6 of principal Act.

Section 6 of the principal Act is repealed.

7. Replacement of section 7 of principal Act.

For section 7 of the principal Act, there is substituted the following—

"7. Appointment of Chief Executive Officer and other staff.

(1) The Minister shall appoint a chief executive officer of the Authority on the recommendation of the Board and the Board shall determine the conditions and terms of employment of the Chief Executive Officer.

(2) The Chief Executive Officer shall have expertise in financial regulation, law, finance, business, accounting, economics, investment or a related field with experience and competence to manage the affairs of the Authority.

(3) The Chief Executive Officer shall hold office for five years and is eligible for reappointment for one more term.

(4) The Chief Executive Officer shall be an ex-officio member of the Board and shall attend all meetings of the Board but with no right to vote at any meeting of the Board.

(5) The Chief Executive Officer shall, subject to the general direction and control of the Board, and except to the extent that the Board may otherwise prescribe, be responsible to the Board for—

(a) the direction and management of the affairs, operations and funds of the Authority;

(b) the exercise, discharge and performance of the objects, powers, functions and duties of the Authority;

(c) carrying out and giving effect to the decisions of the Board; and

(d) the administration and control of the employees of the Authority.

(6) The chief executive officer may be removed from office on grounds of—

(a) incompetence;

(b) misbehaviour or misconduct;

(c) incapacity arising from mental or physical illness rendering the chief executive unable or unfit to discharge his or her duties as Chief Executive Officer;

(d) being adjudged bankrupt or entering into a composition or scheme of arrangement with his or her creditors;

(e) being sentenced by a court to imprisonment, without the option of a fine, other than in a case of a sentence of less than six months for a traffic offence or the case of a suspended sentence;

(f) being convicted of an offence involving dishonesty, fraud or moral turpitude; and

(g) in the case of a person holding a professional qualification being disqualified or suspended, from practising his or her profession in Uganda or in any other country by order of a competent authority made in respect of that person.

(7) The Board may appoint such other officers and employees, as it considers necessary for the efficient discharge of the responsibilities and functions of the Authority.

(8) The Board may delegate to the Chief Executive Officer any of its powers, functions and duties as it considers appropriate.

(9) The officers and other employees appointed under subsection (6) shall be remunerated in such manner and at such rates, and shall be subject to such conditions of service, as may be determined by the Board.

(10) Every officer or employee appointed under subsection (6) shall, subject to this Act, exercise powers and functions and perform such duties as are assigned to him or her from time to time by the Chief Executive Officer."

8. Amendment of section 8 of principal Act.

Section 8 of the principal Act is amended—

(a) by substituting for subsection (4), the following—

"(4) The financial year of the Authority shall be the period of twelve months ending on the 30th day of June in each year.";

(b) by substituting for subsection (6), the following—

"(6) The Authority shall cause to be prepared in respect of each financial year, an annual performance report which shall include—

(a) financial statements and financial reporting standards in accordance with the Public Finance Management Act;

(b) any other information in respect of the financial affairs of the Authority as the Minister may require."

(c) by substituting in subsections (9), (11) and (13) for the words "statement of accounts" whereever they appear, the words "financial statements".

9. Replacement of section 9 of principal Act.

For section 9 of the principal Act, there is substituted the following—

"9. Provision of records and information by approved persons and key persons.

(1) The Authority may, at any time, without notice, enter any premises owned, controlled or occupied by an approved person and examine any books that may be found on those premises or that may be in the possession of the approved person or that may, in any way, relate to the business of the approved person or to the matters listed in subsection (6).

(2) The Authority may require any key person to provide an explanation to the matters listed in subsection (6).

(3) The Authority may require an approved person to provide regular reports or returns as the Authority considers appropriate.

(4) The Authority may, by notice in writing, require any key person of an approved person—

(a) to provide specified information;

(b) to produce specified documents; or

(c) to attend at such place and time as may be specified in the notice and answer questions or make a statement which the Authority or any duly authorised officer or agent of the Authority reasonably requires the person to answer or to make.

(5) The information or documents required to be provided under subsection (4) shall be provided or produced before the end of such reasonable period and at such place, as may be specified by the Authority.

(6) This section applies to books or questions relating to—

(a) the business or affairs of an approved person or former approved person;

(b) the integrity, competence, financial standing or organisation of an approved person or key person;

(c) the compliance by those persons with this Act, the Collective Investment Schemes Act, 2003, the Securities Central Depositories Act, 2009, the Anti-Money Laundering Act, 2013 or any other Act for whose administration the Authority is wholly or partly responsible and any regulations, orders or guidelines, or condition of any grant of a licence, or direction given under any such Act; or

(d) any other matter about which the Authority may reasonably require information for the performance of its functions.

(7) The Authority may require any information provided under this section to be provided in such form as it may reasonably require.

(8) The Authority may require—

(a) any information provided, whether in a document or otherwise, to be verified in such manner as it may reasonably require; or

(b) any document produced, to be authenticated in such manner as it may reasonably require.

(9) Where books are produced under this section, the Authority may—

(a) take copies of them and retain them upon giving reasonable notice and specification of the books, to the person required to give access to them; and

(b) instruct an accountant or other expert to examine the books or any of them and report to the Authority, and for that purpose, the books may be delivered to the accountant or expert for that examination.

(10) Where books required under this section are not produced, the Authority may require the person who should have produced them—

(a) to state, to the best of his or her knowledge and belief, where the books may be found;

(b) to identify the person who, to the best of his or her knowledge and belief, last had custody of the books and where he or she may be found; and

(c) to state why the books cannot be produced.

(11) For the purposes of this section, an associate of an "approved person" as referred to in the definition of "key person" in section 1 includes—

(a) a member of the governing council of a stock exchange;

(b) a nominee of, or any person controlled by, an approved person;

(c) where the person is a partnership, any partner, including a corporate partner; and

(d) where the approved person is a company, any company or director of a company which owns, or which is owned by the same parent company as the approved person.

(12) A person who, without reasonable excuse, fails to comply with a requirement of this section or obstructs or hinders the Authority in the exercise of its powers under this section, commits an offence and is liable, on conviction, to a fine not exceeding forty eight currency points or imprisonment not exceeding two years or both.

(13) A person shall not be subject to any liability by reason that he or she complied with a requirement made or purported to have been made under this section."

10. Repeal of section 10 of principal Act.

Section 10 of the principal Act is repealed.

11. Replacement of section 11 of principal Act.

For section 11 of the principal Act, there is substituted the following—

"11. Power to search premises

(1) The Authority may, at any time and without prior notice, if it has reason to believe that there are, in any premises, any books the production of which has been directed by the Authority and which have not been produced in compliance with

the direction, authorise an officer and any other person or persons instructed by the Authority to—

(a) use such force as is necessary and reasonable to enter any premises that the Authority has reason to believe are premises at which those books are kept or may be located;

(b) search for the books and for that purpose break open any cupboard, drawer, container or receptacle, whether a fixture or not, on the premises;

(c) seize or make a copy of any of the books;

(d) question any person who is present on the premises, or the directors, officers, members, employees or partners of any person conducting business on the premises as to the location of the books;

(e) direct that the premises or any part of it shall be left undisturbed for as long as it is necessary to search the premises for those books;

(f) direct, by notice in writing addressed and delivered to any person who has control over the custody of the books, that person to produce and deliver the books to the officer of the Authority issuing the notice, at the time and place referred to in the notice; and

(g) examine that book, and seek from any person referred to in paragraph (d) an explanation regarding any entry in the book.

(2) The officer referred to in subsection (1) shall, at the request of any person on the premises affected by the entry and in performance of the functions of the Authority under this section, exhibit to the person the written authorisation from the Authority.

(3) A person shall not—

(a) hinder or obstruct an officer of the Authority or persons assisting him or her in the performance of his or her functions;

(b) refuse or fail to comply with any request made by an officer of the Authority in the performance of the officer's functions;

(c) refuse or fail to answer any questions which the officer of the Authority or any expert instructed by the Authority directs at that person; or

(d) intentionally furnish false or misleading information to an officer of the Authority or expert instructed by the Authority.

(4) For the purposes of this section "premises" includes any building or structure, or part of a building or structure, whether above or below the surface of the land or water, or any vehicle, vessel or aircraft.

(5) A person shall not falsely claim or hold himself or herself out to be an officer of the Authority.

(6) Any person who contravenes subsections (3) and (5) commits an offence and is liable, on conviction, to a fine not exceeding one hundred currency points or imprisonment for a term not exceeding one year, or both."

12. Amendment of section 12 of principal Act.

Section 12 of the principal Act is amended—

(a) in subsection (1) by substituting for "section 9" the words, "section 9, 11 or 19";

(b) in subsection (2) by substituting for "section 9 or 10" the words, "section 9,10,11 or 19";

(c) in subsection (3) by substituting for "section 9", the words "section 9,10,11 or 19."

13. Replacement of section 13 of the principal Act

For section 13 of the principal Act there is substituted the following—

"13. Offences in relation to provision of false information

(1) A person who knowingly or recklessly provides the Authority or any other person entitled to information under this Act with information which is false or misleading in a material particular commits an offence if the information is provided—

(a) in purported compliance with a requirement imposed under this Act;

(b) otherwise than as mentioned in paragraph (a) but in circumstances in which the person providing the information intends, or could reasonably be expected to know, that the information would be used by the Authority for the purpose of exercising its functions under this Act.

(2) A person who knowingly or recklessly provides the Authority or any other person with information which is false or misleading in a material particular commits an offence.

(3) An approved person commits an offence if he or she fails to provide the Authority with any information in his or her possession, knowing or having reasonable cause to believe that or being reckless as to whether—

(a) the information is relevant to the exercise by the Authority of its functions in relation to the approved person; and

(b) the withholding of the information is likely to result in the Authority being misled as to any matter which is relevant to and of material significance for the exercise of those functions in relation to the licensee or former licensee.

(4) A person who contravenes this section, commits an offence and is liable on conviction to a fine not exceeding three hundred currency points or to imprisonment for a term not exceeding three years, or both.

(5) In this section, a reference to disclosing information includes, in relation to information that is contained in a document, the furnishing of the document."

14. Replacement of section 16 of principal Act

For section 16 of the principal Act, there is substituted the following—

"**16. Secrecy of information**

(1) Subject to subsections (2) and (3), a person who receives information relating to the business or other affairs of any person—

(a) under or for the purposes of this Act or any other Act for whose administration the Authority is wholly or partly responsible; or

(b) directly or indirectly from a person who has so received it,

commits an offence if he or she discloses the information without the consent of the person to whom it relates or the person from whom it was received and is, on conviction, liable to a fine not exceeding two hundred currency points or imprisonment not exceeding two years, or both.

(2) Subsection (1) does not apply to information which, at the time of the disclosure, is or has already been made available to the public from other sources, or to information in the form of a summary or collection of information so framed as not to permit information relating to any particular person to be ascertained from it.

