

# **THE CAPITAL MARKETS AUTHORITY ACT.**

Statutory Instrument 84—3.

## **The Capital Markets Authority (Establishment of Stock Exchanges) Regulations.**

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# THE CAPITAL MARKETS AUTHORITY ACT.

Statutory Instrument 84—3.

## **The Capital Markets Authority (Establishment of Stock Exchanges) Regulations.**

*(Under section 101 of the Act.)*

### PART I—PRELIMINARY.

#### **1. Citation.**

These Regulations may be cited as the Capital Markets Authority (Establishment of Stock Exchanges) Regulations.

#### **2. Interpretation.**

- (1) In these Regulations, unless the context otherwise requires—
  - (a) “Act” means the Capital Markets Authority Act;
  - (b) “interim stock trading facility” means an interim stock trading facility referred to in section 90 of the Act;
  - (c) “rules” in relation to a stock exchange means the rules governing the conduct of a stock exchange or its members by whatever name they are called and includes rules contained in the regulations of the stock exchange.

(2) Any term used in these Regulations and defined in the Act shall have the meaning assigned to it in the Act.

### PART II—APPROVAL OF STOCK EXCHANGES.

#### **3. Application for approval of a stock exchange.**

An application for approval of a stock exchange shall be made by a company to the authority in triplicate in the form set out in the Schedule to these Regulations.

#### **4. Memorandum and articles.**

An application for approval of the establishment of a stock exchange shall be

accompanied by the applicant's memorandum and articles of association which shall be in a form satisfactory to the authority and shall—

- (a) not permit the distribution of profits to members; and
- (b) restrict the membership of the stock exchange to licensed brokers or dealers and such other persons as may be determined by the authority.

**5. Application fee for a stock exchange.**

An application to establish a stock exchange shall be accompanied by an application fee of one million shillings which shall be payable in a manner determined by the authority.

**6. Conditions of approval for the establishment of a stock exchange.**

Approval for the establishment of a stock exchange shall be granted subject to compliance with the provisions of Part IV of these Regulations.

**7. Publication of approval for the establishment of a stock exchange.**

Notice of approval of the establishment of a stock exchange shall be published by the authority in the Gazette and shall also, as soon as practicable, be published in a newspaper circulating in the whole of Uganda.

PART III—LICENCE FOR INTERIM STOCK TRADING FACILITY.

**8. Application for a licence for an interim stock trading facility.**

(1) Any person who holds a broker or dealer's licence may apply to the authority for a licence to establish and maintain an interim stock trading facility.

(2) An application for a licence to establish an interim stock trading facility shall be made in triplicate in the form set out in the Schedule.

**9. Application fee for an interim stock trading facility.**

An application for a licence to establish an interim stock trading facility shall be accompanied by an application fee of five hundred thousand shillings payable in a manner determined by the authority.

**10. Publication of approval for the establishment of an interim stock trading facility.**

(1) Notice of the grant of a licence for the establishment of an interim stock trading facility shall be published by the authority in the Gazette and also, as soon as practicable, in a newspaper circulating in the whole of Uganda.

(2) The licence shall take effect on the date of publication of the notice in the Gazette.

**11. Duration of licence for an interim stock trading facility.**

An interim stock trading facility granted a licence in accordance with section 90 of the Act and these Regulations shall operate as an interim facility for such period as may be determined by the authority.

PART IV—CONDITIONS FOR GRANT OF APPROVAL.

**12. Requirements for a stock exchange or an interim stock trading facility.**

A stock exchange or an interim stock trading facility approved by the authority shall—

- (a) engage solely in the business of operating a stock exchange;
- (b) maintain a governing body which consists of dealers and persons providing a fair representation for listed companies, investors and the general public who are acceptable to the authority;
- (c) employ a chief executive and an administration of sufficient capacity to administer the stock exchange or the interim stock trading facility including any contractual arrangements with specialised organisations for the settlement, deposit or efficient clearing of business;
- (d) establish a physical location and mode of operation which contributes to a more orderly and efficient market for securities in Uganda;
- (e) establish a physical trading facility at which all bids to purchase and offers to sell can be exposed to each other and at which members of the public are granted an opportunity to witness trading; and
- (f) maintain a system to be approved by the authority for granting

compensation to investors who suffer pecuniary loss resulting from the failure of a broker or dealer to meet his or her contractual obligations and require its member dealers or brokers to carry and maintain such professional indemnity insurance as may be required by the authority.