(3) Subsection (1) does not apply to the disclosure of information where that information is disclosed—

(a) for the purpose of enabling or assisting the Authority or any person acting on its behalf to discharge their functions under this Act, or any other enactment under which they are charged with duties;

(b) by the Authority, or any person acting on its behalf, to a foreign regulatory authority;

(c) to a person showing whether or not any person is a licensed person;

(d) with a view to the investigation of a suspected offence, or institution of, or for the purposes of, any criminal proceedings, whether under this Act or not;

(e) in connection with any other proceedings arising out of this Act;

(f) with a view to the institution of, or otherwise for the purposes of, any disciplinary proceedings by a professional body relating to the exercise of professional duties by a member of that body;

(g) by the Authority, or any person acting on its behalf, to the Attorney General or to a police officer or to any other law enforcement agency being information in the possession of the Authority which may be of assistance to the Attorney General or a police officer or other law enforcement agency in the performance of their duties; except that the Attorney General or police officer or other law enforcement agency may not disclose the information to any other person except where, in their discretion, the disclosure is necessary to perform their duties or to assist others in the performance of their duties, whether in Uganda or outside Uganda;

(h) by the Authority to the auditor of an approved person, if it appears to the Authority that disclosing the information would enable or assist the Authority to discharge the functions mentioned in paragraph (a) or would otherwise be in the interests of persons who have transacted or may transact business with a licensed person;

(i) to a qualified person if, in order to enable or assist the Authority properly to discharge any of its functions under this Act, the Authority considers it necessary to seek advice from any qualified person on any matter requiring the exercise of professional skill and the disclosure appears to the Authority to be necessary to ensure that the qualified person concerned is properly informed with respect to the matters on which the person's advice is sought;

(j) where disclosure is required as a result of a legal obligation, including an order of the court relating to a specific item of confidential information;

(k) where disclosure is permitted by regulations made under this Act.

(4) Information shall not be disclosed under subsection (3)(b) unless the Authority, or any person acting on its behalf, has taken into account section 20A.

(5) This section applies to information supplied to the Authority by a foreign regulatory authority for the purposes of the Authority's functions, whether under this Act, or any other Act which confers duties on the Authority and information relating to the business or other affairs of any person which the Authority may receive in connection with its functions under any other Act.

(6) A "qualified person" for the purposes of subsection (3)(i) is a person who is professionally qualified and skilled to give advice on securities transactions and matters and includes an advocate, chartered accountant or valuer."

15. Replacement of section 17 of principal Act

For section 17 of the principal Act, there is substituted the following—

"17. Disclosure to Authority

(1) The Authority may, where it considers it necessary in order to fulfil the provisions of this Act, require an approved person to disclose to it, in relation to any acquisition or disposal of securities, the name of the person from or through whom or on whose behalf the securities were acquired or disposed of and the nature of the instructions given to the stock broker, dealer or fund manager in respect of the acquisition or disposal.

(2) The Authority may require a person who has acquired, held or disposed of securities to disclose to it—

(a) whether he or she acquired, held or disposed of securities as trustee for or on behalf of another person or as a nominee;

(b) whether there is any other person who is a beneficial owner of the securities;

(c) the name of any person on whose behalf he or she has acted or who is a beneficial owner of the securities; and

(d) the nature of any instruction given to that person as trustee or nominee in respect of the acquisition, holding or disposal.

(3) The Authority may require a securities exchange to disclose to it, in relation to an acquisition or disposal of securities on the stock market of that stock exchange, the names of the members of that Securities Exchange who acted in the acquisition or disposal.

(4) The Authority may by regulations, prescribe the information to be maintained in respect of beneficial owners of securities.

(5) Any person who contravenes subsection (5) commits an offence and is liable, on conviction, to a fine not exceeding one hundred currency points or imprisonment not exceeding two years, or both."

16. Replacement of section 18 of the principal Act

For section 18 of the principal Act, there is substituted the following—

"18. Powers of Authority where there is suspected non-compliance

(1) Where, as a result of any information received by the Authority or any investigation conducted by or for the Authority under sections 11 and 19, or as a result of any reference made to the Authority by an approved stock exchange, or from any foreign regulatory authority or body or other source, the Authority suspects that there has been a contravention on the part of any person to comply with this Act or with regulations made under this Act, or with any rules issued by the Authority or an approved stock exchange, the Authority may—

(a) appoint a committee to make further inquiry into that matter; or

(b) apply to the Court for relevant orders.

(2) Where the Authority makes further inquiry under subsection (1)(b), and, after inquiring into the matter and providing opportunity for any person suspected of non-compliance to appear on their own behalf or by counsel, if that person so requests, the Authority is of opinion that there has been a failure to comply with any matters of non-compliance by that person, the Authority may—

(a) warn that person, including an approved stock exchange and in the case of a body corporate, any director of that body corporate and if the Authority so determines publish a report on that matter;

(b) censure that person, including an approved securities exchange and in the case of a body corporate, any director of that body corporate and if the Authority so determines publish a report on that matter;

(c) publish a statement on the matter;

(d) give directions to the person concerned requiring such action to be taken as the Authority considers necessary in the interest of persons affected, or in the public interest, to remedy the non-compliance or contravention;

(e) impose a civil penalty on the person including an approved stock exchange, and in the case of a body corporate any director of that body corporate knowingly a party to that contravention or non-compliance, not exceeding one hundred currency points;

(f) where that person is a licensed person under this Act, suspend or cancel the licence of that person;

(g) refer the matter for prosecution or other action before a court;

(h) apply to the court for relevant orders; or

(i) take any other action that the Authority is empowered to take under this Act or regulations made under this Act.

(3) The Authority may sue for recovery a civil penalty imposed under this section.

(4) A person aggrieved by the decision of the Authority under subsection (2) may appeal to the Tribunal within twenty one days from the date of the decision and the Tribunal may confirm or reverse the decision or make such other order as it thinks fit.

(5) On an appeal under subsection (4) the status quo of any matter or activity, which is the subject of appeal, shall be maintained until the appeal is determined.'

17. Replacement of Section 19 of principal Act.

For section 19 of the principal Act, there is substituted the following—

"19. Investigations

(1) The Authority may carry out investigations—

(a) where the Authority has reasonable grounds to believe that there has been a contravention of the provisions of this Act or the Collective Investment Schemes Act, 2003 or any other Act whose administration the Authority is wholly or partly responsible, or any regulations, licence conditions, or directions made under any such Act;

(b) where the Authority has reasonable grounds for suspecting that it may be necessary to prohibit trading in securities under section 88;

(c) where the Authority has reasonable grounds to believe that a person has contravened the provisions of the Companies Act, 2012 in relation to the securities of a company that are publicly held;

(d) where the Authority has reasonable grounds to believe that a body corporate or any officer of that body corporate or any person may have contravened the provisions of this Act or any applicable listing rules;

(e) where the Authority has reasonable grounds to believe that an approved person or key person may not be a fit and proper person to continue to be an approved person or key person;

(f) in the interests of persons who have transacted or may transact business with a licensed person;

(g) in order to maintain or enhance the integrity of the Ugandan capital markets;

(h) subject to section 20A, in order to provide assistance to a foreign regulatory authority;

(i) in order to perform its functions under this Act.

(2) The Authority may appoint one or more competent persons, whether they are officers of the Authority or not, to conduct an investigation into—

(a) a suspected contravention;

(b) the nature, conduct or state of an approved person's business or any particular aspect of it;

(c) any dealing in securities of a company or body corporate referred to in subsection (1);

(d) any advice, report or analysis given by an approved person or key person that may be relevant to the matter under investigation;

(e) an approved person's or key person's integrity, competence, financial position or organisation;

(f) any matter that is the subject of a request by a foreign regulatory authority; or

(g) any other matter that the Authority reasonably requires to be investigated in the performance of its functions under this Act, the Collective Investment Schemes Act, or any other Act whose administration the Authority is wholly or in partly, responsible.

(3) It shall be the duty of any person who appears to a competent person to be in possession of relevant information—

(a) to provide to a person appointed under subsection (2), within such time and at such place as the person may require, all documents relating to the matter under investigation which are in his or her custody or auth

(b) if the documents are not produced, or are claimed not to be in that person's custody or authority, to inform the person appointed under subsection (2), to the best of his or her knowledge and belief, where the books may be found; or the reasons why the books cannot be found;

(c) to attend before the person appointed under subsection (2) at such time and place as that person may require, to answer questions or make a statement during investigation; and

(d) otherwise to give all assistance in connection with the investigation as is reasonably required.

(4) A person appointed under subsection (2) may take any documents or copies or extracts from any documents provided to that person under subsection (3)(a).

(5) For the purpose of exercising the powers under this section, a person appointed under subsection (2) may enter any premises where he or she has reasonable grounds to believe that relevant information may be kept but shall not do so without prior notice in writing, unless he or she has reasonable cause to believe that if notice were given, any documents whose provision might be required would be removed, tampered with or destroyed.

(6) A person exercising powers by virtue of an appointment under this section shall, if so required, produce evidence of his or her authority.

(7) A person who—

(a) without reasonable excuse fails to provide any document which it is his or her duty to provide under subsection (3);

(b) without reasonable excuse fails to assist or attend before a person appointed under subsection (2) when required to do so;

(c) without reasonable excuse fails to answer any question which is put to him or her by the person so appointed with respect to the investigation; or

(d) obstructs a person appointed under subsection (2) in the performance of his or her duties,

commits an offence and is liable on conviction to a fine not exceeding one hundred currency points or imprisonment not exceeding two years, or both.

(8) Where any person by whom documents are taken under this section claims a lien on any such document, subsection (4) shall be without prejudice to the lien.

(9) A person shall not be subject to any liability by reason that he complied with a requirement made or purported to have been made under this section."

18. Amendment of section 20 of principal Act.

Section 20 of the principal Act is amended in sub section (1) and (4) by substituting for the words, "a stock exchange, a broker or dealer or an investment adviser" the words, "an approved person."

19. Insertion of new section 20A of principal Act.

Immediately after section 20 of the principal Act, there is inserted the following—

"20A. Assistance to foreign regulatory authority

(1) Notwithstanding any provision to the contrary in this Act, the Authority may, subject to subsection (2) provide assistance to a foreign regulatory authority in connection with any legal or regulatory requirement which the foreign regulatory authority enforces or administers, by—

(a) carrying out investigations of any alleged breaches of the legal or regulatory requirements; or

(b) providing such other information, opinion or assistance to the foreign regulatory authority as the Authority sees fit.

(2) The Authority shall determine whether to provide assistance would be consistent with its functions or would be in the interests of the maintenance of the integrity of the Ugandan Capital Markets, and in reaching a determination on the matter the Authority shall have regard to any relevant matter, including—

(a) whether the foreign authority is a proper foreign regulatory authority as defined by this Act;

(b) whether the assistance provided would be used by a foreign regulatory authority in exercising its functions for a proper regulatory purpose;

(c) whether the foreign regulatory authority would provide comparable assistance to the Authority;

(d) whether the foreign regulatory authority shall bear the cost of the investigation;

(e) whether the assistance would be relevant to the foreign regulatory authority in implementing or enforcing the laws and regulations in its jurisdiction relating to securities and derivatives;

(f) whether the foreign regulatory authority would comply with any conditions the Authority may impose on the transmission of information;

(g) whether the foreign regulatory authority is able to adequately protect any confidential information that may be provided to it;

(h) whether the provision of assistance would maintain or enhance the reputation of the Uganda capital markets;

(i) whether a criminal proceeding has been initiated in Uganda based on the information that is the subject of the request for assistance.

(3) Where the Authority provides assistance to a foreign regulatory authority that is a signatory to the International Organisation of Securities Commission memorandum of understanding or other agreement to which the Authority is also a party, and the information or request falls within the scope or terms of the memorandum of understanding or agreement, it shall be presumed that the Authority took into account the considerations listed in subsection (2).

(4) The Authority may conduct an investigation at the request of a foreign regulatory authority or otherwise provide any assistance, whether or not the assistance is related to an offence committed in Uganda, or whether any conduct under investigation would, if committed in Uganda, be an offence.

(5) The Authority may, if it considers it desirable in order to fulfil its functions or to maintain the integrity of the Ugandan capital markets, exercise other powers where to do so would provide assistance to a foreign regulatory authority, including imposing a condition on a licence, revoking a licence, requiring the removal of a controller, beneficial owner, director, manager, or employee of a licensee, withdrawing approval of a Securities Exchange and seeking an order from the Court."

20. Insertion of new section 21A of principal Act.

Immediately after section 21 of the principal Act, there is inserted the following—

"21A. Duty to report

(1) A person who, in the course of providing services to an approved person or key person or an approved securities exchange or company whose securities are listed on a stock exchange, comes into possession of information indicating that that approved person or securities exchange or company or key person is engaged in conduct involving fraud prohibited by this Act, shall report the matter to the Authority.

(2) A person who contravenes subsection (1) commits an offence and is liable on conviction to a fine not exceeding one hundred currency points or imprisonment not exceeding two years, or both.

(3) Without derogating from the obligation to report to the Authority under subsection (1), a person who comes into possession of information indicating that an approved person or key person is engaged in any conduct referred to in subsection (1) shall report the matter to the Authority.

(4) An action or proceeding, including criminal proceedings or administrative action in relation to that person's employment or otherwise not may be taken against a person who, in good faith, provides information confidentially to the Authority under subsections (1) and (3).

(5) Subsections (1) and (3) shall not apply to an advocate who receives information in the course of providing legal professional advice regarding compliance with this Act that is sought by an approved person or key person in relation to the prohibited conduct concerned."

21. Replacement of section 22 of Principal Act.

For section 22 of the principal Act, there is substituted the followin

"**22. Statement of principles and codes of practice**

(1) The Authority may issue a statement of principles with respect to the conduct and financial standing expected of an approved person.

(2) The conduct expected under subsection (1) may include compliance with a code of standard issued by the Authority or issued with the approval of the Authority, by a person or body other than the Authority.

(3) A code of standards issued by the Authority under subsection (2) may specify—

(a) a description of conduct which, in the opinion of the Authority, complies with a statement of principles;

(b) a description of conduct which, in the opinion of the Authority, does not comply with a statement of principles;

(c) factors which, in the opinion of the Authority, determine whether or not a person's conduct complies with a statement of principles.

(4) A statement of principles shall have effect as if included as a condition of a licence or approval of the kind affected by the statement of principles.

(5) An approved person who fails to comply with a statement of principles is liable to disciplinary action or the exercise of powers of intervention against that person except that the non-compliance shall not give rise to a cause of action by any other person or affect the validity of any transaction.

(6) The exercise of disciplinary action under subsection (5) includes the exercise of any power under section 39 or 44.

(7) Where a statement of principles relates to compliance with a code of standards issued by a person or body other than the Authority, the statement of principles may provide—

(a) that failure to comply with the code of standards shall be a ground for taking disciplinary action or exercising any power under section 49 or 55, only in such cases and to such extent as may be specified;

(b) that no such action shall be taken, or any such power exercised, under paragraph (a) except at the request of the person or authority by whom the code of standards in question was issued; and

(c) that failure to comply with the statement of principles may result in the imposition of civil penalties under section 99A of the Act.

(8) The Authority may, at any time, amend a statement or code of standards issued under this section."

22. Insertion of new section 22A, 22B, 22C and 22D in principal Act.

Immediately after section 22 of the principal Act, there is inserted the following—

"22A. Modification or waiver of statement of principle

(1) The Authority may on the application of any person—

(a) modify a statement of principles issued under section 22 to adapt it to the applicant's circumstances or to any particular kind of business carried on by the applicant; or

(b) exempt the applicant from compliance with any such statement of principles, generally or in relation to any particular kind of business carried on by the applicant.

(2) The Authority shall not amend a statement of principles or exempt any person from complying with the statement unless it appears to the Authority—

(a) that compliance with the statement of principles in question would be unduly burdensome for the applicant, having regard to the benefit which compliance would confer on investors; and

(b) that the exercise of those powers will not result in any undue risk to investors.

(3) The Authority may exercise its powers under this section unconditionally or subject to conditions; and section 22 shall apply in the case of failure to comply with a condition as in the case of failure to comply with a statement of principles.

22B. Guidelines and Regulatory Notices

(1) The Authority may issue guidelines or regulatory notices for the purpose of providing—

(a) instruction to approved persons on the nature of their obligations under this Act and the procedures to be observed for the purpose of compliance with the requirements of this Act and of best practice in relation to the performance of transactions, disclosure, record keeping, maintaining of accounts and reporting to the Authority;

(b) guidance to investors in relation to the operation of the securities markets and the nature of transactions;

(c) guidance to approved persons as the Authority may consider appropriate; and

(d) for the better carrying out of the objects, powers, duties and functions under this Act.

22C. Publication of information

(1) The Authority may publish information, bulletins and reports, or cause to be published the information, bulletins or reports, in such form and manner as it considers appropriate with respect to—

(a) the operation of this Act, the Collective Investment Schemes Act, 2003, the Securities Central Depositories Act, 2009 and any Act for whose

administration the Authority is responsible, including in particular the rights of investors, the duties of an approved person or key persons and the steps to be taken for enforcing those rights and complying with those duties;

(b) any matters relating to the functions of approved persons or key persons under this Act, the Securities Central Depositories Act, 2009 or under the Collective Investment Schemes Act, 2003 or any Act for whose administration the Authority is responsible; and

(c) any other matter which appears to the Authority to be desirable for the protection of investors.

(2) The Authority may offer for sale information, bulletins and reports published under this section and may, if it thinks fit, charge a reasonable fee for information given under this section.

22D. Public Statements

Where the Authority determines, under section 20, that a licensed person has contravened any provision of this Act, the Authority may publish a statement to that effect, stating any action that the Authority may have taken in respect of that contravention."

23. Insertion of new Part IIA of principal Act

Immediately after Part II of the principal Act, there is inserted the following PART—

"PART IIA—BOARD OF DIRECTORS

22E. Board of Directors of the Authority

(1) The Authority shall have a Board of Directors consisting of nine persons appointed by the Minister as follows—

(a) four persons from the private sector who have expertise in law, finance, banking, business, accounting, economics, investment or a related field from the relevant bodies prescribed in Schedule 2;

(b) the Permanent Secretary and Secretary to the Treasury of the Ministry responsible for finance or a person that is deputed in writing;

(c) the Governor of the Bank of Uganda or a person deputed in writing;

(d) the Solicitor General or a person deputed by him or her in writing;

(e) the Registrar of Companies or a person deputed by him or her in writing; and

(f) the Chief Executive Officer of the Authority.

(2) The Minister shall appoint a chairperson from among the members appointed under subsection (2)(a).

(3) The members of the Board shall be persons of high moral character and proven integrity and shall be fit and proper persons as prescribed in Schedule 3.

(4) The Minister shall, in appointing members of the Board of Directors, stagger the tenure of office of members in order that the tenure of office does not expire at the same time.

(5) The Minister shall, in appointing members of the Board, ensure that there is a balance of gender, skills and experience among the members of the Board.

22F. Tenure of office of members of the Board

(1) A member of the Board, other than the Chief Executive Officer or a person appointed by virtue of his or her office shall hold office for five years and shall be eligible for reappointment for one more term.

(2) A member of the Board may, at any time, resign his or her office in writing addressed to the Minster.

(3) A member of the Board may be removed from office by the Minister—

(a) for inability to perform the functions of his or her office arising from infirmity of body or mind;

(b) for misbehavior or misconduct;

(c) for incompetence;

(d) if the member is bankrupt or insolvent;

(e) if a member is convicted of an offence involving dishonesty, fraud or moral turpitude;

(f) if the member is absent without prior permission of the Chairperson, or without reasonable cause to the satisfaction of the Minister, for more than four consecutive meetings of the Board, or is absent from Uganda for more than twelve consecutive months; or

(g) if the member is no longer fit and proper as prescribed in Schedule 3.

(4) Where a member of the Board resigns, dies, is removed from office or ceases to be a member of the institution or body which he or she represents on the Board, the Chairperson shall notify the Minister of the vacancy and the Minister shall appoint another person to hold the office for the unexpired portion of the member's term of office.

(5) Where the member of the Board referred to in subsection (4) is the Chairperson, the Secretary to the Board shall notify the Minister of the vacancy and the Minister shall appoint another person, being a member of the Board, to hold office for the unexpired portion of the Chairperson's term of office.

22G. Remuneration of Board members

The Chairperson and members of the Board shall be paid such remuneration and allowances as may be determined by the Minister.

22H. Functions of the Board

(1) The Board shall be responsible for the general direction and supervision of the Authority.

(2) For the purposes of subsection (1), the Board shall—

(a) review and approve strategic and operating plans, budgets, reports and audited financial statements of the Authority;

(b) oversee the operations of the Authority to ensure competent and prudent management, planning, accounting and compliance with statutory and contractual obligations;

(c) control, supervise and administer the assets of the authority;

(d) approve organisational structures of the Authority;

(e) establish and approve rules of procedure for appointment, termination, discipline and terms and conditions of the Chief Executive Officer and the staff of the Authority;

(f) monitor and supervise the implementation of this Act and other laws and regulations enforced by the Authority;

(g) formulate principles and issue guidelines for the guidance of the securities industry;

(h) create the necessary environment for the orderly growth and development of the capital markets;

(i) advise the Minister on all matters related to this Act and the developments in the capital markets; and

(j) perform any other function conferred or imposed by this Act or as may be necessary or incidental to giving full effect to this Act.

(3) The Board may delegate any of its functions to a committee of the Board as it may deem necessary.

(4) The Board shall in the performance of its functions, responsible to the Minister.

22I. Secretary to the Board

(1) The Board shall appoint a Secretary to the Board on such terms and conditions as may be determined by the Board.

(2) The Secretary shall report to the Board through the Chief Executive Officer.

22J. Committees of the Board

(1) The Board may appoint committees to assist the Board in the performance of its functions.

(2) A committee appointed under this section may comprise members of the Board and persons who are not members of the Board.

(3) A committee appointed under this section, shall perform such functions as the Board may assign to it.

(4) The Board shall prescribe the procedure for the proceedings of the committee.

(5) A committee appointed under this section may, with the approval of the Board, co-opt a person to assist it in the performance of its functions but the person co-opted shall not have a right to vote on any matter coming before the committee for decision.

22K. Meetings of the Board.
Schedule 4 shall govern the proceedings of the Board.

24. Amendment of Part III of principal Act.
Part III of the principal Act is amended by substituting for the heading of the Part, the following—

"PART III—STOCK EXCHANGES AND COMMODITIES EXCHANGES."