### **13. Conditions attached to approval.**

It shall be a condition for every grant of approval to establish a stock exchange or licence to establish an interim stock trading facility that—

- (a) the authority shall be furnished with—
  - (i) a list of members of the stock exchange or interim stock trading facility and any amendments to the list;
  - (ii) the names of the members of the council of the stock exchange or the governing body of an interim stock trading facility and any change in them;
  - (iii) notice of any disciplinary action taken against a member of the stock exchange or the interim stock trading facility;
  - (iv) changes in the appointment or the terms and conditions of the chief executive officer of the stock exchange or the interim stock trading facility;
  - (v) a list of securities traded in the stock exchange or interim stock trading facility and any amendments to it;
  - (vi) proposed amendments to be made to the conditions under which securities may be listed for trading;
  - (vii) proposed amendments to be made to the conditions governing dealing in securities by members of the stock exchange or the interim stock trading facility;
  - (viii) monthly returns of the volume of securities traded on the stock exchange or the interim stock trading facility in a manner prescribed by the authority;
  - (ix) amendments proposed to be made to the rules governing the conduct of the stock exchange or the interim stock trading facility, or its members;
  - (x) the days and hours of business of the stock exchange or the interim stock trading facility; and
  - (xi) such other information as may be required by the authority;
- and
- (b) in the case of an interim stock trading facility, no approval of any prospectus shall be given by the interim stock trading facility except after the prospectus has been scrutinised and cleared by

the authority and the authority has so notified the interim stock trading facility.

**14. Conditions of trading, settlement and delivery.**

A stock exchange shall regulate its members and ensure day-to-day management of trading, settlement, delivery and other activities on dealing in securities in accordance with the memorandum and articles, rules, byelaws and regulations of the stock exchange which have been approved by the authority.

**15. Accounting records.**

A stock exchange shall maintain and preserve for seven years such books of account and documents, or acceptable alternative accounting records in their place, as may be determined by the authority.

**16. Annual reports.**

A stock exchange shall, before the 1st day of April in each year or such extended period as the authority may from time to time allow, furnish the authority with a report of activities at the stock exchange during the preceding calendar year in such form as may be required by the authority.

**17. Memorandum and articles of association.**

The memorandum and articles of association and byelaws of a stock exchange or an interim stock trading facility, insofar as they have been approved by the authority, shall not be amended, varied or rescinded without the approval of the authority.

**18. Compliance with listing requirements.**

A stock exchange or an interim stock trading facility shall comply with the rules formulated by the authority to regulate the listing of securities.

**19. Powers of chief executive.**

The chief executive of a stock exchange shall have the power to enforce the rules, byelaws and regulations of the stock exchange and to administer the prescribed penalties, including suspension from trading.

**20. Transparency of transactions.**

A stock exchange or an interim stock trading facility shall make public its transactions in such manner as may be required by the authority.

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*Schedule.*

reg. 3.

**Application for Approval to Establish a Stock Exchange or Licence to Establish an Interim Stock Trading Facility.**

*The Capital Markets Authority Act.*

1. Name of company \_\_\_\_\_ Limited  
Address \_\_\_\_\_  
Registered office \_\_\_\_\_  
Date of incorporation \_\_\_\_\_  
Number of company \_\_\_\_\_

We apply for approval to establish a stock exchange/for a licence to establish an interim stock trading facility<sup>1</sup> and submit the following information for your consideration—

(a) l o c a t i o n   o f   p r i n c i p a l   o f f i c e

\_\_\_\_\_

(b) details of capital structure—

(i) nominal capital \_\_\_\_\_ shillings

(ii) paid-up capital \_\_\_\_\_ shillings

(c) names and addresses of directors—

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

(iv) \_\_\_\_\_

(v) \_\_\_\_\_

(vi) \_\_\_\_\_

(vii) \_\_\_\_\_

(d) name and address of the chief executive \_\_\_\_\_

\_\_\_\_\_

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<sup>1</sup>Delete as necessary.

2. We enclose two copies each of the following documentation required to accompany the application—

*For official use only*  
Status: Received/  
Not received

- (a) the memorandum and articles of association, and the rules and byelaws of the stock exchange/interim stock trading facility; \_\_\_\_\_
- (b) the listing requirements for the stock exchange/interim stock trading facility; \_\_\_\_\_
- (c) the list of names and addresses of the members of the stock exchange/interim stock trading facility; \_\_\_\_\_
- (d) the audited annual accounts for the last three years of operation, or the period since inception, if shorter, of the stock exchange/interim stock trading facility. (*If the company has taken over existing operations of a stock exchange/interim stock trading facility, please provide the relevant accounts.*) \_\_\_\_\_

3. We also enclose an application fee of \_\_\_\_\_ shillings.

4. Declaration of compliance in the case of application for a licence to establish an interim stock trading facility.

I/We, \_\_\_\_\_,  
state that I/we have read the rules designed to regulate the interim stock trading facility by the authority and further that I/we shall abide by those rules.<sup>2</sup>

\_\_\_\_\_  
Date

\_\_\_\_\_  
Director

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Director<sup>2</sup>

\_\_\_\_\_

<sup>2</sup>Delete whatever are inapplicable.

**History:** S.I. 54/1996.

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