25. Replacement of section 23 of principal Act.
For section 23 of the principal Act there is substituted the following—

"23. Establishment, etc. of stock market
A person shall not carry on the business of a securities exchange or a commodities exchange unless that person has been approved by the Authority as a securities exchange or commodities exchange."

26. Amendment of section 24 of principal Act.
Section 24 of the principal Act is amended—

(a) in subsection (1) by inserting immediately after the words "stock exchange", the words, "or commodities exchange";

(b) by inserting immediately after subsection (1) the following—

"(1a) The applicant shall, upon being granted approval under this Act, pay an annual fee prescribed by the Authority."

(c) in subsection (2) by inserting immediately after the words "stock exchange", the words, "or commodities exchange";

(d) by substituting for subsection (3) the following—

"(3) The Authority may by notice in writing, approve a person as a stock exchange or commodities exchange if it is satisfied that—

(a) the applicant is a limited liability company whose liability is limited by shares;

(b) that the applicant's board of directors is constituted in a manner prescribed by the Authority; and

(c) the applicant has made and adopted rules in compliance with the Act and any regulations made under the Act."

(e) by inserting immediately after subsection (3) the following new subsection—

"(3a) Every securities exchange shall establish and keep a fidelity fund which shall be administered by its governing body on behalf of the stock exchange.

(3b) A commodities exchange or stock exchange that was approved before the commencement of this Act shall comply with the requirements of subsection (3) within two years after the coming into force of this Act."

(f) in subsections (4), (6), (7), (8) and (9), by inserting immediately after the words "stock exchange", wherever they appear, the words, "or commodities exchange."

(g) by repealing subsection (5);

(h) by inserting immediately after subsection (9), the following new subsections—

"(10) An approved securities exchange or commodities exchange shall comply with requirements of the Authority and shall pay an annual fee to the Authority at a rate determined by the Authority.

(11) The Authority may require an applicant for a licence as a securities exchange or a commodities exchange, to lodge an application to be recognised as a self regulatory organisation, as a condition for obtaining and maintaining its licence."

27. Amendment of section 26 of principal Act.

Section 26 of the principal Act is amended—

(a) by substituting for the head note the following—

"Stock exchange to assist the Authority; exercise of disciplinary powers of the Authority."

(b) by repealing subsections (2), (3), (4) and (5) and substituting the following new subsections—

(2) Where an approved stock exchange reprimands, fines, suspends, expels or otherwise takes disciplinary action against a member of a stock exchange, it shall, within seven days, give to the Authority in writing, particulars of the name of the member, the reason for and nature of the action taken, the amount of the fine, if any, and the period of the suspension, if any.

(3) A person aggrieved by the decision of the approved stock exchange, may appeal to the Authority.

(4) The Authority may review any disciplinary action taken by an approved stock exchange and may affirm or set aside a decision of the approved stock exchange after giving the member and the approved stock exchange an opportunity to be heard.

(5) Nothing in this section precludes the Authority in a case where an approved stock exchange fails to act against a member of the stock exchange, from suspending, expelling or otherwise disciplining a member of the approved stock exchange except that the Authority shall before suspending expelling or disciplining a member, give the member and the approved stock exchange an opportunity to be heard.

(6) A person aggrieved by the decision of the Authority under this section may, within thirty days after he or she is notified of the decision, appeal to the Tribunal.

(7) A person aggrieved by the decision of the Tribunal may within thirty days after he or she is notified of the decision appeal to the High Court on a point of law."

28. Amendment of section 27 of principal Act.

Section 27(1) of the principal Act is amended by substituting for "court" the word "Tribunal".

29. Amendment of section 28 of principal Act.

Section 28 of the principal Act is amended—

(a) by inserting immediately after subsection (1)(b), the following—

"(ba) with respect to the management of the securities exchange, including the removal of members of the governing council of the securities exchange and the appointment in their place of persons designated by the Authority on such terms and conditions as the authority may specify; or"

(b) in subsections (1) (c) and (3), by substituting for "Court" the word "Tribunal";

(c) by repealing subsection (4).

30. Amendment of section 29 of principal Act.

Section 29 of the principal act is amended—

(a) by substituting for subsection (4), the following—

"(4) Where the Authority gives a notice under subsection (3), the body corporate may refer the matter to the Tribunal."

(b) by repealing subsection (5).

31. Insertion of new sections 29A, 29B, 29C and 29D in principal Act.

Immediately after section 29 of the principal Act, there is inserted the following—

"29A. Power to close or suspend trading.

(1) Subject to subsections (2) and (3), the Authority may, after consultation with an approved securities exchange, order that the securities exchange be closed for transactions or dealings in securities for a period of not more than three trading days.

(2) The Authority may make an order under subsection (1) on the ground that, in the opinion of the Authority, the orderly transaction of business on the securities exchange is likely to be adversely affected due to—

(a) an emergency or natural disaster in Uganda;

(b) an economic or financial or other crisis, whether in Uganda or elsewhere; or

(c) an actual or threatened major market manipulation or disruption.

(3) The Authority may extend the duration an order made under subsection (1).

(4) A dealer, stock broker or representative who deals in securities listed on a securities exchange while an order under subsection (1) or (3) is in force, being an order that has been notified to the securities exchange commits an offence and is liable on conviction to a fine not exceeding three hundred currency points or imprisonment not exceeding three years, or both.

(5) Where the Authority issues an order under subsection (1) or (3), notice of the order shall be published in the Gazette and in two daily newspapers having national circulation in Uganda.

29B. Approved Securities Exchange to keep records and information.

(1) An approved securities exchange shall keep or cause to be kept such records or information in sufficient detail, whether such records or information are maintained in electronic form or manual form, so as to show particulars of every bid or offer made or deal executed on the securities exchange.

(2) An approved securities exchange shall keep records showing the business of trading in securities including daily, weekly, monthly, quarterly and annual transactions and the record or information shall be subject to inspection at all reasonable times by the Authority.

(3) The records referred to in this section shall be kept for at least 10 years from the date of the transaction to which they relate except that where a transaction is the subject of an investigation by a court or the Authority the records shall be kept until the investigation is completed if the investigation continues after the expiration of the 10 years.

(4) A securities exchange that fails to comply with the provisions of this section commits an offence and on conviction every director shall be liable to a fine not exceeding two hundred currency points or imprisonment for a term not exceeding two years, or both.

(5) The requirement in this section that electronic records be maintained includes a requirement to continue to provide equipment that enables access, reading and printing of those electronic records."

29C. Promotion and floatation of securities.

(1) A person shall not carry on or hold himself out as carrying on the business of organising the promotion and floatation of securities to the public on behalf of an issuer, unless the person is approved by the Authority for the purpose of carrying on such business.

(2) The Authority may grant such approval on such terms and conditions as the Authority may require, including the condition that the approval is limited to a particular promotion or floatation.

(3) A person who acts in breach of subsection (1) commits an offence and is liable on conviction to a fine not exceeding three hundred currency points or imprisonment for a term not exceeding three years, or both.

29D. Other prescribed activities.

(1) Without prejudice to section 101, the Authority may make regulations prescribing that certain activities relating to securities business are to be approved by the Authority.

(2) Where regulations are made under subsection (1), an activity prescribed under the regulations shall not be conducted without the approval of Authority.

(3) Section 29C shall apply to activities prescribed under this section as if the activity were one of the activities covered by that section."

32. Amendment of sections 25, 26, 27, 28 and 29 of principal Act.
Sections 25, 26, 27, 28 and 29 of the principal Act are amended by inserting immediately after the words, "stock exchange", wherever they appear, the words, "or commodities exchange."

33. Amendment of Part IV of principal Act.
Part IV of the principal Act is amended—

(a) by substituting for the heading of the Part, the following—

"PART IV—REQUIREMENTS FOR APPROVALS AND LICENCES"

(b) by substituting for section 30, the following section—

"30. Requirements for approvals and licences

(1) A person shall not act in any of the following capacities unless that person is approved to carry out that activity under this Act as—

(a) a stock broker;
(b) a dealer;
(c) a authorised depository;
(d) a commodities exchange;
(e) a commodities broker;
(f) a stock exchange;
(g) a transaction adviser;
(h) an investment adviser;
(i) a fund manager;

(j) a representative;

(k) an authorised registrar;

(l) a custodian;

(m) a credit rating agency;

(n) an underwriter;

(o) an investment house;

(p) a venture capital fund; and

(q) a market advisor.

(2) Notwithstanding the prohibition in subsection (1)—

(a) a licensed stock broker may provide investment advice in the course of, and incidental to the business of dealing in securities;

(b) a licensed fund manager may provide investment advice in the course of and incidental to the conduct of the business of fund management; and

(c) in the case of a person referred to in subsection(1)(g) and (1)(n), the Authority may approve a person to carry out the form of activity referred to in those paragraphs in relation to a specific transaction designated by the Authority.

(3) The Authority may require, as a condition for the grant or renewal of a licence for a stock broker or fund manager that the stock broker or fund manager provides investment advice only on such terms and conditions as the Authority may require.

(4) A person approved by the Authority to carry on business shall comply with all the requirements of the Authority and, shall pay an annual fee to the Authority at a rate prescribed by the Authority.

(5) Nothing in this section shall be construed as limiting the power of the Authority to approve, register or license any other person operating in any other capacity which has a direct impact on the attainment of the objectives of this Act.

(6) A person who acts in breach of this section commits an offence and is liable on conviction to a fine not exceeding three hundred currency points or imprisonment not exceeding three years, or both."

(c) by repealing sections 31, 32 and 33.

34. Amendment of section 35 of principal Act.

Section 35 of the principal Act is amended—

(a) by substituting for the head note the following—

"Additional licensing requirements."

(b) by substituting for subsection (1) the following—

"(1) The Authority shall, except for a commodities broker, only authorise a body corporate to conduct the activities specified in section 30(1)."

(c) by substituting for subsection (2) the following—

"(2) An approved person shall, except for a commodities broker, meet such minimum financial requirements, educational qualifications and other requirements as may be determined by the Authority."

(d) by inserting immediately after subsection (2) the following—

"(2a) A licence to act as a representative shall only be granted to an individual."

(e) by substituting for subsection (3) the following—

"(3) Subject to section 34 (3) and any regulations made under this Act, the Authority shall refuse an application for the grant of approval or renewal of a licence if the authority has reason to believe that the applicant is not of good reputation or character or is not a fit and proper person."

35. Amendment of section 36 of principal Act.
Section 36 of the principal Act is amended by substituting for "broker or dealers" "representative or investment representative's license", the words "representative's license".

36. Amendment of section 38 of the principal Act.
Section 38 of the principal Act is amended by substituting for "stock broker or dealer or his or her representative or an investment advisor" wherever it appears, the words, "approved person."

37. Amendment of section 40 of principal Act.
Section 40(1) of the principal Act is amended by inserting at the end of that section, the words, "in respect of the licence."

38. Amendment of section 41 of principal Act.
Section 41 of the principal Act is amended—

(a) by substituting for subsection (1), the following—

"(1) A licence shall expire on the 30th day of April following the date of issue."

(b) by repealing subsection (2).

39. Replacement of section 42 of the principal Act.
For section 42 of the principal Act, there is substituted the following—

"42. Notification of change of particulars.
An approved person shall notify the Authority of any change in the particulars of the approved person or any matter relating to the business of the approved person in a manner prescribed by the Authority."

40. Amendment of section 43 of principal Act.
Section 43 of the principal Act is amended—

(a) in subsection (1) by substituting for "holders of current licenses" the words, "approved person"

(b) by substituting for subsection (1)(a)(iii), the following—

"(iii) the name of the compliance officer."

41. Insertion of new section 43A in principal Act.
Immediately after section 43 of the principal Act, there is inserted the following section—

"43A. Grounds for approval of licence.
(1) The Authority shall, before granting a licence, satisfy itself—

(a) that the applicant is a company or a body corporate, with such minimum share capital as the Authority may prescribe, or is duly constituted as a collective investment scheme;

(b) that none of the directors of the applicant company—

(i) has been declared bankrupt;

(ii) has been a director of a company that has been denied a licence or approval under this Act or equivalent legislation in any other jurisdiction; or

(iii) has been a director of a company providing financial services whose licence has been revoked by the appropriate authority.

(c) that management and the Board of the applicant have satisfied such minimum qualification requirements as prescribed by the Authority;

(d) in the case of a stockbroker, dealer or any other person prescribed by the Authority, that the applicant company has lodged a security or deposit in such sum as may be determined by the Authority or an equivalent bank guarantee or bond with the securities exchange of which it is a member or with the Authority or other person approved by the Authority as the case may be;

(e) that the applicant has the necessary administrative capacity to carry on the business for which the approval is required;

(f) in the case of an application for a stockbroker's licence, that the applicant shall carry on business solely on behalf of its clients;

(g) in the case of an application for a dealer's licence, that the applicant shall carry on business solely on the applicant's own behalf; and

(h) that the persons engaged or to be engaged in the position of executive director or other capacity are fit and proper persons.

(2) A licensed stockbroker or dealer may, on fulfilment of all requirements and payment of the admission fee approved by the Authority, be admitted as a trading member of a securities exchange.

(3) A stockbroker or dealer whose licence is not renewed under section 34 or whose licence is revoked under section 44 shall immediately cease to be a member of a securities exchange."

42. Amendment of section 44 of principal Act.
Section 44 of the principal Act is amended—

(a) in the head note, by inserting immediately after, "licence", the words "or approval";

(b) in subsection 44 (2) (a) (iv) by inserting immediately after, investment adviser, the words, "fund manager";

(c) by inserting immediately after subsection 44(2) (a) (vii), the following—

"(viii) if the person ceases to be a fit and proper person as prescribed in Schedule 3;".

(d) by inserting immediately after subsection 44(2) (b) (vii), the following sections—

"(viii) if the Authority has reason to believe that any of the directors or employees required to perform duties in connection with holding of the licence have ceased to be fit and proper persons as prescribed in schedule 3."

43. Insertion of new sections 44 A and 44B in principal Act.
Immediately after section 44 of the principal Act, there is inserted the following—

"44A. Cessation of representative licence
An approved person shall not carry on its licensed activity without having in its employment at least a representative.

44B. Appointment of statutory manager

(1) The powers conferred by subsection (3) may be exercised, in the following circumstances—

(a) if the licence of a stock broker, dealer, securities central depository, central counter party, clearing house or a fund manager is suspended or revoked under section 44 or the approval of a securities exchange is suspended or revoked under section 24;

(b) if a petition is filed, or a resolution proposed, for the winding up of a licensed person or of an approved securities exchange or if a receiver or similar officer is appointed in respect of the licensed person or securities exchange or in respect of all or any part of its assets;

(2) Where the Authority discovers whether on inspection or otherwise, or becomes aware of any fact or circumstance which, in the opinion of the Authority, warrants the exercise of its power in the interest of investors, the Authority shall give the licensed person or securities exchange as the case may be, an opportunity to be heard prior to the exercise of the power.

(3) Notwithstanding the provisions of any other written law, in any case to which this section applies, the Authority may apply to the court—

(a) for the appointment by the court of a competent person, in this Act referred to as "a statutory manager" to assume the management, control and conduct of the affairs and business of a licensed person or approved securities exchange and to exercise all the powers of a licensed person to the exclusion of its board of directors, including the use of its corporate seal;

(b) for an order removing any officer or employee of the licensed person or approved securities exchange who, in the opinion of the Authority, has caused or contributed to any contravention of this Act or any regulations made under it or to any deterioration in the financial stability of the licensed person or approved securities exchange, or has been guilty of conduct detrimental to the interests of investors;

(c) for the appointment by the court of a competent person familiar with the business of the licensed person or approved securities exchange to its board of directors to hold office as a director and a person appointed shall not be removed from office without the approval of the court;

(4) Notwithstanding any other law, in any case to which this section applies the Authority may, by notice in the Gazette, revoke or cancel any existing power of attorney, mandate, appointment or other authority by the licensed person in favour of any officer or employee or any other person.

(5) In subsections (3) and (4) and in subsections (7) to (13) "licensed person" means a licensed stock broker, dealer or licensed fund manager and includes an approved stock excha

(6) The appointment of a statutory manager shall be for a period not exceeding six months, as shall be specified in the instrument of appointment issued by the court and may be extended by the court upon the application of the Authority, if the extension appears to the court to be justified, and any such extension shall be notified to all interested parties.

(7) A statutory manager shall, upon assuming the management, control and conduct of the affairs and business of a licensed person, discharge his or her duties with diligence and

in accordance with sound investment and financial principles and in particular, with due regard to the interests of the investors and customers of licensed persons.

(8) The responsibilities of a statutory manager include—

(a) tracing and preserving all the property and assets of the licensed person or of its customers;

(b) recovering all debts and other sums of money due to and owing to the licensed person;

(c) evaluating the capital structure and management of the licensed person and recommending to the Authority any restructuring or reorganization which he or she considers necessary and which, subject to the provisions of any other written law, may be implemented by the statutory manager on behalf the licensed person;

(d) entering into contracts in the ordinary course of the business of the licensed person; and

(e) obtaining from any officer or employee of the licensed person, any documents, records, accounts, statements or information relating to its business.

(9) The statutory manager shall, once in every month, furnish the Authority with, and file with the court and provide all interested parties with, a report of hi
preceding month, in such form as may be prescribed by the Authority.

(10) Where an officer or employee of the licensed person removed under subsection (2) (b) is aggrieved by the decision, he or she may, within 30 days of the decision, appeal to the High Court, and the High Court may confirm, reverse or modify the

decision and make any other order in the circumstances as it thinks just; and pending the determination of the appeal, the order of removal shall remain in effect.

(11) The Authority, an officer or employee of the authority, a statutory manager or any other person appointed, designated or approved by the Authority under this Act is not liable, in respect of any act or omission done in good faith by such officer, employee, statutory manager or other person in the execution of the duties undertaken by him or her, except that in the case of loss caused by the statutory manager to the licensed person by reason of reckless conduct in the management of the business and affairs of the licensed person, the statutory manager is liable to the same extent as a receiver in similar circumstances.

(12) Where it appears to the statutory manager that the business of the licensed person is insolvent and there is no reasonable prospect of rehabilitating the business by way of any restructuring under subsection (7)(c) or otherwise, and that it is just and equitable to do so in the interest of all interested parties, the statutory manager may, after consultation with the Authority, petition the court for the winding up of the licensed person.

(13) All fees, expenses properly incurred by the statutory manager including the costs of the application to the court shall be payable out of the assets of the licensed person in priority to all other claims."

44. Amendment of section 45 of principal Act.

Section 45 of the principal Act is amended—

(a) by renumbering the section as subsection (1); and

(b) by inserting immediately after subsection (1), the following subsections—

"(2) If, thirty days before the date of expiration of the licence, the licensed person fails to provide the Authority a duly made application or has within the time permitted or specified by the Authority failed to provide any further information required by the Authority for the purpose of renewal of the licence, the application shall be taken to be withdrawn.

(3) The Authority may, on application being made to it, and on proper cause being shown, reinstate an application for renewal that is taken to be withdrawn under subsection (2) and may impose such terms and conditions as the Authority may consider necessary.

(4) The Authority shall make its determination on an application for renewal of a licence within thirty days after receipt of the application."

45. Replacement of section 46 of principal Act.

For section 46 of the principal Act, there is substituted the following—

"46. Appeals

(1) A person aggrieved by the refusal of the Authority to grant or renew a licence, or the decision of the Authority to revoke or impose conditions on or suspend a licence, may, within thirty days after the decision of the Authority appeal to the Tribunal.

(2) A person aggrieved by a decision of the Tribunal under subsection (1) may within thirty days from the decision of the Tribunal, appeal to the High court on a point of law."

46. Repeal of section 47 of principal Act.

Section 47 of the principal Act is repealed.

47. Insertion of new part IVA in principal Act.

Immediately after section 47 of the principal Act, there is inserted the following Part—

"PART IVA—RECOGNITION OF SELF REGULATORY ORGANISATION

47A. Self regulatory organisation.

(1) An organisation which intends to operate as a self regulatory organisation shall apply to the Authority for recognition as a self regulatory organisation.

(2) An application made under subsection (1) shall specify the functions and powers that the entity is seeking to exercise, upon recognition.

(3) The Authority may, in respect of an application under subsection (1), subject to such terms and conditions as it considers necessary, by notice in the Gazette, declare an organisation to be a recognised self-regulatory organisation where the Authority is satisfied that the organisation—

(a) has a constitution and internal rules and policies consistent with this Act or related legislation;

(b) has the capacity and financial and administrative resources necessary to carry out its functions as a self-regulatory organisation; including dealing with a breach of the law or of any other applicable standards or guidelines;

(c) is a fit and proper person;

(d) has competent personnel for the carrying out of its functions; and

(e) satisfies such other criteria as may be specified by the Authority.

(4) A person who operates, or purports to operate as a self-regulatory organisation without being recognised as such by the Authority commits an offence.

(5) The Authority may, in writing, delegate any of its powers or functions to a self-regulatory organisation.

(6) A delegation under subsection (5), shall specify—

(a) the function or power delegated to the self regulatory organisation;

(b) the extent of disciplinary powers delegated and the scope of sanctions that may be imposed;

(c) the terms and conditions upon which the power or function has been delegated and may be exercised;

(d) the persons authorised to exercise the delegation on behalf of the self regulatory organisation;

(e) the manner in which a self regulatory organisation shall submit periodic reports to the Authority in respect of the exercise of the delegated power or function; and

(f) any other matter as the Authority may prescribe.

47B. Rules of a self-regulatory organisation.

(1) A self regulatory organisation shall with the approval of the Authority, make rules relating to the matters for which it has regulatory or supervisory functions, including any sanctions and disciplinary powers to be exercised in connection with the functions delegated to it.

(2) Rules made under subsection (1) shall provide for—

(a) management structures and shareholding rights of the self-regulatory organization, taking into consideration the interests, rights and liabilities of its members, consumers, investors and users of its services;

(b) membership and conditions for approval and admission of members;

(c) the procedure for dispute resolution between members, users, investors and their clients and the right of appeal to the Authority or other relevant primary regulator; and

(d) procedures with respect to reporting and accountability to any primary regulator other than the Authority.

(3) A self-regulatory organisation shall submit any amendments made to its Rules to the Authority for approval before the amendments come into operation.

47C. Restriction on decision by self regulatory organisations. A self regulatory organisation shall not make a decision which adversely affects the rights of another person, unless the self regulatory organisation—

(a) has given that person an opportunity to make representations about the matter; or

(b) considers, on reasonable grounds, that a delay in making the decision will prejudice a class of consumers.

47D. Disciplinary action by a self-regulatory organisation.

(1) A self-regulatory organisation may take a disciplinary action against any of its members who contravenes the Rules.

(2) A self regulatory organisation shall, where it has taken a disciplinary action under subsection (1), immediately inform the Authority, in writing, of the name of the member, the reason and the action taken, the amount of any fine imposed and the period of suspension if any.

(3) The Authority may, on its own motion or on application by an aggrieved person, review any disciplinary action taken under subsection (1) and may affirm, modify or set aside the decision after giving the aggrieved person and the self regulatory organisation an opportunity to be heard.

(4) Nothing in this section shall preclude the Authority, in any case where a self regulatory organisation fails to act against its member, from suspending, expelling or otherwise disciplining that member.

(5) The Authority shall, before taking any action under subsection (4), give the licensed person and the self regulatory organisation an opportunity to be heard.

(6) Any action taken by a self regulatory organisation under subsection (1) shall not prejudice the power of the Authority to take any further action as it considers necessary with regard to the licensed person.

47E. Protection from personal liability.

Civil liability, whether arising in contract, tort, defamation, equity or otherwise shall not be incurred by—

(a a self regulatory organisation; or

(b) a person acting on behalf of a self regulatory organisation including—

(i) any member of the Board of directors, employee or agent of the self regulatory organisation; or

(ii) any member of a committee established by the self regulatory organisation;

in respect of anything done or omitted to be done in good faith in the discharge of the duties delegated to the self regulatory organisation under this Part or in the performance of its functions under its rules.

47F. Appointment of key personnel by self regulatory organisations.

A self-regulatory organisation shall not change its key personnel except with prior written notification to the Authority of its intention to change and receipt from the Authority of confirmation that it has no objection to the proposed change.

47G. Directions to a self regulatory organisations.

(1) The Authority may, after giving a self regulatory organisation reasonable opportunity to be heard in respect of any matter, give directions, in writing, to the self regulatory organisation.

(2) A direction given under subsection (1) may—

(a) suspend a provision of the constitution or rules of a self regulatory organisation for a period specified in the direction;

(b) require a self regulatory organisation, subject to the Companies Act or any other law, to amend its constitution as specified in the direction to bring it in conformity with this Act, or any other law;

(c) require the self regulatory organisation to amend its rules; or

(d) require a self regulatory organisation to enforce its rules.

47H. Removal of an officer of a self regulatory organisation.

The Authority may, if it reasonably believes that—

(a) an officer of a self regulatory organization is not a fit and proper person to be an officer of the organization; or

(b) the appointment of a person or continuing in office of a person as an officer of a self regulatory organisation is likely to be detrimental to the self regulatory organization or may prejudice the interests of investors and consumers of financial services or members of the relevant sector or industry, after giving the officer and the self regulatory organisation an opportunity to be heard, direct the self regulatory organisation not to appoint the officer, or to remove the person from office.

47I. Annual report.

(1) A self regulatory organization shall, within ninety days after the end of every financial year, submit to the Authority a financial statement and an annual report which shall include—

(a) a report on the corporate governance policy of the self regulatory organization;

(b) financial statements prepared and audited in accordance with the accounting and auditing standards adopted by the Institute of Certified Public Accountants of Uganda; and

(c) such other information as may be specified by the Authority.

(2) An auditor who, in the course of an audit, has reason to believe that—

(a the self regulatory organization may be in contravention of this Act, or directions issued by the Authority;

(b) a financial crime has been or is likely to be committed; or

(c) serious irregularities have occurred;

shall report the matter, in writing, to the Authority.

(3) A report made under subsection (2) shall not constitute a breach of the duties of the auditor.

48. Replacement of section 48 of principal Act.

(1) For section 48 of the principal Act, there is substituted the following—

"48. Application of Part V.

(1) This Part applies to—

(a) an approved person; and

(b) a financial journalist.

(2) For the purpose of this section, "financial journalist" means a person who contributes advice on securities or prepares, analyses or reports on securities for publication in a newspaper, or periodical report.

(3) For the purpose of this section, a reference to securities means securities quoted on a securities exchange.

(4) A person to whom subsection (1) applies shall maintain a register of the securities in which he or she has an interest in accordance with regulations made under this Act.

(5) The Authority or a person authorised by the Authority may require any person to whom subsection (1) applies to produce for inspection the register required under subsection (4) and the Authority or any person authorised by the Authority may make extracts from the register."

49. Repeal.

The principal Act, is amended—

(a) by repealing sections 49, 50, 51, 52 and 54; and

(b) by repealing Part VI.

50. Replacement of section 64 of the principal Act.

For section 64 of the principal Act, there is substituted the following—

"64. Application of Part VII

This Part shall apply to an approved person and to the business of dealing in securities carried on by an approved person."

51. Replacement of section 65 of principal Act.

For section 65 of the principal Act, there is substituted the following—

"65. Records to be kept by approved persons

(1) An approved person shall maintain, in Uganda, adequate and orderly records of his or her business affairs, financial position, internal organisation, compliance with statutory and regulatory requirements and of risk management systems.

(2) An approved person shall keep adequate and orderly records of the business transactions undertaken for their customers, the business affairs of their customers where relevant to the business undertaken for their customers and their relationship with their customers.

(3) The records shall be arranged, filed, indexed and cross referenced so as to permit prompt access to any particular record.

(4) In relation to transactions, the records shall be such as to allow all aspects of a securities transaction with which an approved person has been involved, to be traced through from the initial order to the final settlement of the deal.

(5) The records shall be kept in a form that permits sufficient reconstruction of a transaction, including the amount and type of currency involved, if any, so as to provide evidence for prosecution in criminal proceedings.

(6) The records required under this section shall be kept for at least ten years.

(7) In the case of records relating to a customer, the records shall be kept for a period of ten years from the time the account with the customer is closed.

(8) The nature and form of the records to be kept shall be as prescribed by regulations.

(9) A licensed person who contravenes this section commits an offence and is liable, on conviction, to a fine not exceeding two hundred currency points or to imprisonment not exceeding two years, or both."

52. Amendment of section 67 of principal Act.
Section 67 of the principal Act is amended—

(a) by substituting for the head note the following—

"Brokers' client trust account"

(b) by repealing the words, "or dealer" wherever they occur.

53. Amendment of section 68 of the principal Act.
Section 68 of the principal Act is amended—

(a) by substituting for subsection (7) with the following—

"(7) Where a stock broker fails to comply with subsection (6)—

(a) it commits an offence;

(b) the failure shall, where the stock broker is a member of a securities exchange and for the purpose of a fidelity fund established by the approved securities exchange in accordance with section 24, be taken to be a defalcation by the stock broker; and

(c) the failure shall be treated as a breach by the stock broker of its contractual obligations for the purposes of the investor compensation fund established under section 81.

(b) by repealing the words, "or dealer" wherever they occur.

54. Replacement of section 69 of principal Act.

For section 69 of the principal Act, there is substituted the following—

"69. Appointment of auditor by approved persons.

(1) The Authority shall require an approved person to appoint an Auditor to audit his or her accounts.

(2) This provision does not apply to a representative."

55. Repeal of sections 70 to 75 of principal Act.

Sections 70 to 75 of the principal Act, are repealed.

56. Insertion of a new section 76 A in principal Act.

Immediately after section 76 of the principal Act, there is inserted the following section—

"76A. Certain matters to be reported by securities exchange to the Authority

(1) Where, in relation to a stock broker or dealer who is a member of a stock exchange, the securities exchange becomes aware of a prescribed matter, the securities exchange shall, as soon as practicable after becoming aware of the matter, lodge with the Authority a written report on the matter and the Authority shall, within seven days after receipt of the report, send a copy of the report to the stock broker or dealer.

(2) In this section—

"prescribed matter", in relation to a stock broker or dealer, means a matter that, in the opinion of the securities exchange concerned—

(a) has adversely affected, is adversely affecting or may adversely affect the ability of the stock broker or dealer to meet his or her obligations as a stock broker or dealer ;

(b) constitutes or may constitute—

(i) a contravention of the regulations made under this Act; or

(ii) a contravention of a condition of a licence issued to the stock broker or dealer under this Act.

(3) An action or proceeding shall not be brought against a securities exchange or any officer or employee of the securities exchange in relation to the provision in good faith of a report to the Authority under this section.

57. Amendment of section 81 of principal Act.

Section 81 of the principal Act is amended—

(a) by inserting immediately after paragraph (2) (d) the following—

"(da) such sums as are received by the Authority by way of fines or penalty under section 4 of this Act."

(b) in paragraph (e) by substituting for "inventor" the word, "investors";

(c) by inserting immediately after paragraph (2) (e) the following—

"(ea) unclaimed dividends outstanding in listed companies for more than seven years; and"

(d) in paragraph (f) by substituting for "Minister" the word "Board."

58. Replacement of Part IX of principal Act.
For the heading of Part IX of the principal Act, there is substituted the following—

"PART IX—MARKET ABUSES"

59. Amendment of section 88 of principal Act.
Section 88 of the principal Act is amended by repealing and substituting for subsection (11), the following—

"(11) For the purposes of this section—

"information" in relation to securities includes—

(a) matters of supposition and other matters that are insufficiently definite to warrant their being made known to the public;

(b) matters relating to intentions or likely intentions of a person;

(c) matters relating to negotiations or proposals with respect to the activities of a relevant entity, or to dealings in securities;

(d) information relating to the financial performance of any relevant entity;

(e) information that a person proposes to enter into, or has previously entered into, one or more transactions, arrangements or agreements in relation to securities or has prepared or proposes to issue a statement relating to such securities; and

(f) matters relating to the future.

"information generally available" means—

information that has been made known to persons who invest in securities of a kind, which is likely to affect the price or value and since the information was made known, a reasonable period for the information to be disseminated among, and assimilated by, such persons, has elapsed.

"insider" means any person who, is or was connected with a company or is deemed to have been connected with a company, and who is reasonably expected to have access, by virtue of that connection, to unpublished information which, if made generally available, would be likely to materially affect the price or value of the securities of the company, or who has received or has had access to such unpublished information;

"materially affect the price or value of securities" means information that would tend, on becoming generally available, to influence reasonable persons who invest in securities in deciding whether or not to acquire or dispose of or retain such securities or enter into an agreement with a view to acquire or dispose of or retain those securities;

"officer", in relation to an issuer or other body corporate, includes—

(a) a director, secretary, executive officer or employee of the issuer or other body corporate;

(b) a receiver, or receiver and manager, of property of the issuer or body corporate;

(c) a liquidator of the issuer or body corporate; and

(d) a trustee or other person administering a compromise or arrangement made between the issuer or body corporate and another person.

(12) For the purposes of this section, a person is connected with a body corporate if, being an individual—

(a) he or she is an officer of that body corporate or related body corporate;

(b) he or she is a substantial shareholder in that body corporate or related body corporate; or

(c) he or she occupies a position that may reasonably be expected to give him or her access to information of a kind to which subsection (1) and (2) apply by virtue of—

(i) any professional, employment or business relationship existing between himself or herself or his or her employer or a body corporate of which he or she is an officer, and that issuer or a related body corporate of that issuer; or

(ii) his or her being an officer or a substantial shareholder in that issuer or in a related body corporate of that issuer.

60. Amendment of section 89 of principal Act.

Section 89 of the principal Act is amended by inserting immediately after subsection (7), the following—

"(8) The amount of compensation for which a person is liable under subsection (2) shall be the amount of the loss sustained by the person claiming the compensation.

(9) Where the Authority can prove, in a civil suit brought by it before the court, that a person has contravened any of the provisions of this Part, that person shall be liable to pay to the Authority—

(a) the amount which the person profited or the loss which he or she avoided as a result of the contravention;

(b) a punitive or compensatory penalty as may be determined by the court but not exceeding three times the amount of profit gained or the amount of loss avoided as a result of the contravention;

(c) interest; and

(d) costs of the suit as may be determined by the court.

(10) Any amount recovered by the Authority as a result of the civil proceedings referred to in subsections (2) and (3) shall be applied as follows—

(a) as a first charge against the amount, the Authority shall be entitled to reimbursement of all expenses reasonably incurred by it in bringing the proceedings and in administering the distributions of the proceeds from the civil proceedings;

(b) the Authority shall be entitled to a sum equal to 10% of the gross amount so recovered, less any amount of costs ordered and actually recovered from the other party, prior to final distribution of the recovered amount;

(c) the Authority shall distribute the balance first to any claimants as mentioned under subsection (2) and (3) to the extent required to compensate claimants for any losses incurred by the claimants, taking into account any sums awarded to claimants under subsection (2) and any residual sum shall be paid by the Authority into the Investor Compensation Fund;

(11) An amount not claimed within five years from the date of the first distribution of payments to the claimants referred to in subsection (2) and (3) shall accrue to the Investor Compensation Fund provided that the Authority shall refund any unclaimed compensation without entitlement to interest to the claimant entitled to it or if the claimant is dead to his or her legal representative if a request is made, with satisfactory evidence, to the Authority at any time after the five year period."

61. Amendment of section 90 of principal Act.

Section 90 of the principal Act is amended by substituting for subsection (1), the following—

"(1) Where a securities exchange approved under Part III of this Act ceases trading operations in Uganda, whether by reason of revocation of its approval or otherwise, the Authority may approve any person who holds a stock broker or dealer's licence or any other body corporate to establish and maintain an interim stock trading facility in which the holders of stock broker or dealers' licences may participate until such time as the securities exchange resumes its operations or a new securities exchange is approved under the Act."

62. Amendment of section 90A of principal Act.

Section 90A of the principal Act is amended by substituting for the definition of "introduction", the following—

"introduction" means—

(a) an offer of securities to the public by a company listed on an approved stock exchange in Uganda; or

(b) an offer of securities to the public in respect of a security that is listed on an approved stock exchange in another country in respect of which an application for listing in an approved stock exchange in Uganda has been made."

63. Amendment of section 90AE of principal Act.

Section 90AE of the principal Act, is amended by substituting for paragraph (c) the following—

"(c) requirements and obligations placed on issuers with respect to providing continuous disclosure under section 90AD;"

64. Insertion of new Part XB of principal Act.

Immediately after Part XA of the principal Act there is inserted the following—

"PART XB—CAPITAL MARKETS TRIBUNAL

90AF. Establishment and constitution of Tribunal

(1) There is established a tribunal to be known as the Capital Markets Tribunal which shall consist of the following members appointed by the Minister—

(a) a Chairperson who at the time of his or her appointment is a person qualified to be a Judge of the High Court;

(b) an advocate with at least seven years experience in the commercial and corporate sector;

(c) an accountant who has been in practice for not less than seven years; and

(d) two persons who have demonstrated competence in the field of securities.

(2) The appointment of a Chairperson under subsection (1)(a) shall be in consultation with the Judicial Service Commission.

(3) The Tribunal shall have a Secretary who shall be appointed by the Minister and who shall be a person qualified to be a Registrar of the High Court with at least five years practice in securities matters.

(4) The Secretary shall be in charge of the registry of the Tribunal and shall be responsible for keeping records and the seal, conducting correspondences and performing such other functions necessary for purposes of assisting the Tribunal to perform its functions under section 90AH.

(5) The tenure of office for a member of the Tribunal under subsection (1), shall be for three years and is eligible for reappointment for one more term.

(6) The office of a member of the Tribunal shall become vacant—

(a) at the expiration of three years from the date of his or her appointment;

(b) if he or she accepts any office the holding of which, if he or she were not a member of the Tribunal, would make him or her ineligible for appointment to the office of a member of the Tribunal;

(c) if he or she is removed from membership of the Tribunal by the Minister for failure to attend three consecutive meetings of the Tribunal without good cause or is unable to discharge the functions of his or her office whether arising from infirmity of body or mind or from any other cause or for misbehaviour; or

(d) if he or she resigns from the office of a member of the Tribunal.

90AG. Seal

(1) The Tribunal shall have a seal which shall be judicially noticed.

(2) The seal of the Tribunal shall be affixed by or with the Authority of the Tribunal, to such documents as are required by a direction of the chairperson to be sealed with the seal of the Tribunal.

90AH. Functions of Tribunal

(1) The Tribunal shall hear and determine the following matters—

(a) any disciplinary action referred to the Tribunal by the Authority relating to the conduct of a securities exchange or any of its officers or a licensed person;

(b) any complaint made to the Authority, by an investor in relation to the conduct of an approved person or an approved securities exchange and referred by the Authority to the Tribunal;

(c) any inquiry into the conduct of a licensed person or approved person or approved securities exchange or issuer or other market participant in relation to any conduct or activity affecting the securities market referred to the Tribunal by the Authority;

(d) any appeal to the Tribunal from a decision of the Authority made under sections 20, 26(1d) and(1e), 29, 30, 35(5), 37(3) or 58 of this Act;

(e) a matter referred by the Authority to the Tribunal under section 38(3) of this Act;

(f) any claim to compensation from the Investor Compensation Fund; and

(g) any other matter concerning this Act requiring inquiry and adjudication which the Authority may refer to the Tribunal.

(2) An award made by the Tribunal shall be notified by the Tribunal to the parties concerned, and to the Authority.

90AI. Proceedings before the Tribunal

(1) For the purposes of a hearing before the Tribunal, the Tribunal shall have all the powers of the Court to summon witnesses, to take evidence upon oath or affirmation and to call for the production of books and other documents.

(2) Where the Tribunal considers it desirable for the purposes of avoiding expense or delay, or any other special reason to do so, it may receive evidence by affidavit and administer interrogatories within a time specified by the Tribunal.

(3) The Tribunal may, in the determination of any matter, take into consideration any evidence which it considers relevant to the matter before it, notwithstanding that, that evidence would not otherwise be admissible under the law relating to evidence.

(4) Anything said or any information furnished or any document produced or tendered, or any evidence given, by any person to the Tribunal shall be privileged in the same manner as if that statement, document or evidence were made, furnished, produced, or given in proceedings in court.

(5) All summons, notices or other documents issued and signed by the chairperson of the Tribunal shall be deemed to be issued by the Tribunal.

(6) An interested party may be represented before the Tribunal by an advocate or by any other person whom the Tribunal may admit to be heard on behalf of that party.

(7) The Tribunal shall sit at such times and in such places as it may appoint.

(8) The proceedings of the Tribunal shall be open to the public, except where the Tribunal for good cause, otherwise directs.

(9) Except where expressly provided in this Act, the Tribunal shall determine its own procedure.

(10) For the purposes of hearing and determining any cause or matter under this Act, the chairperson and two members of the Tribunal shall form a quorum.

(11) A member of the Tribunal who has an interest in any matter which is the subject of the proceedings of the Tribunal shall not take part in those proceedings.

(12) On determining any matter before it other than an appeal, the Tribunal shall have the same powers on the making of a decision as are conferred on the Authority by section 21.

90AJ. Appeals before Tribunal

(1) Upon any appeal, the Tribunal may—

(a) confirm, set aside or vary the order or decision in question;

(b) exercise any of the powers which could have been exercised by the Authority or any of its committees in the proceedings in connection with which the appeal is brought, including any powers under section 21; or

(c) make such other order, including an order for costs in accordance with subsection (3), as it may consider appropriate.

(2) Upon an appeal to the Tribunal under this section, the status quo of any matter or activity, which is the subject of the appeal, shall be maintained until the appeal is determined.

(3) Where an appeal has been lodged with the Tribunal against any decision of the Authority, the decision of the Authority shall remain in force until the final decision of the Tribunal is delivered.

(4) The Tribunal may award costs of any proceedings before it and may direct that costs shall be paid in accordance with any scale prescribed for suits in the court or to award a specific sum as costs.

(5) Where the Tribunal awards costs in an appeal, it shall, on application by the person to whom the costs are awarded, issue to him or her a certificate stating the amount of the costs.

(6) A certificate issued under subsection (4) may be filed in the court by the person in whose favour the costs have been awarded and, upon being filed, shall be deemed to be a decree of the court and may be executed as such.

(7) The Chief Justice may make rules governing the making of appeals and providing for the fees to be paid to the Tribunal, the scale of costs of any such appeal, the procedure to be followed in the Tribunal, and the manner of notifying the parties to the proceedings, and until such rules are made, and subject to

those rules, the provisions of the Civil Procedure Act shall apply as if the matter appealed against were a decree of a subordinate court exercising original jurisdiction.

90AK. Remuneration of Tribunal

(1) There shall be paid to the Chairperson, Secretary and the members of the Tribunal, such remuneration and allowances as the Minister may, from time to time, determine.

(2) All expenses of the Tribunal after deduction of any fees received by the Tribunal shall be charged on the consolidated fund.

90AL. Appeals from Tribunal

(1) A party to proceedings before the Tribunal who is dissatisfied by a decision or order of the Tribunal on a point of law may, within thirty days after the decision or order, appeal against the decision or order to the High court.

(2) A decision or order of the Tribunal shall not be enforced until the time for lodging an appeal has expired or, where the appeal has been commenced, until the appeal has been determined.

(3) Upon the hearing of an appeal under this section, the court may—

(a) confirm, set aside or vary the decision or order in question;

(b) remit the proceedings to the Tribunal with such instructions for further consideration, report, proceedings or evidence as the court may consider fit to give;

(c) exercise any of the powers which could have been exercised by the Tribunal in the proceedings in connection with which the appeal is brought; or

(d) make such other order as it may consider just, including an order as to the costs of the appeal of earlier proceedings in the matter before the Tribunal."

65. Replacement of section 91 of principal Act.

For section 91 of the principal Act, there is substituted the following—

"91. Restriction on use of title "stock broker" or "stock exchange"

(1) A person who is not a broker within the meaning of this Act shall not use or by inference, adopt the name or title of stock broker or dealer or share broker or share dealer or stock dealer or exhibit at any place a name, title or description implying or tending to create the belief that he or she is a securities broker or dealer entitled to conduct brokerage or dealing business as contemplated under this Act.

(2) A person who does not hold a licence in relation to any licensed activity under this Act shall not use, or by inference, adopt a name or title or description implying or tending to create the belief that he or she is the holder of the relevant licence and entitled to conduct the licensed activity in question.

(3) A body corporate that is not an approved securities exchange, shall not, without the consent in writing of the Authority, use or by inference adopt the name or title of securities exchange or stock exchange or exhibit at any place a name, title or description implying or tending to create the belief that the body corporate is a stock exchange or securities exchange.

(4) A body corporate that is not an approved commodities exchange, shall not, without the consent in writing of the Authority, use or by inference, adopt the name or title of the

commodities exchange, futures exchange or derivatives exchange or exhibit at any place a name, title or description implying or tending to create the belief that the body corporate is a commodities exchange, futures exchange or derivatives exchange.

(5) A person shall not, except with the consent in writing of the Authority, use the words "Capital Market Authority" or "capital markets regulator" as part of its name or description or use any name, title or description implying or tending to create the belief that it is authorized by or linked to the Authority.

(6) A person who contravenes this section commits an offence and is liable on conviction to a fine not exceeding two hundred currency point or imprisonment not exceeding five years or both."

66. Amendment of section 95 of principal Act.

Section 95 of the principal Act is amended by inserting immediately after subsection (1), the following—

"(1a) A member of the Board or any officer or employee of the Authority shall not be personally liable in respect of any act or omission done in good faith in the performance of his or her functions under this Act."

67. Replacement of section 100 of principal Act.

For section 100 of the principal Act, there is substituted the following—

"100. Proceedings for offences against this Act.

Prosecution for an offence against any provision of this Act may be taken by the Director of Public Prosecutions or where the Director of Public Prosecutions so directs, by the Authority or any person appointed for that purpose".

68. Replacement of section 101 of principal Act.
For section 101 of the principal Act, there is substituted the following—

"101. Regulations.

(1) The Authority may make regulations prescribing any matter required or permitted by this Act to be prescribed, and for carrying out or giving effect to this Act.

(2) Without prejudice to the general effect of subsection (1), regulations may provide for—

(a) the forms to be used for the purposes of this Act;

(b) the fees to be charged for the regulated activities in the capital markets by the Authority;

(c) the publication of advertisements offering the services of an approved person or offering securities for purchase or sale, and the form and content of those advertisements;

(d) the form of balance sheets and profit and loss accounts required by this Act to be prepared by approved persons;

(e) the furnishing to the Authority of periodic information by licensees and information in addition to, or in variation of the information contained in a prescribed form lodged with the Authority;

(f) the times within which information required to be furnished to the Authority under this Act shall be furnished;

(g) the procedures under which and the conditions on which a public company may appeal to the Tribunal against a refusal of a securities exchange or the

Authority to list its securities or a decision of a securities exchange to suspend trading in its securities;

(h) exempting any person from the application of any provision of this Act;

(i) maintenance of a Register of Interests in Securities;

(j) prescribing the relevant educational qualifications and experience required for a person to be granted a licence under this Act;

(k) the conduct of business by a licensee and their representatives;

(l) the administration of the Investor Compensation Fund;

(m) the publication of advertisements in respect of securities, prospectuses and other offering documents by issuers of securities and the form and contents of such advertisements and prospectuses and the restraining or prohibition of misleading or non-complying advertisements;

(n) terms and conditions of licences or any approval or authorisation granted under this Act or under regulations made under it;

(o) matters incidental to the licensing of any persons or grant of any approval or authorisation under this Act;

(p) the form and contents of financial statements to be maintained and submitted to the Authority by licensees and their representatives appointment, removal, fees and expenses of auditors;

(q) postponing the application of this Act for three months in respect of persons acting as stock brokers or dealers or carrying out any other activity on the commencement of this Act to which this Act would otherwise have applied;

(r) procedures for and terms and conditions of licences in respect of activities prescribed under section 44 ;

(s) arrangements for the communication of information, confidential or not, or the taking of evidence or the holding of an inquiry on behalf of, a regulator outside Uganda which the Authority considers may assist the regulator in the performance of its functions;

(t) provisions requiring an approved Securities Exchange to establish and maintain a fidelity fund under procedures approved by the Authority for the compensation of persons who suffer loss by reason of any beneficiary by an approved stock exchange, or any of its directors or employees or dealing members;

(u) provisions requiring licensed persons to establish and maintain policies and procedures to guard against the use of capital markets for money-laundering purposes and for the recognition and report to the Authority of transactions that are suspicious in relation to money-laundering;

(v) take overs, mergers and acquisitions of securities in listed companies;

(w) corporate governance of listed companies and market intermediaries;

(x) the imposition by the Authority of administrative fines or a fine or fixed penalty;

(y) matters related to capital markets and securities markets in the East African Community;

(z) shelf registration of prospectuses;

(aa) licensing and approval of commodities exchanges and intermediaries for commodities exchanges;

(ab) notification and clearance events for approved persons;

(ac) registered Venture Capital Funds;

(ad) asset backed securities, exchange traded funds and real estate investment trusts;

(ae) disclosure of information by beneficial owners of securities;

(af) the records to be kept by approved persons specifying their nature and form;

(ag) international best practice on securities regulation and supervision; and

(ah) administrative penalties.

(3) Except as otherwise expressly provided in this Act, regulations made under this section may be of general or specifically limited application.

(4) Regulations made under this section may prescribe, in respect of a contravention of the regulations, a penalty of a fine not exceeding two hundred currency points or imprisonment not exceeding two years or both and in the case of a continuing offence, an additional fine not exceeding five currency points in respect of each day on which the offence continues, and the Regulations may require the court to forfeit anything with which the offence is committed."

69. Repeal of section 102 of principal Act.
Section 102 of the principal Act is repealed.

70. Amendment of Schedule 2 of principal Act.
Schedule 2 of the principal Act is amended by substituting for paragraph 3, the following—

"3. Ministry of Trade, Industry and Cooperatives."

71. Insertion of new schedule 3 and 4 in Principal Act.
Immediately after Schedule 2 of the principal Act, there is inserted the following—

"SCHEDULE 3

section 7, 22E, 44

Criteria for determining fitness and properness.

Application;

This Schedule shall apply to all persons mentioned under section 22E of the Act and to all approved persons.

(1) A person who is not a fit and proper person in accordance with the fit and proper criteria specified in this Schedule shall not become or remain an employee or director of the Authority or of any person that has been licenced, authorised or approved to conduct securities business or hold a representative license.

(2) The Authority shall vet all persons proposed as employees or directors of a licenced, authorised or approved person within three months after approval of an application for a licence or approval and notify the applicant accordingly.

(3) For the purposes of section 7, the Minister shall vet all persons proposed as directors or Chief Executive Officers of the Authority.

(4) For the purposes of section 7 the Board shall vet all persons employed by the Authority.

(5) An approved person shall recognise that the Authority has a continuing duty to determine whether a licensed person remains a fit and proper person for purposes of carrying on its business.

(6) A Board member or Chief Executive shall recognise that the Minister has a continuing duty to determine whether the Board member or Chief Executive remains a fit and proper person for purposes of carrying on functions under the Act.

(7) In determining whether a person is fit and proper to be employed or to manage, or direct the affairs of the Authority or to be a licensed, authorised or approved person, regard shall be made to the following, in so far as they are reasonably determinable in respect of the person concerned—

(a) his or her general probity;

(b) his or her competence and soundness of judgment for the fulfilment of the responsibilities of the office in question;

(c) whether the interests of investors or potential investors are likely to be threatened by his or her holding that position;

(d) the previous conduct and activities of the person concerned in business or financial matters;

(e) the outcome of any investigation of the person in any country by a government agency, professional association or other regulatory body;

(8) Any of the following factors constitutes prima facie evidence that the person does not qualify as fit and proper—

(a) a person who has been found guilty in any criminal proceedings or liable in any civil proceedings by a court of law, whether in Uganda or elsewhere, of having acted fraudulently, dishonestly, unprofessionally, dishonourably or in breach of duty;

(b) a person who has been dismissed from practice by a professional body on account of dishonesty, negligence, incompetence, or mismanagement sufficiently serious to impugn the honesty and integrity of the licensed person;

(c) a person who has been declared bankrupt;

(d) a person who has taken part in any business practice that, in the opinion of the Authority, was deceitful or oppressive, fraudulent, prejudicial or otherwise improper whether unlawful or not or which otherwise reflects discredit on his or her method of conducting business; and

(e) a person who has been dismissed from membership of a board of directors of a company conducting financial services or removed from holding public office.

SCHEDULE 4

Section 22K

MEETINGS OF THE BOARD AND OTHER MATTERS

1. Meetings of the Board

(1) The Chairperson shall convene a meeting of the Board at such time and place as the Board may determine and the Board shall meet for the discharge of business at least four times in every year.

(2) Notice of a meeting of the Board shall be given in writing to each member at least fourteen days before the day of the meeting except that a shorter notice may be given for a special meeting.

(3) The Chairperson may, at any time, convene a special meeting of the Board and may also call a special meeting if so requested by five members of the Board.

(4) The Chairperson shall preside at all meetings of the Board and in his or her absence a member elected by the members present shall preside.

2. Quorum

The quorum at a meeting of the Board is five members.

3. Minutes of meeting of Board

(1) The Secretary shall cause to be recorded and kept, minutes of all meetings of the Board in a form approved by the Board.

(2) The minutes recorded under this paragraph shall be submitted to the Board for confirmation at its next meeting following that to which the minutes relate and when so confirmed, shall be signed by the Chairperson and the Secretary in the presence of the members present at the latter meeting.

4. Decisions of the Board

(1) The decisions of the Board shall be by majority vote.

(2) A member shall have one vote and in case of an equality of votes, the Chairperson of the Board, or other person presiding shall have a casting vote.

5. Power to co-opt

(1) The Board may invite any person who, in the opinion of the Board has expert knowledge concerning the functions of the Board, to attend and take part in the proceedings of the Board.

(2) A person attending the meeting of the Board under this paragraph may take part in any discussion at the meeting on which his or her advice is required but shall not have any right to vote at that meeting.

6. Disclosure of interest of members

(1) A member of the Board who has any pecuniary or other interest in a matter being considered by the Board shall, as soon as possible after relevant facts have come to his or her knowledge, disclose the nature of his or her interest to the Board.

(2) A member making a disclosure under subparagraph (1) shall not be present during any deliberation of the Board with respect to that matter, or vote on, any question relating to the matter.

(3) A disclosure of interest made under this paragraph shall be recorded in the minutes of the meeting at which it is made.

(4) For the purposes of determining whether there is quorum, a member withdrawing from a meeting or who is not taking part in a meeting under paragraph (3) shall be treated as being present.

7. Validity of meetings not affected by vacancy etc

The validity of any proceedings of the Board shall not be affected by any vacancy among its members or by any defect in the appointment or qualification of a member or by reason that a person not entitled took part in its proceedings.

8. Board to regulate proceedings

Subject to this Act the Board may regulate its own procedure or any other matter relating to its meetings.

Cross references

Accountants Act, 2013, Act No.19 of 2013
Anti-Money Laundering Act, 2013, Act No. 12
Collective Investment Schemes Act, 2003, Act No. 4
Companies Act, 2012, Act No. 1 of 2012
Financial Institutions Act, 2004
Securities Central Depository Act, Act No. 1 of 2009

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